

AUDITOR'S REPORT

To,
The members,
KANPUR ELECTRICITY SUPPLY COMPANY LIMITED,
KANPUR

We report that we have audited the attached Balance Sheet of KANPUR ELECTRICITY SUPPLY COMPANY LIMITED, 14/71, Civil Lines, Kanpur (U.P.) as on 31st March 2001 and Profit and Loss Account for the year ended on 31st March 2001 signed by us under reference to this report, are in agreement with the books of account.

As the Company is governed by the Electricity Supply Act, 1948, Uttar Pradesh Electricity Reforms Act, 1999 and Uttar Pradesh Transfer of KESA Zone Electricity Distribution Undertaking Scheme, 2000 issued under the said U.P. Act, prevailing over the provisions of the Companies Act wherever inconsistency so arise, considering the same, subject to the following:

A. Provisions for Doubtful debts of Rs.20,80,54,606/- is by estimate at the rate of 15% on the incremental debtors which is not based upon identification and appraisal of individual cases. In absence of proper information, we are unable to state our opinion about adequacy/excess of the same, effect indeterminate.

B. The Long Term Debt Liability towards terminal benefits liability fund of Rs.25.00 crores and Current Liability towards terminal benefit fund of Rs.60.00 crores as provided in transfer of KESA Zone Electricity Distribution Scheme - 2000 has not been ascertained and accordingly adjustments as required in para no. 4 of the said Transfer Scheme are pending, effect indeterminate.

C. Sundry Debtors, Sundry Creditors, Loans & Advances & Current Account with UPPCL remain unconfirmed.

D. Company has not determined obsolete and dead stock, effect indeterminate.

E. As per provisions of KESA Zone Electricity Distribution Scheme-2000, debtors to the tune of Rs.60.00 crores were of the Company and balance were standing towards UPPCL for which collection charges @ 15% were to be earned. Recoveries are not ascertainable whether pertaining to debtors belonging to UPPCL or otherwise and in view of growing debtors, assumption has made that no recovery on account of debtors pertaining to UPPCL has been made, effect indeterminate.

In our opinion and to the best of our information and according to the explanations given to us the Balance Sheet together with the notes thereon and Profit and Loss Account

together with the notes thereon and attached thereto have been prepared in accordance with the provisions of the Electricity Supply Act, 1948, Uttar Pradesh Electricity Returns Act, 1999 and Balance Sheet and Profit & Loss Account as referred above give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:

(a) In the case of Balance Sheet of state of affairs of the Company as at 31.03.2001.

(b) In the case of Profit and Loss Account of the LOSS for the year ended on 31st March, 2001.

3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for audit.

4. In our opinion proper books of account have been kept as required by law so far as appear from our examination of books.

5. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account and Returns

6. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the requirements of the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.

7. This Company is incorporated on 21.7.1999 and being Government Company all the directors are appointed by the Government. As per information and explanations given to us, none of the directors of the Company is, disqualified as on 31st March, 2001 from being appointed as a Director of the Company Under Clause(g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

8. As required by the Companies (AUDITOR'S REPORT) Order, 2003 issued by the Central Government and on the basis of such checks as we considered appropriate, we further report that -

(i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.

(b) Its fixed assets of the Company have been acquired under U.P. Transfer of KEWA Zone Electricity Distribution Undertaking Scheme - 2000 are in process of physical verification

(c) There is no disposal of substantial part of fixed assets.

(iii) (a) The stock of stores and spare parts have been physically verified at reasonable intervals by the management.

(b) The present procedure of physical verification of inventory followed by management is not reasonable and is inadequate as obsolete stock /spare parts are not identified.

(c) The company has maintained proper records and no significant discrepancy was noted during verification between the physical and the quantity shown in books of accounts. Such discrepancy was properly dealt with in the books of accounts.

(iii) (a) The Company is subsidiary of U.P. Power Corporation Limited and therefore a Government Company and Section 301 is not applicable after the Companies (Amendment) Act, 1999.

(b) Company has taken loan from UPPCL, Lucknow and the rate of interest, other terms and conditions of loans taken are not prejudicial to the interest of the Company.

(c) Company is not regular in repayment of interest on loan.

(d) Company is not able to take reasonable steps for repayment of interest on loan.

(iv) In our opinion and according to the information and explanations given to us the internal control procedure do not adequately commensurate with the size of the Company in the matter of purchase of inventory and fixed assets and for the sale of energy.

(v) (a) We did not find any transaction of purchase and sale of goods and materials and services from the parties listed in Register as per provisions of Section 301 of the Companies Act, 1956.

(b) Not applicable.

(vi) The Company has not accepted deposits from the public.

(vii) This is explained to us that the internal audit system has to be established.

(viii) The cost records are not prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.

(ix)(a) The deduction made on account of GPF from the salaries of staff has been to the account of UP State Power Sector Employees Trust Lucknow as per decision of UP Govt./UPPCL. Company has not paid Electricity Duty charged from the consumers.



- (vi) Un paid but due Electricity Duty is Rs.14,69,82,463.86
- (vii) Company is registered within a period of five years.
- (viii) Company has not taken loan from any financial institution, banks or debenture holders.
- (ix) Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (x) This Company is not Unit Fund, Nidhi/Mutual benefit fund/society.
- (xi) Company is not dealing in shares, securities etc.
- (xii) Company has not given any guarantee etc. to the financial institution, banks or debenture holders.
- (xiii) The liability of Company arising from FESA Zone Electricity distribution scheme-2000 has been converted into loan and therefore this is applied for the purpose it was granted.
- (xiv) Company did not raise short term funds.
- (xv) Company did not made any preferential allotment of shares.
- (xvi) Company did not issue debentures.
- (xvii) Company did not make public issue.
- (xviii) As per information provided to us there is no fraud noticed by or reported to the Company.

FOR U.S. GUPTA & ASSOCIATES
CHARTERED ACCOUNTANTS.

DATED : 16.12.2003
PLACE : KANPUR


(U.S. GUPTA)
PARTNER

KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES, KANPUR (U.P.)

BALANCE SHEET AS AT 31.03.2001

PARTICULARS	SCHEDULE	AMOUNT AS ON 31.03.2001 (Rs.)	AMOUNT AS ON 31.03.2000 (Rs.)
<u>SOURCES OF FUNDS</u>			
1. Shareholder's Funds	A	600,000,000.00	600,000,000.00
a. Share Capital		0.00	0.00
b. Reserves & Surplus			
2. Loan Funds	B	1,254,868,417.00	1,100,000,000.00
a. Secured Loans		250,000,000.00	250,000,000.00
b. Long Term Liability towards Terminal Benefits of the Employees		432,882,554.69	367,852,233.26
3. Consumer's Contribution	C	374,296,109.28	346,769,200.00
4. Security Deposit from Consumers		2,911,847,080.97	2,664,621,433.26
TOTAL			
<u>APPLICATIONS OF FUNDS</u>			
1. Fixed Assets	D	2,644,301,045.74	2,603,741,170.42
a. Gross Block		241,278,051.42	39,680,000.00
b. Less : Depreciation		2,403,022,994.32	256,406,170.42
c. Net Block		13,708,882.64	997,037.67
Capital Work in Progress			
2. Current Assets, Loans & Advances	E	219,927,421.04	250,808,692.41
a. Cash & Bank Balance		1,778,976,098.11	600,000,000.00
b. Sundry Debtors		112,353,253.17	104,251,321.27
c. Stores & Spares		12,756,406.32	4,422,267.34
d. Loans & Advances			
Less : Current Liabilities & Provisions	F	2,403,613,466.93	859,964,631.85
Not Current Assets		(279,600,288.29)	99,517,649.17
3. Miscellaneous Expenses (to the extent not written off)		36,460.80	45,576.00
Preliminary Expenses		774,679,031.50	
4. Profit & Loss Account		2,911,847,080.97	2,664,621,433.26
TOTAL			
Notes Forming Parts of Accounts	O		
Balance Sheet Abstract	P		

As Per Our Report of Even Date attached.

For U.S. GUPTA & ASSOCIATES
Chartered Accountants

(Signature)
(Partner) U.S. Gupta

Dated : 16-12-2003
Place : Kanpur

For KANPUR ELECTRICITY SUPPLY COMPANY LTD.

(Signature)
(A.O.)

(Signature)
(D/C. A.O.)

(Signature)
(Managing Director)

(Signature)
(Charman)

आयुक्त
काणपुर मण्डल
काणपुर

KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES , KANPUR (U.P.)

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDING 31.03.2001

PARTICULARS	SCHEDULE	AMOUNT AS ON 31.03.2001 (Rs.)	AMOUNT AS ON 31.03.2000 (Rs.)
INCOME			
Sale of Energy	G	5,897,154,109.09	997,686,266.43
Other Income	H	211,009,691.82	136,648,158.21
TOTAL (A)		6108163800.91	1,134,334,424.64
EXPENDITURE			
Purchase of Power	I	5,092,390,356.10	840,275,899.58
Electricity Duty		122,898,123.57	24,833,571.86
Establishment Expenses	J	458,424,441.26	82,520,644.32
Repairs & Maintenance	K	120,114,540.37	8,844,810.18
Other Financial Expenses	L	632,908,854.50	9,712,934.88
Administrative Expenses	M	12,930,509.42	4,422,290.29
Depreciation	D	199,710,357.00	39,680,000.00
Provision for Doubtful Debts		208,054,606.00	223,756,000.00
Preliminary Expenses Written off		9,115.20	0.00
TOTAL (B)		6847440803.42	1,234,046,151.11
NET LOSS (B-A)		739,277,102.51	99,711,726.47
Add : Prior Period Expenses	N	35,401,928.99	
Net Loss transferred to Balance Sheet/To UPPCL		774,679,031.50	99,711,726.47


For KANPUR ELECTRICITY SUPPLY COMPANY LTD.


As Per Our Report of Even Date attached.



(A.O.)


(Dyc. A.O.)

For U.S. GUPTA & ASSOCIATES
Chartered Accountants


(Partner) U.S. Gupta
Dated : 16.12.2003
Place : Kanpur


(Managing Director)


(Chairman)

बतावत
कानपुर मण्डल
का ११७

KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES, KANPUR (U.P.)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2001

SCHEDULE - A
SHARE CAPITAL


PARTICULARS	AMOUNT AS ON 31.03.2001 (Rs.)	AMOUNT AS ON 31.03.2000 (Rs.)
AUTHORISED CAPITAL		
6,00,00,000 Equity Shares of Rs 10.00 each	600,000,000.00	600,000,000.00
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
(6,00,00,000 Equity Shares of Rs 10.00 each out of the above shares 5,99,99,300 shares are allotted as fully paid up pursuant to Uttar Pradesh Transfer of KESA Zone Electricity Distribution Scheme, 2000 without payment being received in cash)	600,000,000.00	600,000,000.00
Grand Total	600,000,000.00	600,000,000.00


SCHEDULE - B
SECURED LOANS

PARTICULARS	AMOUNT AS ON 31.03.2001 (Rs.)	AMOUNT AS ON 31.03.2000 (Rs.)
From Uttar Pradesh Power Corporation Limited (Balance as per transfer of KESA Zone Electricity Distribution Scheme, 2000)	1,100,000,000.00	1,100,000,000.00
Interest Accrued & Due	154,868,417.00	0.00
Security - First charge over the distribution system and distribution assets of KESA as transferred to KESCO by the transfer scheme as on the appointed date		
Grand Total	1,254,868,417.00	1,100,000,000.00

SCHEDULE - C
SECURITY DEPOSITS FROM CONSUMERS

PARTICULARS	AMOUNT AS ON 31.03.2001 (Rs.)	AMOUNT AS ON 31.03.2000 (Rs.)
Security Deposits	365,777,175.00	346,769,200.00
Add: Interest Payable	8,518,934.28	0.00
Grand Total	374,296,109.28	346,769,200.00


Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR


Dy. Chief Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR

KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES KANPUR (U.P)

SCHEDULE 'D'
FIXED ASSETS

S.No.	NAME OF ASSETS	RATE OF DEP.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			GROSS VALUE AS ON 1.4.2000	ADDITION DURING THE YEAR	SALES/ADJ DURING THE YEAR	TOTAL AS ON 31.3.2001	DEP. AS ON 1.4.2000	DEDUCTI ON/ADJ.	TOTAL DEP. AS ON 31.3.2001	AS ON 31.3.2001	AS ON 31.3.2000	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	Land & Building	3.02%	177257000.00	23436.00	7260000.00	184570436.00	1115000.00	5573316.40	177836439.10	6733996.90	176172000.00	
2	Plant & Machinery	7.84%	337736000.00	5101200.00	0.00	342807200.00	55766000.00	26476150.40	310815049.60	31992150.40	332190000.00	
3	Transformers	7.84%	102822384.00	0.00	0.00	102822384.00	1645000.00	8061274.91	93116109.09	9706274.91	101177384.00	
4	Transmission Lines	7.84%	1885709786.42	36804004.32	1409645.00	1921104145.74	30773000.00	147729131.09	1742602014.65	178502131.09	1854936786.42	
5	Office Equipments	12.77%	100216000.00	40880.00	-47112000.00	53144880.00	631000.00	781787.67	44950711.53	8194168.47	99585000.00	
6	Furniture & Fixture	12.77%	0.00	0.00	7614000.00	7614000.00	0.00	972307.80	6439128.07	1174871.93		
7	Vehicles	12.77%	0.00	0.00	32238000.00	32238000.00	0.00	4116792.60	27263542.28	4974457.73		
8	TOTAL		2603741170.42	4199520.32	1409645.00	2644301045.74	39680000.00	199710356.99	2403022994.32	241278051.41	2564061170.42	
	Previous Year		2600000000.00	3741170.42	0.00	2603741170.42	39680000.00	1887694.42	39680000.00	39680000.00	2564061170.42	

(Signature)

(Signature)

Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR

Officer
Kanpur Electricity Supply Co. LTD.
KANPUR



KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES, KANPUR (U.P.)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2001

SCHEDULE - E
CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS	AMOUNT AS ON 31.03.2001 (Rs.)	AMOUNT AS ON 31.03.2000 (Rs.)
A. CASH & BANK BALANCES		
Cash in Hand including cheques/drafts	41,590,476.61	78,533,685.64
Cash at Bank with Scheduled Banks in Current A/c	178,336,944.43	172,275,006.77
Total (A)	219,927,421.04	250,808,692.41
B. SUNDRY DEBTORS		
Unsecured considered good of recovery by the management (unless otherwise stated)		
a. Debts outstanding for a period exceeding 6 months	6,783,136,985.00	0.00
b. Other Debts	1,387,030,704.11	6,300,000,000.00
Less : Adjustments of Receivables to the account of UPPCL	6,183,136,985.00	5,700,000,000.00
Less : Provision for Doubtful Debts	208,054,605.00	
Total (B)	1,778,976,098.11	600,000,000.00
C. STORES & SPARES		
a. Stores & Spares as certified by management	112,353,253.17	104,251,321.27
Total (C)	112,353,253.17	104,251,321.27
D. LOANS & ADVANCES		
Advances to Suppliers & Contractors Capital	805,106.70	2,449,300.00
Advances to Suppliers & Contractors (O&M)	346,586.33	236536.30
Other Loans & Advances		
a. House Building & Vehicle Advances	475,180.00	1,376,522.00
b. T.A. Advances	8,100.00	600.00
c. Imprest with Employees (including imprest for salaries Rs 1,07,95,772.00)	11,083,041.29	356,164.04
d. Sundry Receivables	38,392.00	3,145.00
Total (D)	12,756,406.32	4,422,267.34
Grand Total A to D	2,124,013,178.64	969,482,281.02



Dy. Chief Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR




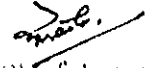
KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES , KANPUR (U.P.)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2001

SCHEDULE - F
CURRENT LIABILITIES & PROVISIONS

PARTICLARS	AMOUNT AS ON 31.03.2001 (Rs.)	AMOUNT AS ON 31.03.2000 (Rs.)
Liabilities for O & M	15,765,721.02	2,607,458.19
Liabilities for Capital Work	7,771,740.39	8,101,751.86
Other Liabilities	150,456,707.87	23,564,047.54
Staff Related Liabilities & Provisions	31,678,745.35	31,180,673.57
Other Liabilities for Terminal Benefits of Employees	597,732,233.31	600,000,000.00
Current Account with UPPCL	164,892,882.09	194,510,700.69
Liabilities for Power Purchased	1,435,315,356.10	0.00
Grand Total	2403613466.93	869,964,831.85


Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR


Chief Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR



KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES , KANPUR (U.P.)

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.01

SCHEDULE - G
SALE OF ENERGY

PARTICULARS	YEAR ENDED 31.03.2001 (Rs.)	PERIOD ENDED 31.03.2000 (Rs.)
Domestic	1,421,897,856.52	241,149,755.57
Commercial	821,816,350.00	141,259,842.00
Industrial	3,383,701,911.00	562,793,645.00
Public Lighting	43,813,735.00	8,249,820.00
Public Water Works	102,648,298.00	19,399,832.00
Private Tubewell	377,835.00	0.00
Electricity Duty	122,898,123.57	24,033,571.80
Grand Total	5,897,164,109.09	997,686,266.43

SCHEDULE - H
OTHER INCOME

PARTICULARS	YEAR ENDED 31.03.2001 (Rs.)	PERIOD ENDED 31.03.2000 (Rs.)
Delayed Payment Charges from Consumers	177,131,827.07	128,049,604.00
Misc Income	2,024,246.75	2291733.21
Meter Rent	31,853,618.00	6,306,821.00
Grand Total	211,009,691.82	136,648,158.21

SCHEDULE - I
POWER PURCHASED

PARTICULARS	YEAR ENDED 31.03.2001 (Rs.)	PERIOD ENDED 31.03.2000 (Rs.)
Power Purchased from UPPCL	5,092,390,356.10	840,275,899.58
Grand Total	5,092,390,356.10	840,275,899.58


Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPLR





KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES , KANPUR (U.P.)

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.01

SCHEDULE - J
ESTABLISHMENT EXPENSES

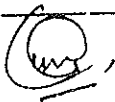
PARTICULARS	YEAR ENDED 31.03.2001 (Rs.)	PERIOD ENDED 31.03.2000 (Rs.)
Salaries & Allowances	391,797,778.59	81,855,228.74
Staff Welfare Expenses	3,528,689.21	665,415.58
Contribution for Pension & Gratuity	63,097,973.38	..
Grand Total	468,424,441.26	82,620,144.32

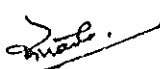
SCHEDULE - K
REPAIRS & MAINTENANCE O & M

PARTICULARS	YEAR ENDED 31.03.2001 (Rs.)	PERIOD ENDED 31.03.2000 (Rs.)
Plant & Machinery	15,541,083.87	4,425,836.86
Building	22,585,575.22	627,640.85
Civil Works	9,585.00	179,621.26
Lines, Cable, Network etc.	81,962,002.93	3,587,217.97
Furniture & Fixture	16,293.35	24,493.44
Grand Total	120,114,540.37	8,844,810.18

SCHEDULE - L
FINANCIAL CHARGES

PARTICULARS	YEAR ENDED 31.03.2001 (Rs.)	PERIOD ENDED 31.03.2000 (Rs.)
Late Payment Surcharge on Power Purchase	153,000,000.00	-
Discount to Consumers on sale of energy	246,666,174.00	8,563,910.00
Provision of Interest on G.P.F. Balances	67,650,000.00	1,148,352.88
Bank Charges	5,674.50	672.00
Interest on Secured Loans	154,868,417.00	-
Interest on Consumers Security Deposits	10,718,589.00	-
Grand Total	632,908,854.50	9,712,934.88


Accounts Officer
Kanpur Electricity Supply Co. LTD,
KANPUR


Dy. Chief Accounts Officer
Kanpur Electricity Supply Co. LTD,
KANPUR



KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES , KANPUR (U.P.)

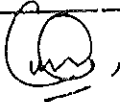
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.01

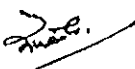
SCHEDULE - M
ADMINISTRATIVE EXPENSES

PARTICULARS	YEAR ENDED 31.03.2001 (Rs.)	PERIOD ENDED 31.03.2000 (Rs.)
Rent, Rates, Taxes and Insurance on Property	214,348.45	7050.00
Telephone, Postage & Telegraph	2,256,472.55	1,497,343.07
Legal & Consultancy Charges	4,578,756.32	312,618.51
Audit Fees	38,880.00	15750.00
Conveyance, Travelling & Vehicle Running Exp.	961,698.94	392,501.85
Fees & Subscription	2,601,800.00	178903.50
Printing & Stationery	1,337,467.31	16219.60
Advertisement Expenses	764,776.25	200,283.76
Misc. Expenses	176,309.60	0.00
Fee to ROC for increase in Authorised Capital	0.00	1801620.00
Grand Total	12,930,609.42	4,422,290.29

SCHEDULE - N
PRIOR PERIOD EXPENSES

PARTICULARS	YEAR ENDED 31.03.2001 (Rs.)	PERIOD ENDED 31.03.2000 (Rs.)
Repair & Maintenance	116,793.00	--
Depreciation	1,887,694.42	--
Interest & Financial Charges	15,839,748.12	--
Employees Cost	17,557,675.45	--
Miscellaneous Expenses	18.00	--
Grand Total	35,401,928.99	--


Accounts Officer
Kanpur Electricity Supply Co. LTD,
KANPUR


Dy. Chief Accounts Officer
Kanpur Electricity Supply Co. LTD,
KANPUR



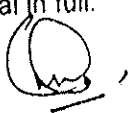
KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES, KANPUR (U.P.)

SCHEDULE - O

ACCOUNTING POLICIES & NOTES ON ACCOUNTS AS AT
31.03.2001

(a) ACCOUNTING POLICIES:

1. The accounts are prepared on historical cost concept and mercantile system of accounting complying the Accounting Standard as recommended by the ICAI. Further the Accounts also comply with various provisions of Transfer of KESZA Zone Electricity Distribution Scheme ,2000.
2. Inventories of stores and spares are valued at cost.
3. Preliminary Expenses are being written off in 5 years.
4. Revenue from power supply is accounted for on the basis of billing to consumers and on estimation basis for the period for which bills have yet to be raised.
5. Surcharge on late payment accounted for on accrual basis.
6. Depreciation has been calculated in accordance with the guidelines of the Ministry of Power issued on 29th March, 1994 of S.O. 266(6).
7. Prepaid Expenses and Prior Period Expenses/Income of terms of Rs.1.00 lac and below are charged to natural heads of account.
8. Payment of Leave Encashment , Medical Reimbursement and Ex-gratia is accounted for on cash basis.
9. The Company recognizes significant items of Income and expenditure on accrual basis.
10. Interest on loans to staff is accounted for on receipt basis after recovery of principal in full.


Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR



Dy. Chief Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR

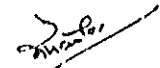


11. In the case of commissioned assets, where final settlement of bill with the contractors is yet to be effected., capitalization is done subject to necessary adjustment in the year of final settlement.
12. Sale of energy is accounted for on the basis of tariff notified by U.P. Electricity Regulatory Commission.
13. Late payment surcharge is charged against the payment of bills beyond the due date in the subsequent bill and is shown under the head 'other income' and U.P.P.C.L
14. Rebate allowed for timely payment has been shown separately as an expense in the Accounts.
15. Domestic L&F consumers are billed on bimonthly basis remaining categories of consumers are billed on monthly basis.

(b) NOTES ON ACCOUNTS:

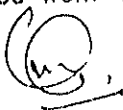
1. The Company was incorporated on 21.07.99 vide Certificate of Incorporation No.20- 24626 and Certificate of Commencement of Business was granted on 21st September, 1999.
2. The Company took over the assets and liabilities of KESA Zone of UPPCL w.e.f. 15.01.2000 vide U.P. Govt. Notification dated 15.01.2000.
2. Sundry Debtors, Loans and Advances and Current Account with U.P.P.C.L. and sundry creditors etc. remain unconfirmed.
4. The Provision for doubtful debts amounting to Rs.20,80,54,606.00 has been provided @ 15% on the Debtors as on 31.03.2001 which is fair in the opinion of the management.
5. None of the employee were in receipt of remuneration which was more than Rs.12,00,000.00 p.a. or Rs.1,00,000.00 p.m. if employed for a part of the year.
6. Provisions for all known liabilities have been made in the accounts.

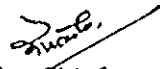

Accounts Officer
Kanpur Electricity Supply Co. LTD,
KANPUR


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Kanpur Electricity Supply Co. LTD,
KANPUR



7. Deduction made on account of G.P.F. from the salaries of staff has been to the account of U.P.State Power Sector Employees Trust, Lucknow as per decision of the U.P.Govt. / UPPCL..The balance as on 31.3.2011 remains to be confirmed by the Trust.
8. In view of losses , no provision for Income Tax has been made.
9. Interest on secured loans from U.P.P.C.L. has been provided @ 14% p.a. on quarterly rest basis.
10. Previous year figures shown in Balance Sheet and Profit and Loss Account have been regrouped and rearranged wherever found necessary.
11. The Corporation is governed by Electricity (Supply) act, 1948 and the provision of the said Act have prevailed wherever the same are inconsistent with the provisions of the Companies Act, 1956.
12. The revision of tariff is given effect from the date notified in Gazette.
13. The depreciation on fixed assets has been provided on straight line method at the rates and to the extent prescribed by the Government of India under the Electricity (Supply Act 1948 and is provided only on asset in existence at the beginning of the year and no depreciation is provided on additions during the year as per Electricity (Supply) Act 1948.
14. Current liability for Pension & Gratuity in respect of employees has been provided on the basis of information received from Trust.
15. All prior period income and expenditure is shown in the current period as a distinct item.
16. Interest on Security Deposit from consumers has been made @ 3% p.a. as per the practice followed by erstwhile UPSEB.
17. The interest payable to the Trust has been made on the basis of letter received from Trust.On an overall basis the Current Assets loans and






Dy. Chief Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR



advances have a value on realization, in the ordinary course of business, at least equal to the amount at which stated in the Balance Sheet.

18. Figures of previous period in profit & loss account are not comparable with that of current year as the period of previous year was for two and a half months only whereas the period of current year is twelve months.
19. The company has not determined obsolete and dead stock as on 31.3.2001 as such no provision has been made in this regard.
20. Power purchased from U.P.P.C.L. has been accounted for on the basis of bills raised by them.
21. Surcharge payable to U.P.F.C.L. has been accounted for in the accounts.
22. The balances of consumer contribution and security deposits as on 31.3.2001 are based on the balances transferred as on 15.1.2000, and adjustment of subsequent receipts and payments in the respective heads. In view of the non-availability of party-wise details as on 15.1.2000, the same could not be arrived at for the balances as on 31.3.2001.
23. The party-wise details of sundry debtors as on 31.3.2001 could not be worked out as no details of Rs.630 crores on 15.1.2000 were made available to the company. The total debtors as on 31.3.2001 have been worked out by adding the difference between the sales other Income and realizations of 2000-2001 to the opening Balance as on 1.4.2000. In view of the non-availability of records relating to agewise details of realization from sale of power during the year 2000-2001, the entire realization has been considered against the current year's sales/ Other Income.
24. Quantitative Information:

	Previous Year (M.U.)	Current Year (M.U.)	Previous Year (Rupees)	Current Year (Rupees)
Units Purchased	433.131	2368.554	840295899.58	5092390356.10
Units Sold	300.742	1590.551	997686266.43	5897154109.09



Dy. Chief Accounts Officer
Kanpur Electricity Supply Co. LTD.
KANPUR



CATEGORY

UNITS (IN M.U.)

	<u>Previous Yr</u>	<u>Current Yr</u>
Domestic	128.818	681.191
Commercial	32.632	169.110
Industrial	129.422	688.635
Public Lighting	4.133	19.687
Public Water Works	<u>5.737</u>	<u>31.928</u>
	300.742	<u>1590.551</u>

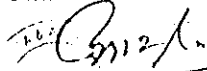
25. Schedule A to P forms integral part of accounts as at 31.03.2001.

For Kanpur Electricity Supply Company Ltd.


(A.O)


(Dy.C.A.O.)

As per our report of even date attached.
For U.S.Gupta & Associates
Chartered Accountants


(Partner) U.S. Gupta

Dated: 16.12.2003
Place: Kanpur


(Managing Director)


(Chairman)

इलाहाबाद
कांतपुर गण्डक
कांतपुर

KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES, KANPUR (U.P.)

ANNEXURE P

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL
BUSINESS PROFILE**

1. Registration Details
Registration No. 20-24626
Balance Sheet Date 31-03-01

2. Capital Raised During the Year
Public Issue Nil Right Issue Nil
Bonus Issue Nil Private Placement Nil


3. Position of Mobilisation and Deployment of Funds
(Amount in Rs.Thousands)
Total Liabilities 2911847 Total Assets 2911847

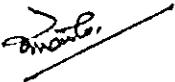
Sources of Funds
Paid up Capital 600000 Reserves & Surplus --
Secured Loans 1504868 Deposits&Contribution 806979

Application of Funds
Net Fixed assets 2403023 Capital Work in Progress 13709
Net Current Assets (279600) Misc. Expenditure 36
Accumulated Losses

4. Performance of Company (Amount in Rs.Thousands)
Turnover 6108163 Total Expenditure 6882842
Profit/Loss Before Tax (774679) Profit/Loss After Tax (774679)
Earning Per Share (in Rs.) Dividend Nil

5. Generic Names of Three Principal Products/Services of the Company
(As per monetary terms)
Item Code No. N.A.
Product / Service Description N.A.


Accounts Officer
Kanpur Electricity Supply Co. LTD,
KANPUR


Director
Kanpur Electricity Supply Co. LTD.
KANPUR





17/12/17
14/12

कार्यालय महालेखाकार (लेखा परीक्षा) द्वितीय, उ०प्र०
प्रथम तल, शक्ति भवन विस्तार, 14 अशोक मार्ग
लखनऊ 226 001

OFFICE OF THE
ACCOUNTANT GENERAL (AUDIT) II, UTTAR PRADESH
1ST FLOOR, SHAKTI BHAWAN EXTENSION, 14 ASHOK MARG
LUCKNOW - 226 001

545
16/12

पंजीकृत/गोपनीय
पत्रांक: कम्पनी-लेखा/ 563
दिनांक 10-12-04

सेवा में,

.....
.....
का लपुर इलाहाबाद के लिए
.....
का लपुर
.....

महोदय,

एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन का लपुर इलाहाबाद
..... के
..... का समाप्त होने वाले वर्ष के लेखे पर भारत के नियंत्रक
महालेखापरीक्षक की टीका-टिप्पणियाँ कम्पनी अधिनियम, 1956 की धारा 619 (5) के निबन्धनों के
अनुसरण में कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अप्रेषित की जा रही
है। कृपया वार्षिक सामान्य बैठक के समक्ष इन टीका-टिप्पणियों के प्रस्तुत किये जाने की
वास्तविक तिथि की सूचना दें।

कृपया पत्र की पावती भेजें।

Dy. e.A.O.

.....
एम०डी०
कोसंबी

सहपत्र-यथापरि:
Urgent
Pl call sarvesh Saxena
minutely & hold AGM
with in two or three days.
17/12/17

भवेदीय
.....
(वीरेन्द्र कुमार)
महालेखाकार
17/12/2017

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF KANPUR ELECTRICITY SUPPLY COMPANY LIMITED, KANPUR FOR THE YEAR ENDED 31 MARCH 2001.

A. BALANCE SHEET

APPLICATION OF FUNDS

I. Current Assets, Loans and Advances (Schedule-E) Rs. 212.40 crore

Cash and Bank Balance Rs. 21.99 crore

Short credit of Rs. 10.10 crore representing the difference between the bank balance (Bank Receipt A/c) shown in the Bank Statement and cash/bank book upto 14.01.2000, was debited to UPPCL A/c. without their confirmation. Despite Comment of the Comptroller and Auditor General of India on the accounts of the company for the year ended 31.3.2000, reasons for such differences were not ascertained to effect correct accountal either in the account of Sundry Debtors (Due to bouncing of cheques), Bank A/c. or UPPCL A/c. as the case may be.

II Current Liabilities And Provisions (Schedule-F) Rs. 240.36 Crore

(i) Under Section 128 of Nagar Palika Act 1916 and Section 172 of Nigam Act 1954, the Kanpur Municipal Corporation demanded Rs. 18.17 crore towards rate and taxes on 49 Sub-stations of the Company located within its jurisdiction for the period from 01.04.1997 to 31.03.2001. No provision, however, had been made in the accounts for the same. This resulted in understatement of Current Liabilities and Provisions and Loss by Rs. 18.17 crore.

(ii) This is understated by Rs. 9.10 crore due to accountal of purchase of power for the year 1999-2000 (43,31,31,907.10 units) @ Rs. 1.94 instead of Rs. 2.15 per unit as fixed by UPPCL vide their letter dated 10.10.2000. This resulted in understatement of Current Liabilities and Provisions and Loss by Rs. 9.10 crore.

B. PROFIT & LOSS ACCOUNT

Prior Period Expenses (Schedule-N) Rs. 3.54 crore

As per clause no. 6 of Government Notification dated 15.01.2000 (UP. Transfer of KESA Zone Electricity Distribution Undertaking Scheme 2000), all expenditure upto 31.03.2000 should have been debited to UPPCL A/c. However, Rs. 3.54 crore has been show in Prior Period Expenses A/c, which has resulted into overstatement of Loss to the tune of Rs. 3.54 crore.

C. AUDITORS' REPORT

(i) The Uttar Pradesh Transfer of KESA Zone Electricity Distribution Undertaking Scheme, 2000, as notified on January 15, 2000 inter-alia includes transfer of Assets and Liabilities from U.P. Power Corporation Limited (UPPCL) to the company. The balances of Assets and Liabilities so transferred under the Scheme are different than the balances appearing in the Books of Accounts/Subsidiary Ledgers of UPPCL. The balances as per books of accounts of UPPCL under the head Fixed Assets, Capital Work in Progress, Current Assets, Consumer Contribution for Capital Assets, Liability towards Security Deposits from Consumers and Other Liabilities as on 15.1.2000 were Rs. 56.84 crore, Rs. 8.18 crore, Rs. 804.00 crore, Rs. 20.04 crore, Rs. 35.30 and Rs. 11.38 crore respectively whereas the balances adopted under the Scheme as on 15.1.2000 were Rs. 260 crore, Rs. nil, Rs. 655.79 crore, Rs. 35 crore, Rs. 30 crore, Rs. nil respectively. The net impact results in difference in value of assets by Rs. 46.76 crore and of liabilities by Rs. 1.72 crore. As such difference between balances as per books of account of UPPCL and the balances adopted under the scheme remained unreconciled/ unadjusted as on 31.3.2001, para no. 1 and 5 of the Auditors' Report stating that the Balance Sheet of the company is in agreement with books of account are factually not correct. As the major portion of Assets and Liabilities as shown in the Balance Sheet represents the balances adopted under the Scheme which are not supported by appropriate details identifying item wise/ party wise recoverable / liabilities / other items, the para 4 of the Auditors' Report that the proper books of account have been kept as required by law is factually not correct.

(ii) A reference is invited to point no. (ix)(a) of Statutory Auditor's Report, wherein it was stated that unpaid but due Electricity Duty was Rs. 14.70 crore whereas as per account as on 31.03.2001 it was Rs. 14.77. The qualification made by the Statutory Auditor is therefore deficient to that extent.


10/11/2014
Accountant General