

*ANNUAL
ACCOUNTS
2001-2002*

*KANPUR ELECTRICITY SUPPLY
COMPANY LIMITED*

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 2002 and Profit and Loss Account for the year ended on 31st March 2002 signed by us under reference to this report, are in agreement with the books of account.

2. 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 followings:

A. Provision for Doubtful debts further made during the year, of Rs.36,62,52,734.70/- is by estimate at the rate of 15% on the incremental debtors of the Company 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 on transfer date has been ascertained at Rs.26,20,47,696.00 and Current Liability towards terminal benefit funds on transfer date have been ascertained at Rs.134,68,01,716.00 has not been dealt with as provided in para-4(4) read with Schedule-B Part-II A.4(a) to (c) instead Company has transferred these liabilities of Rs.85.00 Crores (Rs. 60.00 crores and Rs.25.00 crores) as Provisionally referred in KESA Zone Electricity Distribution Scheme-2000, to UPPCL Secured Loan Account in view of G.O. No. 1555/P-1/2003-24-1(4P/2002-TC) dated 16.07.2003 and Gazette No.348/P-1/2001-24 dated 25.01.2001 whereas such G.O. and such Notification do not appear to effect the liability of the Company as provided in para-4(4) read with Schedule-B Part-II A.4(a) to (c) Transfer of KESA Zone Electricity Distribution Scheme - 2000. The effect is on display of liability in Balance Sheet on account of UPPCL and Terminal liabilities of staff.

C. Sundry Debtors, Sundry Creditors, Loans & Advances & Current Account with UPPCL remain unconfirmed and no efforts for this have been made.



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. In the manner of accounts maintained by the Company recoveries are not ascertainable whether pertaining to debtors belonging to UPPCL or of the Company and in view of growing debtors, assumption has been made by the management that no recovery on account of debtors pertaining to UPPCL has been made, effect indeterminate.

F. During the year Company has transferred difference in Balances of current assets, current liabilities, consumer contribution for capital works and security deposit from consumers etc. of erstwhile KESA Zone against the figures as per KESA Zone Electricity Distribution Scheme-2000 resulting net credit balance of Rs.92,30,85,602.64 in restructuring account shown in Balance Sheet as per Schedule 'F' - current liabilities and provisions which is subject to approval from Competent Authority, 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 Reforms 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:

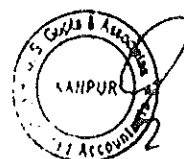
(a) In the case of Balance Sheet of state of affairs of the Company as at 31.03.2002.

(b) In the case of Profit and Loss Account of the LOSS for the year ended on 31st March, 2002.

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, 2002 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) The fixed assets of the Company have been acquired under U.P. Transfer of KESA Zone Electricity Distribution Undertaking Scheme - 2000 are in process of physical verification. There is no physical verification at reasonable intervals.

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

(ii) (a) The stock of stores and spare parts have been physically verified once in a year and not 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. The gap between units of energy purchased and units of energy sold is by 33.7% and show heavy line loss / theft. In last year this gap was of 32.85%. There is no maintenance of record for the complaints from the consumers for disputed energy supply bills. There is continuing failure to control this weakness.

(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 prescribed by the Central Government under section 209 (i) (d) of the Companies Act, 1956 vide Notification No. G.S.R.913(E), dated 21st December, 2001 are applicable for the Financial Year commencing after this Notification which are not applicable for the financial year 2001-2002 covered by our reports.

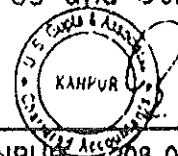
(ix)(a) The deduction made on account of GPF from the salaries of staff has been to the account of UP State Power Sector Employees Trust Lucknow as per decision of UP Govt./UPPCL. Company has not paid Electricity Duty charged from the consumers.

(b) Un paid but due Electricity Duty is Rs.27,50,33,111.60 shown in Balance Sheet in Schedule-'F'- Other Liabilities.

(x) Company is registered within a period of five years.

(xi) Company has not taken loan from any Financial Institution, Banks or debenture holders.

(xii) Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



(xiii) This Company is not Chit fund, Nidhi/Mutual benefit fund/society.

(xiv) Company is not dealing in shares, securities etc.

(xv) Company has not given any guarantee etc. to the financial Institution, Banks or debenture holders.

(xvi) The liability of Company arising from KESA Zone Electricity Distribution Scheme-2000 has been converted into loan and therefore this is applied for the purpose it was granted.

(xvii) Company did not raise short term funds.

(xviii) Company did not made any preferential allotment of shares.

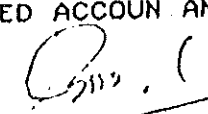
(xix) Company did not issue debentures.

(xx) Company did not make public issue.

(xxi) 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 : 21.04.2005
PLACE : KANPUR


(U.S. GUPTA) 21/04/2005
PARTNER

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

BALANCE SHEET AS AT 31.03.2002

PARTICULARS	SCHEDULE	AMOUNT AS ON 31.03.2002 (Rs.)	AMOUNT AS ON 31.03.2001 (Rs.)
SOURCES OF FUNDS			
1. Shareholder's Funds	A	600,000,000.00	600,000,000.00
a. Share Capital			
b. Reserves & Surplus			
2. Loan Funds	B	2,262,059,860.00	1,254,868,417.00
a. Secured Loans			
b. Long Term Liability towards Terminal Benefits of the Employees		396,800,224.10	432,882,554.89
3. Consumer's Contribution	C	454,532,522.12	374,296,109.28
4. Security Deposit from Consumers			
TOTAL		3,713,392,606.22	2,911,847,080.97
APPLICATIONS OF FUNDS			
1. Fixed Assets	D	2,739,927,544.18	2,644,301,045.74
a. Gross Block			
b. Less : Depreciation			
c. Net Block		2,295,647,839.59	2,403,022,904.32
Capital Work in Progress		69,886,049.12	13,708,882.64
2. Current Assets, Loans & Advances	E	54,539,112.00	219,927,421.04
a. Cash & Bank Balance			
b. Sundry Debtors			
c. Stores & Spares			
d. Loans & Advances		3,787,910,706.70	1,778,978,098.11
Loss : Current Liabilities & Provisions	F	4,620,063,885.84	2,403,613,466.93
Net Current Assets			
3. Miscellaneous Expenses (to the extent not written off)		27,345.60	38,460.80
Preliminary Expenses		1,668,794,053.37	774,679,031.50
4. Profit & Loss Account		3,713,392,606.22	2,911,847,080.97
TOTAL		3,713,392,606.22	2,911,847,080.97
Notes Forming Part of Accounts Balance Sheet Abstract	O P		

As Per Our Report of Even Date attached.

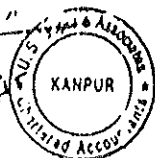
For KANPUR ELECTRICITY SUPPLY COMPANY LTD.

For U.S. & PIA & ASSOCIATES
Chartered Accountants

(Partner)

Dated 28.04.02

Place : Kanpur



[Signature]
(A.O.)

[Signature]
(Dy C. A.O.)

[Signature]
(Managing Director)

[Signature]
(Chairman)

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2002

PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
INCOME			
Sale of Energy	G	5,812,429,332.42	5,897,154,109.09
Other Income	H	327,332,150.92	211,009,691.82
TOTAL (A)		6,140,261,483.34	6,108,163,800.91
EXPENDITURE			
Purchase of Power	I	4,945,832,195.33	5,092,390,356.10
Electricity Duty	J	130,649,162.74	122,898,123.57
Establishment Expenses	K	432,949,589.91	418,424,441.26
Repairs & Maintenance	L	160,626,121.99	120,114,540.37
Other Financial Expenses	M	787,796,874.51	612,908,854.50
Administrative Expenses	D	23,511,614.10	12,930,509.42
Depreciation		203,001,653.17	199,710,356.99
Provision for Doubtful Debts		363,252,734.70	238,054,606.00
Preliminary Expenses Written off		9,115.20	9,115.20
TOTAL (B)		7,053,629,981.65	6,847,440,903.42
NET LOSS (B-A)		913,367,578.31	739,277,102.51
Add: Prior Period Expenses	N	(13,252,556.44)	35,401,928.99
Loss for the year		894,115,021.87	774,079,031.50
Loss Brought forward from Previous Year		774,679,031.50	
Net Loss transferred to Balance Sheet		1,668,794,053.37	774,679,031.50

For KANPUR ELECTRICITY SUPPLY COMPANY LTD.

As Per Our Report of Even Date attached

For U.S. GURTA & ASSOCIATES
Chartered Accountants

(Partner)

Dated 21.04.2002

Place : Kanpur



[Signature]
(A.O.)

[Signature]
(Dy C. A.O.)

[Signature]
(Managing Director)

[Signature]
(Chairman)

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2002

SCHEDULE - A
SHARE CAPITAL

PARTICULARS	AMOUNT AS ON 31.03.2002 (Rs.)	AMOUNT AS ON 31.03.2001 (Rs.)
<u>AUTHORISED CAPITAL</u>		
6,00,00,000 Equity Shares of Rs 10.00 each	600,000,000.00	600,000,000.00
<u>ISSUED, SUBSCRIBED & PAID UP CAPITAL</u>		
(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 31.03.2002 (Rs.)	AMOUNT AS ON 31.03.2001 (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
Add: Transfer of Terminal Benefit Liability as per Transfer Scheme Interest Accrued & Due 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.	850,000,000.00 312,059,860.00	154,368,417.00
Grand Total	2,262,059,860.00	1,254,368,417.00

SCHEDULE - C
SECURITY DEPOSITS FROM CONSUMERS

PARTICULARS	AMOUNT AS ON 31.03.2002 (Rs.)	AMOUNT AS ON 31.03.2001 (Rs.)
Security Deposits	446,147,69.12	365,777,175.00
Add: Interest Payable for the year	8,384,825.00	8,518,934.28
Grand Total	454,532,522.12	374,296,109.28

ESB

Officer
Kanpur Electricity Supply Co. LTD.
Kanpur

MSD

By Chief Officer
Kanpur Electricity Supply Co. LTD.
Kanpur

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

SCHEDULE 'D'
FIXED ASSETS

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2002

S. No.	NAME OF ASSETS	RATE OF DEP.	GROSS BLOCK			DEPRECIATION			NET BLOCK			
			GROSS VALUE ON 1.4.2001	ADDITION DURING THE YEAR	SALES/ADJ DURING THE YEAR	TOTAL AS ON 31.3.2002	DEP. AS ON 1.4.2001	DEP. DURING THE YEAR	DEDUCTIBLE ON / ADJ.	TOTAL DEP. AS ON 31.3.2002	AS ON 31.3.2002	AS ON 31.3.2001
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	Land & Building	3.02%	184,570,438.00	2,226,796.97	-	186,807,235.97	6,733,966.90	5,574,027.17	-	12,308,024.07	174,499,206.90	177,826,438.10
2	Plant & Machinery	7.64%	342,807,200.00	54,189,035.78	-	396,996,235.78	31,992,150.40	26,872,084.48	-	58,864,234.88	338,128,000.91	310,815,048.60
3	Transformers	7.64%	102,822,384.00	-	-	102,822,384.00	9,706,274.91	8,061,274.91	-	17,767,549.82	85,054,834.18	83,116,109.09
4	Transmission Lines	7.64%	1,92,114,145.74	36,901,885.34	-	1,960,060,031.08	178.50	150,814,565.03	-	329,116,696.12	1,630,889,334.96	1,742,602,014.65
5	Office Equipments	12.77%	53,144,850.00	226,905.34	-	53,371,755.34	8,184,168.47	6,786,601.18	-	14,980,769.65	38,391,015.69	44,960,711.53
6	Furniture & Fixture	12.77%	7,614,000.00	71,875.00	-	7,685,875.00	1,174,871.93	972,307.80	-	2,147,179.73	5,538,695.27	6,436,128.07
7	Vehicles	12.77%	32,258,000.00	-	-	32,258,000.00	4,974,457.72	4,118,792.60	-	9,093,250.32	23,164,749.68	27,263,542.28
	TOTAL		2,644,301,045.74	95,626,498.44	-	2,739,927,544.18	241,278,051.42	203,001,853.17	-	44,278,704.59	2,295,647,839.59	2,403,022,894.32
	Previous Year		2,803,741,170.42	41,969,520.27	1,409,845.00	2,844,301,045.74	39,609,000.00	199,710,356.99	1,897,894.42	241,278,051.41	2,403,022,894.32	2,564,061,170.42

D/S

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2002

SCHEDULE - E
CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS	AMOUNT AS ON 31.03.2002 (Rs.)	AMOUNT AS ON 31.03.2011 (Rs.)
A. CASH & BANK BALANCES		
Cash in Hand including Cheques/Drafts	28,701,542.06	41,500,476.61
Cash at Bank with Scheduled Banks in Current A/c	25,837,569.04	178,336,044.43
Total (A)	54,539,112.00	219,927,421.04
B. SUNDRY DEBTORS		
Unsecured considered good of recovery by the management (unless otherwise stated)		
a. Debts outstanding for a period exceeding 6 months	9,385,422,360.23	6,783,136,985.00
b. Other Debts	1,102,194,230.26	1,387,030,704.11
Less: Adjustments of Receivables to the account of UPPCL	6,125,398,540.00	6,183,136,985.00
Less: Provision for Doubtful Debts	574,307,340.70	208,054,606.00
Total (B)	3,787,910,709.79	1,778,976,098.11
C. STORES & SPARES		
a. Stores & Spares (as certified by management)	198,811,043.55	112,353,253.17
Total (C)	198,811,043.55	112,353,253.17
D. LOANS & ADVANCES		
Advances Recoverable in Cash or in Kind	257,840,339.04	12,756,408.32
Total (D)	257,840,339.04	12,756,408.32
Grand Total A to D	4,299,101,204.38	2,124,013,178.64


 Dy. Ch.
 Kanpur Electricity Supply Company Limited
 Kanpur (U.P.)

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2002

SCHEDULE - F
CURRENT LIABILITIES & PROVISIONS

PARTICULARS	AMOUNT AS ON 31.03.2002 (Rs.)	AMOUNT AS ON 31.03.2001 (Rs.)
Liabilities for O & M	28,579,780.07	15,765,721.02
Liabilities for Capital Work	82,512,913.31	7,771,740.39
Other Liabilities	366,010,415.80	150,456,787.87
Staff Related Liabilities & Provisions	22,041,460.33	31,878,745.35
Payable to UP State Power Sector Employees Trust	.	597,732,233.31
Current Account with UPPCL	143,317,978.11	184,892,882.89
Liabilities for Power Purchased	2,917,209,501.81	1,435,315,356.10
Loan from UPPCL against Power Purchase	137,306,233.77	.
Restructuring Account	923,085,602.64	.
Grand Total	4,620,063,885.84	2,403,613,466.93

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CO. LTD. V.

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

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.02

SCHEDULE - G
SALE OF ENERGY


PARTICULARS	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
Domestic	1,467,688,547.68	1,421,897,856.52
Commercial	830,245,320.00	821,816,350.00
Industrial	3,214,669,897.00	3,383,701,911.00
Public Lighting	49,444,480.00	43,813,735.00
Public Water Works	118,506,161.00	102,648,298.00
Private Tubewell	1,225,764.00	377,835.00
Electricity Duty	130,649,162.74	122,898,123.57
Grand Total	5,812,429,332.42	5,897,154,109.09


SCHEDULE - H
OTHER INCOME


PARTICULARS	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
Delayed Payment Charges from Consumers	283,599,027.24	177,131,827.07
Misc Income	8,143,126.68	2,024,246.75
Meter Rent	36,089,997.00	31,853,618.00
Grand Total	327,832,150.92	211,009,691.82

SCHEDULE - I
POWER PURCHASED

PARTICULARS	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
Power Purchased from UPPCL	4,945,832,195.33	5,092,390,356.10
Grand Total	4,945,832,195.33	5,092,390,356.10


 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 31.3.02

SCHEDULE - J
ESTABLISHMENT EXPENSES

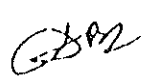
PARTICULARS	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
Salaries & Allowances	359,509,349.55	391,797,778.59
Staff Welfare Expenses	12,100,907.36	3,528,689.29
Contribution for Pension & Gratuity	61,339,333.00	63,097,973.38
Grand Total	432,949,589.91	458,424,441.26


SCHEDULE - K
REPAIRS & MAINTENANCE O & M


PARTICULARS	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
Plant & Machinery	40,052,840.42	15,541,083.87
Building	24,268,001.84	22,585,575.22
Civil Works	9,985.00	9,585.00
Lines, Cable, Network etc.	96,253,437.23	81,362,002.93
Furniture & Fixture	41,857.50	16,213.35
Grand Total	160,628,121.99	120,114,540.37

SCHEDULE - L
FINANCIAL CHARGES

PARTICULARS	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
Late Payment Surcharge on Power Purchase	425,659,663.80	153,000,000.00
Discount to Consumers on Sale of Energy	184,887,415.00	246,666,174.00
Provision of Interest on G.P.F Balances	-	37,650,000.00
Bank Charges	10,010.00	5,674.50
Interest on Secured Loans	157,191,443.00	154,868,417.00
Interest on Loan from UPPCL agst Power Purchase	8,508,520.35	-
Interest on Consumers Security Deposits	11,539,822.38	10,718,589.00
Grand Total	787,796,874.51	632,908,854.50


 Dy. Chief Officer
 Kanpur Electricity Supply Co. Ltd.
 KANPUR


 Dy. Chief Officer
 Kanpur



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


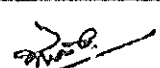
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.02

SCHEDULE - M
ADMINISTRATIVE EXPENSES

PARTICULARS	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
Rent,Rates,Taxes and Insurance on Property	5,802,806.17	214,348.45
Telephone, Postage & Telegraph	10,133,372.41	2,256,472.55
Legal & Consultancy Charges	3,155,823.60	4,576,756.32
Audit Fees	54,630.00	38,800.00
Conveyance, Travelling & Vehicle Running Exp	642,334.05	951,698.94
Fees & Subscription	2,702,450.00	2,601,800.00
Printing & Stationery	530,642.65	1,337,467.31
Advertisement Expenses	3,250,111.25	7,41,776.25
Misc Expenses	259,443.97	176,309.60
Grand Total	28,511,614.10	12,930,509.42

SCHEDULE - N
PRIOR PERIOD ITEMS

PARTICULARS	YEAR ENDED 31.03.2002 (Rs.)	YEAR ENDED 31.03.2001 (Rs.)
Expenses		
Repair & Maintenance	.	116,793.00
Depreciation	.	1,887,694.42
Interest & Financial Charges	4,893,015.00	15,839,748.12
Employees Cost	5,774,503.05	17,557,675.45
Miscellaneous Expenses	.	18.00
Rent,Rates & Taxes	5,598,645.00	.
Total (A)	16,266,163.05	36,401,928.99
Income		
Repair & Maintenance	116,793.00	.
Depreciation	1,887,694.42	.
Interest & Financial Charges	15,839,748.12	.
Employees Cost	17,517,675.45	.
Miscellaneous Expenses	16,808.50	.
Total (B)	35,518,718.49	.
Grand Total (A-B)	(19,252,556.44)	36,401,928.99



 Kanpur Electricity Supply Co. Ltd. U.P.
 KANPUR



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

SCHEDULE-O

ACCOUNTING POLICIES & NOTES ON ACCOUNTS
FORMING PART OF THE BALANCE SHEETS AT 31.03.2002

(A) ACCOUNTING POLICIES:

1. The accounts are prepared on historical cost concept and mercantile system of accounting along with all the applicable Accounting Standards as recommended by the ICAI. Further the Accounts also comply with various provisions of Transfer of KESA 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 estimation basis for the period for which bills have yet to be raised.
5. Depreciation has been calculated in accordance with the guidelines of the Ministry of Power issued on 29th March 1994 of S.O. 266(6).
6. Prepaid Expenses and Prior Period Expenses/Income of items of Rs.1.00 Lacs and below are charged to natural heads of accounts.
7. Payment to Leave Encashment, Medical Reimbursement and Ex-gratia are accounted for on cash basis.
8. Interest on loans to staff is accounted for on receipt basis after recovery of principal in full.
9. 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.




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Kanpur

LTD.

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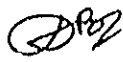
Office
Kanpur
LTD.



10. Sale of energy is accounted for on the basis of tariff notified by U.P. Electricity Regulatory Commission.
11. Late payment surcharge is charged against the payment of bills beyond the due date, in the subsequent bill and is shown under the heads other Income and U.P.P.C.L.
12. Rebate allowed for timely payment has been shown separately as an expense in the Accounts.
13. Domestic L & F consumers are billed in 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.
3. 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.36,62,52,734.70 has been provided @ 15% on incremental value of the Debtors as on 31.03.2002 which is fair in the option 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 and in the opinion of management the current Assets, loans and 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.


KESADA
Co. LTD.




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 31.3.2002 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. During the year the Company has transferred Rs.92,30,85,602.64 to Restructuring Account on account of difference in balances of current assets, Current Liabilities, Consumer Contribution for Capital Works & security of erstwhile KESA zone and as per transfer scheme for the compliance of observations of C.A.G. The balance of the Restructuring Account will be adjusted in subsequent years on receipt of guidelines from U.P. Government.
11. The Corporation is governed by Electricity (Supply) Act, 1948 & the provisions of the said Act have prevailed wherever the same are inconsistent with the provision 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 UP State Power Sector Employees Trust.
15. Interest on Security Deposit from consumers has been made @ 3% p.a. as per the practice followed by erstwhile UPSEB.
16. Power purchased from U.P.P.C.L. has been accounted for on the basis of bills raised by them.

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KANDUWA POWER CO. LTD.
KANDUWA

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17. In view of the non-availability of records relating to age wise details of realization from sale of power during the year 2001-2002, the entire realization has been considered against the current year's sales /other income.

18. The Terminal Benefit Liability of Rs.85.00 Crores which was inherited by virtue of Transfer Scheme-2000, transferred to Secured Loan Account with UPPCL as the liability on this account has been assumed by UP Govt. by virtue of letter no. 1555/P-1/2003-24-114P/2002-TC dt.16-07-2003 and Notification of UP Govt. dated 25th January,2001.

19. Previous year figures shown in Balance Sheet & Profit and Loss Account have been regrouped and rearranged wherever found necessary.

20. Contingent Liabilities :

Debts' not acknowledged as due
pending in various courts Rs.53,18,10,355.43

21. Quantitative Information:

	Current Year (M.U.)	Previous Year (M.U.)	Current Year (Rupees)	Previous Year (Rupees)
Unit Purchased	2575.954	2368.554	4945832195.33	5092390356.10
Unit Sold	1707.625	1590.551	5812429332.42	5897154109.09

For Kanpur Electricity Supply Co. Ltd.


A.O.


DY.C.A.O.




Managing Director


Chairman

21.04.2003

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

ANNEXURE-P

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

1. Registration Details:
Registration No. 20-24626
Balance Sheet Date 31-03-02
2. Capital Raised During the Year:
Public Issue Nil Right Issue Nil
Bonus Issue Nil Private Placement Nil
3. Position of Mobilization and Deployment Funds:
(Amount in Rs. Thousand)
- | | | | |
|----------------------|----------|--------------------------|-----------|
| Total Liabilities | 3713392 | Total Assets | 3713392 |
| Source of Fund: | | | |
| Paid up Capital | 600000 | Reserves & Surplus | -- |
| Secured Loans | 2262059 | Deposits & Contribution | 851333 |
| Application of funds | | | |
| Net Fixed Assets | 2295648 | Capital Work in Progress | 69886 |
| Net Current Assets | (320963) | Accumulated Losses. | (1668794) |
| Misc. Expenditure | 27 | | |
4. Performance of Company (Amount in Rs. Thousands)
- | | | | |
|----------------------------------|---------|-----------------------|----------|
| Turnover | 6140261 | Total Expenditure | 7034376 |
| Profit /Loss Before Tax (894115) | | Profit/Loss After Tax | (894115) |
| Earning Per Share (in Rs.) Nil | | 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. |


ACCOUNT OFFICER


DY.CHIEF ACCOUNT OFFICER





9401/19

कार्यालय महालेखाकार (वाणिज्यिक एवं प्राप्ति लेखा परीक्षा) उ०प्र०
छठा तल, केन्द्रीय भवन, सेक्टर-एच, अलीगंज
लखनऊ 226 024

OFFICE OF THE
ACCOUNTANT GENERAL (COMMERCIAL & RECEIPT AUDIT) UTTAR PRADESH
6TH FLOOR, KENDRIYA BHAWAN, SECTOR H, ALIGANJ
LUCKNOW - 226 024

575
14/9

पंजीकृत/गोपनीय
पत्रांक: कम्पनी-लेखा/चिसुत/911
दिनांक: 9-9-05

संवा में,

प्रबन्धा निदेशक,
कानपुर इलेक्ट्रिसिटी सप्लाय कम्पनी लिमिटेड,
कानपुर

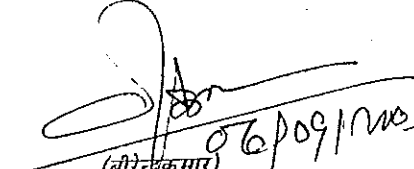
महोदय,

एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन कानपुर
इलेक्ट्रिसिटी सप्लाय कम्पनी लिमिटेड के 31 मार्च 2002
को समाप्त होने वाले वर्ष के लेखे पर भारत के नियंत्रक महालेखापरीक्षक
की टीका टिप्पणियाँ कम्पनी अधिनियम, 1956 की धारा 619 (4) के निबन्धनों के अनुसरण में
कम्पनी की वार्षिक सामान्य बैठक के समक्ष प्रस्तुत करने हेतु अपेक्षित की जा रही है। कृपया
वार्षिक सामान्य बैठक के पक्ष इन टीका-टिप्पणियों के प्रस्तुत किये जाने की वास्तविक तिथि
की सूचना दें।

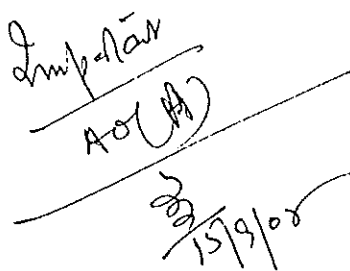
कृपया पत्र की पावती भेजें।

सहपत्र-यथापरि:

भवदीय


(बीरेन्द्र कुमार)
महालेखाकार

Dy CAO


15/9/05


एम०डी०

कॉन्ट्रोल

COMMENTS OF THE COMPTROLLER & 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 2002.

**A. BALANCE SHEET
APPLICATION OF FUND**

**(I) FIXED ASSETS (SCHEDULE D)
LAND AND BUILDING Rs. 17.45 crore**

(i) As per provisions of Schedule VI of the Companies Act 1956, the value of land and buildings has not been exhibited separately.

(ii) As per Transfer Scheme approved by the State Government, the land has been leased to the Company by Uttar Pradesh Power Corporation Limited against a token payment of Re. 1 per month. Since the land is in possession and use by KESCO, its value should have been disclosed in the Financial Statement by taking the matter by its substance irrespective of legal position as required under para 17 (B) of AS-1.

**II. Current Assets, Loans and Advances (Schedule E) Rs. 429.91 crore
Cash and Bank balances**

(i) Cash in hand including cheques/drafts Rs. 2.87 crore

The above includes cash in hand amounting to Rs. 45.56 lakh which was not disclosed separately as stipulated in Part I, Schedule VI of the Companies Act 1956.

(ii) Cash at Bank with scheduled banks in current A/c-Rs. 2.58 crore

(a) Short credit of Rs. 10.10 crore representing difference between the bank balance (Bank receipt A/c) shown in the bank statement and cash/ bank book up to 14.01.2000, was debited to Uttar Pradesh Power Corporation Limited 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 March 2000 and 2001, 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 Uttar Pradesh Power Corporation Limited A/c, as the case may be.

(b) The above includes credit balance of Rs. 40.25 lakh in the Current A/c maintained with State Bank of India. The credit balance in the bank account should have been exhibited under the head 'Unsecured Loans' instead of 'Cash at Bank'. Due to this, cash at bank and unsecured loans both were understated by Rs. 40.25 lakh.

(c) A sum of Rs. 18.05 lakh was debited by the State Bank of India in Revenue Receipt A/c during November 2001 as per order of Labour Court but the same has not been accounted for in the books of the Company. This resulted in overstatement of Cash at Bank and understatement of Loss for the year by Rs. 18.05 lakh.

(d) The above include 40 stale cheques of Rs. 4.24 lakh issued during February 2000 to September 2001 by the Company but not presented for payment till 31 March 2002. This has resulted in understatement of Cash at Bank and Current Liability by Rs. 4.24 lakh.

(e) The above includes 13 cheques of Rs. 0.78 lakh deposited by the Company during January 2000 to June 2001, in SBI- Revenue Receipt account but not credited by the bank in the accounts till 31 March 2002 also time barred. Due to this, Sundry Debtors were understated and Cash at Bank overstated by Rs. 0.78 lakh.

(iii) Stores and spares (Schedule-E) Rs. 19.88 crore

(a) In contravention to Accounting Policy disclosed by Company vide point no. 2 in Schedule O-Notes on accounts, the inventories of stores and spares as on 31 March 2002 have been valued at cost plus 10 per cent instead of at cost. Due to this, inventories of Stores and Spares was overstated by Rs. 1.04 crore (excluding transformer valued at Rs. 8.46 crore) and Loss for the year understated by same amount.

(b) This includes Rs.1.07 crore not moved for more than 05 years and no provision is made for value reduction/obsolescence. Non-provision resulted in overstatement of Stores & Spares and understatement of Loss by Rs.1.07 crore.

(iv) Loans and Advances (Schedule-E) Rs. 25.78 crore

Advances recoverable from suppliers/contractors Rs.2.18 crore

The above includes advances of Rs. 25.12 lakh outstanding for more than three years against which the Company does not hold any bank guarantee/security. No provision for doubtful advances have been made in the accounts due to which advances are overstated and Loss for the year understated by Rs.25.12 lakh.

III. Current Liabilities & Provision (Schedule – F) Rs. 462.01 crore

(i) Other Liabilities Rs. 36.60 crore

The above includes due but unpaid Electricity Duty (ED) of Rs. 27.60 crore. In term of Rule 3 of Sub-rule (3) of Uttar Pradesh Electricity (Duty) Rules, 1952, the ED is required to be deposited within two calendar months following the close of the month in which meter readings were recorded otherwise interest @ 18 per cent per annum was payable to the State Government. The Company had not deposited ED of Rs. 27.60 crore for the period from January 2000 to March 2002 on which interest liabilities of Rs. 4.32 crore @ 18 per cent per annum was not provided. This has resulted in understatement of Other Liabilities & Loss for the year by Rs. 4.32 crore.

(ii) Staff Related Liabilities and Provisions Rs. 2.20 crore

A reference is invited to Auditors' Report, which stated at point no. 6 that the Profit & Loss Account and Balance Sheet comply with the requirement of the Accounting Standards referred to in Sec 211(3c) of the Companies Act 1956, whereas the Company, in contravention to the provisions of section 209 (3) (b) of the Companies Act 1956, did not provide Liability for all the employees on account of leave encashment on retirement payable to employees, in terms of AS-15 (mandatory) issued by ICAI, as on 31 March 2002.

(iii) Liabilities for Power Purchased Rs. 291.72 crore

The Company provided liability of Rs.291.72 crore towards Power Purchase against Rs.348.52 crore payable to Uttar Pradesh Power Corporation Limited, the supplier of Electricity. This resulted in understatement of Current Liabilities and Loss by Rs.56.80 crore.

B. Profit and Loss Account

Administrative Expenses (Schedule-M) Rs. 2.65 crore

Audit fees Rs. 0.55 lakh

The above includes Tax Audit fee of Rs. 11880, which should have been disclosed separately as per requirement of para 4 B of Part II of Schedule VI of the Companies Act 1956.

C. General

V. (i) The balances appearing in the books of KESCO and Uttar Pradesh Power Corporation Limited do not tally inter-se as below:

(Rs. in crore)

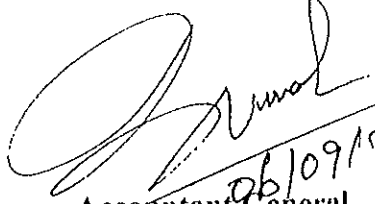
Sl. No	Account Head	As per books of KESCO as on 31.3.2002	As per audited balance sheet of UPPCL as on 31.3.2002	Difference
1	Current A/c with UPPCL	Dr. 14.33	Dr.35.82	50.15
2	Secured Loans UPPCL	Cr.226.21	Dr.141.21	85.00
3	Loans from UPPCL against Power Purchase	Cr. 13.73	Dr. 14.64	00.91

The Company has not made reconciliation of differences.

(5)

(ii) Contingent Liabilities – Schedule-'O'

In terms of the order dated 5 August 2004 of Director Electrical (Safety), a sum of Rs. 0.91crore was payable to LML, Kanpur on account of difference in the actual amount deposited by the consumer and estimated cost of construction of 132 KV line. The management has referred the matter to Government whose decision is awaited. However, the Company has not disclosed this as Contingent Liability.


26/09/2005
Accountant General