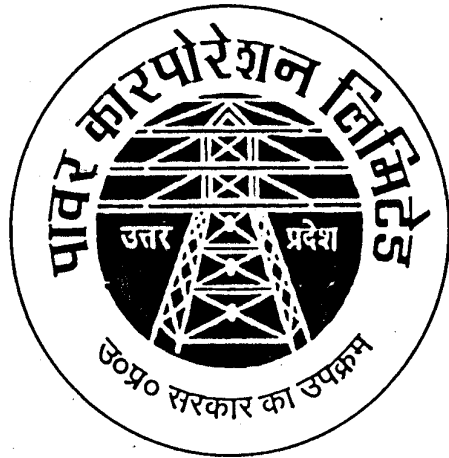




7th
Annual Report
2005-06



Uttar Pradesh Power Corporation Limited
Regd. Office : Shakti Bhawan, 14-Ashok Marg, Lucknow-226001



Board of Directors

(AS ON 31st MARCH, 2006)

Chairman

Shri Ashok Kumar Khurana, I.A.S.

Managing Director

Shri A.K. Awasthi, I.A.S.

Directors

Shri A.K. Khurana, I.A.S.

Shri V. Venkatachalam, I.A.S.

Shri B.M. Joshi, I.A.S.

Shri S.K. Agarwal

Shri H.C. Singh

Shri Arun

Company Secretary

Shri H.K. Agarwal

Statutory Auditor

M/s Mittal Gupta & Company

Chartered Accountants

Bankers

State Bank of India

Punjab National Bank

Central Bank of India

Indian Overseas Bank

Union Bank of India

Bank of Baroda

Allahabad Bank

Syndicate Bank

Vijaya Bank

I.C.I.C.I Bank

Dena Bank

Canara Bank

Registered Office

SHAKTI BHAWAN

14, Ashok Marg, Lucknow-226001



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DIRECTORS' REPORT

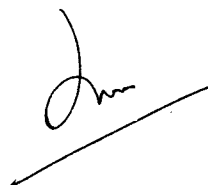
To,
The Members,

The Directors have pleasure in presenting the 7th Annual report on the performance of your company for the financial year ended on 31st March 2006 along with audited Statements of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India.

FINANCIAL RESULTS

The salient features of the Company's financial results for the period under review are as follows:-

PARTICULARS	Rs. in Crore	
	Year ended 31.03.2006	Year ended 31.03.2005
INCOME		
Revenue from sale of power	10094.26	8387.51
Revenue Subsidies & Grants	3.13	4.70
Other Income	26.97	15.75
TOTAL (A)	10124.36	8407.96
EXPENDITURE		
Operational Expenditure :-		
Purchase of Power	9465.53	8220.79
Repairs & Maintenance Expenses	45.66	37.37
Employees Cost	168.83	159.98
Administrative, General & Other Expenses	12.28	12.67
TOTAL (B)	9692.30	8430.81
Operational Profit/(Loss) before Dep. intt. and Prov. C=(A-B)	432.06	(22.85)
Interest and Finance Charges	248.46	174.58
Depreciation	191.57	212.24
Bad debts & Provisions	153.51	123.68
TOTAL (D)	593.54	510.50
Profit/(Loss) Before Prior Period Income/(Exp.) and Tax	(161.48)	(533.35)
ADD :Net Prior Period Income/ (Expenditure)	(180.79)	67.42
NET PROFIT/(Loss) Before Tax	(342.27)	(465.93)
Provision for Fringe Benefit Tax	0.46	-
NET PROFIT/(Loss) After Tax	(342.73)	(465.93)



The accumulated losses carried over up to previous year 2004-05 was Rs. 6321.39 crore and with increase in deficit during the year under review total accumulated loss has reached to Rs. 6664.12 crore.

During the year under review, business of trading and transmission of electricity has been carried on by the Corporation. The comparable facts and figures with that of previous year are as follows: -

- Transmission losses in 2005-06 are 5% as compared to T&D losses 4.9 % in 2004-05.
- Gross income has been raised to Rs. 10124.36 crore in 2005-06 from Rs. 8407.96 crore in 2004-05.
- Net loss during the year has come down to Rs. 342.73 crore in 2005-06 from Rs. 465.93 crore in 2004-05.

THE AMOUNT, IF ANY, PROPOSED BY THE BOARD TO CARRY TO RESERVE

In view of the fact that company has accumulated losses upto the year under review and no surplus is available for appropriation, no amount is available for transfer to any reserve.

DIVIDEND

The Directors could not recommend any dividend during the year under review, as the company had no profits to distribute.

OPERATIONS

During the year under review, the company has been carrying out the functions of transmission of power and the bulk buying and selling of power to distribution companies and the Corporation has purchased 45307.471 M.U. of energy as against 42210.197 M.U. purchased during the F.Y. 2004-2005.

PHYSICAL ACHIEVEMENTS

During the year under review the following transmission works were carried out :-

A. Lines

- | | | |
|-------|--------------|------------------|
| (i) | 400 KV Lines | 133.60 Ckt. K.M. |
| (ii) | 200 KV Lines | 62.33 Ckt. K.M. |
| (iii) | 132 KV Lines | 182.33 Ckt. K.M. |



B. Sub Stations

Voltage	Commissioned			Capacity Increased			Capacity Augmented		
	Nos. of S/Ss	Capacity of each S/S (in MVA)	Total Capacity (in MVA)	Nos. of S/Ss	Capacity of each S/S (in MVA)	Total Capacity (in MVA)	Nos. of S/Ss	Capacity of each S/S (in MVA)	Total Capacity (in MVA)
400 KV	2	315	630	1	315	315	-	-	-
220 KV	1	100	100	1	100	100	4	(160-100)	240.0
132 KV	6	20	120	4	20	80	21	(40-20)	420.0
	1	40	40	1	40	40	1	(20-12.5)	7.5
							1	(20-10)	10.0
TOTAL	10	-	890	7	-	535	27	-	677.5

C. Installation of Capacitor Banks:- 90 MVAR

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE BALANCE SHEET RELATES AND THE DATE OF REPORT

No Major changes have taken place in the nature of business.

Any change which has occurred during the financial year in the nature of the company business, company subsidiaries or in the nature of the business carried on by them and generally in the classes of business in which the company has interest.

The Electricity Act 2003 came into existence on 9th June, 2003. The Act required separation of transmission business from distribution and trading of electricity. A Trading Corporation was created as a subsidiary of UPPCL but later the GoUP decided that trading of electricity will be done by UPPCL and the newly created Trading Corporation be converted into the Transmission Corporation. Accordingly the name and object clause of Trading Corporation have been changed. The change has been approved by The Registrar of Companies, UP. It has become effective from 13th July 2006. Further in this line, the object clause of UPPCL has also been changed and the objects relating to transmission business have been amended from the Memorandum of Association of UPPCL. UPPCL is continuing as a trading company (Bulk buying and selling of power) and UP Power Transmission Corporation will carry on Transmission business separately as per orders issued from time to time. It is to further clarify that the GoUP have, vide notification no. 122/24-U.N.N.P/24-07 dated 18.07.07 declared UPPTCL as a State Transmission Utility under the section 39 of the Electricity Act 2003. As per Chairman UPPCL's order no. 1-Prashi.-10/PCL/07-08-Pra.Se/03TC dated 17.04.2007 read with Chairman UPPTCL's order no. 178/CS-Transco/Meeting/2007 dated 17.04.2007, the operation of the Transmission business deemed to be commenced w.e.f. 01.04.07. In respect of this the formal Transfer Scheme is to be issued by GoUP.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of section 217(1) (e) of the Indian Companies Act 1956 read with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

PARTICULARS OF THE EMPLOYEES

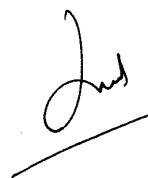
There was no person employed for the whole and/or part of the year in the Corporation drawing remuneration exceeding Rs. 24 Lakh per annum (or Rs. 2 Lakh per month) for the purpose of Section 217 (2A) of the companies Act 1956.

DIRECTORS

The structure of the Board of Directors during the year under consideration has been as under:-

S. No	Name	Designation	Date of Appointment	Date of cessation
1	Sri Deepak Singhal	Chairman & Managing Director	07.02.05	15.09.05
2	Sri Ashok Kumar Khurana	Chairman	15.09.05	-
3	Sri Awanish Kumar Awasthi	Managing Director	16.09.05	-
4	Sri S.K. Agarwal	Director (Finance)	06.04.02	-
5	Sri Mewa Lal	Director (Distribution)	31.10.02	31.10.05
6	Sri Arun	Director (Distribution)	01.03.06	-
7	Sri S.C. Govil	Director (Personnel)	01.11.02	31.10.05
8	Sri Harishchandra Singh	Director (Personnel)	01.03.06	-
9	Sri Ravi Mathur	Director - Part-time Principal Secretary (Energy)	01.02.05	16.05.05
10	Sri Atul Kumar Gupta	Director - Part-time Principal Secretary (Energy)	16.05.05	15.09.05
11	Sri Ashok Kumar Khurana	Director - Part-time Principal Secretary (Energy)	15.09.05	31.03.06
12	Sri B.M. Joshi	Director - Part time Secretary (Finance)	10.09.02	-
13	Sri Arun Kumar Mishra	Director - Part time Principal Secretary (Planning)	01.02.05	17.05.05
14	Sri V. Venkatachalam	Director - Part time Principal Secretary (Planning)	17.05.05	-

The Board places on record the appreciation for the valuable services rendered by the outgoing Directors during their association with the Company.



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of section 217 (2AA) of the Companies Act, 1956 it is hereby confirmed that:

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) The Directors have selected appropriate accounting policies and applied them consistently, except that the changes mentioned separately, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2006 and of the profit and loss for the said period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Moreover it is to be informed to the shareholders that various shortcomings, which have been found by management and also those, which have been pointed out, by the Statutory Auditors and the C&AG shall be accounted for in the following years.
- (iv) The accounts for the financial year ended March 31, 2006 have been made on a going concern basis.

SUBSIDIARY COMPANIES

The Annual Accounts of subsidiary viz. KESCO for the year 2003-04 & onward were not adopted by the shareholders. The Annual Accounts of Paschimanchal Vidyut Vitran Nigam Ltd. for the year 2003-04, which have been duly adopted by shareholders of the Nigam in its meeting dated 29-03-2008, are enclosed. The annual accounts of Madhyanchal Vidyut Vitran Nigam Ltd., Purvanchal Vidyut Vitran Nigam Ltd. Dakshinanchal Vidyut Vitran Nigam Ltd. for the year 2003-04 & onward and annual accounts of Paschimanchal Vidyut Vitran Nigam Ltd. for the year 2004-05 & onward have not yet been adopted by the shareholders, therefore the said accounts of these subsidiaries could not be annexed as required u/s 212 of the Companies Act. 1956.

AUDIT COMMITTEE

According to section 292 (A) of the Companies Act, 1956 Board has constituted an Audit Committee consisting of the following members as on date :-

Principal Secretary (Planning)	-	Non Executive Director
Secretary (Finance)	-	Non Executive Director
Director (PM & Admn.)	-	Executive Director



The Audit Committee reviewed the annual financial statement, before the submission to the Board as prescribed in section 292A of the Companies Act, 1956 and recommended for approval of the Board.

AUDITORS

M/s Mittal Gupta & Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the financial year 2005-2006 by C&AG of India. The Statutory Auditors have audited the accounts of the company for the year ended on 31st March 2006. The reports of the auditors and replies on their comments are annexed to the accounts.

REVIEW OF ACCOUNTS BY THE C&AG OF INDIA

The comments of Comptroller and Auditor General of India u/s 619 (4) of the Companies Act 1956 on the Annual Accounts of the Corporation for the year ended 31st March 2006 are appended to this report. The same has 'NIL' comment.

INDUSTRIAL RELATIONS

Industrial relations remained peaceful and cordial during the period under review.

ACKNOWLEDGEMENT

The Corporation acknowledges the co-operation and continued assistance extended by various Central and State Govt. Departments, the World Bank, U.P. Electricity Regulatory Commission, CERC, Central power Utilities, PFC, REC, Banks and other Financial Institutions.

The Directors also appreciated the constructive suggestions and co-operation of Statutory Auditors M/s Mittal Gupta & Co., Chartered Accountants, various Branch Auditors and the office of the C&AG.

Your Directors acknowledge with appreciation the services rendered by the Executives, staff and workers of the company.

For and on behalf of the Board of the Directors


(Pradeep Shukla)
Chairman

Date: /2008
Place: Lucknow

ANNEXURE I-TO THE DIRECTOR'S REPORT

Disclosure under the Companies (Disclosure of Particulars in the Report of Board of Directors) rules 1988.

A. **CONSERVATION OF ENERGY:** Not applicable
(UPPCL is not covered in the list of industries required to furnish the information as contained in the Schedule.)

B. **TECHNOLOGY ABSORPTION:**

(a) RESEARCH AND DEVELOPMENT (R&D)

(b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts, made towards Technology Absorption, Adaptation and innovation in brief are as under:**

HVDS system in the distribution sector was introduced. By this system distribution of power was possible on 11 KV in place of 400 Volts.

2. **Benefits derived as result of the above efforts:**

This system has resulted into the reduction of line loss due to high voltage distribution. Under this system theft of electricity through Katiya connections was totally stopped.

3. **Imported Technology-**

Polymer insulators in high voltage transmission lines are being introduced to reduce the insulators failure during the fog condition. This technology is being used worldwide in the developed countries.

C. **FOREIGN EXCHANGE EARNING AND OUTGO:**

- (I) Earnings in foreign exchange: NIL
(II) Foreign exchange outgo: NIL

For and on behalf of the Board of the Directors


(Pradeep Shukla)
Chairman



U.P. POWER CORPORATION LIMITED

**ANNUAL
ACCOUNT**

F.Y. 2005-06

Registered Office :- 14, Ashok Marg, Lucknow - 226 001.


U.P. POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

BALANCE SHEET AS at 31.3.2006

(Amount in Rs.)


PARTICULARS	SCHEDULE	AS at 31 MARCH 2006	AS at 31 MARCH 2005	
SOURCES OF FUNDS				
Shareholders funds :				
Share Capital	(1)	47074496000	47074496000	
Share Application Money	(1A)	69837399069	65896813000	
Reserve & Surplus	(2)	<u>4946912326</u>	<u>3625466865</u>	116596775865
Loan Funds				
Secured Loans	(3)	9290651719	6064553743	
Unsecured Loans		<u>50929749021</u>	<u>38498697290</u>	44563251033
TOTAL		182079208135	161160026898	
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	(4)	38795664976	32882075326	
Less - Accumulated Depreciation		<u>16135283514</u>	<u>14069520107</u>	
Net Block		22660381462	18812555219	
Capital Work in Progress	(5)	<u>6942543096</u>	<u>8470183261</u>	27282738480
Investments	(6)	24471269069	20544228000	
Current Assets, Loans and Advances				
Stores & Spares	(7)	2939776987	2624972311	
Sundry Debtors	(8)	56783451406	28449486411	
Cash and Bank Balances	(9)	2118693674	3205814122	
Other Current Assets	(10)	9065242484	8461057038	
Loans & Advances	(11)	2804671565	2775939298	
Inter Unit Transfers		<u>92761559</u>	<u>1731928263</u>	
		73804597675	47249197443	
Less : Current Liabilities and Provisions	(12)	<u>33650048247</u>	<u>20436671640</u>	
Net Current Assets		40154549428	26812525803	
Misc. Expenditure to the extent not written off or adjusted				
Restructuring A/c		21209247734	23306662059	
Profit & Loss Account (Debit Balance)		66641217346	63213872556	
Notes on Accounts	(24)			
Schedule 1 to 24 and Accounting Policies form integral part of Accounts.				
TOTAL		182079208135	161160026898	


(H.K. Agarwal)
Company Secretary
(part Time)


(Sudharishu Dwyivedi)
Dy. General Manager (A/c)


(S.K. Saxena)
Chief General Manager (A&A)


(Harishchandra Singh)
Director (Finance)


(Awanish Kumar Awasthi)
Managing Director

Place : Lucknow

Date : 29 DEC 2007

Subject to our report of even date

For Mittal Gupta & Company
Chartered Accountants




Partner