

AUDITORS REPORT

The Members,
Power Transmission Corporation of Uttaranchal Ltd
Dehra Dun:

We have audited the attached Balance Sheet of **POWER TRANSMISSION CORPORATION OF UTTARANCHAL LIMITED**, Dehra Dun, as at 31st March 2005 and also the annexed Profit and Loss Account of the company for the period ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and the information and explanations given to us during the course of our audit. We enclose in the '**annexure I**' a statement on the matters specified in paragraphs 4 & 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, along with our observations in "**ANNEXURE II**" we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



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S. K. JUNEJA & Co.
Chartered Accountants

-: 2 :-

- f) In our opinion and to the best of our information and according to the explanation given to us, the said account read with the notes to accounts thereto, subject to our observations in "ANNEXURE II" referred above, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -
- i) in the case of the Balance Sheet of the State of the affairs of the Company as at 31st March 2005 and;
 - ii) in case of the Profit & Loss Account of the loss for the period ended on that date.
 - iii) In the case of cash flow statement of the cash flows for the year ended on that date.



Place: Dehra Dun
Date: 23rd Sept. 2008:

For M/s. S. K. Juneja & Co,
Chartered Accountants:

(S.K. JUNEJA)
FCA -Proprietor
Membership No. 70761

S. K. JUNEJA & CO.

CHARTERED ACCOUNTANTS

DEHRADUN - 248 001

'ANNEXURE I' REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT TO THE SHAREHOLDERS OF POWER TRANSMISSION CORPORATION OF UTTARANCHAL LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2005:

1. In respect of Fixed Assets:
 - a) The Company has not maintained adequate records showing full particulars including quantitative details and location of fixed assets.
 - b) The management has certified that physical verification of the fixed assets at different units of the undertaking is under progress and discrepancy if any, will be given effect during the subsequent year.
 - c) As explained to us no substantial part of fixed assets have been disposed off during the period.
2. In respect of its inventories:
 - a) As per the information and explanations given to us, inventory including stocks with third parties in certain locations, has been physically verified by the management during the year.
 - b) In our opinion, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) As per the information given to us, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification, between physical stocks and book records, were not material in relation to the operations of the Company and have been properly dealt with in the books of account.
3. According to information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to or from Companies, Firms or other Parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods.
5. According to the information and explanations given to us, in our opinion, there are no transactions that require to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

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CHARTERED ACCOUNTANTS

DEHRADUN - 248 001

-: 2 :-

8. We are informed that maintenance of cost records have not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 in respect of the company's product.
9. Statutory and other dues:
- On the basis of our examination of the books of account and other relevant records, the Company has been generally regular in depositing with appropriate authorities, undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, excise duty, cess and other material statutory dues applicable to it.
 - According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty were in arrears, as at 31st March 2005 for a period of more than six months from the date they became payable.
10. The company has not incurred any cash losses either during the current financial year or the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, with whom transactions have been made during the year.
12. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the Company has raised the following term loans during the period, besides loans transferred from UPCL –
- | | | |
|------|--|--------------|
| (i) | From Rural Electrification Corporation (REC) | 1,63,30,200 |
| (ii) | From NABARD | 22,27,32,000 |
17. According to the information and explanation made available to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments by the Company.
18. The company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.



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CHARTERED ACCOUNTANTS

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-: 3 :-

19. The Company has not issued any debentures.
20. The Company has not raised money through public issues during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.



Place: Dehra Dun:

Date: 23rd Sept. 2008:

For M/s S.K. Juneja & Co,
Chartered Accountants:

A handwritten signature in green ink, appearing to read "S.K. Juneja".

(S.K. JUNEJA)
FCA -Proprietor
Membership No. 70761



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DEHRADUN - 248 001

**'ANNEXURE II' REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS' REPORT TO
THE SHAREHOLDERS OF POWER TRANSMISSION CORPORATION OF
UTTARANCHAL LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST
MARCH 2005:**

1. The party-wise break-up of outstanding balances as on 31.03.2005 for the amount due to or receivable from suppliers/contractors is not maintained.
2. In the balance sheet as on 31.03.2005, the variation in value of assets transferred and liabilities taken over as on 31.05.2004, amounting to Rs.188,81,40,313.36 in pursuance of Govt. of Uttaranchal (GoUA) notification no. 86/1/2004-06(3)/259/2003 dated 31.05.2004 and 87/1/2004-06(3)/259/2003 dated 31.05.2004, has been considered as unsecured loan from the State Government by the company, whereas as per the transfer scheme Page 7 the same has to be taken as 'Payable to UPCL'.
3. Inter-Units Balances amounting to Rs. 48.42 lacs (net) are under reconciliation and the effect of reconciliation shall be provided in the ensuing years.
4. Interest Payable on Loans from Financial Institutions (REC & NABARD) amounting to Rs.6,29,54,329/- has not been accounted for in the financial year 2004-05 in terms of Clause no. 5.3.8. of Tariff Order issued by UERC for financial year 2004-05 & 2005-06, that due to pendency of final apportionment of these loans between the two companies and till such division is finalized, servicing of these loans would continue to be the responsibility of the UPCL. On the other hand as per the transfer scheme Page No. 9 clause -4, interest accrued after May 31, 2004 would be recovered from PTCUL as and when it is paid to the respective Financial Institution. It is informed to us that no demand has been raised by UPCL till date. In case, the interest is accounted for by PTCUL, the loss would be increased by the said amount, subject to pro-rata allocation of the same to fixed assets/capital work in progress.
5. The credit balance of cash in transit amounting to Rs.1179.58 lacs represents amounts directly transferred by UPCL to various PTCUL units between 01.06.04 to 30.11.04, which is under reconciliation with UPCL.



Place: Dehra Dun:
Date: 23rd Sept. 2008:

For M/s S.K. Juneja & Co,
Chartered Accountants:

(S.K. JUNEJA)
FCA -Proprietor
Membership No. 70761



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BALANCE SHEET as on 31-03-2005

Particulars	Schedule Ref.	Amount (in Rs.) as at 31-03-2005
SOURCES OF FUNDS		
Shareholders Funds		
Share Capital	1	293,000,000
Contributions, Grants and Subsidies	2	133,000
Loan Funds		
Secured loans	3	1,006,033,400
Unsecured loans	4	1,888,140,313
TOTAL		3,187,306,713
APPLICATION OF FUNDS		
Fixed Assets	5	
Gross block		2,674,748,014
Depreciation		1,274,894,016
Net block		1,399,853,998
Capital Works-in-Progress	6	1,071,366,067
Current Assets, Loans and Advances		
Current Assets	7	709,323,503
Loans and Advances	8	429,934,910
Less: Current Liabilities and Provisions	9	512,685,785
Net Current Assets		626,572,628
Profit and Loss Appropriation Account (Accumulated losses)		89,514,020
Total		3,187,306,713
Notes to Accounts and Accounting Policies	15	

SCHEDULE 1 TO 15 FORM AN INTEGRAL PART OF THE BALANCE SHEET

As per our separate report of even date
for M/s. S.K. Juneja & Co.
Chartered Accountants

(S.K. Juneja)
FCA - Proprietor

Dated: 23 SEP 2008



(S. MOHAN RAY)
Managing Director

(T. PANDA)
Director (F)

(S.K. TOMAR)
Company Secretary

For & on Behalf of Board



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PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2005

Particulars	Schedule Ref.	Amount (in Rs.) 05	2004
(A) Income			
Gross revenue from wheeling charges	10		239,900,000
Other Income	11		7,859,819
Total (A)			247,759,819
(B) Expenditure			
Transmission & Maintenance expenses	12		58,403,604
Personnel expenses	13		122,827,093
Administration expenditure	14		10,407,340
Interest and other financial charges			-
Depreciation	5		146,159,108
Total (B)			337,797,144
Profit before Taxes (A) - (B)			(90,037,325)
Profit / (Loss) after taxes			(90,037,325)
Amount available for Appropriation Carried down			(90,037,325)

SCHEDULE 1 TO 15 FORM AN INTEGRAL PART OF THE BALANCE SHEET

As per our separate report of even date
for M/s. S.K. Juneja & Co.
Chartered Accountants

(S.K. Juneja)
FCA - Proprietor

Dated: 23 SEP 2008



(S. MOHAN RAM)
Managing Director

For & on Behalf of Board
(T PANDA) (S.K. TOMAR)
Director (F) Company Secretary



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PROFIT & LOSS APPROPRIATION ACCOUNT

Particulars	Schedule Ref.	Amount (in Rs.) Current Year
Amount available for appropriation as per current years profit and Loss brought /forward		(90,037,325)
Less:		
Excess Provision for Depreciation in Prior Periods		523,304
Transfer to Capital reserves		-
Transfer to Deferred Tax Liability		-
Amount carried to Balance sheet		(89,514,020)
Earning per share		-
Notes to Accounts and Accounting Policies	15	

SCHEDULE 1 TO 15 FORM AN INTEGRAL PART OF THE BALANCE SHEET

As per our separate report of even date
for M/s. S.K. Juneja & Co.
Chartered Accountants

(S.K. Juneja)
FCA - Proprietor
Dated: 23 SEP 2008



(S. MOHAN RAM)
Managing Director

(T. PANDA)
Director (F)

For & on Behalf of Board
(S.K. TOMAR)
Company Secretary



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SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule 1 – Share capital

Particulars	Amount (in Rs.) as at 31-03-2005
Authorised capital 1,00,000 Equity shares of Rs.1000/- each	100,000,000
Issued capital 500 Equity shares of Rs.1000/- each	500,000
Subscribed and paid up capital 500 Equity shares of Rs.1000/- each	500,000
Share Application Money Amount received pending allotment	292,500,000
Total	293,000,000



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Schedule 2 – Contributions, Grants and Subsidies Towards Cost of Capital Assets

S.NO.	Particulars	Amount (in Rs.) as at 31-03-2005
1	Contribution Towards Deposit Works	-
2	State Government Grants Towards Capital Works :	
3	Government/Others	133,000
	Total	133,000



Power Transmission Corporation of Uttaranchal Limited

Schedule 3 – Secured loans

S.NO.	PARTICULARS	Amount (in Rs.) as at 31-03-2005
	Secured by Guarantee of Uttaranchal Government	
1	R.E.C. LOANS-(New)	500,158,400
2	NABARD	505,875,000
	TOTAL	1,006,033,400

Schedule 4 – Unsecured loans

S.NO.	PARTICULARS	Amount (in Rs.) as at 31-03-2005
1	U.A. GOVERNMENT LOAN	1,888,140,313
	TOTAL	1,888,140,313



Power Transmission Corporation of Uttaranchal Limited

Schedule 5 - Fixed Assets

SL. NO	Assets Group	Gross Block			Provision of Depreciation				Net Block as on 31.3.2005 (Rs.)
		Transferred Bal. As on 1-06-2004 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Current Year as on 31.03.05 (Rs.)	Trfd Bal. As on 1-06-2004 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	
1	2	3	4	5	6	7	8	9	10
1	Land and Rights	45,865,065	-	-	45,865,065	-	-	-	-
2	Buildings	318,425,288	-	-	318,425,288	120,482,052	8,013,703	-	128,495,755
3	Hydraulic Works	189,287	-	-	189,287	84,273	5,363	-	89,537
4	Other Civil Works	15,886,229	-	-	15,886,229	6,971,170	399,803	-	7,370,774
5	Plant & Machinery	1,730,776,651	41,027,394	334,206	1,771,469,839	772,614,864	114,893,800	271,889	887,236,775
6	Lines & Cable Network	513,731,118	127,965	-	513,859,083	220,414,339	22,751,959	-	243,166,298
7	Vehicles	8,145,563	-	-	8,145,563	8,668,867	-	523,304	8,145,563
8	Furniture and Fixture	491,250	19,900	-	511,150	124,607	52,284	-	176,891
9	Office Equipment	396,510	-	-	396,510	159,928	42,195	-	212,123
	TOTAL	2,633,906,961	41,175,259	334,206	2,674,748,014	1,129,530,101	146,159,108	795,193	1,274,894,016
									1,399,853,991



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Power Transmission Corporation of Uttaranchal Limited

Schedule 6 - Capital Works-in-Progress

SL NO.	PARTICULARS	Tfd. Balance as on 01.06.2004 (Rs.)	Additions during the year (Rs.)	Capitalization during the year (Rs.)	Adjustment during the year (Rs.)	Balance as on 31.03.05 (Rs.)
1	2	3	4	5	6	7
1	Capital Works-in-Progress	430,064,481	558,303,562	5,451,855	63,266,184	930,553,714
2	Revenue Expenditure pending allocation over Capital Works	-	-	-	-	-
3	Advances to Suppliers and Contractors	-	-	-	-	140,812,354
	TOTAL	430,064,481	558,303,562	5,451,855	63,266,184	1,071,366,067



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Power Transmission Corporation of Uttarakhand Limited

Current assets, loans and advances

Schedule 7 – Current assets

Particulars	Amount (in Rs.) as at 31-03-2005
Stores and Spares	
(As Certified by the Management) :	
1. Stock Materials at Construction Stores	190,052,446
2. Stock Material at other Stores	93,044,143
3. Other Material Account	3,079,086
	286,175,675
4. Less:-Provision for obsolete & Scrap Material	-
SUB TOTAL (A)	286,175,675
Sundry Debtors	
Considered good	-
Less:- Provision for Bad & Doubtful Debts	-
SUB TOTAL (B)	-
Cash & Bank Balances :	
Cash in hand	54,595
Cash in transit	(117,958,432)
Imprest with employees	600
Bank balances	
• With scheduled banks	
- In current account	217,490,582
- In Deposits account	323,560,482
SUB TOTAL (C)	423,147,827
TOTAL (A TO C)	709,323,503




Power Transmission Corporation of Uttaranchal Limited

Schedule 8 – Loans and advances

S.NO.	Particulars	Amount (in Rs.) as at 31-03-2005
1	Sundry Receivables	418,319,227
2	Advances recoverable in cash or kind for value to be received :	
	a) Advances for O&M Supplies/Works	7,312,809
	b) Loans & Advances to Staff	1,574,235
3	Inter Unit Transactions	(4,842,516)
4	Staff Pension & Gratuity Fund	7,571,154
	TOTAL	429,934,910



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Schedule 9 – Current liabilities

S.No.	Particulars	Amount (in Rs.) as at 31-03-2005
1	SUNDRY CREDITORS :	
	-For Capital Supplies/Works	177,340,529
	-For O&M Supplies/Works	52,329,793
	-For Expenses	40,000
	-For Inter Unit Transfers	288,875
2	Staff Related Liabilities & Provisions	30,568,304
3	Deposits for Electrification, Service Connections etc.	84,031,983
4	Deposits & Retention Money from supplier / contractors	46,542,954
5	Other Liabilities & Provisions	121,543,349
	TOTAL	512,685,785



Power Transmission Corporation of Uttarakhand Limited

Schedule 10 – Gross revenue from wheeling charges

Particulars	Amount (in Rs.) 2004-05
Revenue from wheeling charges	239,900,000
Total	239,900,000



Power Transmission Corporation of Uttarakhand Limited

Schedule 11 – Other income

Particulars	Amount (in Rs.) 2004-05
Interest	2,347,074
Delayed payment charges from Consumers	1,758,314
Miscellaneous Receipts	3,754,431
Income from Staff Welfare Activities	-
Rebate/Incentives	-
Total	7,859,819



Power Transmission Corporation of Uttarakhand Limited

Schedule 12 – Transmission and Maintenance Expenses

Particulars	Amount (in Rs.) 2004-05
Repairs and maintenance – Plant and machinery	44,448,481
Repairs and maintenance – Building & Civil Works	4,801,551
Repairs and maintenance – Lines, cables works, etc.	9,106,141
Repairs and Maintenance – Others	47,431
Total	58,403,604



Power Transmission Corporation of Uttaranchal Limited

Schedule 13 – Personnel Expenses

Particulars	Amount (in Rs.)
	2004-05
Salaries, wages, allowances and bonus(including Directors Remuneration)	94,537,857
Staff welfare expenses	17,226,737
Terminal Benefits	16,514,354
Other staff costs	-
Less: Employee cost charged to Capital WIP	5,451,855
Total	122,827,093



Power Transmission Corporation of Uttarakhand Limited

Schedule 14 – Administration expenditure

Particulars	Amount (in Rs.) 2004-05
Rent, rates and taxes	169,740
Electricity and water	369,231
Insurance	55,045
Communication	1,410,690
Printing and stationery	411,848
Travelling and conveyance	3,434,642
Legal & professional	574,160
Advertisement and promotion	329,890
Miscellaneous Expenses	3,596,064
Compensation expenses to staff/outside	56,030
Total	10,407,340

for M/s. S.K. Juneja & Co.
Chartered Accountants

(S.K. Juneja)

FCA - Proprietor

Dated 23 SEP 2008



(MOHAN RAM)
Managing Director

For & on Behalf of Board

(T PANDA)
Director (F)

(S.K. TOMAR)
Company Secretary



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CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2005

	PARTICULARS	Rupees (in Crores)
A	CASHFLOW FROM OPERATING ACTIVITIES:	
	Net Profit/(Loss) before tax and extra-ordinary items	(9.00)
Add:	Adjustment for:	
	i) Depreciation	14.62
	ii) Interest	-
	iii) General Reserve	-
	iv) Interest Income	(0.23)
	Operating Profit before working capital changes	5.38
Add:	Adjustment for Working Capital Changes	
	i) Inventory	(28.62)
	ii) Debtors	-
	iii) Other current Assets, Loans & Advances	(42.99)
	iv) Current Liabilities & Provisions	51.27
	Net Cash from Operating Activities	(14.97)
B	CASHFLOW FROM INVESTING ACTIVITIES:	
	i) Purchase & Sale of Fixed assets	(154.60)
	ii) Capital Work -in -progress	(107.14)
	iii) Interest income	0.23
	iv) Excess provision written back	0.05
	Net Cash from Investing Activities	(261.45)
C	CASHFLOW FROM FINANCING ACTIVITIES:	
	i) Increase in Capital	29.30
	ii) Increase in Loan Balances & Cash Credit	289.42
	iii) Increase in deposits	-
	iv) Increase in Contribution & Grants	0.01
	v) Interest Paid	-
	Net Cash from Financing Activities	318.73

NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)

CASH & CASH EQUIVALENT AS AT 31.03.2005 (Closing Balance)

42.31

42.31

for M/s. S.K. Juneja & Co.
Chartered Accountants

(S.K. Juneja)

FCA - Proprietor

Dated: 23 SEP 2008



For & on Behalf of Board

(S.MOHAN RAM)

Managing Director

(T PANDA)

Director (F)

(S.K. TOMAR)

Company Secretary



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POWER TRANSMISSION CORPORATION OF UTTARANCHAL LIMITED

SCHEDULE -15

NOTES ON ACCOUNTS AND ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31-03-2005 AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE.

1. Annual Accounts for the period 2004-05 have been prepared after incorporating the transactions for the year 2004-05 in the transferred balances of Assets and Liabilities as on 31-05-2004 viz. the date when in pursuance of notification of Govt. of Uttaranchal (GoUA) no. 86/1/2004-06(3)/259/2003 dated 31.05.2004 and 87/1/2004-06(3)/259/2003 dated 31.05.2004, the assets and liabilities relating to Transmission of Electricity and State Load Dispatch Center function therein have been transferred to and vested provisionally from UPCL in GoUA and re-vesting of these from GoUA to the newly formed this company, namely "POWER TRANSMISSION CORPORATION OF UTTARANCHAL LIMITED", in short termed as 'PTCUL'.

The opening balances taken in the books of Accounts as on 01.06.2004 during the period ending 31st March 2005 are provisional and subject to finalization and notification by the GoUA. The opening balances transferred from UPCL as on 31.05.2004 in respect of Transmission Business may undergo change upon finalization of provisional Transfer Scheme (transfer of Assets and Liabilities) between UPCL and UPPCL as on 09.11.2001, from where originally the Assets and Liabilities were transferred.

The variation in value of assets transferred and liabilities taken over as on 31.05.2004, amounting to Rs.188,81,40,313.36 has been considered as unsecured loan from the State Government.

2. The company, Power Transmission Corporation of Uttaranchal Limited has received Equity Share Capital amounting to Rs. 29.30 Crores from the Government of Uttaranchal during the year 2004-05. Allotment of shares against the same has been made to the extent of Rs.5,00,000/-. Share Application Money Pending Allotment as on 31.03.2005 is Rs. 29,25,00,000/-.
3. Provision for Accrued Liabilities on account of Pension and Gratuity for the period from 01-06-2004 to 31-03-2005 has been made @ 16.70% and 2.38% respectively on the amount of Basic Pay and D.A. paid to employees, in accordance to the provisions contained in G.O. No. 248/9-3-U/Pension/2002 dated 21.10.2003.
4. Provision has been made for Audit Expenses to Auditors for the period 2004-05 as follows:

(1)	Statutory Auditors	- Rs.32,000.00
(2)	Tax Auditors (Other than Statutory Auditors)	- Rs. 8,000.00
5. Liabilities towards Staff Training, Medical Reimbursement & Leave Travel Concession (LTC) has been provided to the extent established.
6. The assignment of physical verification and valuation of fixed assets is under progress and upon finalization of the same the consequential effect if any, will be given in the subsequent year.



7. The Depreciation has been provided at the Corporate Accounts Office w.e.f. 01.06.04 on Straight Line method on the value of Fixed Assets in use as on 31-05-2004 and pro-rata on additions made during the year in accordance with the Rates prescribed in Appendix VI to Para 362 of Chapter IX of Electricity (Supply) Act, 1948. The Accumulated Depreciation which was so worked out has, however, been withdrawn by the field units on any asset ceases to be used due to obsolescence, inadequacy, superfluous ness or for any other reason.
8. Inter-Units Balances amounting to Rs. 48.42 lacs (net) are under reconciliation and the effect of reconciliation shall be provided in the ensuing years.
9. On an overall basis the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to amounts that are stated in the Balance Sheet.
10. Interest Payable on Loans from Financial Institutions (REC & NABARD) amounting to Rs.6,29,54,329/- has not been accounted for in the financial year 2004-05 in terms of Clause no. 5.3.8. of Tariff Order issued by UERC for financial year 2004-05 & 2005-06 that due to pendency of final apportionment of these loans between the two companies and till such division is finalized, servicing of these loans would continue to be the responsibility of the UPCL. On the other hand as per the transfer scheme Page No. 9 clause -4, interest accrued after May 31, 2004 would be recovered from PTCUL as and when it is paid to the respective Financial Institution, whereas no demand has been raised by UPCL till date. In case, the interest is accounted for by PTCUL, the loss would be increased by the above amount. On the other hand the revenue cannot be increased in order to accommodate for accounting of interest as it would result in violation of tariff order.
11. Interest received on Fixed Deposits with bank is mostly on Capital Receipts and hence they are accounted for on receipt basis. Consequently no provision has been made for interest accrued on these deposits.
12. As there is Business Loss during the year and also after considering depreciation as per Income Tax Act, no provision for Income Tax has been made for the year.
13. Provision for Leave Salary Contribution Fund in the current year has been provided @ 11% of basic pay and DA, as provided earlier by UPCL.
14. The credit balance of cash in transit amounting to Rs.1179.58 lacs represents amounts directly transferred by UPCL to various PTCUL units between 01.06.04 to 30.11.04, which is under reconciliation with UPCL.
15. The employees cost charged to capital WIP during the year amounting to Rs.54.52 lacs is based on apportionment in the ratio of 4.25% of the total employee cost, as most of the projects undertaken by PTCUL are on a turnkey basis.
16. As this is the first year of operation of the company, previous year's figures have not been furnished.
17. The profit and loss account is prepared for the period from 25.05.2004 to 31.03.2005.



18. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR 2004-05

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

- 1.1 The Power Transmission Corporation of Uttaranchal Ltd. 'Corporation' is a Company registered under the Companies Act, 1956 and therefore the same is governed by the provisions of the Company Act, 1956 and rules made there under.
- 1.2 The Financial Statements are prepared under the Historical Cost Convention following Accrual System of Accounting on a going concern concept and in consistent with the accounting policies except interest on fixed deposits and unless otherwise stated.
- 1.3 Accounting Policies are consistent with Generally Accepted Accounting Principal (GAAP) except wherever stated other wise.
- 1.4 The Corporation recognizes significant items of Income and Expenditure on accrual basis except as stated in clause 1.2 hereinabove and the same are charged to relevant heads of accounts.
- 1.5 Insurance and other Statutory Claims, Refund of Custom Duty and Interest on Income Tax and Trade Tax, if any are to be accounted for on Cash Basis.
- 1.6 Interest on Loans to staff is accounted for on receipt basis after recovery of principal in full.

2. GRANT-IN-AID:

- 2.1 According to the provisions of the Electricity (Supply) Act, 1948 Grants-in-Aid / Subsidies received from the Central/State Government or other authorities towards Capital Expenditure as well as Consumers Contribution to Capitals Works are treated initially Capital Reserve.
- 2.2 Government Grants/Subsidies are recognized only on reasonable assurance of the Government and compliance to the conditions attached thereto by the Corporation.

3. FIXED ASSETS:

- 3.1 The Gross Block of Fixed Assets is stated at cost of acquisition or construction including any cost attributable to bringing the assets to their working condition for their intended use.
- 3.2 The Depreciation has been provided on Straight Line method on the value of Fixed Assets on pro-rata basis in accordance with the Rates prescribed in Appendix VI to Para 362 of Chapter IX of Electricity (Supply) Act, 1948.

4. CAPITAL WORKS IN PROGRESS:

- 4.1 In the case of Commissioned Assets, where final settlement of bills with Contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of Final Settlement.
- 4.2 In respect of supply-cum-erection contracts (Turn-Key Contracts), the value of supplies received at site and accepted, is treated as Capital Works-in-Progress.
- 4.3 Claims of the Price Variation in case of contracts are accounted for on acceptance of Bills.
- 4.4 Value of Construction Stores, are charged to Capital Works-in-Progress as and when material is issued. The material at the year end and lying at site is treated as part of the Capital Work-in-Progress, but the material lying in the stores is grouped under the head Stores and Spares.
- 4.5 Due to multiplicity of functional units as well as multiplicity of functions in a particular unit, Employees Cost incurred on supervision of Capital works are Capitalized @ 4.25% of the amount of total employee cost.



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5. BORROWING COST:

- 5.1 Borrowing Costs attributable to the Fixed Assets during their construction/renovation and modernization are capitalized. Such borrowings are apportioned on the average balance of Capital Work-in-Progress for the year. Other Borrowing Costs are recognized as expense in the period in which they are incurred. However, for the current year, interest payable on loans from Financial Institutions (REC & NABARD) amounting to Rs.6,29,54,329/- has not been accounted for in the financial year 2004-05 in terms of Clause no. 5.3.8. of Tariff Order issued by UERC for financial year 2004-05 & 2005-06.
- 5.2 The Borrowing Cost has been determined on proportion basis as prescribed in the Electricity (Supply) (Annual Accounts) Rules 1985

6. INVENTORIES

- 6.1 The cost of inventories is valued as per weighted average cost method except for site stores which are valued at issue price
- 6.2 Stores and spares are valued at cost.
- 6.3 Stock of unserviceable material and steel scrap is valued at realizable value
- 6.4 Value of scrap other than steel scrap is accounted for in the accounts as and when sold.
- 6.5 Any shortage/ excess of materials found during the physical verification at the year end are first shown as material short/ excess pending investigation till the finalization of investigation and thereafter any excess, if established, is shown under the head of income. Similarly shortages are either recovered from staff concerned or charged to the profit and loss account as the case may be.
- 6.6 Shortage / loss due to theft or any other reason are first debited to the head Misc. Advance against staff and are shown as Current Assets till the finalization of enquiry/settlement of the case.

7. PROFIT AND LOSS ACCOUNT:

7.1 INCOME RECOGNITION

- 7.1.1 Wheeling Charges is accounted for on the basis of Tariff Rates, notified/approved by the Uttaranchal Electricity Regulatory Commission (UERC).
- 7.1.2. Interest/Surcharge recoverable in Advances to Suppliers as well as warranty Claims/Liquidity Damages are not treated as accrued, due to uncertainty of realization/acceptance and are, therefore, accounted for on receipt of acceptances.
- 7.1.3 Interest on fixed deposits kept with bank is accounted for on receipt basis, as the deposits are held against long term loans and on capital account.

7.2. EXPENDTURE

- 7.2.1. Depreciation is charged on Straight Line Method as per the rates prescribed in Appendix VI to Para 362 of Chapter IX of Electricity (Supply) Act, 1948.
- 7.2.2. Depreciation on Fixed Assets is provided on the assets in existence at the beginning of the year and on a pro-rata basis for additions made during the year.
- 7.2.3. Expenses on Training Recruitments and Research Development are charged to Revenue in the year of incurrence.



8. RETIREMENT BENEFITS:

- 8.1. The liability for Retirement Benefits of Employees in respect of Gratuity and Pension has been made @ 16.70% and 2.38% respectively on the amount of Basic Pay and D.A. paid to employees, in accordance to the provisions contained in G.O. No. 248/9-3-U/Pension/2002 dated 21.10.2003.

9. INVESTMENTS:

- 9.1. Investments, if any, are stated at cost.

10. CONTINGENT LIABILITIES:

- 10.1 These, if any, are disclosed in the notes to the Accounts. No contingent liability is outstanding as on 31.03.2005.

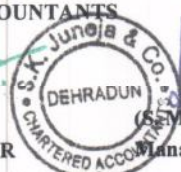
" SCHEDULE" 1 TO 15 FORM AN INTEGRAL PART OF THE BALANCE SHEET"

FOR S.K. JUNEJA & CO.

CHARTERED ACCOUNTANTS

(S.K. JUNEJA)

F.C.A. PROPRIETOR



(S. MOHAN RAM)

Managing Director

DATED 23 SEP 2008

FOR & ON BEHALF OF BOARD

(T. PANDA)

Director (F)

(S.K. TOMAR)

Company Secretary



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PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

POWER TRANSMISSION CORPORATION OF UTTARANCHAL LIMITED

I. Registration Details

Registration No. State Code (Refer Code List)
Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>
Bonus Issue	Private Placement
<input type="text" value="NIL"/>	<input type="text" value="293000"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
<input type="text" value="3187307"/>	<input type="text" value="3187307"/>

Sources of Funds

Paid-up Capital	Reserves & Surplus
<input type="text" value="293000"/>	<input type="text" value="133"/>
Secured Loans	Unsecured Loans
<input type="text" value="1006034"/>	<input type="text" value="1888140"/>

Application of Funds

Net Fixed Assets	Investments
<input type="text" value="2471220"/>	<input type="text" value="NIL"/>
Net Current Assets	Misc. Expenditure
<input type="text" value="626573"/>	<input type="text" value="NIL"/>
Accumulated Losses	
<input type="text" value="89514"/>	



(Handwritten signature)



IV. Performance of Company (Amount in Rs. Thousands)

Turnover

			2	4	7	7	6	0
--	--	--	---	---	---	---	---	---

Total Expenditure

			2	6	0	6	7	1
--	--	--	---	---	---	---	---	---

Profit/Loss before Tax

	-

				1	2	9	1

Profit/Loss after Tax

	-					1	2	9	1	1
--	---	--	--	--	--	---	---	---	---	---

(Please tick Appropriate box + for Profit, - for Loss)

Earning per Share in Rs.

							Na
--	--	--	--	--	--	--	----

Dividend rate %

-	-
---	---

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.
(ITC Code)

NA							
----	--	--	--	--	--	--	--

Product Description

P	O	W	E	R
T	R	A	N	S
M	I	S	S	I
O	N			

Item Code No.
(ITC Code)

N	A						
---	---	--	--	--	--	--	--

Product Description

[illegible]