



**B.L.KHANDELWAL & CO.**  
**Chartered Accountants**

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**AUDITORS' REPORT**

To  
The Members,  
Power Transmission Corporation of Uttarakhand Ltd.  
Dehra Dun:

1. We have audited the attached Balance Sheet of **POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED, Dehradun**, as at 31<sup>st</sup> March 2007 and also the Profit and Loss Account and Cash flow statement of the company for the year 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.
2. 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.
3. The Company is governed by the Electricity Act, 2003. Though the said Act has repealed the Electricity (Supply) Act, 1948 and Electricity Regulatory Commission Act, 1948, certain provisions of the repealed Acts, to the extent they are not inconsistent with the provisions of said Act, continued to be applied by the Company while preparing the financial statements. Further, the provisions of the said Act, read with rules thereunder have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956.
4. As required by the Companies (Auditor's Report) Order, 2003 read with Companies (Auditor's Report) (Amendment) Order, 2004 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.





5. Further to our comments in the Annexure referred to in paragraph 4 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, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, subject to our observations in paragraph 3 above, the balance sheet, profit and loss account and Cash flow statement dealt with by this report comply with the mandatory accounting standards **except AS-15 read with note no. 5, 6 and 7 of schedule-17 and Accounting policy 8.1** referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) In pursuance to the notification No. GSR 829(E) dated 21.10.2003, issued by the department of Company affairs; clause (g) of sub-section (1) of section 274 of Companies Act, 1956 pertaining to disqualification of Directors is not applicable to the Government Company.
- 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 and Accounting policies annexed thereto, in so far as these are not inconsistent with the Electricity Act, 2003, **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 31<sup>st</sup> March 2007 and;
  - ii) in case of the Profit & Loss Account, of the loss for the year ended on that date; and





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- iii) in the case of cash flow statement of the cash flows for the year ended on that date.

**FOR B. L. KHANDELWAL & CO.**  
**CHARTERED ACCOUNTANTS**

  
**CA B. L. Khandelwal**  
Partner  
M.No.-12331

**Place: Dehradun**  
**Date:**







**'ANNEXURE I' REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT TO THE SHAREHOLDERS OF POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED ON THE ACCOUNTS FOR THE YEAR 31<sup>ST</sup> MARCH, 2007:**

1. In respect of Fixed Assets:
  - a) The Company has maintained adequate records showing full particulars including quantitative details and location of fixed assets.
  - b) The Management has confirmed that physical verification of Fixed Assets at different units of the undertaking has been made and the effects of discrepancy if any, will be given during the subsequent year on reconciliation.
  - 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 information given to us, the Company has maintained proper records of inventory. The discrepancies Noticed on physical verification, between physical stocks and book records, **have not been ascertained and hence not dealt with in the books of accounts.**
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 not 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.





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Chartered Accountants

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. The Company has an internal audit system for the purchase of inventory and fixed assets, but it is not documented in the form of any manual outlining the scope and program of work for internal audit.
8. The Central Government has prescribed maintenance of Costs Records under Section 209(1)(d) of the Companies Act, 1956 in respect of Transmission of the company. We have broadly reviewed the records prepared by the company and are of the opinion that, Prima facie, the prescribed records have been made and maintained.
9. Statutory and other dues:
  - a) 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.
  - b) 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 31<sup>st</sup> March 2007 for a period of more than six months from the date they became payable.
10. The company has accumulated losses of Rs.39.16 crores (previous year Rs.19.99 crores) which are less than fifty percentage of its net worth and 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.







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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 -

	Rs.
(i) From Rural Electrification Corporation (REC)	1142325000
(ii) From NABARD	241223000
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.
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.

FOR B. L. KHANDELWAL & CO.  
CHARTERED ACCOUNTANTS

  
CA B. L. Khandelwal  
Partner  
M.No.-12331

Place: Dehradun  
Date:





**'ANNEXURE II' REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS' REPORT TO THE SHAREHOLDERS OF POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2007:**

1. The party-wise break-up of outstanding balances as on 31.03.2007 for the amount due to or receivable from suppliers /contractors/employees/other parties has not been maintained. The balances of these accounts secured and unsecured loan are subject to confirmation and reconciliation. There are many old debit and credit balances which are more than three years lying in various payable and receivable accounts. These accounts are awaiting necessary actions for proper adjustment. The effect of thereof on the accounts is not ascertainable.
2. In the balance sheet as on 31.03.2007, the variation in value of assets transferred and liabilities taken over as on 31.05.2004, amounting to Rs.188,80,07,313.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.88.58 lacs (debit) and balance amounting to Rs. 10.31 lacs (credit) are under reconciliation the effect thereof on the accounts is not ascertainable.
4. Interest Payable on Loans from Financial Institutions (REC & NABARD) amounting to Rs.9,96,55,549/ has not been accounted for in the financial year 2005-06 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. However the interest for the year 2006-07 of Rs 177774468.00 (on old REC and NABARD ) and Rs.17240838.00 ( on New REC loans which is directly taken by PTCUL.








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5. An Amount of Rs.112.44 lacs payable to UPCL represents amounts directly transferred by UPCL to various PTCUL units between 01.06.04 to 31.03.07, which is under reconciliation with UPCL. The effect thereof on the accounts is not ascertainable.
6. The amount of various deposit works completed has been included and shown under the fixed assets (schedule - 5) under the respective heads and the individual assets wise details are not available however, the contribution towards deposit works of Rs. 372272323.00 have been shown in schedule -2 thus the assets to that extend have been over stated and the liabilities to that extend under stated.
7. Land and Rights Rs.4.59 crores includes Rs.2.25 crores the cost of the lease hold land in different divisions of the corporation. and amortized over the period of 99 years on notional basis from f.Y. 2004-05 and onwards. The details of land held under lease have not been shown to us and the basis of the amortized could not be verified due to non availability of the relevant lease deed.
8. Store Spares of Rs.281852716.00 includes the value of surplus / obsolete inventory lying ideal in the stores the amount for the provisions for obsolesce has not been ascertained being no details are available form respective units, thus resulted in over statement of current assets and under statement of loss to that extent.
9. Deposits in various banks of Rs.495560482.00 (previous year Rs.336560482.00) are subject to confirmation.
10. The Title deeds of lands are not available in certain cases. Due to non receipt of the lease deed/title deed from UPCL at the time of finalization of transfer scheme.
11. The effect of the 6<sup>th</sup> pay commission has not been accounted for. Due to non availability of govt. order.

**FOR B. L. KHANDELWAL & CO.**  
**CHARTERED ACCOUNTANTS**

  
**CA B. L. Khandelwal**  
**Partner**  
**M.No.-12331**



**Place : DEHRADUN**  
**Date :**





# POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

(AMOUNT IN RS.)

PARTICULARS	SCHEDULE NO.	AS AT 31-03-2007	AS AT 31-03-2006
<b>SOURCES OF FUNDS</b>			
Share Capital	1	65,72,33,602	43,16,00,000
Contributions, Grants and Subsidies	2	37,22,72,323	37,22,72,323
<b>Loan Funds</b>			
Secured Loans	3	3,46,60,86,600	2,08,25,38,600
Unsecured Loans	4	1,88,80,07,313	1,88,80,07,313
<b>TOTAL</b>		<b>6,38,35,99,838</b>	<b>4,77,44,18,236</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	5		
Gross block		3,92,93,69,063	2,95,49,55,098
Depreciation		1,66,83,87,634	1,45,11,24,547
Net block		2,26,09,81,429	1,50,38,30,551
<b>Capital Work-in-Progress</b>	6	3,63,95,98,259	2,78,24,74,708
<b>Current Assets, Loans and Advances</b>			
Current Assets	7	84,45,61,547	64,68,30,440
Loans and Advances	8	55,93,05,711	53,55,28,450
<b>Less: Current Liabilities and Provisions</b>	9	1,31,24,38,103	89,41,93,850
<b>Net Current Assets</b>		9,14,29,155	28,81,65,040
Profit and Loss Appropriation Account (Accumulated Losses)		39,15,90,995	19,99,47,937
<b>TOTAL</b>		<b>6,38,35,99,838</b>	<b>4,77,44,18,236</b>
Notes to Accounts and Accounting policies	17		

SCHEDULE 1 TO 17 FORM AN INTEGRAL PART OF BALANCE SHEET

As per our separate report of even date  
For M/s B.L.Khandelwal & Co.  
Chartered Accountants

CA B.L.Khandelwal  
Partner  
M.NO.-12331

Place- Dehradun  
Date-

30 NOV 2009

For & on behalf of Board

(J.M. LAL)  
Managing  
Director

(R.C. Agarwal)  
Director (F)

(S.K. Tomar)  
GM (Finance) &  
Company Secretary



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# POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED

PROFIT & LOSS ACCOUNTS FOR YEAR ENDED 31ST MARCH, 2007 (AMOUNT IN RS.)

PARTICULARS	SCHEDULE NO.	AS AT 31-03-2007	AS AT 31-03-2006
<b>(A) INCOME</b>			
Gross Revenue from wheeling charges	10	42,98,00,000	30,77,00,000
Other Income	11	1,79,26,081	2,30,02,322
Expenses Provision for Depreciation in Prior Period	12	36,43,011	19,30,221
<b>TOTAL (A)</b>		<b>45,13,69,092</b>	<b>33,26,32,543</b>
<b>(B) EXPENDITURE</b>			
Transmission and Maintenance Expenses	13	8,39,45,494	6,16,95,654
Personnel Expenses	14	16,74,47,072	15,24,78,737
Administration Expenditure	15	5,60,15,948	4,98,85,497
Interest and Other Financial Charges	16	10,37,50,356	-
Depreciation	5	23,18,53,279	17,93,27,244
Prior Period Expenditure		-	1,89,394
<b>TOTAL (B)</b>		<b>64,30,12,149</b>	<b>44,35,76,525</b>
<b>Profit before Taxes (A) - (B)</b>		<b>(19,16,43,057)</b>	<b>(11,09,43,982)</b>
<b>Profit/(Loss) after Taxes</b>		<b>(19,16,43,057)</b>	<b>11,09,43,982</b>
<b>Amount available for Appropriation</b>		<b>(19,16,43,057)</b>	<b>(11,09,43,982)</b>
Provision for Fringe benefit Tax		-	5,10,066
<b>Amount Carried to Balance Sheet</b>		<b>(19,16,43,057)</b>	<b>(11,04,33,916)</b>

SCHEDULE 1 TO 17 FORM AN INTEGRAL PART OF BALANCE SHEET

As per our separate report of even date

For M/s B.L.Khandelwal & Co.

Chartered Accountants

*B.L. Khandelwal*

CA. B.L. Khandelwal

Partner

M.NO.-12331

For & on behalf of Board

*J.M. Lal*

(J.M. LAL)  
Managing  
Director

*R.C. Agarwal*

(R.C. Agarwal)  
Director (F)

*S.K. Tomar*

(S.K. Tomar)  
GM (Finance) &  
Company Secretary

Place- Dehradun

Date-

30 NOV 2009

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POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED		
SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT		
SCHEDULE-1 SHARE CAPITAL		
AMOUNT IN RS.		
PARTICULARS	AS AT 31.03.2007	AS AT 31.03.2006
<b>Authorised Capital</b> 1,00,0000 Equity Shares of Rs.1000/- each (Previous Year 1,00,0000 Equity Shares of Rs.1000/- each)	1,00,00,00,000	1,00,00,00,000
<b>Issued, Subscribed and Paid up Capital</b> 568000 Equity Shares of Rs.1000/- each (Previous Year 318000 Equity shares of Rs.1000/- each)	56,80,00,000	31,80,00,000
<b>Share Application Money</b> Amount received pending Allotment (Previous Year Rs.113,600,000/-)	8,92,33,602	11,36,00,000
<b>TOTAL</b>	<b>65,72,33,602</b>	<b>43,16,00,000</b>

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**POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****SCHEDULE 2- CONTRIBUTIONS,GRANTS & SUBSIDIES TOWARDS COST OF CAPITAL ASSETS****AMOUNT IN RS.**

<b>PARTICULARS</b>	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
Contirbution Towards Deposit Work	37,22,72,323	37,22,72,323
<b>TOTAL</b>	<b>37,22,72,323</b>	<b>37,22,72,323</b>

**SCHEDULE 3- SECURED LOANS****AMOUNT IN RS.**

<b>PARTICULARS</b>	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
Secured by Gurantee of Uttrakhand Government		
R.E.C.LOANS	2,01,46,76,600	87,23,51,600
NABARD	1,45,14,10,000	1,21,01,87,000
<b>TOTAL</b>	<b>3,46,60,86,600</b>	<b>2,08,25,38,600</b>

**SCHEDULE 4- UNSECURED LOANS****AMOUNT IN RS.**

<b>PARTICULARS</b>	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
U.A.GOVERNMENT LOAN	1,88,80,07,313	1,88,80,07,313
<b>TOTAL</b>	<b>1,88,80,07,313</b>	<b>1,88,80,07,313</b>



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# POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED

## SCHEDULE-5 FIXED ASSETS

SL NO	ASSETS GROUP	GROSS BLOCK				PROVISION OF DEPRECIATION				AMOUNT IN RS.	
		AS AT 01.04.2006	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	CURRENT YEAR AS AT 31.03.2007	AS AT 01.04.2006	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	DEPRECIATION TO DATE	NET BLOCK AS AT 31.03.2007	NET BLOCK AS AT 31.03.2006
1	2	3	4	5	6	7	8	9	10	11	12
1	Lands and Rights	2,33,69,565	1,44,70,000	0	3,78,39,565	0	0	0	0	3,78,39,565	4,54,52,899
2	Lease hold lands	2,25,00,000	0	0	2,25,00,000	4,16,666	2,27,272.00	0	6,43,938	2,18,56,062	
3	Building	31,84,60,356	5,26,50,773	50,000	37,10,61,129	13,81,12,196	1,04,11,774	0	14,85,23,973	22,25,37,156	18,03,48,157
4	Hydraulic Works	1,89,287	0	0	1,89,287	96,072	6,436	0	1,02,508	86,779	93,214
5	Other Civil Works	1,58,86,229	0	0	1,58,86,229	78,50,738	4,79,764	0	83,30,502	75,55,727	80,35,481
6	Plant and Machinery	2,00,17,04,741	51,59,47,720	47,88,287	2,51,28,64,163	1,02,47,33,595	17,69,40,571	38,20,958	1,19,78,53,208	1,31,50,10,955	97,69,71,146
7	Lines and Cables Network	55,97,03,751	40,38,70,744	79,14,310	95,55,60,185	27,04,74,394	4,03,32,860	71,22,879	30,36,84,376	65,19,75,810	28,92,29,356
8	Vehicles	89,35,560	-3,80,000	4,10,397	81,45,563	89,35,960	28,52,614	36,43,011	81,45,563	0	0
8	Furniture and Fixtures	24,40,672	4,93,205	3,88,556	25,45,321	2,42,161	3,18,356	0	5,60,521	19,84,800	21,98,507
9	Office Equipment	17,64,538	9,18,433	5,350	26,77,621	2,62,757	2,83,632	3,344	5,43,045	21,34,576	15,01,781
	TOTAL	2,95,49,55,099	98,79,70,875	1,35,56,916	3,92,93,69,063	1,45,11,24,546	23,15,53,279	1,45,90,192	1,66,83,87,634	2,26,09,81,430	1,50,38,30,551
	PREVIOUS YEAR	2,67,47,48,014	29,09,10,171	1,07,03,087	2,95,49,55,098	1,27,48,94,016	17,95,16,637	32,86,106	1,45,11,24,547		

### NOTES:-

1. Transferred balance as on 01-06-2004
2. The Amount of various deposit works completed has been included and shown under respective heads and the Individual assetwise details are not shown. However, the contribution towards deposit works of Rs. 37,22,723,000 has been shown in schedule-2 Contribution, Grants and Subsidies towards cost of Capital assets.
3. Amortisation of Lease rent amounting to Rs. 22,77,72,000-(Previous year 41,66,666 00/-)



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**POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED**  
**SCHEDULE-6 CAPITAL WORK-IN-PROGRESS**

SL NO	PARTICULARS	AS AT 01.04.2006	ADDITIONS DURING THE YEAR	CAPITALIZATION DURING THE YEAR	ADJUSTMENT DURING THE YEAR	AMOUNT IN RS.	
						BALANCE AS ON 31.03.2007	
1	2	3	4	5	6	7	
1	Capital Work-in-progress	2,49,43,06,557	1,68,64,52,585	9,71,09,102	98,76,43,951	3,29,02,24,293	
	Revenue Expenditure pending allocation over Capital Works	0	0	0	0	0	
3	Advances to Suppliers and Contractors	28,81,68,150	21,60,74,323	0	15,48,68,507	34,93,73,966	
	<b>TOTAL</b>	<b>2,78,24,74,707</b>	<b>1,90,25,26,908</b>	<b>9,71,09,102</b>	<b>1,14,25,12,458</b>	<b>3,63,95,98,259</b>	
	<b>PREVIOUS YEAR</b>	<b>93,05,33,714</b>	<b>1,84,43,87,414</b>	<b>67,67,986</b>	<b>28,74,02,556</b>	<b>2,78,24,74,708</b>	





POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED			
SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			
SCHEDULE-7 CURRENT ASSETS			
AMOUNT IN RS.			
PARTICULARS	AS AT 31.03.2007	AS AT 31.03.2006	
<b>STORES AND SPARES</b>			
(As Cetified by the Management):-			
1. Stock Materials at Construction Stores	22,89,74,099	15,26,28,547	
2. Stock Materials at other Store	4,97,99,531	7,46,88,180	
3. Other Material Account	30,79,086	30,79,086	
4. Less- Provisions for Obsolete & Scrap Materials	-	-	
<b>SUB-TOTAL(A)</b>	<b>28,18,52,716</b>	<b>23,03,95,813</b>	
<b>SUNDRY DEBTORS(Considered Good)</b>			
More than 6 Months	-	-	
Less than 6 Months	4,22,69,523	5,77,36,194	
Less- Provision for Bad & Doubtful debts	-	-	
<b>SUB-TOTAL(B)</b>	<b>4,22,69,523</b>	<b>5,77,36,194</b>	
<b>CASH &amp; BANK BALANCES:</b>			
Cash in hand	89,904	41,242	
Cash in Transit	2,12,15,088	-	
Imprest with Employees	(3,045)	-	
<b>BANK BALANCE WITH:</b>			
<b>With Seheduled banks</b>			
In Current Account	35,76,881	2,20,96,709	
In Deposits Account	49,55,60,482	33,65,60,482	
<b>SUB-TOTAL(C)</b>	<b>52,04,39,310</b>	<b>35,86,98,433</b>	
<b>TOTAL (A TO C)</b>	<b>84,45,61,547</b>	<b>64,68,30,440</b>	



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POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED			
SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			
SCHEDULE- 8 LOANS AND ADVANCES			
		AMOUNT IN RS.	
PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
1. SUNDRY RECEIABLES ( Considered Good )		46,89,76,143	44,09,16,308
(a) Advances for O & M Suppllies /Works		6,64,98,527	6,80,75,305
(b) Loans & Advances to Staff		15,92,577	17,11,309
2. Inter Unit Transactions		88,58,350	96,25,495
3. Staff Pension & Gratuity		1,33,80,115	1,52,00,033
TOTAL		55,93,05,711	53,55,28,450



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POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED			
SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			
SCHEDULE-9 CURRENT LIABILITIES			
AMOUNT IN RS.			
PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
<b>1. SUNDRY CREDITORS:</b>			
For Capital Supplies/Works		44,10,58,091	45,47,63,374
For O&M Supplies/Works		4,66,95,265	6,02,41,281
For Expenses		16,98,864	2,54,000
For Inter Unit Transfers		10,31,095	9,13,995
<b>2. Staff Related Liabilities &amp; Provisions</b>		10,26,71,732	6,47,92,519
<b>3. Deposits for Electrification, Service Connections etc.</b>		45,47,87,201	13,41,31,785
<b>4. Deposits &amp; Retention Money from Supplier/Contractors</b>		15,27,63,750	10,81,65,522
<b>5. Other Liabilities &amp; Provisions</b>		11,17,32,105	7,09,31,374
<b>TOTAL</b>		<b>1,31,24,38,103</b>	<b>89,41,93,850</b>



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**POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****SCHEDULE-10 GROSS REVENUE FROM WHEELING CHARGES****AMOUNT IN RS.**

<b>PARTICULARS</b>	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
Revenue from wheeling charges	42,98,00,000	30,77,00,000
<b>TOTAL</b>	<b>42,98,00,000</b>	<b>30,77,00,000</b>

**SCHEDULE-11 OTHER INCOME****AMOUNT IN RS.**

<b>PARTICULARS</b>	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
Interest	1,44,57,853	1,60,92,182
Delayed Payment charges from Contractors	25,16,555	26,37,905
Miscellaneous Receipts	9,51,673	42,72,235
<b>TOTAL</b>	<b>1,79,26,081</b>	<b>2,30,02,322</b>

**SCHEDULE-12 PROVISIONS WRITTEN BACK****AMOUNT IN RS.**

<b>PARTICULARS</b>	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
Expenses Provision for Depreciation in Prior Period	36,43,011	19,30,221
<b>TOTAL</b>	<b>36,43,011</b>	<b>19,30,221</b>

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**POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****SCHEDULE-13 TRANSMISSION AND MAINTENANCE EXPENSES**

AMOUNT IN RS.			
PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
<b>REPAIRS AND MAINTENANCE:-</b>			
Plant and Machinery		5,85,74,104	4,60,59,572
Building and Civil Works		57,49,342	41,95,902
Lines, Cables Works etc.		1,95,23,874	1,11,80,324
Others		98,174	2,59,856
<b>TOTAL</b>		<b>8,39,45,494</b>	<b>6,16,95,654</b>

**SCHEDULE-14 PERSONNEL EXPENSES**

AMOUNT IN RS.			
PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
Salaries, Wages, Allowances and bonus (Including Directors Remuneration)		13,01,77,149	12,12,76,351
Staff Welfare Expenses		2,01,64,150	1,67,71,925
Terminal benefits		2,29,40,875	2,11,98,447
Less-			
Employess Cost charged to Capital WIP		(58,35,102)	(67,67,986)
<b>TOTAL</b>		<b>16,74,47,072</b>	<b>15,24,78,737</b>





POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED		
SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT		
SCHEDULE-15 ADMINISTRATION EXPENSES		
	AMOUNT IN RS.	
PARTICULARS	AS AT 31.03.2007	AS AT 31.03.2006
Rent, Rates and Taxes	8,93,279	14,33,010
Electricity and Water	2,20,022	1,11,057
Insurance	38,062	68,672
Communication	27,49,436	21,54,707
Printing and Stationery	6,29,046	15,29,974
Travelling and Conveyance	53,16,618	48,59,414
Legal and Professional	33,60,229	3,09,07,301
Advertisement and Promotion	40,33,090	11,91,846
Miscellaneous Expenses	1,01,12,245	75,16,644
Compensation Expenses to Staff/ Outsiders	5,75,779	1,12,872
Fringe benefit Tax	4,26,880	-
U.E.R.C. Fees	2,76,61,262	-
<b>TOTAL</b>	<b>5,60,15,948</b>	<b>4,98,85,497</b>




POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED			
SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT			
SCHEDULE-16 INTEREST AND OTHER FINANCIAL CHARGES			
		AMOUNT IN RS.	
PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
Interest on R.E.C. & NABARD Loans		19,50,15,306	-
Other Financial and bank charges		9,050	-
Less- Interest and other Financial charges charged to Capital WIP		(9,12,74,000)	-
<b>TOTAL</b>		<b>10,37,50,356</b>	<b>-</b>



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Power Transmission Corporation of Uttarakhand Limited				
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007				
(Amount in Crores)				
	PARTICULARS	For the year ended 31.03.2007		For the year ended 31.03.2006
A	CASHFLOW FROM OPERATING ACTIVITIES:			
	Net Profit/(loss) before tax and extra-ordinary items	(19.16)		(11.04)
Add	Adjustment for:			
	Depreciation	21.73		17.93
	Interest and Other finance charges paid	19.50		-
	Provisions for Fringe benefit tax			
	Excess provision written back	0.36		(0.19)
	Interest Income	(1.45)		(1.36)
	Operating Profit Before Working Capital Charges	20.98		5.34
Add	Adjustment for Working Capital Changes			
	Increase/(Decrease) in Inventory	(5.14)		5.58
	Increase/(Decrease) in Debtors	1.55		(5.77)
	Increase/(Decrease) in Loans and Advances	(2.37)		(10.56)
	Increase/(Decrease) in Current Liabilities	41.82		38.15
	Cash Flow from Operations	56.84		32.74
	Less- Fringe benefit tax	(0.09)		
	<b>Net Cash from Operating Activities</b>		56.75	32.74
B	CASHFLOW FROM INVESTING ACTIVITIES:			
	Purchase & Sale of Fixed assets	(97.73)		(28.15)
	Capital Work -in -progress	(85.71)		(171.10)
	Interest Income	1.45		1.36
	<b>Net Cash from Investing Activities</b>	(181.99)	(181.99)	(197.89)
C	CASHFLOW FROM FINANCING ACTIVITIES:			
	Increase in Capital	22.56		13.86
	Increase in Loans Balances & Cash Credit	138.35		107.64
	Increase in Contribution & Grants	-		37.21
	Interest and Other finance charges paid	(19.50)		-
	<b>Net Cash from Financing Activities</b>	141.41	141.41	158.71
D	NET CHANGES IN CASH AND CASH EQUIVALENTS (A+B+C)		16.17	(6.44)
E	OPENING CASH & CASH EQUIVALENTS		35.87	42.31
	CLOSING CASH & CASH EQUIVALENTS		52.04	35.87

for M/s. B. L. Khandelwal & Co.  
Chartered Accountants  
C.A. B. L. Khandelwal  
Partner  
M.No.-12331

Place: DEHRADUN  
Date:

(J. M. LAL )  
Managing Director

(R.C. Agarwal)  
Director (F)

For & behalf of Board

(S. K. TOMAR)  
GM (F) & Company Secretary



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# POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED

## SCHEDULE – 17

NOTES ON ACCOUNTS AND ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2007 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

### PART- (A) NOTES ON ACCOUNTS

1. As a part of Power reform Process for the State of Uttaranchal brought into effect by the Govt. of Uttaranchal the Uttaranchal Power Corporation Limited (UPCL). Consequent to the unbundling of UPCL On 31.05.2004 The Power Transmission Corporation of Uttaranchal Limited (PTCUL) was incorporated on 27.05.2004 as separate Company under the Companies Act, 1956 and assigned separately the business of Transmission of Electricity and State load dispatch centre (SLDC) Function in the state of Uttaranchal. the Scope of the business, Assets & Liabilities of the said entity and other incidental & Consequential matters were laid down in the detailed transfer scheme notified by the Govt. of Uttaranchal vide Notification No. 86/1/2004-06(3) 2003 dated 31.05.2004 and 87/1/2004-06 (3) 2003 dated 31.05.2004. The Name of the Company was changed from Power Transmission Corporation of Uttaranchal Limited to Power Transmission Corporation of Uttarakhand Limited in February, 2007 and further vide its meeting held on 10th June, 2005 Board has directed that the function of State Load dispatch centre (SLDC) be separated from Power Transmission Corporation of Uttaranchal by 01.10.2005.

The opening balances taken in the books of accounts as on 01-06-2004 during the period ending 31-03-2005 are provisional and subject to finalization and notification by the GoUA. The opening balances transferred from UPCL as on 31-05-2005 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 19-11-2001, 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 Interest free loan being a no terms and conditions have been stipulated in the transfer scheme as stated above.

2. Authorized Share Capital of the Corporation has been increased from Rs.10 Crores to Rs.30 Crores, Rs.30 Crores to Rs. 100 Crores on the 30.04.2005 & 29.07.2005 respectively.
3. The Company, Power Transmission Corporation of Uttarakhand Limited has received Equity Share Capital amounting to Rs.65.72 Crores (previous year Rs. 43.16 crores) from the Government of Uttarakhand during the year 2006-07. Allotment of shares against the same has been made to the extent of Rs.56.80 Crores (previous year Rs.31.80 crores) share Application Money Pending Allotment as on 31.03.2007 is Rs.8.92 Crores.(Previous year Rs. 11.36 crores)
4. Contingent liabilities not provided for in respect of ;
  - (a) The estimated amount of the contracts remaining to be executed on capital account of Rs. 40.34 crores(Previous year Rs.77.16 crores) in respect of contracts executed from the date of Incorporation of PTCUL to 31<sup>st</sup> march,2007.



- (b) The estimate amount of contracts remaining to be executed on capital account and not provided for is not ascertainable because of works details have not been furnished by UPCL under the transfer scheme.
5. Provision for Accrued Liabilities on account of pension and Gratuity for the period from 01.04.2006 to 31.03.2007 has been made @ 16.78% and 2.30% 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.however, the amount payable as per Gratuity Act and other statutory Act to the employees over and above the provision made will be paid by the Government of Uttarakhand.
  6. In case of employees covered under GPF, the Company follows the guidelines as per the provisions contained in G.O. No1.248/9-3-U/ Pension /2002 dated 21.10.2003.The Provisions for retirement benefits is made @2.30% for Gratuity and @16.78% for Pension. The Company is following the specific provision as per the abovementioned G.O. this automatically comply with the requirement of AS-15.
  7. The company is in the process of obtaining a policy from the LIC to provide for the terminal benefits of its employees covered under EPF to comply with the requirement of AS-15 issued by the ICAI, which is mandatory in nature.
  8. Provision has been made for Audit Expenses to Statutory Auditors for the period 2006-07 as follows:-

(Amount in Rupees)		
Particulars	Year ended 31.03.2007	Year ended 31.03.2006
Audit fees- Current year (including service tax)	137500.00	125000.00
Reimbursement of expenses	112500.00	62500.00
<b>Total</b>	<b>250000.00</b>	<b>187500.00</b>

9. Liabilities towards Staff Training Medical Reimbursement & Leave Travel Concession (LTC) has been provided to the extent established.
10. 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.as repealed by Electricity Act,2003.
11. Inter-Units Balances amounting to Rs.88.58 lacs (net) (Previous year Rs.96.25 lacs) are under reconciliation and the effect of reconciliation shall be provided in the ensuing years.
12. 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.
13. 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.
14. Provision for Leave Salary Contribution fund in the current year has been provided @ 11% of basic pay and DA, as provided earlier by UPCL.
15. An amount of Rs.112.44 lacs (Previous year Rs.71.70 lacs) payable to UPCL represents amounts directly transferred by UPCL to various PTCUL units between 01.04.06.to 31.03.07 which is under reconciliation with UPCL.





16. The employees cost charged to capital WIP during the year amounting to Rs.58.35 lacs (Previous year Rs.67.68 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.

**17. Director's Remuneration:**

(Amount in Rupees)		
Particulars	Year ended 31.03.2007	Year ended 31.03.2006
Salaries and Allowances	1408530.00	293100.00
Perquisites/reimbursement	45315.00	165000.00
<b>Total</b>	<b>1453845.00</b>	<b>458100.00</b>

**18. Related Party Disclosure:**

**KEY MANGEMENT PERSONNEL:**

Shri N.RAVI SHANKAR	Chairman (w.e.f. 31.01.2005)
Shri INDU KUMAR PANDE	Director (w.e.f. 19.06.2004)
Shri SANJEEV CHOPRA	Director (w.e.f. 02.09.2004)
Shri Dr. M.C.JOSHI	Director (w.e.f. 19.06.2004)
Shri A.B. GIRI	Director (w.e.f. 02.09.2004)
Shri S.P.S RAGHAV	Director (w.e.f. 02.09.2004)
Shri S.R.SETHI	Director (w.e.f. 15.12.2004)
Shri R.N.NAYAK	Director (w.e.f. 02.09.2004)
Shri J.Haque	Director (w.e.f. 24.05.2006)
Shri B.M. Verma	Director (w.e.f. 08.09.2006)
Shri S.P. Singh	Director (w.e.f. 10.10.2006)
Shri J. L. Bajaj	Director (w.e.f. 29.12.2006)
Shri S.MOHAN RAM	Managing Director (w.e.f. 10.11.2005)

Remuneration of whole time Directors is included in notes No.17

19. Deferred tax Assets after setting off deferred tax liabilities has not been considered in account on prudent basis as the company is not certain about the income available in future due to past accumulated unabsorbed losses.
20. Contribution towards deposit works of Rs.372, 272,323/- has been shown under Contribution, Grant and subsidies towards cost of Capital assets in respect of completed deposit works and the same amount has been shown under the respective head of capital assets under fixed assets. the deposit work wise details are not available hence the amount of the deposit works shown under fixed assets could not be shown separately as the details of deposit works transferred under the transfer scheme have not been furnished by UPCL so far.
21. As per Transfer scheme (31-05-2004) the sub stations upto 33 KV amounting to Rs.38779913.05 (Previous year Rs.733520.40) shall be transfer to UPCL after completion of work. Shown under schedule -6
22. The Sub-Audit Committee of the Board has assumed that the Lease hold Property is for a period of 99 years and the values of lease hold property amounting to Rs.2.25 crores had been amortized over the period of 99 years on notional basis from the financial year 2004-05 and onwards.
23. The Corporation does not have more than one reportable segment in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India. Hence AS-17 does not apply.





24. There are many old debit and credit balances which are more than three years lying in various payable and receivable accounts. These accounts awaiting necessary actions for proper adjustment.
25. Provision for Impairment loss as required under Accounting Standard-28 on Impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
26. Based on the information available with the Company, there are no supplier/service providers who are registered as Micro, Small or Medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31<sup>st</sup> March, 2007. No payment is due for more than 30 days as at 31<sup>st</sup> March, 2007 in respect of purchases/services made from Small Scale/ancillary industries.
27. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

(i) REGISTRATION DETAILS :

Registration No.	28675
State Code	20
Balance Sheet date	31 <sup>st</sup> March 2007

(ii) CAPITAL RAISED DURING THE YEAR :

(Amount in thousands)

Public Issue	NIL
Right Issue	NIL
Private Placement, pursuant to a contract, for consideration other than cash Issued to State Govt.	138600
Bonus Issue	NIL

(iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :

(Amount in thousands)

Total Liabilities	6383599
Total Assets	6383599
<b>Sources of funds</b>	
Paid up Capitals	568000
Share Application money	89233
Reserve and Surplus	372272
Secured Loans	3466087
Unsecured Loans	1888007
Grants in Aid	NIL
<b>Application of funds</b>	
Net Fixed Assets	2260981
Capital Work-in-Progress (including Construction, Stores and Advances)	3639598
Investments	NIL
Net Current Assets	91429
Miscellaneous Expenditure	NIL
Accumulated Losses	391591

(iv) PERFORMANCE OF COMPANY :

(Amount in thousands)

Turnover/ Income	429800
Other Income	21569
Total Expenditure	643012
Profit before Tax	(195286)



Profit after MAT and Deferred tax	(195286)
Earning per share (Basic) (Rs.)	(291.59)
Dividend Amount	NIL

(v) GENERIC NAMES OF PRINCIPAL PRODUCT/ SERVICE OF COMPANY :

Item code no. : Not Applicable  
Product Description : Power Transmission

28. The effect of the 6<sup>th</sup> pay Commission has not been accounted for due to non availability of government order.

29. Figures have been rounded off to the nearest rupees.

30. Previous year's figures have been regrouped/rearranged/recast, wherever necessary, to make them Comparable with the current year's figures.



## **PART – (B) SIGNIFICANT ACCOUNTING POLICIES**

### **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

- 1.1 The Power Transmission Corporation of UTTARAKHAND 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.
- 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 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.
- 1.7 Interest on deposits with various banks is accounted for on Accrual basis.

### **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.
- 3.3 The amount of various works completed has been included and shown under the Fixed Assets (schedule -5) under the respective heads. However, the contribution towards deposit works of Rs.372,272,323/- have been shown in Schedule-2

### **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.
- 4.6 The amount incurred upto 33 K.V. shall be transferred to UPCL after completion of works until that it will be shown under the Sechedule-6 Capital work in progress.

**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.
- 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 realization 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 UTTARAKHAND 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 Accrual basis, as the deposits are held against long term loans and on capital account.

## 7.2 EXPENDITURE

- 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 as repealed by Electricity Act, 2003..
- 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 @ 16.78% and 2.30% respectively on the amount of Basic Pay and D.A. paid to employees, in accordance to the provisions contained in G.O. No. 248/9-3U/Pension/2002 dated 21.01.2003.

## 9. INVESTMENTS:

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

## 10. CONTINGENT LIABILITIES

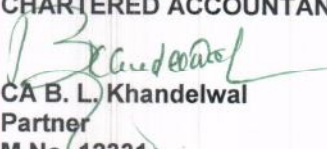
- 10.1 These, are disclosed in the notes to the Accounts.


## 11. CASH FLOW STATEMENT

Cash flow statements are reported using the Indirect method, whereby profit before tax is adjusted for the effect of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular operating, Investing and financing activities of the company are segregated.


**"SCHEDULE" 1 TO 17 FROM AN INTEGRAL PART OF THE BALANCE SHEET"**

For **B. L. KHANDELWAL & CO.**  
**CHARTERED ACCOUNTANTS**

  
**CA B. L. Khandelwal**  
Partner  
M.No.-12331

  
**(J.M. LAL)**  
Managing Director

  
**(R.C. AGARWAL)**  
Director (F)

  
**(S.K. TOMAR)**  
GM (F) & CS

Place: DEHRADUN  
Date:

