ANNEXURE-1 FORMING PART OF MAIN AUDIT REPORT OF PUNJAB STATE TRANSMISSION CORPORATION LIMITED AS ON 31ST MARCH 2015

1. As per Transfer scheme of Government of Punjab and on demerger from PSEB on 16.04.2010 an opening balance sheet was prepared and assets and liabilities are transferred to Punjab State Transmission Corporation Limited. Company has parked opening unexplained balances in Unit Location Code - 900, which contain balances under IUT Accounts (Prior to 01.04.1986) Rs.0.23 Cr, Liability for Capital Supplies Rs.2.38 cr, Staff related liabilities/provisions Rs.0.20 cr, Other liabilities/provisions Rs. 0.24 cr, Deposits for Electrification Service Rs.3.85 cr as on 31.03.2015 regarding which no details for the same are available. Hence the effect of reconciliation on profit and loss account and Balance Sheet could not be ascertained.

2. That Company is providing Operation and Maintenance services to 220KV Grid Substation, Mohali & 220 KV Ganguwal-Mohali Transmission Line which is under UT Chandigarh. During the year under audit, a bill for operational and maintenance services amounting to Rs. 1,43,06,414/- is raised and not booked as Income in view of the significant accounting policy adopted by the company. That during the year under audit, Company has accounted for income towards Operation and Maintenance Services amounting to Rs. 97,71,474/- as prior period income in respect of the bills raised by erstwhile PSEB for FY 2010-11. However, the company has contested that as no agreement for such Operation and Maintenance Services are executed and there is an uncertainty regarding the receipt of this income, therefore the same has been accounted for on the basis of actual receipt.

3. As per Amended Transfer Scheme 2012, PSTCL has to pay 11.36% share of terminal benefits payable to employees as per Punjab Power Sector Reforms Transfer Scheme (1st Amendment) Order 2012. As per information available PSPCL provides only 88.64% share of the total terminal benefit Liability in respect of pension, gratuity and leave encashment. As such AS 15 is not applicable to PSTCL in respect of employees working in PSTCL on deputation/secondment from PSPCL and covered under the Pension Scheme, no provision has been made in the books of accounts of PSTCL to the extent of PSTCL's share of progressive funding amounting to Rs.2562.12 crore being 11.36% of actuarial liability on account of terminal liability of Rs.22553.84 crore as on 31.03.2015 as per the report on actuarial valuation received from PSPCL. PSTCL has provided for terminal liability on the principle of 'Pay as you go' basis amounting to Rs. 2,00,65,62,799/- being 11.36% of total amount as intimated by PSPCL.

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4. Services to/from PSPCL like rent of Offices, rent of colonies etc is not accounted for in the books of accounts up to date. In the absence of information we are unable to ascertain the effect on statement of profit & loss and balance Sheet.

5. The balances of Creditors are unconfirmed. In the absence of information we are unable to ascertain its effect on statement of profit & loss and balance sheet.

6. The Company is having an accounting procedure of allocating store incidental expenses incurred to Capital works on normative basis at different times of the year. The excess expenditure allocated over the actual expenditure is credited as "Reserve for Material Cost Variance". There is an opening balance as on 1-4-2014 amounting Rs. 14,70.37,480/- is outstanding in the balance sheet similarly the closing balance of Rs. 16,28,70,583/- is outstanding as on 31-3-2015. The credit of Rs. 16,28,70,583/- under reserve and surplus and corresponding excess debited under fixed assets are both over stated by the amount detailed above. In absence of the bifurcation of variance between the Fixed Assets and CWIP and Expenses its effect of Fixed Assets, Depreciation and Statement of Profit and Loss and Balance Sheet could not be ascertained.

7. Other Non Current Assets include Inter Unit Transfer debit balance of Rs. 6.42 Crore and Blank U Cheque debit balance of Rs. 54.67 Crore relating to the period prior to 16/04/2010 are not reconciled and effect thereof on Statement of Profit and Loss and Balance Sheet could not be ascertained.

8. **Credit Awaiting IUT Bills amounting Rs. 16,16,25,375/- under Other Liabilities Note No. 9.2 of Other Current Liabilities.**

That as explained to us "the amount received from other accounting units/recoveries made on behalf of other accounting units of PSTCL & PSPCL and cost of material received against SR, Store challan/SRWs shall be Credited under Credit Awaiting IUT Bills. As and when the claim is received from the concerned units then it will be cleared by issuing U-Cheque/transferring to ICT head by debiting this account code". That opening credit balance under this head as on 01.04.2014 is Rs. 5,86,58,171/-. That during the audit it was observed that no details are available with the company as to whom these amounts are payable. These balances are un-reconciled and Un-confirmed, therefore we are unable to comment upon the accuracy of the figures and the effect of reconciliation on profit and loss account and Balance Sheet could not be ascertained.

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9. **"Receipts for deposit works" is Rs. 64,38,90,952/- and under "Receipts for Contribution Works" is Rs. Rs. 54,47,44,660/-. under Note No. 6 of Other Long Term Liabilities.**

As explained to us, "the amount received by PSTCL by outside parties to undertake works on their behalf are accounted under "Receipts for deposit works" and "Receipts for Contribution Works" under Other Long Term liability". That opening credit balance under "Receipts for deposit works" and "Receipts for Contribution Works" as on 01.04.2014 is Rs. 63,09,06,846/- and Rs. 44,06,21,340/- respectively. That during the audit it was observed that no details are available with the company as to whom these amounts are payable. These balances are un-reconciled and Un-confirmed, therefore we are unable to comment upon the accuracy of the figures and the effect of reconciliation on profit and loss account and Balance Sheet could not be ascertained.

10. **Public Works Misc. Deposits amounting to Rs. 12,85,90,041/- under Other Liabilities Note No. 9.2 of Other Current Liabilities.**

As explained to us, "the deposits for which no specific account head is provided/cannot be classified to any account head are accounted under Public Works Misc. Deposits". That opening credit balance under this head as on 01.04.2014 is Rs. 12,45,87,157/-. That during the audit it was observed that no details are available with the company as to whom these amounts are payable. These balances are un-reconciled and Un-confirmed, therefore we are unable to comment upon the accuracy of the figures and the effect of reconciliation on profit and loss account and Balance Sheet could not be ascertained.

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Punjab State Transmission Corporation Limited
Balance Sheet As at 31st March 2015

Figures in Rupees

Sr. No.	Particulars	Note No.	Figures As at 31st March, 2015	Figures As at 31st March, 2014
I	EQUITY AND LIABILITES			
1	Shareholders' Funds			
	(a) Share Capital	3	6,05,88,34,650	6,05,88,34,650
	(b) Reserves & Surplus	4	22,61,81,56,232	23,22,94,33,457
	(c) Money received against share warrants		-	-
			28,67,69,90,882	29,28,82,68,107
2	Share Capital pending allotment		-	-
3	Non-Current liabilities			
	(a) Long-term borrowings	5		
	(i) Secured loans	5.1	30,89,28,50,066	25,63,79,84,059
	(ii) Unsecured loans	5.2	6,89,36,16,360	8,39,03,55,424
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other long-term liabilities	6	1,52,07,46,622	1,38,88,95,912
	(d) Long-term provisions	7	2,78,16,413	1,43,09,447
			39,33,50,29,461	35,43,15,44,842
4	Current Liabilities			
	(a) Short-term borrowings	8	1,77,06,56,178	61,22,28,308
	(b) Trade payables		-	-
	(c) Other current liabilities	9	6,17,21,29,811	6,98,75,24,737
	(d) Short-term provisions	10	1,48,77,17,746	1,48,75,50,468
			9,43,05,03,735	9,08,73,03,513
	TOTAL		77,44,25,24,078	73,80,71,16,462
II	ASSETS			
1	Non current assets			
	(a) Fixed assets			
	(i) Tangible assets	11	64,25,90,48,585	51,67,09,50,725
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress	12	7,39,71,25,853	16,57,55,47,898
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Deferred tax assets (Net)		-	-
	(d) Long-term loans and advances	13	48,30,237	85,87,963
	(e) Other non-current assets	14	66,36,53,550	72,83,93,265
			72,32,46,58,225	68,98,34,79,851
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	15	1,58,79,39,350	1,43,61,63,559
	(c) Trade receivables	16	1,85,47,82,493	2,04,66,92,627
	(d) Cash & cash equivalents	17	1,42,81,490	1,17,99,733
	(e) Short-term loans & advances	18	1,63,89,02,427	1,30,09,25,917
	(f) Other current assets	19	2,19,60,093	2,80,54,775
			5,11,78,65,853	4,82,36,36,611
	TOTAL		77,44,25,24,078	73,80,71,16,462
	Significant accounting policies	2		
	The accompaning Notes 1 to 46 are an integral part of financial statements			

As per our report of even date attached
For Rajiv Goel & Associates
Chartered Accountants
FRN 011106N

RAJIV GOEL & ASSOCIATES CA AMBALA CANTT

(Rohit Goel)
Partner
M.No 091756
Place: Patiala
Date: March 03, 2016

For and on behalf of the Board

(Shashi Prabha)
Director/Technical

(U.K.Panda)
Director/F&C and
Chairman-cum-Managing
Director

(S.K.Beri)
Chief Financial Officer

(Jasvir Singh)
Company Secretary

pstcl

Punjab State Transmission Corporation Limited

Statement of Profit & Loss for the year ended 31st March 2015

Figures in Rupees

Sr. No.	Particulars	Note No.	For the year ended 31st March, 2015	For the year ended 31st March, 2014
1	Revenue from operations	20	9,52,58,55,855	13,23,12,82,288
2	Other income	21	19,35,35,661	24,27,26,254
3	**Total Revenue (1+2)**		**9,71,93,91,516**	**13,47,40,08,542**
4	**Expenses**			
	(a) Employee benefit expenses	22	3,55,62,58,582	3,39,43,67,112
	(b) Finance costs	23	3,73,98,93,576	2,68,69,81,322
	(c) Depreciation & amortization expenses	24	2,28,91,29,207	1,39,14,76,824
	(d) Other expenses			
	(i) Repairs & maintenance	25	37,15,75,006	46,87,46,027
	(ii) Administration & General expense	26	29,97,16,652	38,34,39,051
	(iii) ULDC charges	27	8,42,77,979	9,40,56,244
	(iv) Others debits	28	56,50,842	18,37,85,276
	Total expenes		**10,34,65,01,844**	**8,60,28,51,856**
5	**Profit/(Loss) before tax (3-4)**		**(62,71,10,328)**	**4,87,11,56,686**
6	**Tax expense**			
	(a) Current tax	29	0	1,06,59,44,090
	(b) Deferred tax		0	0
7	**Profit /(Loss) after tax from continuing operations (5-6)**		**(62,71,10,328)**	**3,80,52,12,596**
8	**Earnings per equity share (Rs.)**	31		
	(a) Basic		(1.04)	6.28
	(b) Diluted		(1.04)	6.28
	The accompaning Notes 1 to 46 are an integral part of financial statements			

As per our report of even date attached
For Rajiv Goel & Associates
Chartered Accountants
FRN 011106N

RAJIV GOEL & ASSOCIATES CA AMBALA CANTT

(Rohit Goel)
Partner
M.No 091756
Place: Patiala
Date: March 03, 2016

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Director/Technical

(U.K.Panda)
Director/F&C and
Chairman-cum-Managing
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Chief Financial Officer

(Jasvir Singh)
Company Secretary

pstcl

Punjab State Transmission Corporation Limited

Cash Flow Statement for the year ended 31st March 2015

Figures in Rupees

Sr. No.	PARTICULARS	For the Year Ended 31st March, 2015		For the Year Ended 31st March, 2014	
(A)	**Cash Flow from Operating Activities**				
	Net Profit/(Loss) before tax as per statement of profit and loss account		(62,71,10,328)		4,87,11,56,686
	Adjustment for:				
i	Depreciation	2,28,91,29,207		1,39,14,76,824	
ii	Interest and Finance charges	3,73,98,93,576		2,68,69,81,322	
iii	Provision for unservicable items	3,68,181		60,63,516	
iv	Provision for/withdrawn on obsolete items & losses under investigation	(1,32,39,951)		5,06,96,787	
v	Provision for diff in value of stock and bad & doubtful debts	0		6,11,08,241	
vi	Provision for Terminal benefits	1,36,74,244	6,02,98,25,257	1,06,95,211	4,20,70,21,901
	Operating Profit/(Loss) before working capital changes		5,40,27,14,929		9,07,81,78,587
	Adjustment for working capital changes:				
	Current Assets				
i	(Increase)/Decrease in Inventories	(13,89,56,056)		(16,86,26,955)	
ii	(Increase)/Decrease in Trade receivables	19,19,10,134		(40,57,40,803)	
iii	(Increase)/Decrease in Short-term loans & advances	(8,02,046)		3,13,78,632	
iv	(Increase)/Decrease in Long-term loans & advances	37,57,726		(42,05,103)	
v	(Increase)/Decrease in Other current assets	60,94,682		(1,61,79,339)	
vi	(Increase)/Decrease in Other non-current assets	6,47,91,750		3,38,97,642	
	Current liabilities:				
i	Increase/(Decrease) in Other current liabilities	(1,42,70,04,607)		(1,37,62,96,790)	
ii	Increase/(Decrease) in Other long-term liabilities	13,18,50,710		(65,58,187)	
	Net working capital change		(1,16,83,57,707)		(1,91,23,30,903)
	Cash generated from operations		4,23,43,57,222		7,16,58,47,684
	Income tax paid		(33,71,74,464)		(92,79,64,991)
	Net Cash from operating activities		3,89,71,82,758		6,23,78,82,693
(B)	**Cash Flow from investing activities**				
i	Net addition of fixed assets	(14,87,72,27,067)		(7,50,10,34,083)	
ii	Net addition of capital work-in-progress	9,19,42,55,148		(18,72,50,820)	
	Net Cash used in investing activities		(5,68,29,71,919)		(7,68,82,84,903)
(C)	**Cash Flow from financing activities**				
i	Proceeds from issue of Share Capital	0		0	
ii	Change in long-term borrowings - secured loans	5,85,06,68,100		5,78,67,12,866	
iii	Change in long-term borrowings - unsecured loans	(1,49,67,39,064)		(1,78,10,72,335)	
iv	Change in short-term borrowings	1,15,84,27,870		12,70,57,577	
v	Interest paid	(3,72,40,85,988)		(2,70,34,87,263)	
	Net Cash from financing activities		1,78,82,70,918		1,42,92,10,845
(D)	**Net Increase/(Decrease) in cash and cash equivalents (A+B+C)**		24,81,757		(2,11,91,365)
(E)	**Cash and cash equivalents at the beginning of the year**		1,17,99,733		3,29,91,098
(F)	**Cash and cash equivalents at the end of the year**		1,42,81,490		1,17,99,733

As per our report of even date attached
For Rajiv Goel & Associates
Chartered Accountants
FRN 011106N

RAJIV GOEL & ASSOCIATES AMBALA CANTT

(Rohit Goel)
Partner
M.No 091756
Place: Patiala
Date: March 03, 2016

For and on behalf of the Board

(Shashi Prabha)
Director/Technical

(U.K.Panda)
Director/F&C and
Chairman-cum-Managing
Director

(S.K.Beri)
Chief Financial Officer

(Jasvir Singh)
Company Secretary

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Punjab State Transmission Corporation Limited

Note 1: General Information

Punjab State Transmission Corporation Limited (PSTCL) was incorporated on 16th April, 2010 under the Companies Act, 1956. The Certificate of commencement of Business was received on the same date from Registrar of Companies, Chandigarh.

The Govt. of Punjab restructured the Punjab State Electricity Board under the provisions of the Electricity Act, 2003. In exercise of Powers conferred by Section 131,132 and 133 of the Act, the Govt. of Punjab made a Scheme called the Punjab Power Sector Reforms Transfer Scheme, 2010 vide Notification dated 16.4.2010 which interalia provided for transfer of functions, undertakings assets, properties, rights, liabilities, obligations, proceedings and personnel of Punjab State Electricity Board. The Scheme was subsequently amended by State Govt. by making a Scheme called the Punjab Power Sector Reforms Transfer (First Amendment) Scheme, 2012 which was notified on 24.12.2012.

In exercise of the powers conferred by sub clause 4 of clause 5 of the Transfer Scheme, the Govt. of Punjab transferred and vested the transmission undertakings with Punjab State Transmission Corporation Limited (PSTCL) by way of Notifications No. 1/4/04-EB/PR/620 & 632 dated 24.12.2012 by vesting aggregate value of assets & liabilities of Rs. 4114.28 crores as on 16.04.2010 and from the said date, Company is carrying on the business of transmission of electricity in the State of Punjab and discharging the functions of SLDC.

Note 2: Significant Accounting Policies

1. **Basis of preparation**

   The financial statements are prepared on accrual basis of accounting under the historical cost convention in accordance with generally accepted accounting principles in India and relevant provisions of the Companies Act, 2013 to the extent notified and the Companies Act, 1956 to the extent applicable including Accounting Standards notified there under and the provisions of the Electricity Act, 2003 to the extent applicable.

2. **Fixed assets**

   - Fixed assets are shown at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
   - In case of assets 100% funded by consumer contribution, grant and subsidies, amount equal to the annual depreciation on such asset has been transferred from capital reserve to depreciation.
   - In case of assets part funded by consumer contribution, grants and subsidies, proportionate amount of the annual depreciation has been transferred from capital reserve to depreciation and balance depreciation is transferred to Profit & Loss Account.
   - In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-progress.
   - Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance of claims.

3. **Capital Work-in-Progress**

   Capital Work-in-progress includes the cost incurred on fixed assets that are not ready for intended use. All expenditures of Transmission system Organization are allocated to the capital projects on pro rata basis.

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