8. **Expenses**

All expenses are accounted for on accrual basis except leave travel concessions, medical reimbursements, TA/DA claims and arrears of salary which are accounted for on payment basis in the year these are paid.

9. **Depreciation**

- In line with Part B of Schedule II to Companies Act 2013, with effect from 1st April 2014, depreciation is provided as per PSERC (Terms & Conditions for determination of Tariff) Regulations, 2005 (as amended in 2012). In accordance with PSERC Regulations, 2005, depreciation is calculated annually based on Straight Line Method at rates specified in Appendix II of CERC (Terms & Conditions of Tariff) Regulations, 2014.
- The fixed assets are depreciated up to 90% of the original cost after taking 10% as residual value of assets. However, the leasehold assets are fully amortized over the entire lease period as per the terms of the lease agreement.
- Temporary erections are depreciated fully (100%) in the year of acquisitions/ capitalization by taking the WDV as Re. 1/- for control purpose.
- Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from the month of such addition or as the case may be upto the month in which such asset is sold, discarded, demolished or destroyed.
- Assets costing up to Rs. 5,000/- each are fully depreciated in the year of acquisition except where specific classification has been prescribed for the purpose of depreciation under the classification Furniture & Fixtures and Office Equipment.

10. **Terminal benefits**

- All the employees working in PSTCL covered under the Pension Scheme are on deputation/secondment from PSPCL.
- Pursuant to the Punjab Power Sector Reforms Transfer (First Amendment) Scheme 2012, there shall be common Employee Benefit Trusts for Pension, Gratuity and Leave Encashment for both PSTCL and PSPCL which shall be progressively funded by PSPCL & PSTCL respectively, as decided by Punjab State Electricity Regulatory Commission, in the ratio of 88.64 : 11.36 over a period of 15 Financial Years commencing from 1st April, 2014. The terminal benefits liability accruing during the period of progressive funding, and thereafter, shall be shared in the same ratio by the both corporations. The actual amount of pension, gratuity and leave encashment paid/to be paid on and with effect from 16th April, 2010 to 31st March, 2014 shall be shared by the PSPCL and PSTCL, in the ratio of 88.64 : 11.36 on yearly basis.
- Provision towards Gratuity and Leave Encashment in respect of employees recruited by the company are made based on actuarial valuation.

11. **Impairment Loss**

The carrying amount of assets is reviewed at each balance sheet date. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged when the asset is identified as impaired.

12. **Provisions and contingent liabilities**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are

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disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the financial statements.

13. **Taxes on Income**

Provision for Income Tax is made on the basis of taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable/recoverable in respect of taxable income/loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

14. **Preliminary Expenses**

In compliance with AS 26, the expenses incurred on the incorporation of the Corporation have been considered as a charge to the Profit & Loss Account in the period in which the same is incurred.

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## Note 3: Share Capital

| Sr. No. | Particulars | Account Code | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---|---|---|---|
| | | | Rs. | Rs. |
| (a) | **Authorised:** | | | |
| | 3,00,00,00,000 Equity shares of Rs. 10/- each | | 30,00,00,00,000 | 30,00,00,00,000 |
| | Total | | 30,00,00,00,000 | 30,00,00,00,000 |
| (b) | **Issued, Subscribed and Paid up:** | | | |
| | 60,58,83,465 equity shares of Rs. 10/- each fully paid up | 54.5 | 6,05,88,34,650 | 6,05,88,34,650 |
| | Total | | 6,05,88,34,650 | 6,05,88,34,650 |

## Note 3.1

The company has one class of equity shares having a par value of Rs.10/- each per share. Each holder of equity share is entitled to one vote per share. Company has no preference shares.

## Note 3.2

**Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule III to the Companies Act, 2013 - No. of Shares at the beginning & at the end of reporting period**

| Sr. No. | Particulars | As at 31st March, 2015 | | As at 31st March, 2014 | |
|---|---|---|---|---|---|
| | | Equity Shares | | Equity Shares | |
| | | Number | Amount | Number | Amount |
| 1 | Shares outstanding at the beginning of the year | 60,58,83,465 | 6,05,88,34,650 | 60,58,83,465 | 6,05,88,34,650 |
| 2 | Shares issued during the year | 0 | 0 | 0 | 0 |
| 3 | Shares bought back during the year | 0 | 0 | 0 | 0 |
| 4 | Shares outstanding at the end of the year | 60,58,83,465 | 6,05,88,34,650 | 60,58,83,465 | 6,05,88,34,650 |

## Note 3.3

**Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule III to the Companies Act, 2013 - Detail of Share holders holding more than 5 % of Shares in the Company**

| Sr. No. | Name of Shareholder | Class of Share | As at 31st March, 2015 | | As at 31st March, 2014 | |
|---|---|---|---|---|---|---|
| | | | No. of Shares held | Percentage | No. of Shares held | Percentage |
| 1 | Governer of Punjab | Equity | 60,58,33,465 | 99.990 | 60,58,33,465 | 99.990 |
| 2 | Sh. Sarvesh Kaushal, IAS | Equity | 5,000 | 0.001 | 0 | 0.000 |
| 3 | Ms Vini Mahajan, IAS | Equity | 5,000 | 0.001 | 0 | 0.000 |
| 4 | Sh. Anirudh Tewari, IAS | Equity | 5,000 | 0.001 | 5,000 | 0.001 |
| 5 | Sh. Anurag Agarwal, IAS | Equity | 5,000 | 0.001 | 5,000 | 0.001 |
| 6 | Sh. Anurag Verma, IAS | Equity | 5,000 | 0.001 | 5,000 | 0.001 |
| 7 | Sh. Jaspal Singh, IAS | Equity | 5,000 | 0.001 | 5,000 | 0.001 |
| 8 | Sh. Narinder Singh Brar, PCS | Equity | 5,000 | 0.001 | 5,000 | 0.001 |
| 9 | Er. Karan Deep Chaudhri | Equity | 5,000 | 0.001 | 5,000 | 0.001 |
| 10 | Sh. Umakanta Panda | Equity | 5,000 | 0.001 | 5,000 | 0.001 |
| 11 | Sh. Subash Chand Arora | Equity | 5,000 | 0.001 | 5,000 | 0.001 |
| 12 | Sh. Rakesh Singh, IAS | Equity | 0 | 0.000 | 5,000 | 0.001 |
| 13 | Sh. D.P. Reddy, IAS | Equity | 0 | 0.000 | 5,000 | 0.001 |
| | Total | | 60,58,83,465 | 100.000 | 60,58,83,465 | 100.000 |

Share holders at Sr. No. 2 to 11 as at 31st March, 2015 are the nominees of Government of Punjab.

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Note 4: Reserves & Surplus

| Sr. No. | Particulars | Account Code | As at 31st March, 2015 Rs. | As at 31st March, 2014 Rs. |
|---|---|---|---|---|
| 1 | **General Reserves** | | | |
| | Opening Balance | 56.1 | 2,00,05,121 | 2,00,05,121 |
| | Add : Addition during the year | | 0 | 0 |
| | Less : Utilized/transferred during the year | | 0 | 0 |
| | Closing balance | | 2,00,05,121 | 2,00,05,121 |
| 2 | **Capital Reserves** | | | |
| | Opening Balance | 56.2 | 18,45,82,07,825 | 18,45,82,07,825 |
| | Add : Addition during the year | | 0 | 0 |
| | Less : Utilized/transferred during the year | | 0 | 0 |
| | Closing balance | | 18,45,82,07,825 | 18,45,82,07,825 |
| 3 | **Other Reserves** | | | |
| | Reserve for Material Cost Variance Account | | | |
| | Opening Balance | 56.6 | 14,70,37,480 | 11,52,43,892 |
| | Add : Addition during the year | | 1,58,33,103 | 3,17,93,588 |
| | Less : Utilized/transferred during the year | | 0 | 0 |
| | Closing balance | | 16,28,70,583 | 14,70,37,480 |
| 4 | **Surplus** | | | |
| | Opening Balance as per Profit & Loss Account | | 4,60,41,83,031 | 79,89,70,435 |
| | Add :Net Profit/(Loss) after tax for the current year | | (62,71,10,328) | 3,80,52,12,596 |
| | Less : Utilized/transferred during the year | | 0 | 0 |
| | i) Interim dividend paid | | 0 | 0 |
| | ii) Proposed dividend | | 0 | 0 |
| | iii) Transfer to Reserve | | 0 | 0 |
| | Closing balance | | 3,97,70,72,703 | 4,60,41,83,031 |
| | Total | | 22,61,81,56,232 | 23,22,94,33,457 |

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