

ANNEXURE-A TO DIRECTORS' REPORT

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL
BUSINESS PROFILE**

I Registration Details

Registration No.	55-99328	State Code	55
Balance Sheet Date	31	03	2000
	Date	Month	Year

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

<u>Public Issue</u> NIL	<u>Rights Issue</u> 30000.05
<u>Bonus Issue</u> NIL	<u>Private Placement</u> 30000.05

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

<u>Total Liabilities</u> 82130.08	<u>Total Assets</u> 82130.08
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Sources of Funds

<u>Paid-Up Capital</u> 60000.10	<u>Reserves & Surplus</u> NIL
<u>Secured Liabilities</u> NIL	<u>Unsecured Loans</u> NIL

Application of Funds

<u>Net Fixed Assets</u> 1005.37	<u>Investments</u> NIL
<u>Net Current Assets</u> 48840.74	<u>Misc.Expenditure</u> 9554.27
<u>Accumulated Losses</u> 599.72	

IV Performance of Company(Amount in Rs. Thousands)

<u>Turn Over*</u> 91476.54	<u>Total Expenditure</u> 91799.26
<u>Profit /Loss before tax</u> (-) 322.72	<u>Profit/Loss after tax</u> (-) 599.72

* including 'Other Income'

<u>Earnings per Share in Rs.</u> NIL	<u>Dividend rate %</u> NIL
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V Generic Names of Three Principal Products/Services of Company(as per monetary terms)

	<u>Product Description</u>	<u>Item Code No.</u>
1.	Trading of Power	Not applicable
2.	To act as 'facilitator' for development of Mega Power Projects	Not applicable

(P.MANDAL)
AGM (FIN.)

(RAKESH NATH)
DIRECTOR (TECHNICAL)

(T.N. THAKUR)
CHAIRMAN &
MANAGING DIRECTOR

POWER TRADING CORPORATION OF INDIA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2000

	Schedule	As at 31.3.2000 Rupees
<u>SOURCES OF FUNDS</u>		
Shareholders' Funds		
Share Capital	A	60,000,100
Total		60,000,100
<u>APPLICATION OF FUNDS</u>		
Fixed Assets	B	
Gross Block		1,164,948
Less : Depreciation		159,580
Net Block		1,005,368
Current Assets, Loans & Advances	C	
Cash & Bank Balances		68,084,795
Other Current Assets		1,505,422
Loans & Advances		1,380,508
		70,970,725
Less :Current Liabilities & Provisions	D	
Current Liabilities		(16,633,708)
Provisions		(5,496,274)
Net Current Assets		48,840,743
Miscellaneous Expenditure	E	9,554,270
Profit & Loss Account		599,719
Total		60,000,100
Significant Accounting Policies	H	
Notes to the Accounts	I	

AGM(F)	Director	(Tantra Narayan Thakur) Chairman & Managing Director
	As per Our Report attached For K. N. Goyal & Co., Chartered Accountants	
Dated : 28.09.2000		
Place : New Delhi		
	(K N. Goyal) Partner	

POWER TRADING CORPORATION OF INDIA LIMITED
PROFIT & LOSS ACCOUNT FOR THE PERIOD
ENDED 31ST MARCH, 2000

	Schedule	For the period ended 31.3.2000 Rupees
<u>INCOME</u>		
Electricity Sales		77,126,174
Service Charges		4,752,347
Incidental Income-Sale of Tender Documents		5,492,750
Interest earned (Gross. TDS Rs.897079)		4,105,271
		91,476,542
<u>EXPENDITURE</u>		
Electricity Purchase		76,417,448
Employee Cost	F	4,921,731
Other Expenses	G	7,900,088
Amortization & Write Off-		
Preliminary Expenses		915,992
Pre-acquisition Project development Expenditure		1,189,075
Miscellaneous Pre-incorporation Expenses		295,347
Depreciation		159,580
		91,799,261
Net Loss Before Taxation		(322,719)
Provision for taxation		(277,000)
Net Loss After Taxation		(599,719)
Significant Accounting Policies	H	
Notes to the Accounts	I	

AGM(F)

Director

(Tantra Narayan Thakur)
Chairman & Managing Director

As per Our Report attached
For K. N. Goyal & Co.,
Chartered Accountants

Dated : 28.09.2000

Place : New Delhi

(K N. Goyal)
Partner

POWER TRADING CORPORATION OF INDIA LIMITED

Schedules - forming part of accounts

	As at 31.3.2000
<u>SCHEDULE 'A'</u>	Rupees
<u>SHARE CAPITAL</u>	
<u>AUTHORISED</u> 150,000,000 equity shares of Rs.10/- each	<u>1,500,000,000</u>
<u>ISSUED, SUBSCRIBED & PAID UP</u> 6,000,010 equity shares of Rs.10/- each fully paid up	<u>60,000,100</u>

POWER TRADING CORPORATION OF INDIA LIMITED

SCHEDULE 'B'

FIXED ASSETS

Description	Gross Block			Depreciation			Net Block as at 31.3.2000
	Additions During the period	Adjustments	Gross Block	For the period	Adjustment	Upto 31.3.2000	
Furniture & Fixtures	637,861	0	637,861	40,159	0	40,159	597,702
Vehicles	470,902	0	470,902	90,760	0	90,760	380,142
Office Equipments	56,185	0	56,185	28,661	0	28,661	27,524
Total	1,164,948	0	1,164,948	159,580	0	159,580	1,005,368

POWER TRADING CORPORATION OF INDIA LIMITED

	As at 31.3.2000
<u>SCHEDULE 'C'</u>	Rupees
<u>CURRENT ASSETS, LOANS & ADVANCES</u>	
<u>i. CASH & BANK BALANCES</u>	
Cash, Stamps & Imprest	288
Balance with Scheduled Banks on -	
Term Deposits	67,858,266
Current Account	226,241
	68,084,795
<u>ii. OTHER CURRENT ASSETS</u>	
Interest accrued on bank deposits	1,505,422
<u>iii. LOANS & ADVANCES</u>	
Advances recoverable in cash or kind or for value to be received	
Employees	298,198
Others	164,231
Deposits with Custom, Port Trust & Other Authorities	21,000
Prepaid taxes	897,079
Total	1,380,508

POWER TRADING CORPORATION OF INDIA LIMITED

		As at 31.3.2000
		Rupees
<u>SCHEDULE 'D'</u>		
<u>CURRENT LIABILITIES & PROVISIONS</u>		
<u>(i) Current Liabilities</u>		
Sundry Creditors		
- For expenses		1,131,911
Advance from Customer		4,038,928
Other Liabilities		
- Towards Promoter		11,277,615
- Statutory Liabilities		185,254
	Sub-total (i)	16,633,708
<u>(ii) Provisions</u>		
- Pay Revision		1,800,000
- Expenses to promoters		2,800,000
- Taxation		277,000
- Others		619,274
	Sub-total (ii)	5,496,274
Total		22,129,982
<u>SCHEDULE 'E'</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
(to the extent not written off or adjusted)		
(A) Deferred Revenue Expenditure -		
(i) Payment towards Pre- Acquisition Project Developmental Expenditure		4,756,302
(ii) Strategic Planning		1,134,000
Sub-total (A)		5,890,302
(B) Preliminary Expenses		3,663,968
Total		9,554,270

POWER TRADING CORPORATION OF INDIA LIMITED

For the
Period Ended
31.3.2000

Rupees

SCHEDULE 'F'

EMPLOYEE COST

(to Deputationists & temporary staff)

Salaries, Allowance & Benefits

4,029,068

Contribution to Provident & Other Funds

212,015

Share of gratuity & leave encashment

507,346

Staff Welfare Expenses

173,302

4,921,731

SCHEDULE 'G'

OTHER EXPENSES

Rent

250,510

Reimbursement of Expenses on

Office premises/utilities

2,800,000

Remuneration & Expenses on Consultants

2,912,128

Communication

184,893

Business Development

400,252

Conveyance

199,505

Printing & Stationery

246,557

Fees & Expenses to Directors

101,428

Legal Expenses

220,840

Audit Fee

10,500

Other General Expenses

573,475

7,900,088

POWER TRADING CORPORATION OF INDIA LIMITED

SCHEDULE- H

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Accounts

These financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.

2. Fixed Assets

- i. Fixed Assets are stated at original cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties and taxes and incidental expenses related to acquisition, installation and commissioning.
- ii. Depreciation is provided on Written Down Value method as per the rates and the manner prescribed in the Schedule XIV to the Companies Act, 1956. In respect of the assets costing Rs. 5,000/- or below, depreciation is provided at 100%.

3. Revenue

- i. Revenue from sale of power is accounted for based on rates agreed with the beneficiaries, excluding service charges, wherever separately indicated in the agreement.
- ii. Service charges include transaction fee charged under the contracts of purchase and supply of power.
- iii. Revenue in the form of Management and/or Success Fee for services rendered in relation to development work of potential Power Projects is recognised when such fee is assured and determinable under the terms of the respective contract.

4. Expenditure

- i. Expenditure relating to developmental work in relation to potential Power Projects is charged off to Profit and Loss account as it is incurred, except in cases where the Proposals envisage payment of 'Management/Success fee' to the Corporation. In case where such fee is contemplated, the following accounting is adopted-
 - a) Where directly allocable expenditure on the respective project exceeds the incidental income earned from the developmental work, the net expenditure is treated as 'Deferred Revenue Expenditure' to be written off against the corresponding fee as and when it accrues.

- b) Where directly allocable expenditure on the respective project is lower than the corresponding incidental income, the expenditure and income are transferred to the Profit and Loss Account.
 - c) If such project is abandoned, the balance in 'Deferred Revenue Expenditure Account' related to the Project is written off in the year in which the Project is abandoned.
- ii. Payments to consultants, other than those related to specific Projects, where the aggregate value of assignment exceeds Rs 10,00,000 and benefit of which is expected to accrue over a number of years are treated as Deferred Revenue Expenditure to be written off over a period of 5 years.
- iii. Payment in respect of developmental expenditure related to Mega Power Projects net of revenue earned there against in respect of the period prior to take over of the developmental work by the predecessors Corporation is treated as 'Deferred Revenue Expenditure' to be written off equally in five years.
- iv. Prepaid and prior-period items up to Rs. 5000/- are accounted to natural heads of accounts.

5. Retirement Benefits

- i. Liability for retirement benefits to employees in respect of gratuity and leave encashment is accounted for on accrual basis based on actuarial valuation.
- ii. Liability in respect of gratuity, leave encasement and provident fund of employees on deputation with the Corporation are accounted on the basis of charges raised by the parent organisations.

6. Foreign Exchange

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Liability / receivables on account of foreign currency are converted at the exchange rates prevailing as at the end of the year and gains / losses thereon are taken to the Profit & Loss Account, except in case of liabilities relating to fixed assets, which are adjusted to the cost of acquisition of the asset.

POWER TRADING CORPORATION OF INDIA LIMITED

SCHEDULE-I

NOTES TO THE ACCOUNTS

1. The Corporation was incorporated on 16th April, 1999 and these are the first Accounts of the Corporation. Hence, previous year figures do not appear in the financial statements.
2. As per the Revised Mega Power Policy of the Government of India, the Corporation has taken over all developmental work in respect of various Mega Power Projects which were hitherto being carried out by National thermal Power Corporation (NTPC) and Power Grid Corporation of India (PGCIL). In pursuance of this policy Corporation has accounted Expenditure aggregating to Rs.185,15,377/- and income aggregating to Rs. 125,70,000/- relating to pre-acquisition period and a net sum of Rs.59,45,377/- has been booked as payable to PGCIL based on information furnished by them, pending final reconciliation and appropriate action including signing of agreement on the status of project taken over.
3. Pending final settlement on revision of pay with effect from 1.1.1997, provision of Rs. 18 lacs has been made towards probable liability in respect of employees on deputation with the corporation for their tenure of service with the Corporation.
4. Ministry of Power had directed that the Corporation will take over the trading of Power between M/s. Chukha Hydel Power Corporation Limited, Bhutan and the State Electricity Boards of certain Eastern states with effect from 1.7.1999. However, pending final negotiations on the tariff and execution of agreements, the trading is being continued to be undertaken by and accounted for by M/s. Power Grid Corporation of India Ltd.
5. The Corporation has hired the services of ICICI Ltd. as advisor for Hirma Power project and as per the terms of Consultancy agreement, fee is payable to ICICI Ltd. on recovery from the concerned beneficiary State Electricity Boards. Hence no provision for the fee payable to ICICI Ltd. has been made. Estimated liability as at the year end –Rs.31.94 lacs.
6. Names of small scale industrial undertakings to whom the Corporation owes a sum exceeding Rs. 1 lakh, which is outstanding for more than 30 days as at the Balance Sheet date- NONE.
7. Expenses include provision for payment to Chairman & Managing Director towards reimbursement of expenses on official duties and certain benefits amounting to Rs.61,428/- pending final approval of the Shareholders.

8. Estimated amount of capital commitments – Nil.
9. Claims not acknowledged as debts – Rs.11,99,329/-.
10. Quantitative information in respect of purchase and sale of power:

	<u>Qty. in MU</u>	<u>Value</u>
		Rs.
Purchase	28.35	76,417,448
Sales	28.35	77,126,174

11. Expenditure in foreign currency:
(on accrual basis)

Business Development	-	Rs. 35,080
Payment to Consultants	-	Rs. 7,07,846

12. Income earned in foreign exchange - Rs. 5,42,750

13. Schedules A to I form an integral part of accounts.

AGM(F) Director(Tech.) **(Tantra Narayan Thakur)**
Chairman & Managing Director

For K.N. Goyal & Co.,
Chartered Accountants

Dated :28.09.2000
Place : New Delhi

(K.N. Goyal)
Partner

AUDITORS' REPORT

TO THE MEMBERS OF POWER TRADING CORPORATION OF INDIA LIMITED

We have audited the attached Balance Sheet of POWER TRADING CORPORATION OF INDIA LIMITED as at 31st March, 2000 and the Profit & Loss Account for the period ended on that date annexed thereto and report as under:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. In respect of the developmental work of Mega Power Projects taken over by the Company, in pursuance of its object to act as facilitator for Mega Power Projects, entries have been passed recording expenditure aggregating to Rs.1,85,15,377/- and income aggregating to Rs.1,25,70,000/- relating to the pre-acquisition period and a net sum of Rs.59,45,377/- has been booked as payable to M/s. Power Grid Corporation of India Limited (PGCIL). There does not exist a proper Memorandum of Understanding or Agreement between the Company and PGCIL detailing precisely the status of various projects taken over and determining the amounts payable by the Company towards the pre-acquisition expenditure. Entries have been booked on piecemeal basis based on different letters and internal communications. Some of the communications also refer to certain expenditure incurred by M/s. National Thermal Power Corporation Limited, but no account has been rendered by them. We have also not received proper explanations in response to our letters on the subject. It has, therefore, not been possible for us to ascertain the correctness and finality of the accounts payable to other Corporations in respect of project developmental work for the pre-takeover period.
3. Further to the comments in the Annexure referred to in paragraph 1 above and our observations in paragraph 2 above:

- i 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.
- ii 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 such books.
- iii. The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts.
- iv In our opinion, the Profit & Loss Account and Balance Sheet comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, subject to our observations in para 2 above, the consequential effect of which on the accounts is not ascertainable, and read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000: and
 - b. in the case of the Profit & Loss Account, of the loss of the Company for the period ended on that date.

Dated : 28th September, 2000

**FOR K.N. GOYAL & CO.,
Chartered Accountants**

**(K. N. GOYAL)
Partner**

Annexure to the Auditors' Report

(Referred to in paragraph (1) of Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the Management during the period and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the period.
3. The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from companies under the same management within the meaning of section 370(1-B) of the Companies Act, 1956.
4. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 or to companies under the same management as defined under section 370(1-B) of the Companies Act, 1956
5. The company has not granted any loans or advances in the nature of loans except to employees where principal and interest, wherever applicable, are being recovered as stipulated.
6. In our opinion, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of equipments and other assets.
7. The company has not made any purchase or sale of goods or services in pursuance of contracts or arrangements with parties listed in the register maintained under section 301 of the Companies Act, 1956, and aggregating during the period to Rs. 50,000/- or more in respect of each party.
8. The Company has not accepted any deposits from the public.
9. This is the first year of operation of the Company and an internal audit system is yet to be introduced.

10. The Company did not have any permanent employees on its payroll during the year. In respect of employees on deputation, provident fund dues were generally being remitted in time to the parent organisation.
11. As explained to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty or excise duty were outstanding as at 31st March 2000, for a period of more than six months.
12. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
13. In respect of services rendered:
 - a) The nature of services rendered do not involve consumption of materials.
 - b) Considering the nature of services rendered, it is not considered necessary by the management to allocate man-hours consumed to the relative jobs.
14. The nature of goods traded by the Company is such that there can be no question of any damaged goods.
15. Other provisions of the Order are not applicable to the Company.

Dated : 28th September, 2000

**FOR K.N. GOYAL & CO.,
Chartered Accountants**

**(K. N. GOYAL)
Partner**

ANNEXURE-B TO THE DIRECTORS' REPORT

POWER TRADING CORPORATION OF INDIA LIMITED

ANNUAL ACCOUNTS 1999-2000 REPLIES TO COMMENTS OF CAG OF INDIA

COMMENTS OF C&AG OF INDIA

1. BALANCE SHEET

Current assets, loans and advances (Schedule-C)

Cash and Bank balances

Term Deposit:-Rs.6,78,58,266.00

An amount of Rs.6.00 crore, which was raised through share capital and kept in Term Deposits, should have been separately disclosed in the Balance Sheet as per the provisions contained in Schedule VI of the Companies Act, 1956.

2. GENERAL

Balance Sheet Abstract and Company's General Business Profile has neither been approved nor enclosed along with the Annual accounts as per requirement of Part IV of Schedule VI of the Companies Act, 1956.

REPLIES OF THE COMPANY

The amount was received from promoters through allotment of shares and not through public issue and was therefore not disclosed separately.

The Balance Sheet Abstract has since been annexed to the Directors' Report, which forms part of the Balance Sheet.

For and on the behalf of Board of Directors.

Place: New Delhi
Date:11-10-2000

Sd/-
Ms. H.S.Narayanan
Principal Director of Commercial Audit
&Ex-Officio Member Audit Board-III

Sd/-
(T.N.Thakur)
Chairman &
Managing Director