

**H.P.STATE CIVIL SUPPLIES CORPORATION
LIMITED,SHIMLA-9**

(A State Government Undertaking)

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	Figures as at the end of 31.03.2012 <i>(Rupees in lacs)</i>	Figures as at the end of 31.03.2011 <i>(Rupees in lacs)</i>
I. EQUITY AND LIABILITIES			
<u>(1) Shareholder's Funds</u>			
(a) Share Capital	1	351.50	351.50
(b) Reserves and Surplus	2	2,240.15	1,895.23
<u>(2) Non Current Liabilities</u>			
(a) Other long term liabilities	3	259.31	226.47
<u>(3) Current Liabilities</u>			
(a) Short-Term Borrowings	4	215.99	248.39
(b) Trade Payables	5	5,447.78	3,866.27
(c) Other Current Liabilities	6	18,245.75	16,268.58
(d) Short-Term Provisions	7	#REF!	166.17
Total		#REF!	23,022.61

II.ASSETS			
<u>(1) Non-Current Assets</u>			
(a) Fixed Assets			
— - Tangible Assets	8	699.60	627.49
— - Capital work in progress		13.75	11.57
(b) Other Non-Current Assets	9	0.00	2.18
<u>(2) Current Assets</u>			
(a) Inventories	10	6,740.91	7,549.35
(b) Trade receivables	11	263.55	334.76
(c) Cash and cash equivalents	12	8,935.23	7,149.81
(d) Short-term loans and advances	13	3,014.90	2,025.71
(e) Other Current Assets	14	7,237.62	5,321.74
Total		26,905.56	23,022.61
Significant Accounting Policies			
and Notes on Accounts	1 to 34		
		For and on behalf of the Board of Directors	
(Arvind Sharma)	(R.C. Bhatia)	(Rameshwar Sharma)	(A.S. Rathore)
(B.M. Nanta)			

Company Secretary Managing Director	Manager Finance	Executive Director	Director
As per our Report of even date attached			
FOR J. K. JAIN & ASSOCIATES			
CHARTERED ACCOUNTANTS			
(Harish Dua)			
Partner			
M. No. : 506435			
PLACE : SHIMLA			
DATE :			

H.P.STATE CIVIL SUPPLIES CORPORATION LIMITED,SHIMLA-9

STATEMENT OF PROFIT & LOSS

PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2012

Sr. No	Particulars	Note No.	Figures as at the end of 31.03.2012 (Rupees in lacs)	Figures as at the end of 31.03.2011 (Rupees in lacs)
I	Revenue from Operations	15	111,120.61	107,330.47
II	Other Income	16	1,080.90	1,033.17
	Total Revenue (I +II)		112,201.51	108,363.64
IV	<u>Expenses:</u>			
	Cost of goods sold	17	108,165.33	104,358.06
	Employee Benefit Expense	18	#REF!	#REF!
	Finance Costs	19	67.77	57.76
	Depreciation and Amortization Expense	20	96.16	76.73
	Other Expenses	21	760.97	700.58
	Total Expenses (IV)		#REF!	#REF!
V	Profit before exceptional & extraordinary items & tax	(III - IV)	#REF!	#REF!
VI	Prior Period Adjustments	22	282.34	5.52

CHARTERED ACCOUNTANTS				
(Harish Dua)				
Partner				
M. No. : 506435				
PLACE : SHIMLA				
DATE :				

H.P.STATE CIVIL SUPPLIES CORPORATION LIMITED,SHIMLA-9

Notes on Financial Statement for the year ended on 31st March, 2012

<i>Note No : 5 Trade Payables</i>			
Sr. No	Particulars	Current Year	Previous Year
1	Micro, Small and Medium Enterprises	0	0
2	Others	5,447.78	3,866.27
	Total	5,447.78	3,866.27
5.1	The company has not received any information from it suppliers regarding regd. Under the micro small and medium enterprises development act 2006. Hence the information required to be given in accordance with section 22 of the said act is not ascertainable and not disclosed.		
5.2	The balances in Trade Payables are subject to reconciliation.		
<i>Note No: 6 Other Current Liabilities</i>			
Sr. No	Particulars	Current Year	Previous Year
1	Employee Pension Fund	200.00	250.00
2	Advance from Govt. Deptts./Customers	13,967.98	10,534.97
3	Security Deposits	975.88	875.25
4	Advance subsidy received from Govt.	1.59	840.23

5	Other payable	3,100.30	3,768.13
	Total	18,245.75	16,268.58
6.1	During the year a provision of Rs 200.00 lac (previous year Rs. 250.00 lac) has been made under the pension fund scheme approved by the government of HP vide letter no. FDS-A (4) 6/2004 dated 31.08.2007, payable to employees superannuation fund, total fund transferred to employees superannuation fund and accumulated as on 31.03.12 amounts to Rs 1050.00 lac. The said pension scheme for employees of the corporation is however, pending for approval with the RPFC Shimla.		
6.2	Other payable includes a sum of Rs. 355.76 lac (previous year Rs. 307.57 lac) payable to banks being unlinked amounts under reconciliation with the banks. As and when respective details are available, necessary adjustments shall be made in the accounts.		
6.3	During the year liability of ex-gratia (in lieu of Bonus) payable to staff amounting to Rs. 24.92 lac (Previous year Rs. 23.06 lac) has been provided in the accounts @ Rs. 3500/- per employee.		
6.4	The liquidity damages amounting to Rs. 2.06 lac (P.Y. Rs 6.07 lacs) deducted from the suppliers towards non fulfillment of the supplies schedule, out of the total amount deducted Rs 0.51 lac has been shown as payable under the head "Other payable" and balance Rs. 1.55 lac treated as Revenue as per the policy.		
6.5	Provision of Rs. 0.05 lac (previous year Rs. 0.55 lac) has been made in accounts for cost of gunny bags and shortages payable to the Rural Development and Panchayati Raj Department.		
6.6	Provision for rent of godowns payable has been made on estimated basis in certain cases, pending actual rent assessment by the competent authority.		
6.7	Advance from govt. department/ customers have not been reconciled and balancess are subject to reconciliation.		

<i>Note No : 7 Short Term Provisions</i>			
Sr. No	Particulars	Current Year	Previous Year
	<u>Others</u>		
1	Provision for Tax	#REF!	104.69
2	Proposed Dividend	35.15	52.72
3	Corporate Dividend Tax	5.70	8.76
	Total	#REF!	166.17

H.P.STATE CIVIL SUPPLIES CORPORATION LIMITED,SHIMLA-9

Notes on Financial Statement for the year ended on 31st March, 2012

<i>Note No : 8 Fixed Asset</i>		(Rupees in Lacs)										
Sr. No	Particulars	Rate	Gross Block				Depreciaton				Net Block	
			<i>Value at the beginning</i>	<i>Addition during the year</i>	<i>Deducti on during the year</i>	<i>Valu e at the end</i>	<i>Value at the beginning</i>	<i>Addition during the year</i>	<i>Deduct ions during the year</i>	<i>Valu e at the end</i>	<i>WDV as on 31.03.2012</i>	<i>WDV as on 31.03 .2011</i>
	<u>Tangible Assets</u>											
1	Land	0.00%	23.65		-	23.65	-	-		-	23.65	23.65
2	Building		760.03		-	760.03	296.50	23.18		319.68	440.35	463.53
3	Godown & Store Equipments		92.03	0.28	-	92.31	70.91	3.05		73.96	18.35	21.12
4	Weighing Equipment		24.19	7.15		31.34	21.01	1.50		22.51	8.83	3.18
5	Electric Appliances		11.52	0.76	-	12.28	9.30	0.58		9.88	2.40	2.21

6	Fire Extinguishers		7.49	0.24		7.73	6.55	0.38		6.93	0.80	0.94	
7	Typewriters/Dupli /Calculators		27.94		-	27.94	20.86	0.98		21.8 4	6.10	7.08	
8	Furniture & Fixture		136.29	7.41	-	143.7 0	116.76	6.70		123. 46	20.24	19.53	
9	Vehicles		312.77	94.85	31.94	375.6 8	273.59	32.80	29.46	276. 93	98.75	39.18	
10	Computers		239.25	64.87	41.76	262.3 6	192.18	31.41	41.36	182. 23	80.13	47.07	
	TOTAL (Current Year)		1,635. 16	175.56	73.70	1,737 .02	1,007.66	100.58	70.82	1,03 7.42	699.60	627.4 9	
	(Previous Year)		1,615. 22	41.60	21.66	1,635 .16	947.33	81.50	21.16	1,00 7.67	627.49		
	Capital Work In Progress		11.57	2.18		13.75					13.75		
8.1	The Title of the office building at Mandi (Gross Value Rs. 12.15 lacs) and land of Petrol Pump Gagret & Kingal ,godown at Bhabanagar,Pooh , Kullu, Theog, chango and medicine shop. Theog, Rohroo, Dharamshala, Baijnath, Dehra, Nalagarh,Karsog, Kullu, Rajgarh, Nahan, Kangra, Nurpur, Rampur, Tanda,Chamba & Anni does not vest with the corporation.												
8.2	During the year 2001-02 State Govt. had transferred 62 constructed godowns & 28 godowns under construction to the Corporation on token money of Rs. 2/- only. The title of the land of these godown is not vested with the Corporation.												

8.3	The Corporation has taken a building on lease & had paid a sum of Rs.85.32 lacs(Previous year Rs. 85.32 lac) towards lease money.The depreciation is being provided on the building at the rates prescribed in the companies Act,as the lease is perpetual.	
8.4	The Capital Work in progress includes Rs. 4.38 lacs (Previous year 2.20lac) spent for the construction of LPG godown at Solan, kullu & shimla area.The Title & possession of the land is not vested with the Corporation.	

**H.P.STATE CIVIL SUPPLIES CORPORATION
LIMITED,SHIMLA-9**

Notes on Financial Statement for the year ended on 31st March, 2012

Note No: 9 Other Non-Current Assets

Sr. No	Particulars	Current Year	Previous Year
	Misc.Expenditure	-	2.18
	Total	0	2.18

Note No: 10 Inventories

Sr. No	Particulars	Current Year	Previous Year
1	Closing Stock	5,782.49	6,382.70
2	Stock in transit	955.23	1,161.82
3	Stationery in hand at cost	3.19	4.83

	Total	6,740.91	7,549.35	
10.1	Inventories are valued as per method described in significant accounting policies.			
10.2	The closing stock of commodities purchased under TPDS Policy(State Subsidized Scheme) valued at purchase price excluding VAT.			
10.3	Closing stocks have been taken on the basis of physical verification of stocks conducted			
	at the close of the year. The shortages determined have been classified into normal shortages			
	(for which no financial entries have been passed) & abnormal godown shortages of Rs. 9.70			
	lacs(Previous year Rs10.75 lac) have been shown as recoverable from the employees.			
10.4				
(a)	Items of different sizes, qualities, & nature have been clubbed for the purpose of valuation as			
	per past year practice, keeping in view the fact that the corporation deals in large numbers			
	of misc items with relatively small value. In some cases of institutional supplies, purchases			
	& sales have been booked under different heads.			
(b)	In the field offices, value of stocks of stationary has not been taken into account being of			
	negligible value.			

10.5	Inventory includes slow moving stock costing Rs. 4.02 lacs(previous year 7.93 lacs).		
10.6	Quantitative details of stock under broad heads is attached as per annexure A		
Note No : 11 Trade Receivables (Unconfirmed)			
(Unsecured, Considered good)			
Sr. No	Particulars	Current Year	Previous Year
1	<u>Outstanding for more than six months</u>	101.66	46.61
2	<u>Others</u>	161.89	288.15
	Total	263.55	334.76
11.1	The Company has sent letter of balance confirmation to all the parties but only a few		
	have responded so far. So the balance in the party accounts whether in debit or		
	credit are subject to reconciliation.		
H.P.STATE CIVIL SUPPLIES CORPORATION LIMITED,SHIMLA-9			
Notes on Financial Statement for the year ended on 31st March, 2012			
Note No : 12 Cash & Cash			

<i>Equivalent</i>				
Sr. No	Particulars	Current Year	Previous Year	
1	<u>Cash-in-Hand</u>			
	Cash Balance	0.53	0.70	
	Balance with PDCs	122.70	106.65	
	Stamps in hand	0.01	0.004	
	Remittances in Transit	86.65	115.19	
	Cheques, DDs in hand	15.10	168.20	
	Imprest with PDCs	19.97	20.87	
	Sub Total (A)	244.96	411.61	
2	<u>Bank Balance with Scheduled Banks</u>			
	Current Accounts	648.77	577.32	
	Saving Bank Accounts	0.01	0.01	
	Collection Accounts	241.27	145.02	
	Cash Credit Accounts	3,476.03	2,671.56	
	Margin Money	77.56	60.98	

	Fixed Deposits	4,003.00	3,101.00	
	FDRs jointly with suppliers	3.36	3.36	
	Sub Total (B)	8,450.00	6,559.25	
3	<u>Bank Balance with Non-Scheduled Banks</u>			
	HP State Coop Bank Ltd.			
	Cash/Credit Accounts	81.21	-	
	Collection/Current Accounts	65.53	68.67	
	Savings Bank Accounts	1.44	1.11	
	The JCCB Ltd.			
	Cash/Credit Accounts	14.04		
	Collection/Current Accounts	33.43		
	The KCCB Ltd.			
	Cash/Credit Accounts	1.68	0.56	
	Collection/Current Accounts	32.15	97.22	
	Savings Bank Accounts	8.16	7.14	

	Himachal Gramin Bank			
	Collection/Current Accounts	2.63	4.25	
	Sub Total (C)	240.27	178.95	
	Total [A+B+C]	8,935.23	7,149.81	
12.1	Balances with banks held as margin money & security against borrowing guarantees /			
	other commitments for the year are Rs.77.56 lacs (P.Y Rs.60.97 lacs)			
12.2	Bank Balances confirmation certificate of some bank accounts have not been made available to us.			
H.P.STATE CIVIL SUPPLIES CORPORATION LIMITED,SHIMLA-9				
Notes on Financial Statement for the year ended on 31st March, 2012				
<i>Note No : 13 Short Terms Loans and Advances</i>				
	<i>(Unsecured , Considered Good)</i>			
Sr. No	Particulars	Current Year	Previous Year	
1	Advance to Managing Director	0.23	-	
2	Loan to Staff	39.10	40.92	
3	Advances to Suppliers	2,918.19	1,921.88	

4	Other Loans & Advances	37.93	44.10	
5	Security Deposits	19.45	18.81	
	Total	3,014.90	2,025.71	
Note No : 14 Other Current Assets				
Sr. No	Particulars	Current Year	Previous Year	
1	Interest accrued but not due	128.06	154.65	
2	Prepaid Expenses	30.48	23.65	
3	Income Tax Advance/recoverable	563.93	751.69	
4	Shortages recoverable from Staff	29.67	22.66	
5	Claims recoverable	77.93	42.02	
6	Freight Subsidy recoverable from FCI	1,130.74	734.03	
7	Other Recoverable	5,276.81	3,593.04	
	Total	7,237.62	5,321.74	
14.1	Other recoverable under ' Current Assets Loans and Advances' include a sum of Rs. 310.41 lac			
	(P.Y Rs 288.13 lac) recoverable from Banks.			
14.2	Balance in debit/credit representing amounts/subsidies recoverable from/payable to various			

14.3	Variation in claims and other recoverable pending with various agencies shall be accounted for in
	the year of settlement.
14.4	. . . 01.04.07.
	,
	.
	.66.58 & .131.65 ,106.73 , .74.52 &
	129.84 2007-08 2011-12
	& .
	year are subject to confirmation by the State Govt.
14.5	In the opinion of the Board the value of current assets, loans and advances, if realized in the ordinary course of business shall not be less than the amount at which the same have been stated in the Balance Sheet.
14.6	The embezzlement/misappropriation of stocks/funds amounting to Rs. 27.46 lac (P.Y Rs. 2.00 lac) in respect of Wholesale godown sach, shalli, sub wholesale centre kumar parmar, saichu of mandi area has been detected. Departmental/Criminal proceedings are in progress. The amount is shown recoverable under 'Current Assets, Loans & Advances'.

**HIMACHAL PRADESH STATE CIVIL SUPPLIES CORPORATION LIMITED,
SHIMLA-171009
(A State Government Undertaking)**

Note No. 23

SIGNIFICANT ACCOUNTING POLICIES

1. SYSTEM OF ACCOUNTING

The Corporation follows accrual basis of accounting. The accounts are prepared on a historical cost basis and as a going concern concept. Accounting Policies not referred specifically otherwise, are consistent with generally accepted accounting principles.

2. REVENUE RECOGNITION

Sales comprise of sales of goods and exclude VAT.

3. FIXED ASSETS

- a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation (including other expenses related to installation.)
- b) In case of Assets acquired under subsidies/grants, cost of asset is shown at gross value & grant thereon is treated as Capital Reserve .The depreciation on these fixed assets is met out of capital reserve over the period proportionately.
- c) Item of assets costing Rs. 5000/-or less are fully depreciated in the year of acquisition.

4. DEPRECIATION ON FIXED ASSETS

- a) Depreciation is charged on written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956.
- b) Depreciation is charged on pro-rata basis from the date of addition or as the case may be, up to the date on which the asset has been sold, discarded, demolished or destroyed.

5. INVENTORIES

a) Method of Valuation

- | | |
|--|---|
| i) Subsidised Items
(TPDS) | In case of principal and subsidized items at the latest cost excluding VAT plus average freight or net realizable value whichever is less.

In case of other items: at weighted average cost. |
| ii) New TPDS Policy
(State Subsidized Scheme) | At actual cost. |
| iii) Medicines | At actual cost.

At Retail Shops of Corporation. |
| iv) Damaged /obsolete | At estimated realizable value. |

- | | |
|---------------------|--|
| v) Empties | At realizable value or as fixed by Management. |
| b) Stock-in-transit | At cost. |

6. RETIREMENT BENEFITS

A) GRATUITY

The liability towards gratuity as at the year-end is ascertained on the basis of actuarial valuation. Difference between estimated liability and the corpus available in the "Cash Accumulation Scheme" is partially provided for and charged off to revenue. The State Govt. vide their office memorandum No. Fin.(Pen.)A(3)-1/09-Part-I dated 14th October,2009 enhanced the gratuity payment limit from Rs. 3.5 lacs to Rs. 10.00 lac to the retirees from January,2006. The liability for the enhanced value could not be provided due to non receipt of actuarial evaluation from LIC.

B) PROVIDENT FUND

Contribution to the Provident Fund is made in accordance with the provisions of the Provident Fund Act, 1952.

LEAVE ENCASHMENT

Leave encashment benefits are accounted for on accrual basis as per actuarial valuation difference between estimated liability and the corpus available in the "Cash Accumulation Scheme" is partially provided for and charged off to revenue. The State Govt. vide their Office Memorandum No. Fin.(Pen.)A(3)-1/09-Part-I dated 14th October,2009 allow the Leave Encashment payment to the retirees at a revised pay & allowances from January,2006. The liability for the enhanced value could not be provided due to non receipt of actuarial evaluation from LIC.

7. CONTINGENT LIABILITIES

Contingent liabilities are not provided for and are disclosed separately in notes.

8. CAPITAL WORK IN PROGRESS

Comprises advance paid to acquire assets and the cost of assets not yet ready for their intended use at the Balance Sheet date.

ADDITIONAL LIABILITIES ON COMPLETION OF INCOME TAX/SALES TAX/VAT ASSESSMENT.

These are accounted for:

- In the year in which the demand arises, if accepted by the Corporation.
- In the year of final decision/settlement in respect of disputed matters under appeal/reference/revision etc.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2012

23. **Contingent liabilities**

(i)	Claims against the Corporation not acknowledged as debts	Rs.344.97 lac (previous year Rs.344.97 lac)	24. Liabilities, if any, in respect of pending assessment of sales tax/VAT have not been provided being undetermined.
ii)	Estimated amount of contracts remaining to be executed on capital account not provided for	Rs. 40.41 lac approx. (previous year Rs. 40.41 lac)	

ined. **(b) Others**

25.	i) Bank Guarantee to Suppliers	Rs. 77.56 lac (Previous year Rs. 60.98 lac)	Liabilities, in respect of late deposit of deducted source Service have not provided
if any, of tax at and Tax been being undetermined.	ii) In respect of liability towards pending Income Tax & Sales Tax appellate proceedings.	Rs.418.34 lac (previous year Rs. 565.84 lac)	

26. One truck of the Corporation had met with an accident at Pagmoh on 22.8.97 in which 18 persons died. Legal heirs of the 17 deceased have lodged claims for Rs. 149.00 lac against the Corporation under Motor Vehicle Act for grant of compensation. The Corporation had made provision of Rs. 90.00 lac as compensation payable during the year 1998-99. Balance amount is shown under "Contingent Liabilities". Now the Hon'ble Court has decided all the cases and given verdict against the Corporation. Accordingly, the Corporation has paid the liabilities in 13 cases amount to Rs. 76.05 lac and partial payment of Rs. 2.00 lac in rest of four cases. The balance liability will be paid as and when the demand received from Insurance Company as per the directions of the Hon'ble Court.

27. Provision of the differential amount of levy sugar margin fixed by the Govt. of India for the financial year 2003-04 and financial year 2004-05 vide their letter dated 21st July, 2006 has not been made in the accounts due to non-conveying of final margins by the Govt. of India.

28. Payment to statutory auditor..... Rs. 66,180/-

29. Details pertaining to AS-18 on "Related Party Disclosure" issued by ICAI are as under:-

During the year the remuneration and sumptuary allowances paid to Managing Director & Directors of the Corporation and advance recoverable as on 31.3.2012 is as given below:-

S.N.	Name of Vice Chairman	Sumptuary allowance	Advance as on 31.3.2012
1.	Sh. Ram Swaroop Sharma (Vice Chairman) (1.4.2011 to 31.3.2012)2	Rs. 1,20,000/-	-Nil-

Sr.No	Name	Salary paid	Advance as on 31.3.12
1	Sh. Padam Singh Chauhan ,IAS (MD) (1.4.2011 to 31.3.2012)	Rs. 1179045/-	Rs.23098

30. Figures for the previous year have been regrouped/recasted wherever necessary, to make them comparable with the figures of the current year.

31. Cash Flow Statement as required by "AS 3" Cash Flow Statement is enclosed.

32. Deferred tax in accordance with Accounting Standard 22 " Accounting for taxes on Income" has not been recognized since there are permanent differences in accounting for grant in subsidies received for fixed assets acquisitions as per Balance Sheet (refer accounting policy 3 (b) and as allowed by Income Tax Act, 1961.

33 Figures are rounded off to the nearest Rupees in lacs.

34. Notes 1 to 33 form an integral part of the Balance Sheet and the Profit and Loss Account have been duly authenticated.

(Arvind Sharma)

Company Secretary

(R.C. Bhatia)

(Rameshwar Sharma)

(A.S Rathore)

(B.M. Nanta)

Manager Finance

Executive Director

Director

Managing Director

As per our report of even date attached

For J.K. Jain & Associates.
Chartered Accountants
Firm Registration No.004025N

(CA.J.K, Jain)
Partner

(Membership No. 083140)

Place : Shimla

Date :

HIMACHAL PRADESH STATE CIVIL SUPPLIES CORPORATION LIMITED, SHIMLA-9

Part- IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration details

Registration No.

		4	2	6	3
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 State Code

0	6
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Balance Sheet date

Day Month Year

31	03	2011
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II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Rights Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Bonus Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Private Placement

			N	I	L			
--	--	--	---	---	---	--	--	--

III. Position of mobilization and Deployment of Funds (Amounts in Rs. Thousand)

Total liabilities

				2	3	0	2	2	6	0
--	--	--	--	---	---	---	---	---	---	---

Total Assets

				2	3	0	2	2	6	0
--	--	--	--	---	---	---	---	---	---	---

Sources of funds

Paid up Capital

Reserves & Surplus

						3	5	1	5	0
--	--	--	--	--	--	---	---	---	---	---

Secured Loans

							1	8	9	5	2	3
--	--	--	--	--	--	--	---	---	---	---	---	---

Unsecured loans

						2	4	8	3	9
--	--	--	--	--	--	---	---	---	---	---

									9	4	4
--	--	--	--	--	--	--	--	--	---	---	---

Application of funds

Net fixed assets

						6	3	9	0	6
--	--	--	--	--	--	---	---	---	---	---

Investments

									-	-	-
--	--	--	--	--	--	--	--	--	---	---	---

Net Current Assets

						1	8	6	3	3	2
--	--	--	--	--	--	---	---	---	---	---	---

Misc. Expenditure

										2	1	8
--	--	--	--	--	--	--	--	--	--	---	---	---

Accumulated losses

									-	-	-
--	--	--	--	--	--	--	--	--	---	---	---

IV. Performance of Company (Amounts in Rs. Thousand)

Turnover

								1	0	8	3	6	3	6	4
--	--	--	--	--	--	--	--	---	---	---	---	---	---	---	---

Profit before tax

Total Expenditure

									1	0	8	0	5	4	0	1
--	--	--	--	--	--	--	--	--	---	---	---	---	---	---	---	---

(+)Profit after tax

											3	0	9	6	3
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Earning per share in Rs.

															2	1	0	4	6
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Dividend rate %

AUDITOR'S REPORT

The Members

H.P. State civil Supplies Corporation Limited.

Shimla.

We have audited the attached Balance Sheet of **H.P. State Civil Supplies Corporation Limited, Shimla** as at 31st March 2012 and also the Statement of Profit and Loss Account of the Company for the year ended on the same 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.
2. As required by Companies (Auditor's Report) Order, 2003, and as amended by Companies (Auditors Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
3. Further to our comments in the annexure referred to in Paragraph (3) above read with "Significant Accounting Policies and Notes" forming part of accounts, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - c. The Balance Sheet and Statement of Profit and Loss Account referred to in this Report are in agreement with the books of accounts.
 - d. Subject to the matters referred to in the paragraphs given below, in our opinion, the Balance sheet and Statement of profit and loss account comply with the accounting standards referred to in Sub-Section 3 (c) of section-211 of The Companies Act, 1956.
 - (i) To calculate latest cost of Principal and subsidies items for valuation of closing stock, average purchase price of the month of March has been taken in case of Cement, Rice, Wheat, Free sale sugar, Non controlled Atta. Whereas as per AS-2 "Valuation of Inventories "latest cost should have been derived using "First in First out" (FIFO) Method. In absence of complete information impact on profit is not ascertainable.{Refer Accounting Policy No.5 (a)(i)}.

- (ii) Non reporting of Segment Information as required by AS-17 "Segment Reporting" which is mandatory for the Corporation.
 - (iii) Non reporting of Deferred Tax as required by AS-22 "Accounting for Taxes on Income" which is mandatory for the Corporation.
 - (iv) Non providing of retirement benefits such as gratuity, leave encashment etc. strictly as required by AS-15" Accounting for Retirement Benefits" Refer significant accounting policies point no 6 (a&c).
- e. Reference is invited to following notes contained in"Significant Accounting Policies & Notes on accounts".
- (i) Note 6 & 11.1: Few parties are appearing both under the head Trade Receivables (current assets) and Advances from customers(Other current liabilities). Thereby both the assets and liabilities of the Corporation have been overstated. The exact amount could not be ascertained.
 - (ii) Note 6.1: The corporation has decided to transfer certain fund to employees superannuation fund. the above scheme for employees of the corporation is however pending for approval with the RPFC, Shimla. During the year, the corporation has made a provision of Rs 200 lacs (previous year 250 lacs). Total amount accumulated in this fund as on 31.03.12 amounts to Rs 1050 lacs. Pending calculation of actual liability, its impact on profit cannot be ascertained.
 - (iii) Note 6.2 & 14.1: regarding balances payable to/recoverable from Banks Rs. 45.35 lacs (Net Payable) and its impact on profit.
 - (iv) Note 6.3: regarding creation of liability for ex-gratia payable to employees in absence of Government approval. Profit for the year is under stated to the extent of Rs. 24.92 lacs.
 - (v) Note 6.4: The Corporation had deducted LD charges amounting to Rs. 2.06lacs during the year from suppliers for non-fulfillment of supply schedule. Out of the total amount deducted Rs.1.55 lacs has been taken to revenue and the balance Rs.0.51lacs has been kept as payable to them and shown under "Other Current Liabilities". In absence of any specific policy/scientific base, its impact on profit could not be ascertained.
 - (vi) Note 6.6: regarding provision of rents recoverable and rent payable on estimated basis, impact on profit could not be ascertained in absence of complete information.
 - (vii) Note 8.2: regarding title of properties not vested with Corporation.
 - (viii) Note 8.3: regarding charging depreciation on lease hold building considering the lease to be perpetual instead of amortizing the lease money annually over the period of lease and charging annual rentals to revenue.
 - (ix) Note 10.4(a): regarding Clubbing/booking of items of different sizes, qualities and nature for valuation of closing stock and its impact on profit could not be ascertained,

(x) Note 10.5: Regarding slow moving stock of Rs. 4.02 lacs and its impact on profit.

(xi) Note 12.2: Bank Balance confirmation certificate of some bank accounts have not been made available to us.

(xii) Note 14.2: regarding non-confirmation of balances in debit/credit representing amount/subsidies recoverable from and payable to various Governments and other parties and its impact on profit.

(xiii) Note 14.3: Variation in claims and other recoverable pending with various agencies, actual impact on profit could not be ascertained.

(xiv) Note 14.6: According to the information and explanation given to us, fraud/embezzlement/misappropriation of stock/funds have been detected amount to Rs.27.46 lacs departmental/ criminal proceedings have been initiated and also investigation is in process, by the corporation, in respect of certain matters/unauthorized expenses, made at some depots/offices. Outcome/result of the same may impact profitability of the corporation.

(xv) Note 24: regarding non provision of liability for non deposit/late deposit of Sales Tax and VAT.

(xvi) Note 25: regarding non provision of liability for late deposit of Tax deducted at source & Service Tax.

(xvii) Note 27: regarding non provision of differential amount of levy sugar margin fixed by Government of India for financial years 2003-04 and 2004-05. Its impact on profit could not be ascertained in absence of complete information.

(xviii) We further report that had the qualifications where amounts ascertained in above paras being considered. The reported profit of Rs.603.59 lacs for the year after adjustment of prior period items would have been Rs.628.96 lacs and the balance in "Surplus as per Profit and Loss Account" would have been Rs.2162.89 lacs against the reported figures of Rs.2188.26 lacs.

f. Pursuant to the provisions of sub section (1)(g) of section 274 of the Companies Act 1956, we report as under :

On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director of the company in terms of Clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

g. In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read with and subject to notes thereon, give the information required by Companies Act,1956 in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
- b) In the case of the Statement of Profit and Loss Account, of the profit for the year ended on 31st March 2012 and
- c) In the case of Cash flow Statement, of the Cash Flow of the Company for the year ended on that date.

For J.K. JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

Place: **Shimla**

(C.A Harish Dua)

Date:

Partner

Membership No. 506435

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Para (3) of our Report of even date)

- (i) (a) In respect of fixed assets, the corporation has maintained records but it does not show full particulars including quantitative details and situation in most cases of such assets.

(b) According to information and explanations given to us, all the fixed assets have not been physically verified by the management at reasonable intervals. The discrepancies observed have not been adjusted in accounts, being of negligible value.

(c) During the period, company has no disposed off any substantial/major part of fixed assets.
- (ii) (a) As explained to us, the closing stocks have been physically verified by the management twice during the year on 30.09.11 & 31.03.12.

(b) In our opinion and according to information & explanations given to us, the Procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Corporation and the nature of its business. However frequent surprise check must be introduced.

(c) The discrepancies noticed in physical stocks and book records on such verification were classified into normal and abnormal shortages by the management. No financial entries have been passed for normal shortages and abnormal shortages have been shown as recoverable from the employees.

(d) On the basis of our examination of the records we are of the opinion that valuation of stocks is not in accordance with normally accepted accounting principles.
 - (1) To calculate latest cost of principle & subsidized items for valuation of closing stocks, average purchase price of the month of march has been taken in case of cement, rice, wheat, free sale sugar & non- controlled atta etc. This is not in consistence with AS-2, "Valuation of Inventories" which requires stock to be valued at cost according to FIFO principle.
 - (2) There is no material deviation in the basis of valuation from the preceding year.
(e) During the year. It was found that stock of wheat and rice diverted from one scheme to another scheme. However at the year end, at the time of valuation of these stocks, the same was correctly adjusted. Hence internal control over these stocks need improvement.
- (iii) According to the information and explanation given to us, the Corporation has not granted/taken any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 and /or from the companies under the same management as defined under sub- section (1B) of section 370 of the companies act, 1956.

(b) Loans and advances in the nature of loans have been given to employees of the corporation. The principle amount and interest, if any, is being generally recovered as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedures commensurate with the size of the Corporation and the nature of its business with regard to purchase of stores, raw materials including components and, plant and

machinery, equipment and other assets and for the sale of goods, however the same needs to be strengthened with respect to its accounting on regular basis. Also with respect to cash/fund management. The same requires strict day to day monitoring by devising suitable management information system and its accounting on regular basis.

- (v) In our opinion and accordance to the information and explanation given to us, there are no transactions of purchase of goods, material and services during the financial year, aggregating to Rs 500,000/- and more in respect of each party in pursuance of the contracts or agreements entered in the register maintained under section 301 of the companies act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the corporation has not accepted any deposit from public within the meaning of Section 58A & 58AA of the Companies Act,1956.
- (vii) The internal Audit System is generally commensurate with the size of the corporation and nature of its business. However, scope of internal audit needs to be enlarge/redefined. Follow up procedure/ action on internal audit reports needs strict implementation/compliance.
- (viii) The Company is not required to maintain cost records under section 209 (1)(d) of the Companies Act ,1956.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, the company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, and other material statutory dues applicable to it. We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable. As explained to us , provisions of ESI Act are not applicable to the corporation.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no disputed dues of Income Tax, Wealth Tax, Sales Tax, custom duty, excise duty and cess matters.
- (x) The company does not have accumulated losses as at the end of the financial year 31st March, 2012, and it has not incurred any cash losses during the current financial year.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the company during the period has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information & explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute as specified under paragraph 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information & explanations given to us, the company is not dealing or trading in shares, securities & other investments.
- (xv) In our opinion and according to the information & explanations given to us, the corporation has not given guarantees during the year for loans taken by others from banks or financial institutions.
- (xvi) No term loans have been taken by the corporation during the year.
- (xvii) According to the information & explanations given to us and on overall examination of the balance sheet of the company, we report that short term funds have not been used to finance long term investments and vice versa.
- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) During the period, since the company has not issued any debentures, paragraph 4 (xix) of the Order is not applicable.
- (xx) During the period, since the company has not raised any money by way of public issue, paragraph 4 (xx) of the Order is not applicable.
- (xxi) According to the information and explanations given to us, fraud/embezzlement/misappropriation of stocks/funds has been detected during the year, for which departmental/criminal proceedings have been

initiated and also, investigation is in process by the corporation, in respect of certain matters/unauthorized expenses, made at some depots/offices in earlier years.

For J.K. JAIN & ASSOCIATES

CHARTERED ACCOUNTANTS

(C.A Harish Dua)

Partner

Mebership No. 506435

Place: **Shimla**

Date:

