

Case No.91 of 2012

PUBLIC NOTICE

23-11-2012

WHEREAS M/s. Power Grid Corporation of India Ltd.(M/s.PGCIL) under S.14 and 15 of the Electricity Act,2003 has filed an application before this Commission for issuance of Distribution license in respect of “Wire Business” only in the supply area of CESU.

WHEREAS the said Applicant has published a Public Notice in Newspaper stating its intention and inviting objections from the general public.

AND WHEREAS the Commission has decided to hold a Public hearing to dispose of the matter considering the importance of the application.

Therefore, the Commission hereby decides to fix the above hearing **on 14.12.2012 at 11 AM** in the Hearing Hall of the Commission at Bhubaneswar.

All the objectors, respondents and interested members of public are required to participate in the same on date and time mentioned above.

For details visit the Commission’s website: www.orierc.org.

By the order of the Commission

Sd/-

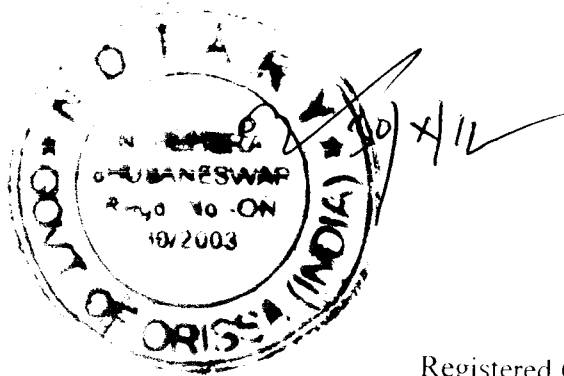
Secretary I/c.

BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR

.....
Application under Section 14 and 15 of the Electricity Act 2003 read with Section 26 of the
Orissa Electricity Regulatory Commission (Conduct of Business) Regulation, 2004 for grant of
Distribution License for carrying out "Wires Business" only in the State of Orissa.
.....

CASE NO.91... of 2012

.....
Power Grid Corporation of India Limited



Registered Office:
B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016

Address for Correspondence:
C/o General Manager (Distribution), Power Grid Corporation of India Limited
27, Sahid Nagar, Bhubaneswar - 751007

BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR

CASE NO. ...91... of 2012

IN THE MATTER OF

Application under Section 14 and 15 of the Electricity Act 2003 read with Section 26 of the Orissa Electricity Regulatory Commission (Conduct of Business) Regulation, 2004 for grant of Distribution License for carrying out "Wires Business" only in the State of Orissa.

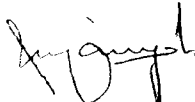
Power Grid Corporation of India Limited

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016
Address for Correspondence: C/o General Manager (Distribution), Power Grid Corporation of India Limited, 27, Sahid Nagar, Bhubaneswar - 751007

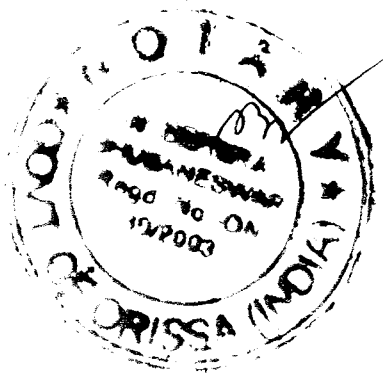
INDEX

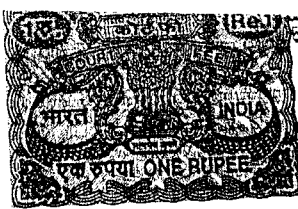
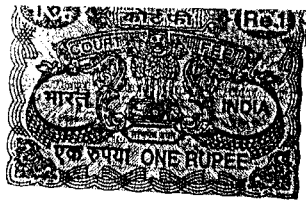
Sl. No.	Description	Annexure No.	Page No.
1	Application of Distribution License		1-18
2	Annual Report furnishing three statutory financial statement for FY 2011-12	A1,	19-270
3	Annual Report furnishing three statutory financial statement for FY 2010-11	A2	271-520
4	Annual Report furnishing three statutory financial statement for FY 2009-10	A3	521-686
5	Articles of Association/ Memorandum of Association	B	687-750
6	Certificate of Incorporation / Registration	C	691
7	Certification for Commencement of Business	D	693
8	Original Power of Attorney of the Signatory to commit the applicant or its promoter	E	751-752

Filed by
Power Grid Corporation of India Limited


Represented by Venkat S. Tata
General Manager (Distribution)

Place: Bhubaneswar
Date: 30th October 2012





BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR

CASE NO. ...91.. of 2012

IN THE MATTER OF

Application under Section 14 and 15 of the Electricity Act 2003 read with Section 26 of the Orissa Electricity Regulatory Commission (Conduct of Business) Regulation, 2004 for grant of Distribution License for carrying out "Wires Business" only in the State of Orissa.

Power Grid Corporation of India Limited

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016
Address for Correspondence: C/o General Manager (Distribution), Power Grid Corporation of India Limited, 27, Sahid Nagar, Bhubaneswar – 751007

To,
The Secretary,
Orissa Electricity Regulatory Commission,
Bhubaneswar

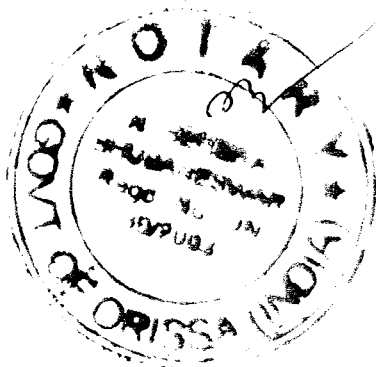
Sir,

The application filed under Section 14 and 15 of the Electricity Act 2003 read with Section 26 of the Orissa Electricity Regulatory Commission (Conduct of Business) Regulation, 2004 for grant of Distribution License for carrying out "Wires Business" only in the State of Orissa, may please be registered.

Applicant
Power Grid Corporation of India Limited

Represented by Venkat S. Tata
General Manager (Distribution)

Place: Bhubaneswar
Date: 30th October 2012



BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN, UNIT- VIII , BHUBANESWAR-751012

CASE NO. ...91.. of 2012

IN THE MATTER OF

Application under Section 14 and 15 of the Electricity Act 2003 read with Section 26 of the Orissa Electricity Regulatory Commission (Conduct of Business) Regulation, 2004 for grant of Distribution License for carrying out "Wires Business" only in the State of Orissa to M/s Power Grid Corporation of India Ltd (A Govt. of India Enterprises)

AND

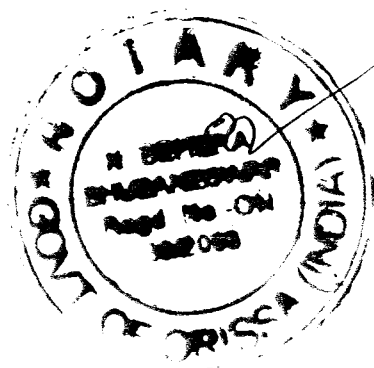
IN THE MATTER OF : M/s POWER GRID CORPORATION OF INDIA LTD
a Company Incorporated under the Companies Act -1956 having it's Registered Office at B-9,
Qutab Institutional Area, Katwaria Sarai, New Delhi - 110 016.

... .. APPLICANT

VERSUS

1. M/s CENTRAL ELECTRICITY SUPPLY UTILITY of ODISHA (CESU) ,
2nd Floor , IDCO TOWERS , Janpath, Bhubaneswar -751022
2. M/s ORISSA POWER TRANSMISSION CORPORATION LTD,
JANPATH , BHUBANESWAR -751022, ODISHA
3. M/s GRID CORPORATION OF ORISSA LTD,
JANPATH , BHUBANESWAR -751022, ODISHA
4. GOVT. OF ODISHA , DEPT. OF ENERGY ,
SECRETARIAT BUILDING , BHUBANESWAR ,ODISHA

... .. RESPONDENTS



BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR

CASE NO. **91**.. of 2012

IN THE MATTER OF

Application under Section 14 and 15 of the Electricity Act 2003 read with Section 26 of the Orissa Electricity Regulatory Commission (Conduct of Business) Regulation, 2004 for grant of Distribution License for carrying out "Wires Business" only in the State of Orissa.

AND

Power Grid Corporation of India Limited

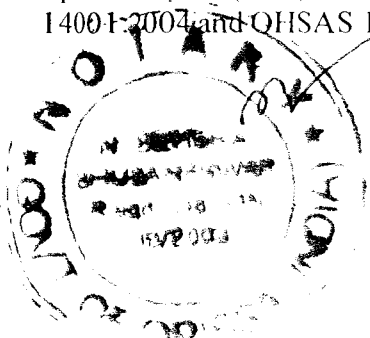
Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016
Address for Correspondence: C/o General Manager (Distribution), Power Grid Corporation of India Limited, 27, Sahid Nagar, Bhubaneswar – 751007

..... APPLICANT

POWERGRID :

Power Grid Corporation of India Limited (POWERGRID), a premier public sector enterprise of India, operating under Ministry of Power (Govt. of India), is a Transmission Utility cum Global Consultant providing multidisciplinary expertise at all stages of power transfer.

- ❖ World's Third Largest Transmission Utility
- ❖ Designated as Central Transmission Utility for India
- ❖ Turnover of Rs. 10785 Crores & Gross Asset Base of Rs. 63,387 Crores, as on 31.03.12
- ❖ Owns and operates 95,850 ckm of Transmission Lines & 157 EHV substations with transformation capacity of 144,300 MVA, as on Sept'12
- ❖ Dedicated workforce of 9600 with expertise in Planning, Design, Construction and O&M of EHV AC & DC Transmission Lines
- ❖ Executed projects worth more than US\$ 5 billion funded by multilateral funding agencies viz. The WB, ADB, IBIC etc.
- ❖ Extensive Experience in Distribution - RGGVY Projects : assigned 69 Projects in 9 states worth Rs 7135 crores
- ❖ APDRP (Accelerated Power Development & Restructured Programme) Experience : Undertaken 177 Schemes in 18 States at a cost of Rs. 6620 Crore as Advisor-cum-Consultant. In addition, executed Schemes worth about Rs. 1,100 Crore in Bihar, Goa, Meghalaya, Uttar Pradesh, Tripura & Gujarat.
- ❖ 1st Power Utility & 2nd Company in the World to get certified to Publically Available Specification (PAS) 99:2006 integrating the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.



The Applicant respectfully submits as under:

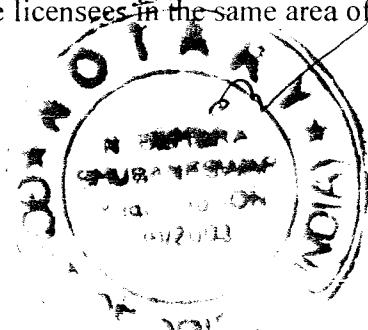
1. Power Grid Corporation of India Limited hereby submits this Application under Section 14 and 15 of the Electricity Act, 2003 read with Section 26 of the Orissa Electricity Regulatory Commission (Conduct of Business) Regulation, 2004 for grant of Distribution License for carrying out "Wires Business" only in the State of Orissa to build, own, operate and maintain 33 kv lines, 11 kv lines, 33/11 kv substations and associated Hierarchical Remote Control Centers (hereinafter referred to as "the Project")
2. The Central Electricity Supply Utility of Orissa (CESU) has vide letter ref: CEO 29777 dated 15th September 2012 have agreed to entrust Power Grid Corporation of India Limited (herein after referred to POWERGRID) to take up a detailed survey in Bhubaneswar, Khurda & Puri and other districts, as may be referred by CESU and other prepare a Detailed Project Report (DPR) for upgradation of 33 kv, 33/11 kv substations and 11 kv lines upto DTR, taking into account future load growth for which additional lines and substations would be provided including automation through SCADA control of a number of 33/11 kv substations from hierarchical Distribution Management centers alongwith Communication Network. The said DPR would be finalized in consultation with CESU.

The final DPR will be submitted to Hon'ble Orissa Electricity Regulatory Commission (herein after referred to as State Commission) for approval, before taking up the works, through their own funding. **The recovery of cost of investment by PGCIL is to be done through a Distribution Charge (Wheeling charge) to be determined by the Hon'ble State Commission which will be paid by CESU, through Escrow arrangement amongst GRIDCO, DISCOMS and the Bank, by way of first charge. In addition, POWERGRID would also request Government of Orissa for state government guarantee, for securitization of the payment.**

3. That in exercise of powers under sub-section (1) of section 38(1) the Electricity Act 2003, Government of India has declared POWERGRID as the Central Transmission Utility (CTU). It further provides that the CTU shall not engage in the business of generation of electricity or trading in electricity, but does not exclude the CTU from the wheeling of electricity.
4. Section 66 of the Electricity Act 2003 provides "The appropriate commission shall endeavor to promote the development of a market (including trading) in power in such manner as may be specified and shall be guided by the National Electricity Policy referred in section 3 in this regard. The entry of the applicant into the "wires Business" is in line with the objectives of the National Electricity Policy which are elaborated below. The applicant therefore prays that license may be granted based on the following guidelines of the National Electricity Policy.

The National electricity policy provides as follows:

- i. The real challenge of reforms in the power sector lies in efficient management of the distribution sector.
- ii. The Act provides for a robust regulatory framework for distribution licensees to safeguard consumer interests. It also creates a competitive framework for the distribution business, offering options to consumers, through the concepts of open access and multiple licensees in the same area of supply.



- iii. Private sector participation in distribution needs to be encouraged for achieving the requisite reduction in transmission and distribution losses and improving the quality of service to the consumers.
5. Section 62 of the Electricity Act 2003 clearly recognizes 'wheeling' and 'retail sale' of electricity as two distinct areas. Further Section 14 specifies that "a distribution licensee shall not require a license to undertake trading in electricity. The above inter-alia means that "Wheeling" and "Trading" are two distinct activities. The applicant therefore prays for license for the "Wire Business (Wheeling activity)" only.
6. Section 42 (2) of the Electricity Act 2003 states that "The State Commission shall introduce Open Access in such phases and subject to such conditions, (including the cross subsidies, and other operational constraints) as may be specified within one year of the appointed date by it and in specifying the extent of open access in successive phases and in determining the charges for wheeling, it shall have due regard to all relevant factors including such cross subsidies, and other operational constraints:"

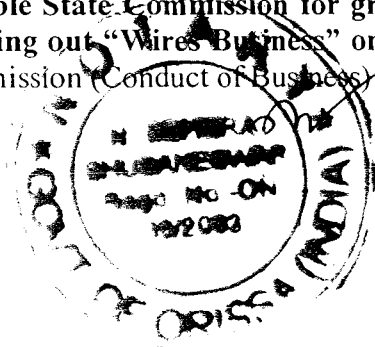
As per Section 2(17) a "**Distribution licensee**" is defined as "a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply". Further as per Section 2(19) "**Distribution system**" means "the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers". Read with Section 2(76) whereby "**wheeling**" means the operation whereby the distribution system and associated facilities of a transmission licensee or distribution licensee, as the case may be, are used by another person for the conveyance of electricity on payment of charges to be determined under section 62. Hence the applicant prays for distribution license for "Wire Business", against payment of charges within the ambit of the definition of distribution licensee.

7. Further Section 14, Electricity Act 2003 also provides that a Government company shall be deemed to be a licensee under the Act.

As per section 2 (31) of the Electricity Act 2003, "Government Company" shall have the meaning assigned to it in section 617 of the Companies Act, 1956. As per Section 617 of the Companies Act, 1956 Government Company, means any company in which not less than fifty one per cent of the {paid-up share capital} is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary of a Government Company.

POWERGRID is a Government Company, in terms of Section 617 of the company's act. The shareholding of POWERGRID is 69.42% with Government of India and the balance 30.58% is held by the public. Copy of the shareholding pattern as on 30.09.2012, is enclosed as **Annexure-1**. **The applicant therefore prays before the Hon'ble State Commission to declare the applicant as a deemed Distribution licensee in the State of Orissa**

8. Notwithstanding the deemed licensee status of the applicant, **the applicant hereby prays before the Hon'ble State Commission for grant of Distribution License in the State of Orissa for carrying out "Wires Business" only under Section 26 of the Orissa Electricity Regulatory Commission (Conduct of Business) Regulation, 2004.**



APPENDIX 3 A
(See Regulation 26)

ORISSA ELECTRICITY REGULATORY COMMISSION

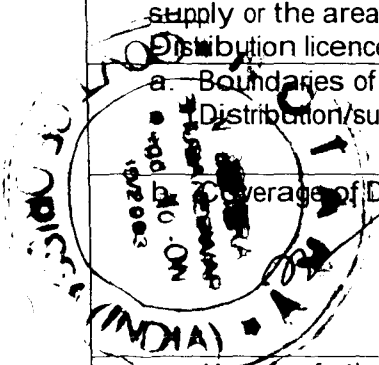
FORM – 1: Application Form for grant of a Distribution Licence in the State of Orissa

The applicant must submit the completed application in six copies to the Secretary, Orissa Electricity Regulatory Commission, Vidyut Niyamakh Bhavan, Unit VIII, Bhubaneswar-12 along with application fee of Rs. xxx (Rupees in words) in form of a DD drawn in favour of Orissa Electricity Regulatory Commission, payable at Bhubaneswar.

PART-A: GENERAL INFORMATION OF APPLICANT	
1. Details of Applicant	
a. Full Name of the Applicant	Power Grid Corporation of India Limited
b. Full Address of the Applicant	Saudamini, Plot No. 2, Sector-29, Gurgaon-122001
c. Name, Designation & Address of the Contact Person	Venkat S. Tata General Manager (Distribution-Orissa) Power Grid Corporation of India Limited Plot No.27, Sahid Nagar, Bhubaneswar- 751007
d. Contact Telephone Numbers	
Fax Number(s)	+91-674-2548174
Contact Telephone Numbers	+91-9437575631
Email ID	vstata@powergridindia.com
2. Nature and Details of Ownership	
a. Company/ Firm/ Co-op Society/ Individual/ Others :	Company
b. When and where Company Incorporation/ Registration	New Delhi
Place of Incorporation/ Registration :	New Delhi
Year of Incorporation :	
Registration Number	
Place of Registration of the firm, co-op society	
3. Names and Addresses of Directors/partners/governing body members/trustees	Shri R.N. Nayak Chairman & Managing Director, POWERGRID, Saudamini, Plot-2, Sector-29, Gurgaon-122001, Haryana



	<p>Shri I. S.Jha Director (Projects), POWERGRID, Saudamini, Plot-2, Sector-29, Gurgaon-122001, Haryana</p> <p>Shri. R.T.Agarwal Director (Finance) POWERGRID, Saudamini, Plot-2, Sector-29, Gurgaon-122001, Haryana</p> <p>Shri Ravi P Singh Director (Personnel) POWERGRID, Saudamini, Plot-2, Sector-29, Gurgaon-122001, Haryana</p> <p>Shri R.P.Sasmal Director (Operations) POWERGRID, Saudamini, Plot-2, Sector-29, Gurgaon-122001, Haryana</p>
4. Details of the area of distribution and supply or the area of operation for which Distribution licence has been sought:	
a. Boundaries of the proposed Area of Distribution/supply/operation:	Districts of Puri, Khurda, Nayagarh, Cuttack, Dhenkanal, Jagatsinghpur, Angul, Kendrapara and part of Jajpur of Orissa
b. Coverage of Distribution Network	33 kv lines, 33/11kv Substations, 11 kv lines upto DTR, and associated Hierarchal Distribution Management Centres including their communications network.
c. Nature of other electricity licenses / authorisation, if any, for electricity transmission, distribution or trading already granted :	Central Transmission Utility
d. Arrangement proposed for Sourcing of Power	Not Applicable
i. Voltages	Not Applicable
ii. Source of Supply (Name of supplier):	Not Applicable
iii. Quantum of electricity proposed to be handled (Demand in MW and Energy in MU):	Not Applicable
iv. Purchase price at which electricity is proposed to be procured:	Not Applicable

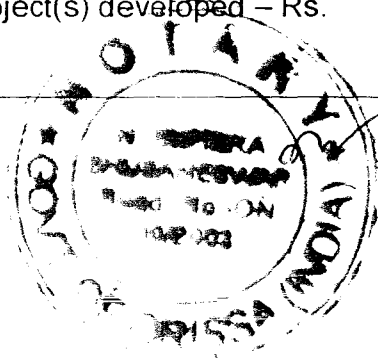


e. Supply of Power	Not Applicable
i. Voltages	Not Applicable
ii. Categories of Distribution & Supply	Not Applicable
f. Method and manner of establishing a forum for redressal of consumer grievances:	Not Applicable as the license is sought for wheeling of power up to DTR (excluding DTR).
g. Funding arrangements (source and application) to meet supply obligations:	Not required.
5. Arrangement, if any, proposed with the existing distribution licensee in the area of distribution or Supply	The existing distribution licensee (CESU) would continue to own, maintain, operate and service all Consumers Connections, LT lines, Distribution Transformers & existing 33kv/11kvlines. POWERGRID would construct, own, maintain and operate new 33/11kvSubstations, 33 kv lines and 11 kv lines upto DTR. POWERGRID could also takeover and retrofit/augment existing 33/11 kv substation, of CESU, as may be mutually agreed and construct and operate Hierarchal Distribution Management Centers along with the necessary communication links, RTUs, etc.
6. Arrangement with the Transmission Licensees and other distribution licensees for evacuation of Electricity	Not Applicable
7. Resume of the Organisation giving details of	Annual Report for 2011 -12 enclosed
Management capability	
Financial Strength	
Ability to discharge distribution and supply activities in a sustainable manner	

8. Prior Experience (Past 3 years details for Related Business)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)]

General Information	
Name & Address of the projects(s) developed	As CTU owns and operates 95,850 Circuit km of Extra High Voltage transmission lines, 157 substations and transformation capacity of 144,300MVA (as on September 14, 2012)
Brief description of project(s) developed	Under RGGVY program have electrified 64,803 villages and provided service connections to about 33.57 lakh BPL households .
Cost of the project(s) developed – Rs. Lakhs	

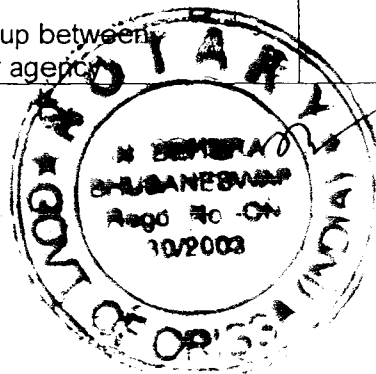


Name & Address of the Client company(s) for whom the project(s) were developed	In 10 th plan APDRP Advisor-cum-Consultant in 18 states comprising 168 projects valued at Rs.6,600 crores. Also directly executed in the states of Bihar, UP, Gujarat, Meghalaya and Tripura. In addition executed Distribution works in Goa
--	---

9. Details of the Assets and facilities required for the Business

- i. Is the applicant acquiring Existing Assets or Creating New Assets? **Both**
- ii. For applicants acquiring Existing Assets

Funding	Through Equity and Loans
<p>Proposed means of Finance</p> <p>Equity (Rs Lakhs)</p> <p>Applicant</p> <p>Co-promoters</p> <p>Others</p> <p>Debt</p> <p>Domestic (Rs lakh)</p> <p>Indian Financial Institutions</p> <p>Commercial Banks</p> <p>Others (give details)</p> <p>International (FC Million)</p> <p>Supplier's Credit</p> <p>Direct Borrowing</p> <p>Others (give details)</p> <p>Equivalent INR (with Exchange rate used)</p> <p>Others</p>	<p>Model arrangement with CESU is yet to be finalized. Shall be furnished subsequently.</p>
<p>In case Asset Procurement/Project is proposed to be jointly funded by an External Agency</p> <p>Name & Address of the Agency, and Contact details of the reference person of the Agency (name, address, telephone/fax numbers, email etc.)</p> <p>Proposed Equity from the Agency (Rs. Lakhs)</p> <p>Agency's equity as a percentage of total equity (%)</p> <p>Nature of proposed tie-up between Applicant and the other agency</p>	<p>Business Plan Model is yet to be finalized. Shall be furnished subsequently</p>



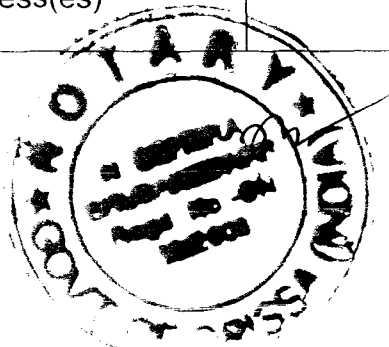
<p>Details of debt proposed for the Asset Procurement/Project</p> <p>Details of Loan packages indicating the loan amount, currency, Term of loan, interest rate, up-front fees, Commitment charges. etc.</p> <p>Whether any guarantee is being sought for the loans from any agency.</p> <ul style="list-style-type: none"> If Yes, provide details 	<p>Business Plan Model is yet to be finalized. Shall be furnished subsequently</p> <p>Yes/No</p> <p>To be furnished</p>
--	---

iii. For Applicants creating New Assets

EPC	To be decided
<p>Whether the Applicant is proposing to employ an EPC Contractor</p> <p>If Yes, Name, Address & contact details of the same.</p> <p>Proposed Contract Value Foreign Currency Equivalent INR (with Exchange rate used)</p>	<p>Yes/No (To be Decided)</p> <p>—</p>

iv. For Applicants employing other contractors

Other Contracts	
<p>Whether the Applicant is proposed to employ any Contractor(s) for O&M work.</p> <p>If Yes, Name, Address & contact details of the same.</p> <p>Period of the Contract</p> <p>Details of the experience of the O&M contractor in similar business(es)</p>	<p>Yes/No (To be Decided)</p> <p>—</p>



Note:

1. Consent letters of the other Agency & Contractors to associate with the Applicant for the above project to be enclosed.
2. Necessary approvals and no objections to be obtained at appropriate time and forwarded to the Commission.

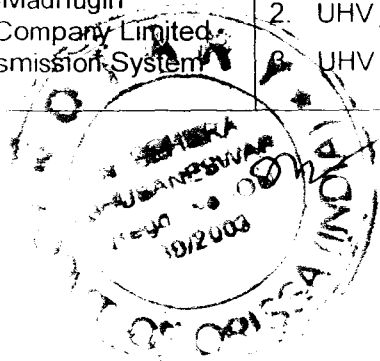
10. Appropriate Expertise (Personnel)

Name of Personnel	Qualification	Specification	Years of Experience	Status in the Firm
1. Venkat S. Tata	B.Sc (Engg)		32	General Manager
2. S.K.Palit	M.Tech		25	DGM
3. S.P.Dash	B.Sc (Engg)		24	Chief Manager
4. P.K.Mahalik	B.Sc (Engg)		22	Chief Manager
5. Parijat	B.Tech, MBA		1	Officer
6. PradeepVarunRagiri	B.Tech,MBA		1	Officer

11. Financial Details of other business ventures of the applicant)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)] **Annual Report Enclosed**

General Information	
<p>Names of Subsidiary Business Units:</p> <p style="text-align: center;">Joint Ventures</p> <ol style="list-style-type: none"> 1. Powerlinks Transmission Limited 2. Torrent POWERGRID Limited 3. Jaypee POWERGRID Limited 4. Teestavalley Power Transmission Limited 5. North-East Transmission Company Limited 6. Parbati-Koldam Transmission Company Limited 7. National High Power Test Laboratory Pvt. Limited 8. Energy Efficiency Services Ltd 9. Cross Border Power Transmission Company Ltd. 10. Power Transmission Company Nepal Ltd. (PTCN) <p style="text-align: center;">Wholly Owned Subsidiaries</p> <ol style="list-style-type: none"> 1. POSOCO 2. Nagapattinam-Madhugiri Transmission Company Limited 3. Vemagiri Transmission System Limited 	<p>Products Manufactured/Services</p> <ol style="list-style-type: none"> 1. UHV Transmission 2. UHV Transmission 3. 3.UHV Transmission 4. 4.UHV Transmission 5. 5.UHV Transmission 6. UHV Transmission 7. Short Circuit Test Facility 8. Energy Efficiency and Conservation 9. Cross Border UHV Transmission 10. Cross Border UHV Transmission <ol style="list-style-type: none"> 1. System Operation 2. UHV Transmission 3. UHV Transmission



Financial Indicators (in Rs Crore)	2011-12	2010-11	2009-10	2008-09	2007-08
Fixed Assets					
Gross Fixed Assets	63387	50343	43202	40319	35417
Accumulated Depreciation	15725	13119	11141	9191	8062
Net Fixed Assets	47662	37224	32061	31128	27355
Equity (%)					
Government/Financial Institutions	92.55	89.87	91.53	92.19	93.29
Promoter	0.00	0.00	0.00	0.00	0.00
Public	4.57	5.63	4.22	5.01	6.16
Others	2.88	4.5	4.25	2.8	0.55
Liabilities					
Long term	51752	39433	33167	27715	21513
Short term	13092	11439	11343	9063	5775
Income					
Income from Transmission, Consultancy and Telecom	10035	8389	7127	5690	4615
Other Income	750	710	376	449	467
Expenses					
Admin. & Transmission Expenses	805	686	502	408	334
Employee Cost	843	746	727	644	519
Interest & Financial Charges	1943	1625	1543	1642	1340
Others	20	11	101	74	190
Financial Indicators					
Overall Turnover	10785	9099	7504	6139	5082
Profits & Returns					
Net Profits	3255	2697	2041	1691	1448
Dividends Paid	977	810	631	505	505
Operating Ratios (%)					
Return on Capital Employed	7.66	7.83	7.12	5.95	5.68
Return on Equity	13.86	12.63	12.83	11.57	10.73
Return on Net Fixed Assets	6.83	7.25	6.37	5.43	5.30
Liquidity Ratio					
Current Ratio	0.66	0.79	0.74	0.75	0.75
Quick Ratio	0.59	0.88	1.22	1.31	1.40
Capital Adequacy/Credit worthiness					
Debt Service Coverage Ratio	1.33	1.34	1.23	1.11	1.13
Interest Coverage	4.69	4.71	3.98	3.02	3.01
Debt/Equity	69:31	65:35	68:32	66:34	62:38
Turnover Ratio					
Total Asset Turnover	0.17	0.18	0.17	0.15	0.14
Fixed Asset Turnover	0.23	0.24	0.23	0.20	0.19



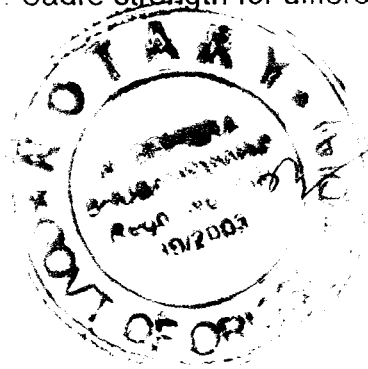
12. Baseline Information (Business for which Licence is sought): To be Furnished

General Information	
Asset Base	
Sub-Stations	
500 kVA	
250 kVA	
100 kVA	
63 kVA	
25 kVA	
10 kVA	
Others	
EHT Line (Ckts)	
66 kV and above	
• HT Line (Ckts)	
33 kV	
11 kV	
LT Line (Ckts)	
400/440/220 Volts	
Commercial Information	Not Applicable
Metering Status	Not Applicable
Metered Consumers (as a % of Total Consumers)	Not Applicable
Billing Status	Not Applicable
Billing (as a % of Total input)	Not Applicable
Revenue Realization	Not Applicable
Revenue Realization per Unit Sale (Rs./Unit)	Not Applicable
Collection Efficiency (%)	Not Applicable
Loss	
Technical Loss (%)	
Commercial Loss (%)	

PART B

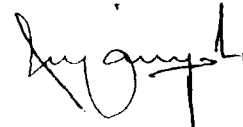
LIST OF DOCUMENTS TO ACCOMPANY LICENCE APPLICATION

1. The applicant shall submit all the three statutory financial statements; balance sheets, profit loss account and cash flow statement.
2. Information relating to pre-existing licence (if any), with copy of licence / sanction
3. Copies of Company's Articles of Association, Memorandum of Association, Partnership deeds and similar constitutional documents.
4. Certification of incorporation/Registration.
5. Certification for commencement of Business.
6. Original Power of Attorney of the Signatory to commit the Applicant or its Promoter.
7. Details of Income Tax registration and PAN NO.
8. Details of import license, if any.
9. Data relating to Management and Financial capability
 - a. Managerial
 - i. Senior management's curriculum vitae
 - ii. Cadre strength for different categories (technical and non-technical)

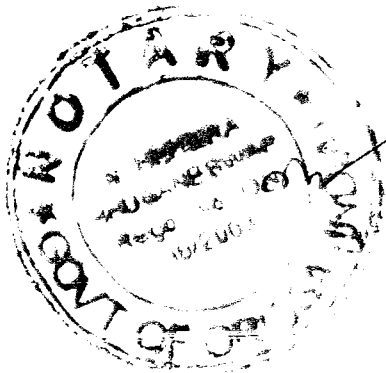


- b. Financial
- i. Bank references asserting that the Applicant is financially solvent
 - ii. Most recent Annual Financial Statements.
 - iii. Annual Audited Accounts for the past 3 years for the Applicant and any Holding Company, Subsidiary or affiliated company
 - iv. Any accompanying notes and certifications on the above statements from reputed chartered accountant
- c. Any other documentary evidence to substantiate the financial capabilities, Technical competence and others.
10. Data relating to the Applicant's Business proposals
- a. Five year Business Plan (with projection) for the proposed business for which the application relates.
 - b. Five year annual forecasts of costs, sales, revenues, project financing and funding arrangements (clearly giving the assumptions involved) and basis for such assumption.
11. Detailed Map(s)
- i. Detailed electrical distribution map (including information on substations and configuration of the system) and geographical map for the proposed area of Distribution, drawn to scale (scale not less than one cm to one km or any other scale as may be approved by the Commission)
 - ii. The map shall clearly distinguish between the existing system and new facilities that shall be required for meeting the obligation to supply
 - iii. The map shall indicate the streets and roads in which the electricity is distributed
 - iv. A list of all local authorities vested with the administration of any portion of the area of Distribution
 - v. An approximate Statement describing any lands, which the Applicant proposes to acquire for the purpose of the licence and the means of such acquisition.
12. No objection certificates to distribute or supply in an area from the Central Government as per s.15(2)(ii) of the Electricity Act or acknowledgement for the filing of the application with the Central Government seeking such approval: **Not Required.**

Date: 30th October 2012



Signature of the Applicant



वेकंट एस टाटा
Venkat S. Tata
महा प्रबंधक (वितरण)
General Manager (Distribution)
पावरग्रिड / POWERGRID

BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION, BIDYUT
NIYAMAK BHABAN, UNIT- VIII, BHUBANESWAR-751012

CASE NO. 91 of 2012

IN THE MATTER OF : An application under section 14 and 15 of the Electricity Act-2003 read with Regulation 26 of the OERC (Conduct of Business) Regulations, 2004 for Grant of Distribution Licence in the State of Odisha to M/s POWER Grid Corporation of India Ltd (A govt. of India Enterprises)

AND

IN THE MATTER OF : M/s POWER GRID CORPORATION OF INDIA LTD a Company Incorporated under the Companies Act -1956 having it's Registered Office at Saudamini, Plot No. 2, Sector-29, Gurgaon-122001
APPLICANT.

VERSUS

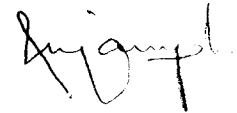
1. M/s CENTRAL ELECTRICITY SUPPLY UTILITY of ODISHA (CESU) , 2nd Floor , IDCO TOWERS , Janpath, Bhubaneswar -751022
 2. M/s ORISSA POWER TRANSMISSION CORPORATION LTD, JANPATH , BHUBANESWAR -751022
 3. M/s GRID CORPORATION OF ORISSA LTD, JANPATH , BHUBANESWAR - 751022
 4. GOVT. OF ODISHA , DEPT. OF ENERGY , SECRETARIAT BUILDING , BHUBANESWAR , ODISHA
- RESPONDENTS**

Affidavit

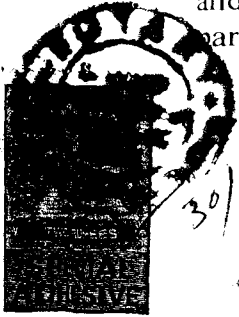
I **Shri Venkat Subramanyam Tata** aged about 54 yrs S/o **Late S.P.R.Tata.** working as General Manager of Power Grid Corporation of India Ltd presently residing at 101, Sri Sudarshan Towers, Plot No-7, Sahid Nagar, Bhubaneswar-751007 do hereby solemnly affirm and state as follows :

1. I am a General Manager of POWERGRID CORPORATION OF INDIA LTD and I am the Deponent of this affidavit .
2. That the Statements made in paragraphs 1 to 5 of the petition herein Now Shown to me and marked with the letter " A " are True to My Knowledge and the statements made in paragraphs "B" are based on informations and I believe them to be True .

DEPONENT



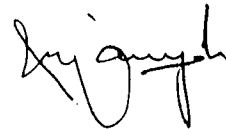
वेकंट एस टाटा
Venkat S. Tata
महा प्रबंधक (वितरण)
General Manager (Distribution)
पावरग्रिड /POWERGRID



VERIFICATION

I the deponent above named do hereby verify that the contents of my above affidavit are True to my Knowledge : No Part of it is False and nothing material has been concealed there form.

Verified at Bhubaneswar
On the Thirtieth Day of October 2012



DEPONENT

वेकंट एस टाटा
Venkat S. Tata
महा प्रबंधक (वितरण)
General Manager (Distribution)
पावरग्रिड / POWERGRID

~~NOTARIZED BY~~
Sworn by
30.10.2012

~~THE ABOVE AFFIDAVIT~~
~~was duly read over to~~
~~me and I have explained~~
~~the contents of the affidavit to~~
~~the deponent and he has~~
~~acknowledged the same.~~



30/10/12

NILAMANI BEHERA
NOTARY, BHUBANESWAR
GOVT. OF ORISSA (INDIA)
Regd. No. C-30/2003

Annual Report 2011-12



Discovering
new skies

www.powergridindia.com

Vision

“World Class, Integrated, Global Transmission Company With Dominant Leadership in Emerging Power Markets Ensuring Reliability, Safety and Economy”

Values

- Zeal to excel and zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments
- Ensure speed of response
- Foster learning, creativity and team-work
- Loyalty and pride in POWERGRID

Mission

“We will become a Global Transmission Company with Dominant Leadership in Emerging Power Markets with World Class Capabilities by:

- World Class: Setting superior standards in capital project management and operations for the industry and ourselves
- Global: Leveraging capabilities to consistently generate maximum value for all stakeholders in India and in emerging and growing economies
- Inspiring, nurturing and empowering the next generation of professionals
- Achieving continuous improvements through innovation and state of the art technology
- Committing to highest standards in health, safety, security and environment”

Objectives

The Corporation has set following objectives in line with its Mission and its status as “Central Transmission Utility” to:

- Undertake transmission of electric power through Inter-State transmission system.
- Discharge all functions of planning and coordination relating to Inter-State transmission system with -
 - i. State Transmission Utilities;
 - ii. Central Government;
 - iii. State Governments;
 - iv. Generating companies;
 - v. Regional Power Committees;
 - vi. Authority;
 - vii. Licensees;
 - viii. Any other person notified by the Central Government in this behalf.
- To ensure development of an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres.
- Efficient Operation and Maintenance of Transmission systems.
- Restoring power in quickest possible time in the event of any natural disasters like super cyclone, flood etc. through deployment of Emergency Restoration Systems.
- Provide consultancy services at national and international level in transmission sector based on the in-house expertise developed by the organisation.
- Participate in long distance telecommunication business ventures.
- Ensure principles of Reliability, Security and Economy matched with the rising/desirable expectation of a cleaner, safer, healthier Environment of people, both affected and benefited by its activities.

Powertel

Diversified into telecommunication to mobilise additional resources to establish much needed National Grid.

- Established Broadband Telecom Network of about 25,000 kms connecting over 206 cities and towns on extensively spread Transmission Infrastructure.
- Only utility in the Country having overhead optic fibre on its Extra High Voltage Transmission Network.
- POWERGRID Telecom Network
 - Sturdy & Secure
 - Free from rodent menace and vandalism.
- Network has multiple self resilient rings for complete redundancy in backbone as well as intra-city access networks.
- To offer Total Solutions and to meet specific needs of the customers.
- Reliability of Telecom Network 99.99%
- Bandwidth capacity available on all the metros & major cities.
- Extend telecom network to serve uneconomic and backward areas for the benefit of the common man.
- Plan to extend network to neighbouring countries for terrestrial SAARC Telecom Grid.
- Possesses National Long Distance (NLD), Internet Service Provider (ISP) Category-A and Infrastructure Provider Category-I (IP-I) Licenses to provide Telecom services in the Country.
- One of the executing agency for major prestigious projects of Govt. of India, like- National Knowledge Network(NKN), National Optical Fibre Network(NOFN) etc.
- Plan to Introduce other Value Added Services:
 - Video Conferencing
 - Virtual Local Area Network (VLANs)
 - Multi Protocol Label Switching (MPLS) based on VPNs Data Centres
 - Voice Over Internet Protocol (VOIP)



POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.

Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon-122 001, Haryana.

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Power Grid Corporation of India Limited will be held on **Wednesday, the 19th September, 2012 at 11.00 a.m. at "Air Force Auditorium, Subroto Park, New Delhi - 110 010"** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To note the payment of interim dividend and declare final dividend for the Financial Year 2011-12.
3. To appoint a Director in place of Shri I. S. Jha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R. T. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Smt. Rita Acharya, who retires by rotation and being eligible, offers herself for re-appointment.
6. To fix the remuneration of the Statutory Auditors for the Financial Year 2012-13.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolutions as ORDINARY RESOLUTION:
 - (i) "Resolved that in supersession of Resolution passed on 17th May, 2010 for enhancing the Borrowing Powers to ₹ 80,000 crore, approval of which was obtained by the Shareholders of the Company through Postal Ballot, the consent of the Company be and is hereby accorded to the Board of Directors under section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company for borrowing, whether by way of Term Loan/Equipment Finance/Cash Credit facilities or the like from time to time any sum or sums of money at its discretion from National/International Financial Institutions/Banks or from Public/Bodies Corporate or from Government Body/Corporation or Govt. of India or by way of issue of Bonds from Domestic/International sources on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) **shall not exceed in the aggregate at any time ₹ 1,00,000 Crore (Rupees One Lac Crore Only)** irrespective of the fact that such aggregate amount of borrowings outstanding at anyone time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose".
 - (ii) "Further resolved that pursuant to the provisions of section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or create charge on all or anyone or more of the movable/immovable properties or such other assets of the Company, wheresoever situated, both present and future, on such terms and conditions and at such time or times and in such form or manner as it may deem fit, to or in favour of National/International Financial Institutions/Banks/ Trustees for the Bondholders (in case of issue of Bonds) etc. hereinafter referred as "the lenders" to secure any Term Loans/Cash Credit Facilities/ Debentures/Bonds or the like, obtained/to be obtained from any of the aforesaid lenders together with interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated

damage(s), commitment charge(s), premia on prepayment or on redemption, cost, charge(s), expenses and all other monies payable by the Company to such lenders under the respective loan/other agreement(s) entered/to be entered into between the Company and the lender(s) in respect of the said borrowing(s), such security to rank in such manner as may be agreed to between the Company with concerned lenders and as may be thought expedient by the Board.”

- (iii) “Further resolved that the Board of Directors be and is hereby authorised and it shall always be deemed to have been so authorised to finalise and execute with the Lenders/Trustees for the holders of the Bonds the requisite agreement, documents, deeds and writings for borrowing and/or for creating the aforesaid mortgage(s) and/or charge(s) and to do all such other acts, deeds and things as may be necessary to give effect to the above resolutions”.

By order of the Board of Directors



(Divya Tandon)

Company Secretary

Regd. Office:

B-9, Qutab Institutional Area,

Katwaria Sarai, New Delhi.

Pin:-110 016.

Date: 09.08.2012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting, i.e., latest by **11.00 a.m. on Monday, the 17th September, 2012**. Blank proxy form is enclosed.
2. As required by clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri I. S. Jha, Shri R. T. Agarwal and Smt. Rita Acharya, Directors retiring by rotation and seeking re-appointment under Item No. 3, 4 and 5 aforesaid respectively in accordance with applicable provisions of the Articles of Association of the Company and the details of those directors who have been appointed since the last Annual General Meeting, are annexed.
3. None of the Directors of the Company is any way related with each other.
4. Members are requested to:-
 - (i) Note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - (ii) Bring their copy of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - (iii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counter at the venue to be exchanged with the attendance slip. Photocopies of Attendance Slip will not be entertained for issuing entry slip for attending Annual General Meeting.
 - (iv) Quote their Folio/Client ID & DP ID Nos. in all correspondence.
 - (v) Note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.
 - (vi) Note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting. Alternatively, such an authority duly certified should be brought by the representative attending on behalf of the corporate body, at the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 7th September, 2012 to 19th September, 2012 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors,

subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on 8th October, 2012.

7. The Board of Directors in its meeting held on 8th February, 2012 had declared an interim dividend @ 8% on the paid-up equity share capital of the Company (i.e. ₹ 0.80 per share) which was paid on 23rd February, 2012. Members who have not received or not encashed their dividend warrant may approach Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company, for revalidating the warrant or for obtaining duplicate warrant. The Board had further recommended a Final Dividend @ 13.1% on the paid-up equity share capital of the Company (i.e. ₹ 1.31 per share) at its meeting held on 29th May, 2012. The dividend, if declared at the Annual General Meeting will be paid on 8th October, 2012 to those Members, whose names appear on the Register of Members of the Company as on 19th September, 2012 in respect of physical shares. However, in respect of shares held in dematerialised form, the dividend will be payable to those persons whose names appear as beneficial owners as at the closure of the business hours on 6th September, 2012 as per details to be furnished by the depositories.
8. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatever on the said amount. Members are advised to encash their Dividend warrants immediately on receipt.
9. Members are advised to submit their Electronic Clearing System (ECS) mandates to enable the Company to make remittance by means of ECS. Those holding shares in Electronic Form may send the ECS Mandate in the enclosed Form directly to their Depository Participant (DP). Those holding shares in physical form may send the ECS Mandate Form to Karvy Computershare Private Limited, the Registrar & Transfer Agent of the Company. Those who have already furnished the ECS Mandate Form to the Company/Depository Participant/Registrar & Transfer Agent with complete details need not send it again.
The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
10. Members holding shares in multiple folios in physical mode are requested to apply for consolidation of shares to the Company or its Registrar & Transfer Agent along with relevant Share Certificates.
11. Pursuant to Section 619(2) of the Companies Act, 1956 the auditors of the Government Company are appointed or reappointed by the Comptroller & Auditor General of India (C&AG) and in terms of Section 224(8)(aa) the remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the company in General Meeting may determine. Approval of the Members of the Company is required to authorize the Board of Directors of the Company to approve the remuneration of the Statutory Auditors/Joint Statutory Auditors of the Company appointed by C&AG, for the Financial Year 2012-13, as the Board may deem fit.
12. All the documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days (excluding Saturday and Sunday), between 11.00 AM to 1.00 PM up to Tuesday, the 18th September, 2012.
13. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Registrar & Transfer Agents of the Company the prescribed Form (Form 2B in duplicate) of the Companies (Central Government's) General Rules and Forms, 1956. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
14. Annual Listing fee for the year 2012-13 has been paid to the Stock Exchanges wherein shares of the Company are listed.
15. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and bank account to Company's Registrars.
16. Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
 - (ii) to the Company at its Registered Office or its Registrar & Transfer Agent, Karvy Computershare Private Limited in respect of their physical shares, if any, quoting their folio number.
17. Members desirous of getting any information on any items of business of this meeting are requested to address their queries to the Company Secretary at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.

18. Important Communication to Members:- (Green Initiative)

The Ministry of Corporate Affairs (MCA) under “Green Initiative in the Corporate Governance” allowed paperless compliances by the companies. MCA had issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the Form and hand over the same along with Attendance Form at the Registration Counter of venue of Annual General Meeting for registration of Email address for receiving notice/documents including Annual Report.

Annexure to Notice

EXPLANATORY STATEMENT

Item No. 7

An outlay of about ₹ 1,00,000 Crore has been planned by POWERGRID during XII Plan for further development of transmission systems. The Company has a capex programme of about ₹ 20,000 Crore each year during the XII Plan. The existing limit of borrowing powers of the Board of Directors is ₹ 80,000 crore. The total amount of loans drawn and tied up to be drawn are nearing the existing borrowing limit of ₹ 80,000 crore. The debt requirement during FY 2012-13 and 2013-14, broadly are as under:

(₹ in Crore)

Sl. No.	Particulars	Amount	Amount
1.a)	Domestic Loan		
	As on 30.06.2012 as per Balance Sheet		40,610.22
b)	Domestic Loan projected to be drawn during Financial Year:		
	2012-13	7,702.50	
	2013-14	7,679.00	15,381.50
2. a)	Foreign Loan*		
	As on 30.06.2012 as per Balance Sheet	17,377.24	
	Loans tied up and Un-Drawn as on 30.06.2012	16,095.43	
b)	Loan projected to be drawn during Financial Year		33,472.67
	2012-13 (ECB of ₹ 2,850 Cr. under consideration, if materializes domestic loan projection will be scaled down)		
	2013-14**	2,850.00	2,850.00
3.	Domestic Loan tied up for FY 2014-15 & 2015-16		2,000.00
	Total		94,314.39

* Ex. rate as on 29.06.2012 is 1 US\$ = ₹ 57.07 (SBI B/S Rate)

** As per project requirements depending upon the market condition and competitive interest rate.

Further, keeping in view the part funding requirement of loan for 2014-15, other business needs, net of repayments, it is proposed to enhance the borrowing power of Board of Directors up to ₹ 1,00,000 Crore.

In pursuance of Section 293 (1) (a) and 293 (1) (d) of the Companies Act, 1956, approval of shareholders is required for borrowing in excess of the paid up capital and free reserves and for creation of security for the borrowings. The equity share capital of the Company as on 31.03.2012 is ₹ 4,629.73 crore and General Reserves are ₹ 18,858.05 crore. The Shareholders are, therefore, requested to approve the proposed resolutions for raising of borrowing limit from ₹ 80,000 crore to ₹ 1,00,000 crore.

None of the Directors is concerned or interested in the resolution except to the extent that he/she is a Director of the Company.

BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND ALSO OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING
Directors seeking re-election at the 23rd AGM:

Name	Shri I. S. Jha	Shri R. T. Agarwal	Smt. Rita Acharya
Date of Birth and Age	30.06.1959 / 53 years	12.08.1956 / 56 years	13.12.1954 / 58 years
Date of Appointment	1 st September, 2009	29 th July, 2011	26 th August, 2011
Qualification	B.Sc (Engg) in Electrical	B.Com., Chartered Accountant	Master Degree in Social Work
Expertise in specific functional area	Shri I.S.Jha, aged 53 years, is Director (Projects) of our Company. He is an Electrical Engineer from NIT, Jamshedpur and a well known Electrical Power System Professional. Prior to his assignment he has successfully served as Executive Director (Engineering) in the Company. He has also worked as Executive Director - Corporate Monitoring Group and held the position of Executive Director of North Eastern Region. Apart from these functions he was a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He has published numerous articles, technical papers in the field of power system in various international and National Conferences/Symposia. He was appointed as a Director on our Board in September, 2009.	Shri R. T. Agarwal, aged 56 years, is Director (Finance) of our Company. Prior to taking up this assignment, he was working as Executive Director (Finance). A Chartered Accountant by profession, Shri Agarwal has more than 31 years of experience in multifarious Finance & Accounts functions like finalization of Accounts, coordination with Auditors, Taxation, Treasury Functions, Internal Audit, Budgeting, Pay Roll, Concurrence, MIS & Commercial aspects etc. both at the Corporate Centre and at Regional Headquarters of POWERGRID. As ED (Finance), he had played a pivotal role in the successful Follow-on Public Offer of POWERGRID in 2010. Before joining POWERGRID in 1991, he had worked in power major NTPC Ltd. project sites for around 10 years. He was appointed as a Director on our Board in July, 2011.	Smt. Rita Acharya, aged 58 years, is a Government nominee Director of our Company. She holds Masters Degree in Social Work from Madras University and Diploma in Development Administration from International Cooperation University, Italy, Rome. She is an officer of Central Secretariat Service. She is currently Joint Secretary (Transmission) in the Ministry of Power. Before joining Ministry of Power, she has worked in the Ministry of Finance (Department of Economic Affairs) and Ministry of Home Affairs and handled various important portfolios like matters relating to foreign exchange budget, balance of payments, bilateral/multilateral assistance, water supply & forestry projects assisted by World Bank, Centre-State relations, prison reforms & treaties relating to repatriation of prisoners and energy conservation and transmission. She was appointed as a Director on our Board in August, 2011.
Directorship held in other Companies (Part-time)	<ol style="list-style-type: none"> 1. Power System Operation Corporation Limited 2. Powerlinks Transmission Limited 3. M. P. Power Transmission Company Limited 4. Nagapattinam-Madhugiri Transmission Company Limited 5. Vemagiri Transmission System Limited 	<ol style="list-style-type: none"> 1. Powerlinks Transmission Limited 2. Power System Operation Corporation Limited 3. Parbati Koldam Transmission Company Limited 4. Nagapattinam-Madhugiri Transmission Company Limited 5. Vemagiri Transmission System Limited 	NIL
Membership / Chairmanship of Committees in other Companies	Audit Committee – <ol style="list-style-type: none"> 1. Power System Operation Corporation Limited 2. M. P. Power Transmission Company Limited 	Audit Committee – <ol style="list-style-type: none"> 1. Parbati Koldam Transmission Company Limited. 2. Powerlinks Transmission Limited. 3. Power System Operation Corporation Limited 	NIL
No. of Shares held	2998	4056	NIL

Directors appointed since last Annual General Meeting held on 19th September, 2011

Name	Shri Ravi P. Singh	Shri R. P. Sasmal	Shri Santosh Saraf	Smt. Rita Sinha
Date of Birth and Age	21.01.1960 /52 Years	28.02.1958 /54 Years	01.09.1951 /60 Years	30.07.1950 /62 Years
Date of Appointment	01.04.2012	01.08.2012	27.12.2011	27.12.2011
Qualification	B.E. (Mechanical Engineering), Post Graduate Diploma in HR.	B.Sc. Engineering (Electronics & Tele-Communication).	B.COM, FCA	M.A. (Geography)
Expertise in specific functional area	<p>Shri Ravi P. Singh, 52 years, is Director (Personnel) of our Company. He did his Mechanical Engineering from NIT, Allahabad in First Class with Honors and Post Graduate Diploma in HR from AIMA, New Delhi. He has previously held the positions of Executive Director (Eastern Region-II) and Executive Director (Human Resource Management & Corporate Communication) in POWERGRID. Shri Singh has over 30 years of work experience in the power sector handling various multi-disciplinary functions like HR, Telecom, Contracts, Materials, Planning, Monitoring and Transmission System Construction/O&M. Prior to joining POWERGRID in 1991, Shri Singh has worked for 10 years in NTPC. He was appointed as Director on our Board in April, 2012.</p>	<p>Shri R. P. Sasmal, aged 54 years, is Director (Operations) of our Company. A graduate Engineer from Sambalpur University, Odisha, Shri Sasmal has more than 30 years of experience in power sector. Shri Sasmal has handled multi disciplinary functions such as planning, monitoring and implementation of HVDC projects, EHV transmission systems and Load Despatch and Communication Systems. He was instrumental in introducing the \pm 800 kV multi terminal HVDC transmission system, under implementation in the country, which is first of its kind in the world. Under his guidance, the first unmanned operation of 400 kV sub-station at Bhiwadi was implemented as a pilot project. He has been bestowed upon with "Distinguished Member of CIGRE, 2012" and has published various technical papers on transmission systems especially on HVDC in various national and international professional forums/societies like IEEE and CIGRE. He is currently the national representative for India at CIGRE for HVDC and Power Electronics. Before joining POWERGRID in 1993, he had worked in NTPC Ltd. for around 13 years. He was appointed as Director on our Board in August, 2012.</p>	<p>Shri Santosh Saraf, aged 60 years, is a Fellow Member of Institute of Chartered Accountants of India. He started his career in 1977 as a practicing Chartered Accountant and has an extensive experience of more than 35 years in the field of finance and taxation. During his dedicated career he has served, on professional assignment to many large industrial groups, banks, corporates and esteemed professionals. He was Chairman for the Western Development Council of Assocham & has held position of Managing Committee and Patron member for Assocham. Since 2008, he is Member of Central Board of Trustees (CBT) for Employees Provident Fund Organization (EPFO) of Central Government of India. He is member of Executive, Finance & Investment and Pension Implementation Committees of CBT (EPFO). He is member of Cost Accounting Standards Board of Institute of Cost Accountants of India. He was appointed as a Director on our Board in December, 2011.</p>	<p>Smt. Rita Sinha, aged 62 years, is an M.A. in Geography from Panjab University, Chandigarh. She retired from the I.A.S. in July 2010 from the post of Secretary to the Government of India, Department of Land Resources, Ministry of Rural Development. She has held several assignments both in the Central and State Governments in a career span of almost 38 years. She joined our Board on 27th December, 2011. She was appointed as a Director on our Board in December 2011.</p>

Directorship held in other Companies	1. PTC India Limited 2. Powerlinks Transmission Company Limited	NIL	* 1. Power System Operation Corporation Limited. 2. North Eastern Electric Power Corporation Limited.	NIL
Membership / Chairmanship of Committees in other Companies	NIL	NIL	Audit Committee – 1. Power System Operation Corporation Limited. 2. North Eastern Electric Power Corporation Limited.	NIL
No. of Shares held	9016	1798	1190	NIL

* This does not include Directorship in Private Companies.



POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.

Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon-122 001, Haryana.

FORM OF PROXY

I/We _____ being a Member/Members of Power Grid Corporation of India Limited hereby appoint Mr./Mrs./Miss _____ of _____ in the district of _____ and failing him/her Mr./Mrs./Miss _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the **Twenty Third Annual General Meeting** of the Company to be held on **Wednesday, the 19th September, 2012 at "Air Force Auditorium, Subroto Park, New Delhi - 110 010" at 11.00 a.m.** and at any adjournment thereof.

Folio / Client ID

DP ID Nos.

No. of Shares held

Please affix
15 paise
Revenue
Stamp

Note : Proxies in order to be valid must be duly filled in, stamped, signed and deposited at the Registered Office of the Company not less than 48 Hours before the time of commencement of the Meeting.

(Signature of Member)



POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.

Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon-122 001, Haryana.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Member/Proxy _____
(First) (Middle) (Surname)

I hereby record my presence at the **Twenty Third Annual General Meeting** of the Company to be held on **Wednesday, the 19th September, 2012 at 11.00 a.m at "Air Force Auditorium, Subroto Park, New Delhi - 110 010".**

Folio / Client ID

DP ID Nos.

No. of Shares held

(Signature of Member/Proxy)



पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.

Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon-122 001, Haryana.

GREEN INITIATIVE in Corporate Governance

E-COMMUNICATION REGISTRATION FORM

(In terms of circular no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID : _____

Name of 1st Registered Holder : _____

Name of Joint Holder(s) : _____

Registered Address : _____

E-mail ID (to be registered) : _____

I/we shareholder(s) of Power Grid Corporation of India Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail in your records for sending communication through e-mail.

Signature: _____

(First Holder)

Date: _____

Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.



पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.

Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon-122 001, Haryana.

ECS MANDATE FORM

(APPLICABLE FOR SHARES HELD IN PHYSICAL FORM ONLY)

To

Karvy Computershare Private Limited

Unit: Power Grid Corporation of India Limited,

Plot No. 17-24, Vittal Rao Nagar,

Madhapur, Hyderabad.

Pin - 500 081.

Name of the First/Sole Share holder	
Folio No.	

PAN / Email information

Income Tax Permanent Account Number (PAN) (Please attach a photocopy of PAN Card)	
Email ID	

ECS Mandate Form (for shares held in Physical mode)

Bank Name						
Branch Name & Address						
Bank Account Type (tick)	SB		Current		Others	
Bank Account Number						
9 Digit Code Number of the Bank and Branch appearing on the MICR Cheque issued by the Bank. (Please attach a photo copy of the Cheque)						

I hereby declare that the particulars given above are correct and complete and also express my concurrence to receive information through e-mail towards dividend paid by the Company under the ECS mode.

Signature of the 1st Registered Holder/Sole Holder

CONTENTS

Notice	i-x
Reference Information	2
Letter to Shareholders	3
Directors' Profile	5
List of Senior Executives	8
POWERGRID's Performance	9
Five Years Summary	10
Directors' Report.....	12
Annexure I - Management Discussion and Analysis	25
Annexure II - Particulars of Employees u/s 217(2A) of the Companies Act, 1956.....	42
Annexure III - Particulars Required u/s 217(1)(e) of the Companies Act, 1956	43
Annexure IV - Comments of C&AG u/s 619(4) of the Companies Act, 1956	45
Annexure V - Report on Corporate Governance	46
Annexure VI - Certificate on Corporate Governance.....	64
Annexure VII - Secretarial Audit Report	65
Accounting Policies	67
Balance Sheet	72
Statement of Profit and Loss.....	73
Cash Flow Statement	74
Notes	76
Auditors' Report.....	113
Annexure to Auditors' Report	114
Annual Reports of Subsidiary Companies	117
Power System Operation Corporation Limited	
Directors' Report.....	118
Annual Accounts.....	135
Nagapattinam-Madhugiri Transmission Company Limited	
Directors' Report.....	162
Annual Accounts.....	165
Consolidated Financial Statements.....	179



REFERENCE INFORMATION

<p>Registered Office B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110 016</p>	<p>Company Secretary & Compliance Officer Ms. Divya Tandon</p>
<p>Corporate Office "Saudamini", Plot No. 2, Sector 29, Gurgaon - 122 001 (Haryana)</p>	
<p>For the Financial year under review i.e. 2011-12</p>	
<p>Statutory Auditors</p> <ol style="list-style-type: none"> M/s. S. K. Mehta & Co., Chartered Accountants 2682/2, Beadon Pura, Ajamal Khan Market, Karol Bagh, New Delhi – 110 005. Email : rohitmehta@skmehta.co.in M/s. Chatterjee & Co., Chartered Accountants 153, Rash Behari Avenue, 3rd Floor, Kolkata – 700 029. Email : chatterjee.ca@rediffmail.com M/s. Sagar & Associates, Chartered Accountants H. No. 6-3-244/5, Saradadevi Street, Prem Nagar, Hyderabad – 500 004. Email : vvidyasagarbabu@yahoo.co.in 	<p>Cost Auditors</p> <ol style="list-style-type: none"> Sh. Jugal Kishore Puri, Cost Accountant, K-19, NDSE Part II, New Delhi – 110 049. M/s. Chandra Wadhwa & Co., Cost Accountants, 204, Krishna House, 4805/24, Bharat Ram Road, Darya Ganj, New Delhi – 110 002. M/s. S. C. Mohanty & Associates, Cost Accountants, 511, Sahid Nagar, Bhubaneswar – 751007. M/s. K. G. Goyal and Associates, Cost Accountants, 8, Chitragupt Nagar, Jyoti Nagar Railway Crossing, Jaipur – 302005.
<p>Registrar & Share Transfer Agent Karvy Computershare Private Limited Plot No.: 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081 Ph. : 040-23420815 to 824 Fax : 040-23420814 Email : einward.ris@karvy.com Website: www.karvycomputershare.com</p> <p>Shares Listed at: National Stock Exchange of India Limited Bombay Stock Exchange Limited</p> <p>Depositories: National Securities Depository Limited Central Depository Services (India) Limited</p>	<p>Bankers Indian Overseas Bank Bank of Baroda State Bank of Patiala Canara Bank State Bank of India Punjab National Bank Union Bank of India State Bank of Hyderabad HDFC Bank Ltd ICICI Bank Ltd IDBI Bank Indian Bank Allahabad Bank State Bank of Mysore Corporation Bank Axis Bank Ltd Kotak Mahindra Bank Yes Bank</p>

LETTER TO SHAREHOLDERS

Dear Shareholders,

It's my privilege to share with you the highlights of another excellent year which the Company has completed with your support. These are all the more creditable in the backdrop of slowing down of global economy.

Friends, during the year India's Gross Domestic Product (GDP) moderated to 6.5% as compared to 8.4% in both, FY 2009-10 and FY 2010-11. Inflation has remained stubbornly high and the rupee has been volatile having depreciated sharply in the recent period. Despite a slowdown in growth over FY 2011-12 in relative terms as compared to most of other countries, India's growth rate is still impressive.



Growth of power sector is the key to the economic development of our country. The pace of growth in industrial and commercial activities coupled with penetration of sector specific advanced technology including Information Technology (IT) in the day-to-day life of the common man, is expected to result in a high growth in power demand. To sustain the growth rate of India, Power Sector growth has to commensurate with the overall economic growth of the nation. Therefore, continued focus on investments on Power sector is essential.

Your Company has marked strong performance across all dimensions in fiscal 2012. The year saw all time high Assets Commissioning of about ₹ 14,021 Crore and capital investment of over ₹ 17,800 Crore. At the end of March, 2012, the conclusion of XI plan, I am happy to share that your Company successfully met the XI plan Capex targets. Against XI Plan target of ₹ 55,000 Crore, an investment of more than ₹ 55,300 Crore has been made for development of inter-State transmission system. With the above, your Company has almost trebled its investments in XI plan as compared to X plan.

The accelerated growth path of your Company during XI plan can be seen from the following:

Parameter	End of X Plan	At the end of XI Plan	Growth in XI Plan
Transmission network (ckm)	59,461	92,981	56.37%
Sub-stations (nos.)	104	150	44.23%
Transformation Capacity (MVA)	59,415	124,525	109.59%
Inter-regional Capacity (MW)	14,100	28,000	98.58%
Gross Assets (₹ Crore)	29,015	63,387	118.46%

On the financial front, the turnover of the Company has now entered five figures and stands at ₹ 10,785.01 Crore in Fiscal 2012 and Profit after Tax increased to ₹ 3,254.95 Crore, which are 18.53% and 20.69% higher respectively, compared to the previous Fiscal 2011. Our Gross Fixed Assets as on 31st March, 2012 are valued at ₹ 63,387.34 Crore as against ₹ 50,343.35 crore in last fiscal. In fact, your Company's Gross Fixed Assets have grown about 118% during last five years.

On the operational front, as on 31st March, 2012, your Company owns and operates a transmission network of about 92,981 ckt kms of inter-State transmission lines, 150 nos. of EHV & HVDC substations with transformation capacity of about 1,25,000 MVA and wheels about 50% of total power generated in the country. With the commissioning of Rourkela-Raigarh 400kV D/c, Sasaram-Fatehpur 765kV S/c & Gaya-Balia 765kV S/c transmission links aggregating a capacity addition of 5,600 MW, the cumulative inter-regional power transfer capacity has now been enhanced to about 28,000 MW.

Under RGGVY, during FY 2011-12, by creating infrastructure for electrification in 9358 villages out of which 1688 were un-electrified villages, your Company has cumulatively as on 31st March, 2012, built infrastructure for 64,803 villages and provided Service connection to about 33.57 Lakh BPL households, which include about 6.78 Lakh households added during the year. During the year, 11,229 villages (cumulative 30,718 villages) were charged/electrified.

Friends, Indian Power Grid had not experienced any major grid disturbance during the past nine years. However, the electricity grid experienced two major disturbances consecutively on 30th July & 31st July, 2012. While the first disturbance affected only Northern Region, the second one affected Northern, Eastern and North Eastern Regions. However, the essential loads were restored at the fastest pace within few hours of the incidents and power supply was restored progressively and normalised



completely on the same day of the incident(s). Further, to avoid such recurrence in future, various actions have been / are being taken by your company.

Your Company continues to contribute towards sustainable development by proactively following the Environmental and Social Policy & Procedures (ESPP) for the conservation of forests, flora & fauna, resettlement & rehabilitation. In this regard, High Capacity ± 800 kV HVDC systems, 765kV D/c lines, 1200kV UHVAC technology –the highest voltage level in the world, Flexible AC Transmission Systems (FACTS), etc remained as prime focus of your Company.

Your Company is taking leadership initiative for implementation of Smart Grid Technology in the Country and has already undertaken a pilot project in northern region involving installation of Phasor Measurement Units (PMUs) as part of Wide area Measurement Systems (WAMS). Your company has taken up Unified Real Time Dynamic State Measurement (URTDMS) project for installation of PMUs at all 400 kV and above substations and also on the critical location of the State grids.

Your Company has evolved a comprehensive scheme for Green Energy Corridor associated with renewable energy sources integration into the Grid. It has also identified other measures to facilitate smooth integration of large scale renewable energy including solar energy sources in the country.

Towards Smart Grid in distribution sector, initiative has been taken for development of pilot Smart Grid/City in Puducherry through open collaboration. This would enable development of efficient energy system and energy conservation. It will act as a backbone to enable new business models like smart city comprising Smart Citizen Services, e-governance, electric vehicles, etc.

As part of Corporate Social Responsibility (CSR), your Company is making contributions to the society at large, wherein activities for socio-economic development of weaker sections have been taken up. 1% of PAT of the Company of the preceding year is earmarked as non-lapsable budget for CSR activities. Out of total CSR budget, 10% is earmarked exclusively for Natural Calamities. During FY 2011-12, about ₹ 25 Crore was incurred on various CSR activities including setting up of Mobile Medical Units, organizing eye & general health check up camps, providing scholarships to deserving students, setting up of library, computer room facilities for schools, primary health centre, drinking & sanitation facility, check dam, drainage, roads, community centre, promoting art & culture etc.

Your Company was recognized for excellence along many dimensions including infrastructure, sustainability etc and has received number of awards in various categories by Govt. of India and other prestigious organisations & institutes. POWERGRID bagged six prestigious National Awards for Meritorious Performance in Power Sector instituted by the Government of India for the year 2009-10 & 2010-11 - received three Gold Shields, two Silver Shields for Transmission System Availability and one Silver Shield for Early Completion of Transmission Project.

With the introduction of mandatory Tariff Based Competitive Bidding (TBCB) for inter-State Transmission Services in January, 2011, your Company has geared up for meeting challenges in the competitive environment with private players. Leveraging its competitive edge, your Company has secured all the transmission projects that were put under TBCB during FY 2011-12.

Considering the generation capacity addition of 75,785¹ MW envisaged during XII Plan, total fund requirement for transmission sector in the Country is estimated at about ₹ 1,80,000 Crore. Major portion of this investment i.e. of about ₹ 1,00,000 Crore is planned by your Company during XII Plan for further development of transmission systems. Your Company is well placed in terms of resource mobilisation owing to its excellent credit rating with financial institutions. The Company, as such, do not envisage any problem in mobilizing the resources for meeting the planned investment during XII plan period.

On behalf of the Company, I thank each shareholder for their unstinted support & trust placed on the Company and look forward for the continued support. I would also like to appreciate Team POWERGRID for its dedication, support and tireless efforts in building an enduring organization.

With best wishes,

Yours sincerely,

(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 09.08.2012

DIRECTORS' PROFILE



Shri R.N. Nayak

Chairman & Managing Director

Shri R.N.Nayak, aged 56 years, is the Chairman & Managing Director of our Company. He is a first class Bachelor of Electrical Engineering from REC Rourkela and holds an M.Tech(Electrical) from IIT Kharagpur. Shri Nayak has over 34 years of work experience, primarily in the power sector. He has worked for more than 20 years in POWERGRID and handled various multi-disciplinary functions like Engineering, Load Despatch & Communication, Grid Management, Contract Management, Quality Assurance and Inspection; Telecom Operation & Maintenance, Commercial and Human Resources. He has previously held the positions of Executive Director (Engineering & QA&I); Executive Director (Human Resource), Executive Director (R&D) in POWERGRID. Prior to joining POWERGRID in 1991, he has worked for about 7 years in NTPC and had a stint with SAIL. He has introduced many new technologies in the Indian Power Sector such as EMS & SCADA Project, ± 800 KV HVDC, 1200 KV UHV AC, Remote & unmanned operation of EHV sub-stations. He has also published and presented a large number of technical papers in various reputed International/National journals/conferences. Considering his contribution to power sector, he has been awarded P.M. Ahluwalia Award; is a Senior Member of IEEE and has been honored with Fellow of the Indian National Academy of Engineering(INAE) in Electrical Engineering Field and is also President of CIGRE India. He was appointed as Chairman & Managing Director in September, 2011.

Shri I.S. Jha
Director (Projects)



Shri I.S. Jha, aged 53 years, is Director (Projects) of our Company. He is an Electrical Engineer from NIT, Jamshedpur and a well known Electrical Power System Professional. Prior to his assignment he has successfully served as Executive Director (Engineering) in the Company. He has also worked as Executive Director - Corporate Monitoring Group and held the position of Executive

Director of North Eastern Region. Apart from these functions he was a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He has published numerous articles, technical papers in the field of power system in various international and National Conferences / Symposia. He was appointed as a Director on our Board in September, 2009.

Shri R.T. Agarwal
Director (Finance)



Shri R. T. Agarwal, aged 56 years, is Director (Finance) of our Company. Prior to taking up this assignment, he was working as Executive Director (Finance). A chartered accountant by profession, Shri Agarwal has more than 31 years of experience in multifarious Finance & Accounts functions like finalization of Accounts, coordination with Auditors, Taxation, Treasury Functions, Internal Audit, Budgeting,

Pay Roll, Concurrence, MIS & Commercial aspects etc both at the Corporate Centre and at Regional Headquarters of POWERGRID. As ED (Finance), he had played a pivotal role in the successful Follow-on Public Offer of POWERGRID in 2010. Before joining POWERGRID in 1991, he had worked in power major NTPC Ltd. project sites for around 10 years. He was appointed as a Director on our Board in July, 2011.

Shri Ravi. P. Singh
Director (Personnel)



Shri Ravi P. Singh aged 52 years, is Director (Personnel) of our Company. He did his Mechanical Engineering from NIT, Allahabad in First Class with Honors and Post Graduate Diploma in HR from AIMA, New Delhi. He has previously held the positions of Executive Director (Eastern Region-II) and Executive Director (Human Resource Management & Corporate

Communication) in POWERGRID. Shri Singh has over 30 years of work experience in the power sector handling various multi-disciplinary functions like HR, Telecom, Contracts, Materials, Planning, Monitoring and Transmission System Construction/O&M. Prior to joining POWERGRID in 1991, Shri Singh has worked for 10 years in NTPC. He was appointed as a Director on our Board in April, 2012.

Shri R. P. Sasmal
Director (Operations)



Shri R. P. Sasmal, aged 54 years, is Director (Operations) of our Company. Prior to taking up this assignment, he was Executive Director (Operation Services) in the Company. A graduate Engineer from Sambalpur University, Odisha, Shri Sasmal has more than 30 years of experience in power sector. Shri Sasmal has handled multi disciplinary functions such as planning, monitoring and implementation of

HVDC projects, EHV transmission systems and Load Despatch and Communication Systems. He was instrumental in introducing the ± 800 kV multi terminal HVDC transmission system, under implementation in the country, which is first of its kind in the world. Under his guidance, the first unmanned operation of 400 kV sub-station at Bhiwadi was implemented as a pilot project. He has been bestowed upon with "Distinguished Member of CIGRE, 2012" and has published various technical papers on transmission systems especially on HVDC in various national and international professional forums/societies like IEEE and CIGRE. He is currently the national representative for India at CIGRE for HVDC and Power Electronics. Before joining POWERGRID in 1993, he had worked in NTPC Ltd. for around 13 years. He was appointed as a Director on our Board in August, 2012.

Shri Rakesh Jain
Government Nominee



Shri Rakesh Jain, aged 55 years, is a government nominee Director of our Company. He holds Masters Degree in Physics from Delhi University. He is an officer of Indian Audit & Accounts Service (1981). He is currently Joint Secretary and Financial Adviser (JS&FA) in the Ministry of Power. He is also a Government nominee Director

on the Board of NTPC Ltd. Before joining Ministry of Power, Shri Jain has held various important positions such as Director General (Accounts, Entitlement, Complaints & Information System); Principal Director (Report States) – Office of Comptroller & Auditor General of India; Accountant General (AG) (Audit), Rajasthan; AG(AE-II) Madhya Pradesh; Principal Director (Commercial Audit) Ranchi and Principal Director of Audit, Embassy of India, Washington, USA. He was appointed as a Director on our Board in June, 2009.

Ms. Rita Acharya
Government Nominee



Smt. Rita Acharya, aged 58 years, is a Government nominee Director of our Company. She holds Masters Degree in Social Work from Madras University and Diploma in Development Administration from International Cooperation University, Italy, Rome. She is an officer of Central Secretariat Service. She is currently Joint Secretary (Transmission) in the Ministry of

Power. Before joining Ministry of Power, she has worked in the Ministry of Finance (Department of Economic Affairs) and Ministry of Home Affairs and handled various important portfolios like matters relating to foreign exchange budget, balance of payments, bilateral/multilateral assistance, water supply & forestry projects assisted by World Bank, Centre-State relations, prison reforms & treaties relating to repatriation of prisoners and energy conservation and transmission. She was appointed as a Director on our Board in August, 2011.

Shri Santosh Saraf
Independent Director



Shri Santosh Saraf, aged 60 years, is a Fellow Member of Institute of Chartered Accountants of India. He started his career in 1977 as a practicing Chartered Accountant and has an extensive experience of more than 35 years in the field of finance and taxation. During his dedicated career he has served, on professional assignment to many large industrial groups, banks, corporates and esteemed professionals. He was Chairman for the Western Development Council of Assocham & has held position of Managing Committee and Patron member for Assocham. Since 2008, he is Member of Central Board of Trustees (CBT) for Employees Provident Fund Organization (EPFO) of Central Government of India. He is member of Executive, Finance & Investment and Pension Implementation Committees of CBT (EPFO). He is member of Cost Accounting Standards Board of Institute of Cost Accountants of India. He was appointed as a Director on our Board in December, 2011.

Ms. Rita Sinha
Independent Director



Ms. Rita Sinha, aged 62 years, is an M.A. in Geography from Punjab University, Chandigarh. She retired from the I.A.S. in July, 2010 from the post of Secretary to the Government of India, Department of Land Resources, Ministry of Rural Development. She has held several assignments both in the Central and State Governments in a career spanning almost 38 years. She was appointed as a Director on our Board in December, 2011.

Shri Parvez Hayat
Chief Vigilance Officer



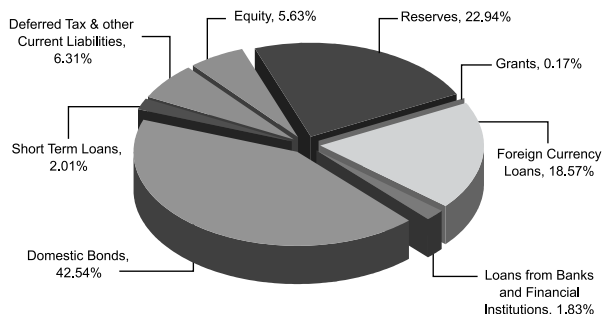
Shri Parvez Hayat, aged 53 years, is the Chief Vigilance Officer of our Company. He is an IPS Officer of Jharkhand Cadre of the 1984 Batch. He is a post graduate in Modern History and holds a Law degree from Delhi University. He has over 24 years of work experience. He worked in various capacities in both State and Central Govt. such as S.P/Sr.S.P of five Districts of Bihar/Jharkhand; PS to the Union Minister of Home Affairs, Govt. of India, Delhi; Commandant Staff (Operations) Directorate General of ITBP, MHA, GOI, Delhi, subsequently in State of Jharkhand as DIG of Palamu Range & DIG (Crime Branch) at State Police Hqs., Ranchi. Later on central deputation as Asstt. Director General, Central Economic Intelligence Bureau, Ministry of Finance; IGP (Police Modernization & Trg.), Govt. of Jharkhand; picked up his next promotion as ADG (Police Mod. & Trg.) in the month of September 2010. He assumed charge of office of Chief Vigilance Officer in February 2011.

LIST OF SENIOR EXECUTIVES (BELOW BOARD LEVEL) AND REGIONAL / RLDC HEADS

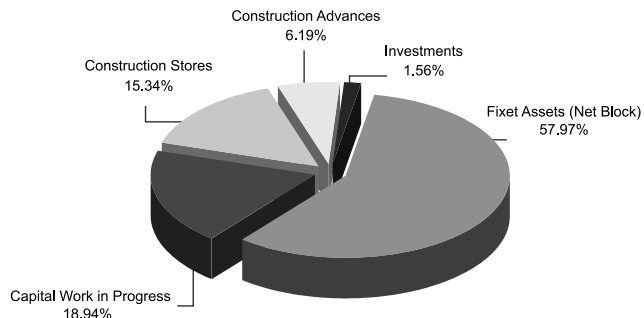
Sl. No	Name (S/Sh)	Emp. No	Level	Designation	Department	Region	Location
1	Dr. S.K. Agarwal	00075	E9	ED	Tech.Dev.	CC	Gurgaon
2	Arun Kumar	00077	E9	ED	BDD	CC	Gurgaon
3	Ashwani Jain	00095	E9	ED	Telecom	CC	New Delhi
4	Pankaj Kumar	00105	E9	ED	SEF, Cost Engg & ERP	CC	Gurgaon
5	Y.K. Sehgal	00122	E9	ED	STF-SmartGrid	CC	Gurgaon
6	Mahender Singh	00184	E9	ED	Commercial	CC	Gurgaon
7	B. Mishra	00189	E9	ED	CP & IT	CC	Gurgaon
8	V.C. Jagannathan	00301	E9	ED	F&A	CC	Gurgaon
9	I.R. Kidwai	00454	E9	ED	HR	CC	Gurgaon
10	Smt.Anjana Dhar	01330	E9	ED	Intl Business	CC	Gurgaon
11	B.S.Pandey	10026	E9	ED	Engg-S/s,TL & Civil	CC	Gurgaon
12	D.K. Valecha	10027	E9	ED	CMG	CC	Gurgaon
13	Bhaskar Sharma	10031	E9	ED	Head of Region	ER-I	Patna
14	Sanjeev Singh	10040	E9	ED	Head of Region	ER-II	Kolkata
15	N.S. Sodha	10053	E9	ED	LD&C	CC	Gurgaon
16	S. Sen	10871	E9	ED	Head of Project	North Eastern-Northern/ Western Interconnector-I Project	Guwahati
17	Oommen Chandy	10872	E9	ED	CS & MM	CC	Gurgaon
18	R.K. Singh	11044	E9	ED	Head of Region	WR-II	Baroda
19	Prabhakar Singh	20003	E9	ED	Head of Region	NR-I	New Delhi
20	Bharat Bhushan	20006	E9	ED	Head of Region	WR-I	Nagpur
21	V. Sekhar	20107	E9	ED	Head of Region	SR-I & SR-II	Secunderabad
22	S.C. Singh	40081	E9	ED	Head of Region	NR-II	Jammu
23	Rajendra Singh	50861	E9	ED	HRD	CC	Gurgaon
On deputation to other Organization(s)							
1	M.Krishna Kumar	00129	E9	ED	On deputation	North Eastern Transmission Co.Ltd.	Gurgaon
2	Kaushal K. Agrawal	00182	E9	ED	On deputation	Central Electricity Authority	New Delhi
3	D.S. Singh	10057	E9	ED	On deputation	Teestavalley Power Transmission Ltd.	Gurgaon
4	S. Singh	20049	E9	ED	On deputation	Jaypee POWERGRID Ltd.	New Delhi
General Managers Incharge heading Region / Project /Department							
1	S.K. Gupta	10034	E8	GM I/c	Head of Project	Western-Northern HVDC Interconnector Project	Kurukshetra
2	V.K. Agarwal	17003	E8	GM I/c	Regulatory Cell	CC	Gurgaon
3	D.K. Sarma	50005	E8	GM I/c	Head of Region	NER	Shillong
POSOCO							
1	S.K. Soonee	45003	E9	ED	CEO POSOCO	POSOCO HQ	New Delhi
2	V.V. Sharma	00392	E8	GM	Head of RLDC	NRLDC	New Delhi
3	U.K. Verma	16373	E8	GM	Head of RLDC	ERLDC	Kolkata
4	P. Pentayya	25011	E8	GM	Head of RLDC	WRLDC	Mumbai
5	P.R. Raghuram	30025	E8	GM	Head of RLDC	SRLDC	Bangalore
6	T.S. Singh	50022	E7A	AGM	Head of RLDC	NERLDC	Shillong

POWERGRID'S PERFORMANCE

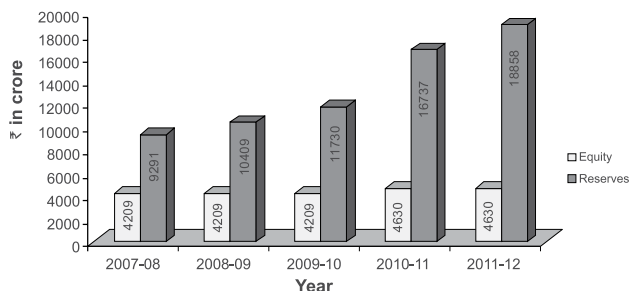
Sources of Funds (%) 2011-12



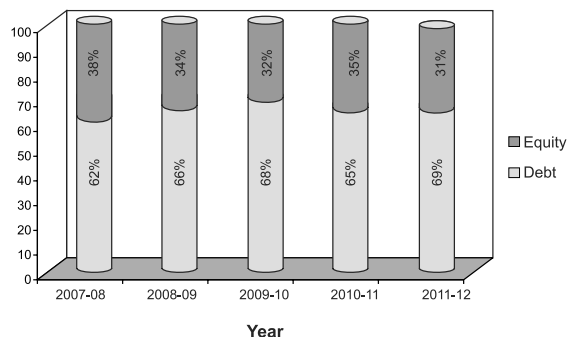
Application of Funds (%) 2011-12



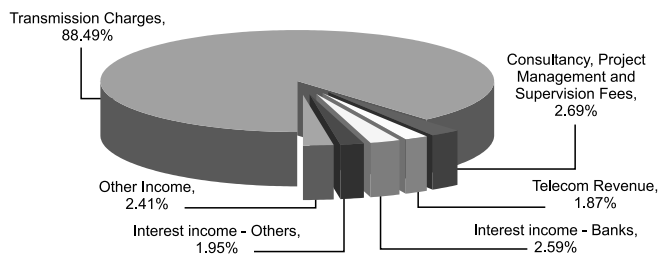
EQUITY AND RESERVES



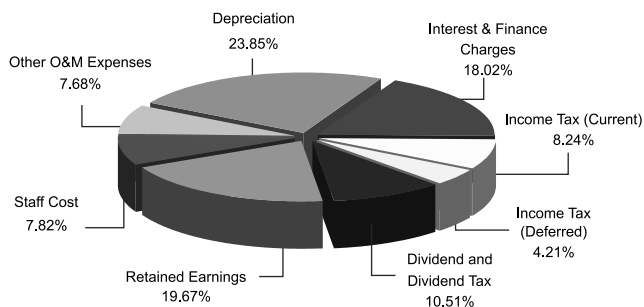
Debt Equity Ratio (%)



INCOME BREAK-UP (%) 2011-12



Distribution of Revenue - 2011-12





FIVE YEARS SUMMARY

OPERATING RESULTS

	(₹ in crore)				
	2011-12(*)	2010-11(*)	2009-10	2008-09	2007-08
(A) EARNED FROM :					
Transmission Charges	9544.19	7902.15	6700.56	5324.26	4241.25
Consultancy Revenue	289.95	299.35	269.17	215.90	250.04
Telecom Revenue	201.19	187.20	157.72	149.83	123.53
Other Income	749.68	710.05	376.13	448.73	466.71
Total Earnings	10785.01	9098.75	7503.58	6138.72	5081.53
(B) PAID & PROVIDED FOR :					
Employees Remuneration & Benefits	842.97	745.89	726.70	643.88	519.06
Transmission Expenses	328.38	270.38	244.91	199.61	171.55
Administration Expenses	476.21	415.59	257.56	208.10	162.42
Other Expenses(Including Prior Period Adj.)	19.96	11.49	101.23	74.26	189.51
Deferred Revenue Expenditure	1.79	1.86	1.78	1.83	5.43
Provisions	2.30	3.98	22.15	46.23	3.83
Total Expenditure(Excl. Depreciation & interest)	1671.61	1449.19	1354.33	1173.91	1051.80
Profit before Depreciation & Interest	9113.40	7649.56	6149.25	4964.81	4029.73
Depreciation	2572.54	2199.39	1979.69	1093.97	959.65
Interest & Finance Charges	1943.26	1625.44	1543.24	1642.27	1339.55
Net Profit after Interest & Depreciation but before Tax	4597.60	3824.73	2626.32	2228.57	1730.53
Provision for tax (MAT)	888.51	684.61	421.91	478.60	197.11
Fringe Benefit Tax (FBT)	-	-	(1.50)	14.60	10.50
Net Profit after MAT & FBT	3709.09	3140.12	2205.91	1735.37	1522.92
Deferred Tax	454.14	443.23	164.97	44.76	74.45
Profit after Deferred Tax	3254.95	2696.89	2040.94	1690.61	1448.47
Dividend	976.89	810.23	631.34	505.08	505.08

(*) Figures have been re-grouped as per old Schedule VI formats.

FINANCIAL POSITION

	(₹ in crore)				
	2011-12(*)	2010-11(*)	2009-10	2008-09	2007-08
(A) WHAT THE COMPANY OWNED:					
Gross Fixed Assets	63387.34	50343.35	43202.28	40319.33	35417.14
Less: Depreciation	15725.04	13119.37	11141.02	9190.89	8061.94
Net Fixed Assets	47662.30	37223.98	32061.26	31128.44	27355.20
Capital Work in Progress	15573.50	12963.68	10242.37	6533.43	5305.41
Construction Stores	12610.04	10749.25	7433.44	4694.19	2618.39
Construction Advances	5091.23	2911.66	2746.37	2058.38	834.29
Investments (including Current Investments)	1284.45	1398.35	1453.22	1592.83	1736.22
Current Assets ,Loans & Advances	9994.56	10483.83	9627.32	8312.92	5376.78
TOTAL (A)	92216.08	75730.75	63563.98	54320.19	43226.29
(B) WHAT THE COMPANY OWED:					
Long-term Loans:					
- Financial Institutions	257.48	338.95	420.44	511.19	602.84
- Foreign Loans	15267.46	12221.55	11129.52	10248.83	7006.16
- Bonds	34983.62	26528.10	21171.83	16409.57	13257.81
- Other Loans	1243.35	344.17	445.00	545.84	646.67
Total Long-term Loans	51751.91	39432.77	33166.79	27715.43	21513.48
Working Capital Loan (Short-term)	1650.00	1450.00	1250.00	750.00	750.00
Current Liabilities & Provisions	11442.41	9989.27	10092.89	8313.19	5024.98
Deferred Tax Liability(Net)	1600.88	1146.74	703.51	538.54	493.78
Advance against Depreciation	2143.78	2176.07	2213.63	2159.59	1697.07
TOTAL (B)	68588.98	54194.85	47426.82	39476.75	29479.31
(C) NET WORTH OF THE COMPANY REPRESENTED BY :					
(i) Equity capital(including Deposit)	4629.73	4629.73	4208.84	4208.84	4208.84
(ii) Reserves and Surplus	18858.05	16724.05	11708.23	10414.75	9298.53
iii) Less: Misc.Exp.to the extent not written off		2.41	3.56	5.50	7.19
TOTAL (C)	23487.78	21351.37	15913.51	14618.09	13500.18
(D) COMMITTED RESERVES & LIABILITIES					
i) Grants in Aid	139.32	171.31	198.82	225.35	246.80
ii) LDC Development Fund			16.44		
iii) CSR Activities Reserve		13.22	8.39		
TOTAL (D)	139.32	184.53	223.65	225.35	246.80
TOTAL (B+C+D)	92216.08	75730.75	63563.98	54320.19	43226.29
CAPITAL EMPLOYED (Net Fixed Assets+Net Current Assets)	42469.79	34429.03	28678.55	28430.04	25515.15
(E) RATIOS					
Net Profit to Capital Employed(%)	7.66	7.83	7.12	5.95	5.68
Net Profit to Net Worth(%)	13.86	12.63	12.83	11.57	10.73
Net Worth per Rupee of Paid-up Capital (in ₹)	5.07	4.61	3.78	3.47	3.21
Debt/Equity Ratio	69:31	65:35	68:32	66:34	62:38
Liquidity Ratio	0.66:1	0.79:1	0.74:1	0.75:1	0.75:1
Earning per Share (Diluted EPS) (₹ per Share)	7.03	6.19	4.85	4.02	3.60
Book Value per share(₹ per share)	50.73	46.12	37.81	34.73	32.08
Capital Expenditure (₹ in Crore)	17814	12005	10617	8167	6656
(F) OTHER IMPORTANT INFORMATION					
Length of Transmission Lines (CKT)	92981	82355	75290	71500	67000
No. of Substations	150	135	124	120	111
No. of Employees	9670	9775	9162	8214	7645
Transmission Network availability (%)	99.94%	99.80%	99.77%	99.55%	99.65%
Power Transmitted on POWERGRID Network (in MU)	430992	400596	363723	334013	328709

(*) Figures have been re-grouped as per old Schedule VI formats.

DIRECTORS' REPORT

Dear Shareholders,

Ladies & Gentlemen,

It gives me immense pleasure to present on behalf of the Board of Directors, the 23rd Annual Report on the performance of your Company during the financial year ending March 31, 2012 together with Audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the review period.

Your Company has once again surpassed its performance targets set forth under Memorandum of Understanding (MoU) with Ministry of Power (MoP), Government of India. Based on overall performance, your Company is poised to achieve 'Excellent' rating for FY 2011-12 too.

Your Company, in a brief span of 20 years, has grown by leaps and bounds and has carved a niche for itself amongst the largest transmission utilities in the world. The Company has been contributing significantly towards development of power sector in India through continuous innovations in technical & managerial fields and by undertaking coordinated development of power transmission network along with effective and transparent operation of Regional Grids and National Grid.

In order to keep pace with changing business environment, your Company set its 'Vision' to be the "World Class, Integrated, Global Transmission Company with Dominant Leadership in Emerging Power Markets Ensuring Reliability, Safety and Economy" and aligned its mission and objectives as a vanguard of foresight.

Out of many challenges met by your Company, the performance of your Company has been specifically commended in (i) execution of last leg of Transmission System in Creek area of Gujarat for evacuation of power from the Country's first Ultra Mega Power Project (UMPP) at Mundra before stipulated time, and (ii) restoration of Kishenpur-Wagoora 400kV Double circuit (D/c) transmission line in snow bound area of Kashmir valley about 5000 ft. above sea level within 48 hours under extreme hostile weather conditions.

Your Company has heralded creditable accomplishments in all its areas of operations. The major achievements during the year are as under:

- ❖ Investment of ₹ 17,814 Crore, an increase of about 48% over last year.
- ❖ Added about 10,600 circuit kilometre (ckm) of Extra High Voltage (EHV) transmission lines, 15 new EHV sub-stations and transformation capacity of more than 30,000 Mega Volt Ampere (MVA).
- ❖ Record commissioning of Assets worth ₹ 14,021 Crore.
- ❖ Investment approval accorded for 43 new transmission projects worth about ₹ 39,225 Crore.
- ❖ Transmission system availability attained - 99.94%, highest so far in the history of the Company.
- ❖ With the addition of Inter-Regional power transfer capacity of 5,600 MegaWatt (MW), total inter-regional capacity of National Grid enhanced to 28,000 MW.

FINANCIAL PERFORMANCE

(Figures in ₹ Crore, except per share data)

Description	2011-12	2010-11	Y-o-Y Growth
Income			
Transmission Charges	9,544	7,903	20.76%
Consultancy	290	299	(3.0%)
Telecom	201	187	7.5%
Other Income	750	710	5.6%
Total Income	10,785	9,099	18.5%
Profit After Tax (PAT)	3,255	2,697	20.7%
Earnings per Share (₹)	7.03	6.19	13.6%
Book Value per Share (₹)	50.73	46.12	10.0%
Gross Fixed Assets	63,387	50,343	25.9%
Long term borrowings *	51,752	39,433	31.2%
Net Worth	23,488	21,351	10.0%
Debt Equity Ratio	69:31	65:35	-
Commissioning	14,021	7,313	91.7%

* including current maturities of long term borrowings.

OPERATIONAL EXCELLENCE

As on April 1, 2012, transmission assets of about 92,981 ckm of EHV transmission lines, 150 EHV sub-stations and transformation capacity of 124,525 MVA, spread over the length and breadth of the Country are under operation. Your Company continues to wheel about 50% of total power generated in the Country through its transmission network.

Your Company consistently maintains high availability of its transmission network by implementing technologically advanced operational techniques such as Hot Line Maintenance, Washing of Insulators hotline with the use of helicopters, Equipment Condition Monitoring techniques including Dynamic Testing of relays, Thermo-vision Scanning, Frequency Response Analysis (FRA) for transformers and reactors, large scale automation of sub-stations, etc.. Presently, 32 sub-stations of your Company are being operated remotely and many new sub-stations are being designed for remote operation. For further improvement in operational efficiency, a "National Transmission Asset Management Centre" is being established to facilitate centralised operation, monitoring & control of sub-stations remotely. This will help in optimal utilisation of manpower & other resources of a group of substations by creating "Maintenance Service Hub" facilities, and reduce the response time in case of faults & breakdowns.

Replacement of conventional insulators with polymer insulators at polluted stretches in NCR area has contributed significantly in achieving safe, secure & reliable operation of Grid during foggy weather conditions.

Average availability of transmission systems during the year 2011-12 was maintained at **99.94%**, highest ever in the history of the Company. Number of trippings per line was also abated at **0.59**.

To meet eventualities like earthquake, fire, cyclone, landslides, sabotage, etc., your Company has kept state-of-the-art Emergency Restoration Systems (ERS) at strategic locations for restoration of collapsed transmission line towers in shortest possible time. Further, to mitigate the above eventualities in case of substation, a mobile 400/220kV ERS substation is being procured, which will facilitate quick deployment & restoration of sub-station in only 1-2 weeks, which otherwise may take several months.

Some potent options are also being explored like use of robotic technology for condition monitoring of conductor, earthwire & hardwares besides aerial patrolling of transmission lines using helicopters.

PROJECT IMPLEMENTATION

Your Company puts its best efforts to implement transmission projects within stipulated time frame to derive maximum economic benefits. Further, your Company takes a variety of measures such as advanced and cost effective Integrated Project Management and Control System (IPMCS) for total project review and monitoring, Standardisation of Designs, Project Review Meetings (PRMs) at regular intervals through video conferencing, pre-emptive measures and advance actions on various project linked activities such as land acquisition, survey and soil investigations, tender activities, funding tie-up, etc. in parallel with project investment approval process.

All these dynamic facets led to excellent performance on project implementation front during FY 2011-12 and not a single MW power is bottled-up for want of our transmission. **Transmission projects worth about ₹ 14,021 Crore were commissioned during the year, thereby adding about 10,600 ckm, 15 sub-stations and transformation capacity of more than 30,000 MVA in the transmission system.** Major 400kV transmission lines commissioned during the year include Korba STPS-Raipur D/c, Wardha-Parli D/c(Quad), Baripada-Mendhasal D/c, Mundra-Bachau-Ranchorpura D/c (triple snowbird), Maithon RB-Ranchi D/c, Uri-II - Wagoora single circuit (S/c), Mauda-Wardha D/c(Quad) & Biharshariff-Sasaram D/c(Quad) lines. Major 765kV transmission lines commissioned during the year include Gaya-Balia, Balia-Lucknow, Seoni-Wardha, Bina-Indore, Sasaram-Fatehpur (Circuit-1), Gaya-Sasaram S/c lines.

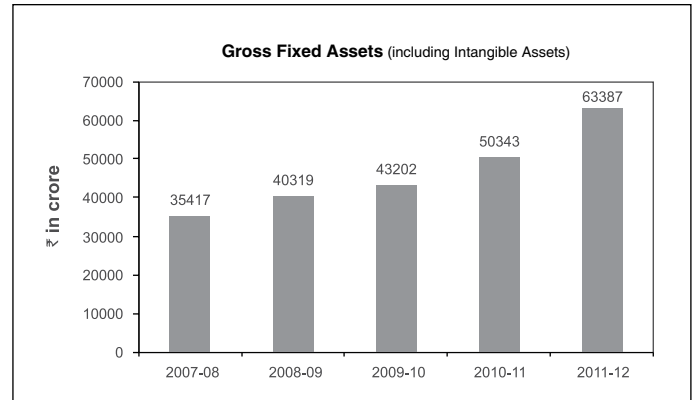
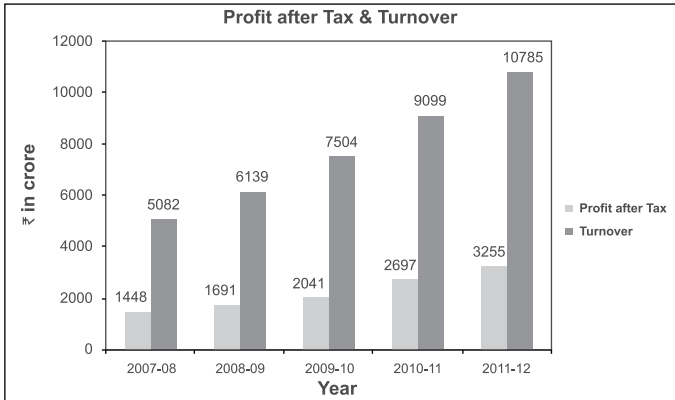
Notably, timely commissioning of 400kV D/C Mundra-Ranchorpura in September'11 and 400kV D/C Mundra-Limbdli D/c (triple snowbird) lines in February'12 associated with the 1st UMPP Project of the Country enhanced the image of confidence in power sector. In spite of severe Right-of-Way (RoW) problems, readiness of these systems had been ensured by your Company on its commitment.

During the year, **43 new projects** with an estimated cost of about ₹ 39225 Crore involving about **16900 Ckt km** of transmission lines, **22 new sub-stations** and transformation capacity of about **56000 MVA**, **HVDC terminal capacity of 3000 MW and 16200 km of OPGW fibre optic cable** were approved and taken up for implementation.

FINANCIAL MANAGEMENT

Your Company has recorded an impressive financial performance during FY 2011-12, achieving a turnover of ₹ **10,785 Crore** and Net Profit of ₹ **3,255 Crore** as compared to ₹ **9,099 Crore** and ₹ **2,697 Crore** respectively during FY 2010-11. The gross asset base of the Company has been enhanced to ₹ **63,387 Crore** from ₹ **50,343 Crore** in 2010-11, an increase of about **25.9%**.

Your Company, through its improved performance in Telecom and Consultancy businesses, also enhanced value for the shareholders.



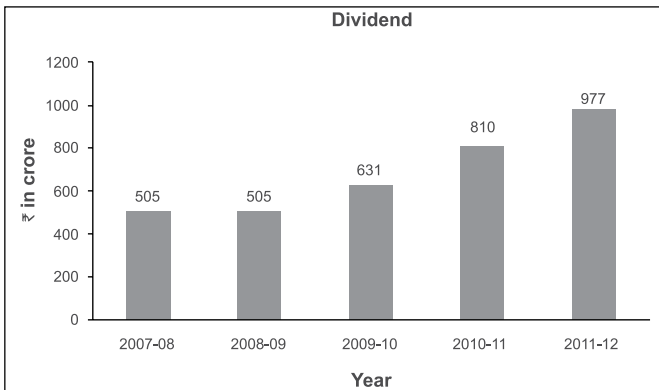
Capital Investment and Fund Mobilization

The Company undertook capital investment of ₹ **17,814 Crore** during the financial year 2011-12, which is about 48% higher than last year. ₹ **9,698 Crore** were mobilised from domestic market through private placement of bonds with attractive coupon rates and proceeds of ongoing loans from multilateral funding agencies, viz. The World Bank (WB) and Asian Development Bank (ADB) were utilised, besides accrued internal resources.

During the year, your Company has also tied up a line of credit of ₹ 5000 Crore from State Bank of India, of which ₹ 1000 Crore has been drawn in FY 2011-12 and balance is to be drawn in the subsequent years for part financing of the capital expenditure of POWERGRID projects.

Domestic credit rating agencies namely, CRISIL, CARE and ICRA have assigned credit ratings of AAA/Stable (triple AAA with stable outlook), AAA and LAAA respectively for our bonds issue. These credit rating agencies have also assigned AAA (Highest Safety) and LAAA ratings for long-term borrowings.

In addition to above, process of mobilization of additional loans from The World Bank (WB) and ADB was also taken up during the year for implementation of various transmission projects during XII Plan. Towards this, two loan agreements with ADB for a loan amount totalling to USD 576 million with sovereign guarantee, and also for the first time, a Non-Sovereign loan of USD 250 million on commercial principle basis was signed in March, 2012.



Dividend Payout

For FY 2011-12, your Company has proposed a final dividend of ₹ 1.31 per share in addition to ₹ 0.80 per share of interim dividend paid in Feb. 2012. The final dividend shall be paid after your approval at the Annual General Meeting. Thus, total dividend pay out for the year amounts to ₹ 976.89 Crore (including an interim dividend of ₹ 370.39 Crore) as against ₹ 810.23 Crore paid during the previous year. The total dividend pay out including dividend tax accounts for 34.8% of Profit after Tax of the Company.

Your Company is driven by its persistent zeal to build relationships and create wealth for its stakeholders through deploying cutting edge technology, adopting global best practices, optimum utilization of resources and sustainable development.

DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a going concern basis.

COMMERCIAL PERFORMANCE

Point of Connection (PoC) Charges tariff sharing mechanism through Central Electricity Regulatory Commission Regulations 2010, for Sharing of Transmission Charges and Losses has been implemented in the transmission sector w.e.f. July 1, 2011. POWERGRID as Central Transmission Utility (CTU) of the Country has been assigned the responsibility to carry out activities like raising of transmission charge bills on behalf of all the ISTS Licensees, collecting the amount and disbursing the same to them. In order to implement the Billing, Collection and Disbursement (BCD), a Portal has been developed by your Company during the year through which bills of transmission charges are prepared, raised and uploaded on the website for about 61 Designated ISTS Customers (DICs) including payment details by the customers.

Through petitions and follow up with Central Electricity Regulatory Commission (CERC), Regulatory Approvals have been secured by your Company for transmission projects worth total estimated cost of about ₹ 26,170 Crore during the year so as to take up these projects for investment approval and execution.

DEVELOPMENT OF NATIONAL GRID

In line with the Plan for enhancement of inter-regional power transfer capacity of the National Grid, Rourkela–Raigarh 400kV D/c, Sasaram–Fatehpur 765kV S/c & Gaya–Baliala 765kV S/c inter-regional links with aggregate capacity of **5,600 MW** have been commissioned. With this, the cumulative inter-regional power transfer capacity of National Grid has been enhanced to **about 28,000 MW**. Commissioning of these inter-regional links has strengthened the inter-regional grid capacity of Eastern Region with Western Region and Northern Region. This would go a long way in promoting economic energy exchange by facilitating transfer of power across the Country.

Four major regional power grids of the country, namely Northern, Eastern, North-Eastern & Western continued to operate at same frequency in synchronous mode as one of the largest synchronous grid in the world with total installed capacity of about 148,000 MW. Southern Regional grid, which is presently connected through various High Voltage Direct Current (HVDC) links with rest of the grid is planned to be connected synchronously by early 2014 through high capacity Raichur–Sholapur 765kV (2xS/c) lines.

To further strengthen the National Grid, various high capacity HVDC and EHV Alternating Current (EHVAC) inter-regional links with total capacity of 38,400 MW have been planned to take care of inter-regional power transfer requirement of various planned generation projects including Independent Power Producers (IPPs) scheduled for commissioning in XII Plan. The Inter-regional power transfer capacity of National Grid thus envisaged to be enhanced to about 66,400 MW by end of XII Plan.

GRID MANAGEMENT AND OPEN ACCESS

Grid Management function is continued to be looked after by Power System Operation Corporation Limited (POSOCO), a 100% subsidiary company of POWERGRID. Unified Load Despatch & Communication (ULDC) schemes have continued to bring quality and economy in operation of power system besides improving data availability, visibility and transparency.

With the ever expanding transmission network in the Country, complexities of grid operation are also escalating. Keeping this in mind, the facilities at all the five Regional Load Despatch Centers (RLDCs) and National Load Despatch Centre (NLDC) are being upgraded continuously through deployment of latest technology. Indian Power Grid had not experienced any major grid disturbance during the past nine years. However, the electricity grid experienced two major disturbances consecutively on 30th July & 31st July, 2012. While the first disturbance affected only Northern Region, the second one affected Northern, Eastern and North Eastern Regions. However, the essential loads were restored at the fastest pace within few hours of the incidents and power supply was restored progressively and normalised completely on the same day of the incident(s). Further, to avoid such recurrence in future, various actions have been/are being taken by your company.

Our strong transmission network and modernised RLDCs have facilitated about 58 Billion Units (BUs) of inter-regional energy transfer across the Country, as compared to previous year (about 56 BUs). Growth of inter-regional power exchange helped in meeting more demand in energy deficit regions besides achieving overall economy.

During FY 2011-12, 24,109 transactions involving about 67 BUs of energy were approved under short term open access (STOA) compared to 19,883 transactions and about 55 BUs of energy during 2010-11.

Your Company, as CTU is the nodal agency for grant of Long Term Access (LTA), Medium Term Open Access (MTOA) and Connectivity. LTA has been granted for about 82,000 MW to 133 nos. of IPP projects, MTOA has been granted for about 2400 MW to 33 nos. of applicants and connectivity has been granted to 67 nos. of eligible applicants for about 59,710 MW.

QUALITY MANAGEMENT

Your Company is continuously striving to provide cost effective & quality services to its valued customers thereby deriving high customer satisfaction. To achieve this, your Company is implementing appropriate quality measures at every stage from conceptualisation of project till commissioning and subsequently during operational phase. Quality improvement techniques are being adopted to identify the areas of improvement and develop action Plan for continuous quality improvement in all of its activities.

During the year, Integrated Management System of your Company was reviewed and based on evaluation of implementation of the latest systems and procedures, the revised certification was acclaimed. Your Company stands certified for Integrated Management System as per Publicly Available Specification, PAS 99:2006 integrating requirements of ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environment Management System) and OHSAS 18001:2007 (Occupational Health & Safety Management System). Establishments of your Company have been audited for its Social accountability systems & certification of entire Corporation for Social Accountability Standard, SA 8000:2008 is re-confirmed. Your Company is following standard manufacturing quality Plan both at national & international level during inspection at various manufacturing stages and adhered to standard O&M manuals for operation & maintenance of its transmission system.

For capacity building, specially considering vast geographical spread of our operations, vendor development has been taken-up on priority to meet project requirements in execution as well as in supply of 765kV transformers, reactors & other critical equipment. With a target to move towards zero product inspection, around 50 manufacturing units spread all over the Country/overseas were taken-up for process audits at their works.

Quality audits at sites have also been taken up during the year. Appropriate corrective actions were also ensured based on Quality Audit feedback. Quality Audit on implementation of Field Quality Plans was also carried out for assurance of quality during transportation, storage, erection and commissioning activities during implementation of projects.

TECHNOLOGY DEVELOPMENT

Your Company has undertaken several technological advancements aimed at conserving RoW, minimizing impact on natural resources & human habitat and cost effectiveness in evacuation of power by upgrading & uprating of existing transmission lines, use of High Temperature endurance Conductors, Series Compensation including Thyristor Control, Flexible AC Transmission System (FACTS), use of Multi Circuits, Compact & Tall Towers, Gas Insulated Sub-stations (GIS), High Surge Impedance Loading (HSIL) Lines, Large Scale Automation of Sub-stations, unmanned Sub-stations etc..

Power transmission at higher voltage levels not only offer increased power transfer capability, it also helps in reduction of transmission losses and reduction of Right of Way requirement. Experienced with implementation and operation of ± 500 kV HVDC & 765kV EHVAC transmission systems, your Company is now working on higher transmission voltages of ± 800 kV HVDC & 1200kV Ultra High Voltage AC (UHVAC).



Fig: 1200kV (World's Highest Voltage level) bay at the National Test Station

± 800 kV multi-terminal HVDC System

Implementation of ± 800 kV, 6000 MW multi-terminal HVDC system of around 2000 km from North Eastern Region (Biswanath Chariali in Assam and Alipurduar of West Bengal) to Northern Region (Agra in Uttar Pradesh) is under construction. It shall be amongst world's largest ± 800 kV multi-terminal HVDC system.

1200kV UHVAC Transmission System

To meet the long-term bulk power transfer requirement an overlaying super grid with 1200kV UHVAC system has been envisaged. The 1200kV UHVAC technology, the highest voltage level in the world, is being developed by your Company in collaboration with 35 Indian manufacturers. This is one of the unique R&D projects in public-private partnership model.

The pilot 1200kV S/c line was successfully test charged and 1200 kV D/c line erected at 1200kV UHVAC National Test Station at Bina, Madhya Pradesh in February, 2012 by your Company. The 1200 kV UHVAC technology current under field testing.

This endeavour shall benefit Indian power sector to enter into new era of 1200kV level with 1200kV class equipment from the manufacturers within Country.

Other Initiatives

Technological initiatives such as Pollution & Lightning mapping of transmission system, Process bus technology & Superconducting (Zero Resistance) Technology are being taken up/ explored for their viability in Indian Power System to ensure more efficient, safe, secure & reliable operation of Grid.

SMART GRID TECHNOLOGY

Smart Grid is confluence of Information, Communications & Electrical/ Digital technologies. Smart Grid, apart from facilitating real time monitoring and control of power system will help in reduction of AT&C losses, peak load management/ demand response, integration of renewable energy, power quality management, outage management etc.. Smart Grid will act as a backbone infrastructure to enable new business models like smart city, electric vehicles, smart communities apart from more resilient and efficient energy system and tariff structures.

Your Company is taking leadership initiative for implementation of Smart Grid Technology in the Country and has already installed 8 Nos. of Phasor Measurement Units (PMUs) as part of Wide Area Measurement Systems (WAMS) as a pilot in Northern Region Grid.

Unified Real Time Dynamic State Measurement (URTDSM) project for installation of PMUs, Phasor Data Concentrators (PDCs) etc. has been formulated. First test lab for PMU and PDC testing in India is being established by your Company at Bhiwadi in Northern Region.

Secretariat of the prestigious "India Smart Grid Task Force (ISGTF)" forum, is being operated by your Company and providing technical support in evaluation of proposals. Model Request for Proposals (RfP) has been prepared for Smart Grid Pilot project in distribution sector. Further, your Company is also providing technical support for Ministry of Power in evaluation of proposals received from Utilities for establishing Pilot Project in Distribution Sector.

Your Company has formed specialised "Smart Grid" department to take up implementation of Smart Grid / Smart City Projects. Detailed Project Report (DPR) for a number of cities like Amritsar, Raipur (Satara), Puducherry, Agartala, and Panipat for pilot smart grid projects have been submitted under India Smart Grid Task Force. Further, project reports for implementation of Smart grid/ cities for Firozabad and Katra have been submitted and for Bidhuna, Shikohabad, Jammu (Gandhinagar Division), Baghat, Gulmarg, Pahalgam, Charar-i-Sharief, Chitradurga (Karnataka), District/cities of Tripura, Chhatisgarh, Haryana, Punjab, Bihar etc. are under preparation.

The pilot Smart grid/ Smart city project in Puducherry has been taken up for which an MOU has been signed with Electricity Dept., Govt. of Puducherry in March 2012. In all, 63 organizations have joined hands with your Company for implementation this pilot project.

Your Company has evolved a comprehensive scheme for Green Energy Corridor associated with renewable energy sources integration into the Grid. Also, it has identified other measures to facilitate smooth integration of large scale renewable generation capacity addition.

PERFORMANCE IN TELECOM

Your Company with its brand name 'POWERTEL' in Telecom business is the only utility in the Country having overhead optic fibre network using OPGW (Optical Ground Wire) on power transmission lines. POWERGRID has an all India Broad Band Telecom Network of about 25000 Kms.

It is a matter of pride that your Company is one of the few telecom players with a marked presence in remote areas of NER, J&K etc.. It has acquired National Long Distance (NLD) and Internet Service Provider (ISP-A) and Infrastructure Provider Category-I (IP-I) licences to provide a variety of services.

During the year, few more cities viz. Kottayam, Nadia, Puruliya, Jalpaigudi, Bhagalpur, Saifai & Kurukshetra have been added to our telecom network, taking the tally to 206 cities.

During the year, your Company added 11 new customers on its network, further increasing its already illustrious list of Customers, which include prime telecom companies, prestigious Government organizations, International Operators and various Government Offices. In addition, the Company is also planning to attract customers from entertainment and broadcasting industry.

Total Order Book of Telecom rose to ₹ 1,050 Crore from ₹ 650 Crore in previous year (i.e. up by 62%) despite a general slowdown experienced by Telecom industry due to intense price wars. Telecom Backbone system availability during the fiscal was maintained at 99.97%.

National Knowledge Network (NKN) project

Your Company is one of the implementing agencies for the prestigious National Knowledge Network (NKN) project through which Government plans to connect all knowledge centres across the Country such as IITs, IISc, etc. on high speed connectivity. Revenue realised under this project during FY 2011-12 is ₹ 45.02 Crore.

National Optical Fiber Network (NOFN) project

Your Company is a member of Advisory Body and Core Committee of National Optical Fiber Network (NOFN) project through which Government of India plans to connect 250,000 Gram Panchayats on Optical Fiber network at an estimated cost of ₹ 20,000 Crore with completion schedule of 24 months, utilising existing facilities of BSNL, POWERGRID and RAILTEL. POWERGRID share in the project is expected to be 20% involving 50,000 Gram Panchayats. A Pilot Project has been taken up in Vizag (AP).

Multi Protocol Label Switching (MPLS)

Your Company has taken up implementation of MPLS through Virtual Private Network which will provide highly Secure & Reliable Network connectivity (any-to-any) on Internet Protocol (Routing). Apart from being cost effective, MPLS offers advantages like maximum Bandwidth Utilization, Scalable & Simpler Customer Connectivity (Radial Connectivity), easy Provisioning & Maintenance etc..

BUSINESS DEVELOPMENT & CONSULTANCY

Your Company has established itself as one of the leading consultants in the field of Power Transmission, Sub-transmission, Distribution, Load Despatch & Communication and Telecom sectors and is utilising this expertise to offer consultancy services world wide.

On the domestic front, during FY 2011-12, your Company has bagged **41** new assignments having project cost of ₹ **1002 Crore**. Further, your Company has been appointed as Design cum Implementation Supervision Consultant for strengthening of Transmission & Distribution System of 6 States of NER having Project cost of around ₹ **8400 Crore**.

In international arena, the Company is working in **11 countries** viz. Nepal, Bhutan, Bangladesh, Afghanistan, Sri Lanka, Myanmar, UAE, Nigeria, Ethiopia, Kenya & Tajikistan.

During the year, your Company signed Memorandum of Understanding (MoU) with Kenya Electricity Transmission Co. Ltd. (**KETRACO**) and Ethiopian Electric Power Corporation (**EEPCo**) for providing assistance for development of Power Transmission network in their countries. In addition, a General Cooperation Agreement was signed with Gulf Cooperation Council Interconnection Authority (**GCCIA**) for providing technical services in areas of Operation and Maintenance of HVDC, Telecom, Grid Operations, Technical services, system planning and operation etc.. Further, an MoU was signed with International Finance Corporation (**IFC**), an extended arm of the World Bank, for extending co-operation between POWERGRID and IFC to identify and evaluate transmission projects for development and/or Own/Co-own transmission projects in Asian and African Continents by providing financial and technical services to Project's client.

SAARC Grid

POWERGRID has emerged as a strong player in South Asia and is playing an active role in formation of a strong **SAARC grid** for effective utilization of resources for mutual benefits. Presently, various electrical interconnections exist between **India & Bhutan** and **India & Nepal** and these are being further strengthened for substantial exchange of power across the borders. An asynchronous interconnection between **India & Bangladesh** is under implementation. Also, feasibility study for an under-sea interconnection between **India and Sri Lanka** is under finalization and 500MW Amritsar (India) - Lahore (Pakistan) HVDC link between **India and Pakistan** is under discussion.

STRATEGIC ALLIANCES

Your Company intends to enter into manufacturing of transmission line towers/ conductors/ equipment by forming Joint Venture Companies (**JVCs**) with the manufacturers of basic raw material. In this direction, your Company has signed MoUs with National Aluminium Company Limited (**NALCO**) and Rashtriya Ispat Nigam Limited (**RINL**) to explore the opportunity of manufacturing conductors and transmission line towers respectively, including research and development.

CONTRIBUTION IN DISTRIBUTION REFORMS

To enable end consumers to derive benefit of additions in generation & transmission, Govt. of India's Rajiv Gandhi Grameen Vidhyutikaran Yojana (RGGVY) Scheme aims at providing electricity in all villages & habitations and provides access to electricity to all rural below poverty line (BPL) households.

Under RGGVY, your Company has been assigned the job for execution of rural electrification works in 65 districts in the Country. Upto end of XI plan, your Company has created infrastructure for electrification of 64,803 villages out of which 32,318 were un-electrified villages and provided 33.57 lac Service Connections to BPL households.

During FY 2011-12, infrastructure for **electrification in 9358 villages**, including 1688 un-electrified villages, was created and Service connections were provided to about **6.783 Lakh BPL households**.

By end of FY 2011-12 cumulatively 30,178 Villages have been charged including 11,229 during the year.

XI PLAN ACHIEVEMENTS

Your Company surpassed its planned capital investment of ₹ **55,000 Crore** during XI Plan and made an investment of more than ₹ **55,300 Crore** for development of inter-State transmission system.

Achievements in XI Plan provide ample testimony to the untiring efforts put in by your Company. To propel the growth of your Company to the next orbit, Govt. of India has accorded the prestigious Navratna Status in May 2008, thereby providing greater autonomy & powers.

Accelerated growth path of your Company during XI Plan can be seen from the following table, which shows a phenomenal built up of about 50% capacity of Company's present network in XI Plan only w.r.t. the capacity as built in last many years.

Parameter	At the end of X Plan	At the end of XI Plan	Addition during XI Plan	Growth in XI Plan
Transmission network (ckm)	59,461	92,981	33,520	56.37%
Sub-stations (nos.)	104	150	46	44.23%
Transformation Capacity (MVA)	59,415	124,525	65,110	109.59%
Inter-regional Capacity (MW)	14,100	28,000	13,900	98.58%
Gross Assets (₹ Crore)	29,015	63,387	34,372	118.46%

During XI Plan, your Company has operationalised 765kV EHVAC level by charging Sipat-Seoni transmission line at its rated voltage in October, 2007. Additionally, during the plan, seven (7) number of 765 kV sub-station and above 3500 ckm. of 765 kV transmission lines have been added. Further, the highest voltage level in the world, 1200kV UHVAC Test Station has been test charged.

National Load Despatch Centre (NLDC), the apex body to ensure integrated operation of the national power system at national level, commissioned in **Feb., 2009**. Power System Operation Corporation Limited (POSOCO), a 100% subsidiary of your Company, set up to look after Grid Management function in line with GoI directive, started commercial operation from **1st October, 2010**.

As part of prestigious international consultancy assignments, the construction of 220kV Transmission line from **Pul-e-Khumri to Kabul in Afghanistan completed in Jan., 2009** and **400kV GIS substation in Dubai (UAE)** successfully commissioned in 2010.

GoI has made Tariff Based Competitive Bidding (TBCB) mandatory for inter-State Transmission System from January 5, 2011. Leveraging its competitive edge, your Company has secured both the transmission projects invited under TBCB since then.

XII PLAN INVESTMENT PROGRAMME

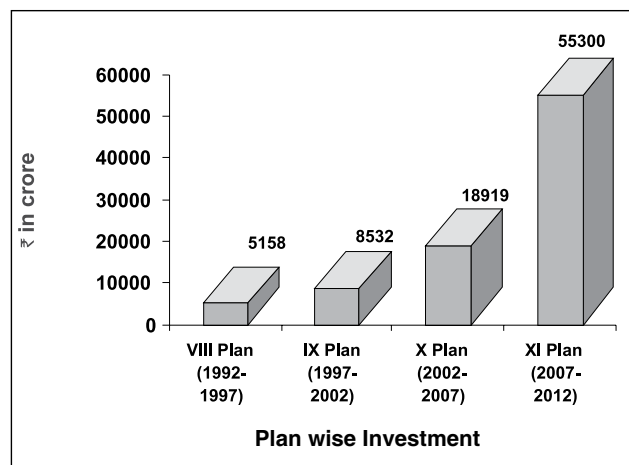
Considering the generation capacity addition of 75,785¹ MW envisaged during XII Plan, total fund requirement for transmission sector is estimated at about ₹ **180,000 Crore**. In this, major portion of the investment i.e. **about ₹ 100,000 Crore is planned by the Company during XII Plan** for further development of inter-State transmission systems which includes development of High Capacity Power Transmission Corridors (HCPTCs) apart from inter-regional links for enhancement of National Grid capacity & various system strengthening schemes.

Your Company is placed in a comfortable position in terms of resource mobilisation owing to its excellent credit rating. Loan requirement is planned to be met through borrowings from multilateral funding agencies (The World Bank and Asian Development Bank), Supplier's credit, ECB loan and from domestic sources on the basis of requirement.

ERP & IT

Your Company has made remarkable strides in the area of Information Technology (IT) and systematically developed, through in-house efforts, software applications for most of the functional areas for deploying IT for efficient and effective discharge of its objectives. Laptops and datacards have been provided to employees to enable them to discharge their functions efficiently. Main package of ERP Project has been awarded. The project includes deployment of Data Centre, Disaster Recovery Centre and augmentation of communication network.

Initiative towards implementation of Information Security Management System (ISMS) leading to ISO:27001 certification across the organization have been undertaken.



¹As projected by the Working Group on Power.



SUSTAINABLE DEVELOPMENT

Transmission projects are environmentally clean and involve neither any disposal of solid waste, effluents and hazardous substances in land, air and water nor large scale excavation which may result in soil erosion. Transmission line projects rather help in reducing environmental impacts of power projects, especially thermal power projects. Generation Projects could be located far away from inhabited areas to have minimum transportation of coal and for bulk power transfer, high capacity transmission lines are set-up to dispatch power to load centre located distance apart.

Your Company has proactively followed the Environmental and Social Policy & Procedures (ESPP) for the conservation of forests, flora & fauna, resettlement & rehabilitation. POWERGRID believes that its guiding principles of Reliability, Security and Economy have to match up to the rising expectations of a cleaner, safer, healthier environment for people, both affected and benefited by its activities. After adoption of ESPP, forest involvement on our transmission lines have been reduced to 1.35% from the level of 6% in 1998.

POWERGRID was the first Company in power sector to come out with 'Sustainability Report' and 2nd such report shall be coming out shortly, providing all stakeholders a clear picture of our contributions to sustainable development through its activities.

POWERGRID has undertaken Rain Water Harvesting systems in 6 Sub-stations with total expenditure of ₹ 25.75 lakhs as part of the Company's Sustainable Development initiative to contribute to the endurance of our ground water reserves.

Transfer of huge quantum of power across the regions poses massive challenges like RoW, clearing of forest, etc.. Therefore, your Company is focusing on more number of high capacity +800kV HVDC systems and 765kV D/c lines to minimise RoW and environmental problems. In addition, as mentioned your Company is developing 1200kV AC technology, highest AC voltage level in the world, as next higher AC voltage in the Country. The 1200kV AC voltage line would enable transfer of 7000-8000 MW power over single corridor which will help in utilizing the right-of-way in an optimal manner and minimizing of loss of forest, flora & fauna and scarce natural resource like land etc..

Besides, your Company has successfully demonstrated up-gradation of existing lower voltage lines to higher voltage operation to enhance the power transmission capacity within the same corridor without felling additional trees.

Optimization of RoW and its associated environmental and social impact in extra high voltage transmission line are far reaching and implementation of this voltage/ technology will go a long way in minimizing environmental and social impact of high voltage transmission line.

For overall sustainable development of the sector, your company's major thrust is on inclusive development of the sector. Towards this, your company besides undertaking capacity building program for various State power utilities, is in the process of forming Joint Venture Companies with State power utilities to take up intra-State transmission System & management contract for distribution circles etc.

As a step further a specialised dedicated Smart Grid, Distribution Management, Energy Efficiency and Carbon Emission reduction Cells have been created to take up these activities not only for POWERGRID establishment but for other utilities as well. Certification of our employees as Energy Auditor is being taken up in big way. During the year, Energy audit was completed at 12 sub-stations and reports have been implemented.

CORPORATE SOCIAL RESPONSIBILITY

Your Company emphasises on the overall development of areas and communities around its establishments. It undertakes various community development schemes through provision of facilities like health, education, drinking water besides infrastructure like roads, community centres etc..

During FY 2011-12, CSR expenditure of ₹ 24.93 Crore [0.92% of Profit after tax (PAT) of the preceding year] was made on carrying out more than 400 CSR projects, including 166 in the area of Infrastructure, 82 in Health, 57 in Education, 33 in Environment and 40 in Livelihood. These projects were carried out in consultation with the local stakeholders in the vicinity of the establishments, and therefore, have played a pivotal role in identifying the most pressing needs, and subsequently, improving the socio-economic conditions of the marginalized sections. During this period, more than **1.55 lakh tree saplings** were also planted. There is an ambitious plan of planting over one million trees in the coming years.

Your Company has also collaborated with number of specialized agencies to roll out its CSR initiatives. Some of the significant interventions were in the field of Capacity building training to youths in "Transmission Line Tower erection" which are being conducted in association with leading manufacturers. During this year, **213 unskilled workers** have been trained through Capacity Building Programme and gainfully employed in the transmission industry. Livelihood training programmes were also imparted to unemployed rural youth in tailoring, cutting/ stitching, embroidery, automobile repairing, handloom weaving, food & fruit processing, repairing of household appliances, etc. to secure employment or be self employed. Your Company has adopted Government ITIs at Buxar&Marhaura in Bihar, Bargi-Jabalpur in M.P. and Bhadravati in Maharashtra for upgradation under Public Private Partnership mode of "Adopt an ITI" scheme of GOI. Total about 500 students have passed out from these institutions in various trade such as moulding, welding, plumbing, electrical, mechanical etc. Further your company is in the process of

setting up of two (2) new ITIs each in the States of J & K and Odisha for enhancing the capacity building of the sector as well as employability of the youth of our country.

Some of the other noteworthy CSR initiatives include reclamation of Reserve Forest in Assam wherein tree saplings were planted in 100 hectares of land, providing mid-day meals to primary students in Haryana, providing Maternal & Child Health care services to around 45,000 villagers in backward areas of Mewat, Jhajjar & Gurgaon and providing broadband connectivity to few remote village panchayats in Maharashtra, Odisha & Assam.

PEOPLE, OUR CORE STRENGTH

Attracting Talent, Nurturing & Development of Human Capital

Our employees & their continuous development are the most valuable asset & investment of the Company. Your Company encourage innovation, meritocracy and the pursuit of excellence through continuous development. In this direction, your company is setting up a state-of-the-art HRD centre at Manesar named "POWERGRID Academy of Leadership" (PAL) at an estimated cost of over ₹ 55 crore for development of the employees of POWEGRID as well as that of State utilities.

During FY 2011-12, POWERGRID has inducted **394 personnel** at various levels viz., Executives, Supervisors, Workmen through open advertisement on all India basis and campus selection from reputed engineering and management institutes for executives, and for non-executives through employment exchanges and local advertisement at regional level.

For overall competency enhancement of employees in synchronization with business needs, environment and individual development Plan, your Company has boosted up its training efforts and an average 6.15 training mandays per employee has been achieved.

A centre for training on maintenance of live high voltage lines of up to 400kV has been established at Hyderabad 400kV sub-station. The state-of-the-art facility has been recognised as Category-I training centre in power sector by Central Electricity Authority for imparting training in Hot Line Maintenance on the live power transmission lines.

MoUs have been signed with Foundation of Innovation and Technology Transfer of IIT, Delhi (FITT, IIT Delhi) for conducting certification programmes for operation & maintenance of transmission system and telecom.

Corporate Yellow Pages of your Company have been collated to cope with the competitive regime. In fact, with the arrival of Knowledge economy, your Company is rising up to manage the knowledge assets, share, use, re-use, capitalize them and remain ahead of the competition.

Project management is the value driver that helps the organization gets most out of its performance. In view of the organisational need, **46 executives** got the Certification in Project Management from international bodies.

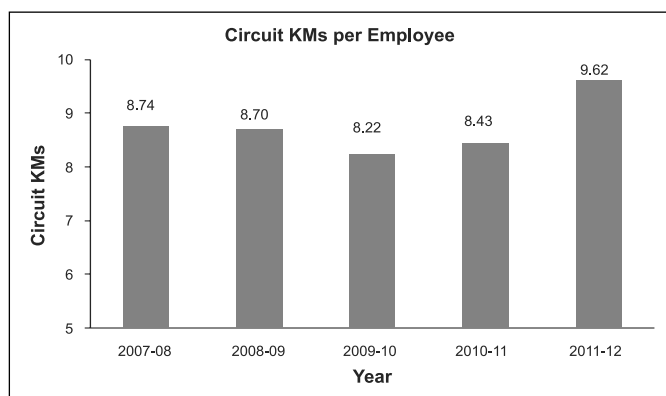
Employee Welfare

Keeping in pace with changing needs and welfare of employees, various policies and rules are being revised/ amended from time to time. Various hospitals adjacent to our establishments have been empanelled both at Corporate Centre as well as in other establishments for benefit of Employees and their dependents. The Cafeteria in the Corporate Office and Food Lounge of Multi Purpose hall of your Company is conferred with **ISO 22000: 2005** where quality food is served to employees.

Cultural programmes are conducted periodically for promoting healthy community living and celebrating various occasions like Diwali get-together, Holi Milan, New Year, Raising Day, etc..

The Company has also been organizing Intra & Inter-Regional Sports Competitions for Kabaddi, Cricket, Volleyball, Chess, Badminton etc. and regularly participating in the Inter-PSU Sports Meet. POWERGRID players in Kabaddi, Table tennis and Lawn-Tennis have stood meritorious and bagged awards in the Inter-PSU tournaments. Your Company's team has emerged as National Champions in prestigious National Management Games-2012, organised by All India Management Association and qualified to represent India in Asian Management Games Challenge.

POWERGRID National & Regional Bipartite Committees provides a platform for addressing issues related to workmen. During the year, the Industrial Relations have been maintained cordial and no manday was lost.



Citizen's Charter

The Company formulated its Citizen's Charter providing a visible front of its mission & objectives, commitments, terms of service and its obligation to various stakeholders. In the Citizen's Charter information is available about Company's schemes, policies, project plans of the Corporation and issues of general interest to stakeholders.

Implementation of Official Language

Your Company has proven its commitment for implementation of Rajbhasha Policy of Govt. of India and is sensitive towards our heritage, social and cultural concerns.

All out efforts have been made to ensure use of Hindi in all aspects of management at all levels in the Corporation. For increased use of Official language, various activities were undertaken such as organizing workshops to impart training in translation, enhancing working knowledge through organizing computer trainings and Hindi classes, etc.. Akhil Bhartiya Rajbhasha Sammelan, Kavi Sammelan (poetry sessions), Kavita Pratiyogita, Drama, Publication of Hindi Magazines/ papers, competitions and meetings, etc. are regularly organized. To provide further inspiration to work in Hindi, employees are nominated for external Hindi training programmes. The efforts made in implementation of Rajbhasha have been applauded in many forums and the Company has received many accolades.

Corporate Image through Communication Management

Building Communication Capital is as important as Human Capital to build relation between organisation and its stakeholders. Your Company has adopted a number of communication interventions to present itself as an infrastructure major contributing to nation building.

In order to facilitate dissemination of information and interaction with all stakeholders with regard to our achievements, growth, recent developments on operational and financial front besides updation of website, regular press communiqué have been issued by your Company and face to face interaction of the management arranged with the analysts and stakeholders at the Quarterly Analyst Meet and Press Meet. This has enhanced brand exposure with existing and potential clients, investors and other stakeholders. Information and latest updates & announcements regarding the Company are posted on Company's website including Financial results, approval to projects granted by the Board etc..

Your Company successfully participated in the India International Trade Fair (IITF) 2011 exhibition by creating a theme stall based on 1200kV UHVAC transmission line. The Company also participated in other business oriented regional exhibitions in Jharkhand, Mumbai and other places to reach out to local clients and the common masses.

Internal communications play a key role in enabling employees across the Company in understanding and embracing the Company's mission, goals and strategies. Towards this objective, your Company has continuously deployed communication tools such as monthly newsletters, CMD's communique, house journals, wall magazines, lounge and regular media updates to apprise the employees of the developments, achievements & events, viewpoints of the management and also provide a platform to employees to participate and take pride in being associated with POWERGRID. "Open house" sessions are also regularly organised where CMD and Directors of your Company interact with all the employees, either directly or through video conferencing.

EXHIBITION AND CONFERENCE ON NEW TECHNOLOGIES - GRIDTECH 2011

With the support of Ministry of Power, Govt. of India, GRIDTECH 2011, an International exhibition and conference on new technologies in transmission & distribution and synergic areas like load despatch, telecommunications, application software etc. was organised. GRIDTECH 2011 provided a unique opportunity for the power utilities, manufacturers, research institutions, policy makers, academicians, consultants etc. to gain exposure to state-of-the-art products and technologies like 1200kV UHVAC, 800kV HVDC, FACTS, GIS, Superconductors, Smart Grid, substation automation, compact lines, power system protection system, modern distribution management, renewable energy sources, integrated communication system etc..

RENEWED COMMITMENT TO TRANSPARENCY & VIGILANCE FUNCTION

Several initiatives have been taken to strengthen internal systems to enhance efficiency and effectiveness of the Vigilance function. The Vigilance Department lays emphasis in the awareness process. In line with this, training has been imparted on ethics and vigilance matters through various preventive vigilance workshops. Apart from these, vigilance executives were also sent on training to various organizations like Central Bureau of Investigation (CBI) and the National Institute of Criminology and Forensic Science, besides participating in training programmes organized for capacity enrichment of the vigilance executives. The Vigilance Executives at the regions also undertook regular knowledge enhancement sessions while on tour or inspections, which gave a feedback on the practical issues being faced by personnel at the execution level. Besides these, Vigilance Audit of some of the Departments has also been conducted, which is aimed at examining the primary objectives of a Unit/ Department and impact assessment in terms of achievement of these primary objectives. It brings out the extent of risk, irregularities, mistakes & omissions under various provisions of the rules, and also examines whether there are any lacunae in the system/ rules and its application leading to the said defects. On assessment of these, remedial measures have been suggested.

As part of pro-active vigilance, process online inspections have also been conducted in which critical works are inspected at the initial stage of execution by the vigilance executive for shortcomings and for advising corrective measures at the initial time, if any. As a result of Vigilance audit, large number of system improvements were implemented which include standard Field Quality

Plan, safety norms, Project Insurance Policy, maintaining proper storage, construction related records, Qualifying Requirements on procurement, HR Policies etc.. A large number of inspections have been conducted both by Vigilance executives as well as by the CTE's Organisation. Based on these inspections, adequate cost compensation was effected on the points for not conforming to technical specifications etc.. To facilitate report generation & compliance on inspection reports generated through the Vigilance Inspection System (VINS), a system has been devised for furnishing online replies on the internet. On the punitive side, a number of complaints were received and taken up for investigation. Necessary disciplinary action wherever appropriate was also initiated against some employees.

While e-payments, document tracking, uploading of contractual documents, web based complaint handling system has already been implemented in the Organisation from 2007 onwards, lately, e-procurement has been successfully implemented in the Organisation with the signing of Contract Agreement with two leading Application Service Providers (ASP), viz. M/s Telecommunications Consultants India Limited (TCIL) & M/s mjunction services Limited (mjunction). Further, provision of e-Reverse auction has also been included in the agreements.

To spread awareness amongst employees and to prevent violation of the Conduct, Discipline & Appeal (CDA) Rules, bulk SMS on the CDA Rules are being sent to all the employees regularly. Vigilance Department also uploaded CDA Rules Quiz, the Public Interest Disclosure and Protection of Informers (PIDPI) Resolution of CVC, Case studies and closed inspection reports on the intranet website. During the Vigilance Awareness Week from 31st October to 4th November, 2011 the theme of the year "Participative Vigilance" as decided by Central Vigilance Commission was celebrated in befitting manner by administering the pledge to all employees as well as through several competitions and programmes which included painting and debate competitions for the employees, their children and outside schools children. Lectures by eminent personalities on topics related to corruption, ethics and values were organized at different installations of the Corporation. The in-house journal of the Vigilance Department – "Candour" was released during the valedictory function of the Vigilance Awareness Week by the Chief Guest, Shri Anil Kumar Sinha, IPS, Addl. Secretary, Central Vigilance Commission. He also gave away prizes to the prize winners on the occasion.

ACCOLADES & AWARDS

Your Company has been bestowed with numerous awards in various categories by Govt. of India and other prestigious organisations & institutes.

Six projects of POWERGRID bagged the prestigious **National Awards for Meritorious Performance in Power Sector instituted by the Government of India for the year 2009-10 & 2010-11**. POWERGRID received three Gold Shields and two Silver Shields for Transmission System Availability and one Silver Shield for Early Completion of Transmission Project.

In recognition of its continued efforts to provide secure & reliable transmission system, POWERGRID was conferred with '**Power Line Awards 2012' in the category "Best Performing Transmission Company"**.

'**Environmental Excellence & Sustainable Development award-2011' by the Indian Chamber of Commerce** and '**4th India Power Awards 2011' under the 'Largest CPU in Transmission Sector' and 'Overall Utility Performance- Transmission' Categories** were conferred on your Company for its outstanding performance.

In Telecom Business, as a testimony of the excellent work being done by your Company, it has been bestowed with "**Excellence in Innovation in Tower Management**" Award by INFOCOM CMAI National Telecom Awards 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the issues in the Directors reports, some issues have been brought out in report on Management Discussion and Analysis placed at **Annexure-I**.

PARTICULARS OF EMPLOYEES

The particulars of employees of the Corporation who were in receipt of remuneration in excess of the limit prescribed under Section 217 (2A) of the Companies Act, 1956 is given in **Annexure-II** to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per requirements of disclosures under Section 217(1) (e) of Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, information is given in **Annexure-III** to this Report.

COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

Company has received 'NIL' comments on the accounts for the year ended 31st March, 2012 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956. Copy is attached in **Annexure-IV** to this report.

CORPORATE GOVERNANCE

A report on the Corporate Governance (**Annexure V**), forming part of this report, together with the Certificate thereon is given in **Annexure-VI** to this report.

Your Company has got its Secretarial Compliance Audit conducted for the financial year ended 31st March, 2012 from M/s Sanjay Grover & Associates, Practising Company Secretaries. Their Report forms part of this Report. (**Annexure-VII**)

STATUTORY AUDITORS OF THE COMPANY

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s S. K. Mehta & Co., M/s Chatterjee & Co., and M/s Sagar & Associates were appointed as Joint Statutory Auditors for the financial year 2011-12.

COST AUDITORS OF THE COMPANY

POWERGRID had appointed the Cost Auditors Sh. Jugal Kishore Puri, M/s. Chandra Wadhwa & Co, M/s. S. C. Mohanty & Associates and M/s. K. G. Goyal and Associates under Section 233B of the Companies Act, 1956 for the Financial Year 2011-12.

The due date for filing Cost Audit Reports for the financial year 2011-12 with the Cost Audit Branch, Ministry of Company Affairs is September 30, 2012 and the same will be filed with the Cost Audit Branch within the stipulated time.

POWERGRID'S BOARD

During the year, Shri R. N. Nayak who was our Director (Operations) took over the charge of Chairman & Managing Director with effect from 1st September, 2011.

Shri R. T. Agarwal assumed the charge of Director (Finance) with effect from July 29, 2011. Smt. Rita Acharya, Jt. Secy, MoP joined the Board of the company w.e.f. August 26, 2011 in place of Dr. M. Ravi Kanth Jt. Secy. (Trans.), MoP, who ceased to be Director on Board of the company w.e.f. August 16, 2011. Further, Shri Santosh Saraf and Smt. Rita Sinha joined the Board as non-official part time directors w.e.f. December 27, 2011.

Shri S. K. Chaturvedi demitted the office as Chairman & Managing Director on 31st August, 2011 upon attaining superannuation. Shri V. M. Kaul, Director (Personnel) superannuated on March 31, 2012 and ceased to be Director on the Board of POWERGRID. The tenure of – two non-official part-time Directors - Shri Ashok Khanna and Shri S.C. Tripathi came to an end on April 24, 2011; four non-official Part-time Directors - Dr. P. K. Shetty, Prof. A. S. Narag, Shri Anil K. Agarwal and Shri F. A. Vandrevala came to an end on July 9, 2011 and that of Mrs. Sarita Prasad, non-official part time Director came to an end on August 3, 2011 and they ceased to be Director.

The Board wishes to place on record its deep appreciation and gratitude for the invaluable contribution and unstinted support to the Company extended by these directors.

Shri Ravi P. Singh assumed the Charge of Director (Personnel) with effect from April 1, 2012. Shri R. P. Sasmal has been appointed as Director (Operations) with effect from August 1, 2012.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 read with Article 31 (iii) of the Articles of Association of the Company, Shri I. S. Jha, Director (Projects), Shri R. T. Agarwal, Director (Finance) and Smt. Rita Acharya, Director shall retire by rotation at the Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

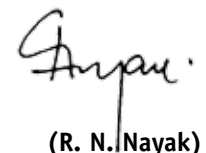
The Board of Directors, with deep sense of appreciation, acknowledges the guidance and co-operation received from Govt. of India, particularly Ministry of Power, Ministry of Finance, Ministry of Home Affairs, Ministry of External Affairs, Ministry of Statistics and Programme Implementation, Ministry of Environment & Forests, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, Central Electricity Authority, Planning Commission, Department of Public Enterprises, Regional Power Committees, and other concerned Govt. departments/agencies at the Central and State level as well as from Securities and Exchange Board of India, National Stock Exchange of India Ltd., and Bombay Stock Exchange Ltd., Mumbai without whose active support, the achievements by the Corporation during the year under review would not have been possible.

Board's special appreciation and thanks are due to our valued customers, various State power utilities and other clients, who have awarded various consultancy works and reposed faith in Company's capability to handle them. The Board also appreciates the contribution of contractors, vendors and consultants for successful implementation of various projects by the Company.

The Directors take this opportunity to thank the Principal Director of Commercial Audit and Ex-Officio Member Audit Board-III for the cooperation during the year. Directors also acknowledge the valuable suggestions and guidance received from the statutory auditors during the audit of accounts of the Company for the year under review. The Board also conveys its sincere thanks to various national/international financial institutions/ banks/ credit rating agencies for their timely assistance, continued trust and confidence reposed by them on POWERGRID.

We have achieved a great deal this year and none of it would have been possible without the skills and dedication of each member of POWERGRID family at all levels. I would like to thank the Executive team for its strong leadership, the various employee unions to ensure that the company continues to achieve greater heights year after year and all our employees for their commitment and enthusiasm to achieve our aim to be the world's premier transmission network utility.

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 09.08.2012

Management Discussion and Analysis

Economic outlook

The growth of India's Gross Domestic Product (GDP) moderated to 6.5% in FY 2011-12 as compared to 8.4% in both, FY 2009-10 and FY 2010-11. While overall global GDP growth has remained tepid, some of the reasons for the slowdown in India were due to weak industrial growth and overall deceleration in investments. The services sector, however, continued to be the key growth driver in the Indian economy, contributing close to 60% to the GDP. Inflationary pressures continued to be a concern for the economy. Despite a slowdown in growth over FY 2011-12, India remains among the front-runners.

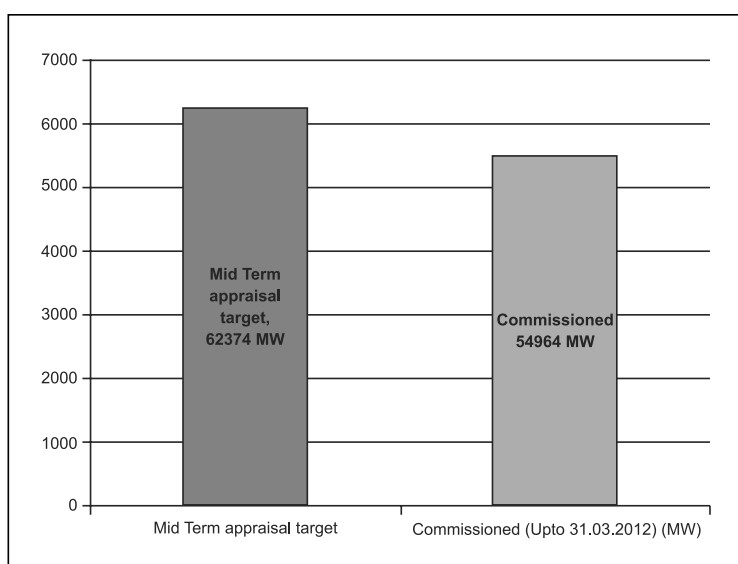
Power Sector is at a crucial juncture of its evolution from a controlled environment to a competitive, market driven regime which endeavors to provide affordable, reliable and quality power at reasonable prices to all sectors of the economy. The pace of growth in industrial and commercial activities coupled with penetration of technology and I.T. in the day-to-day life of the common man, is expected to result in a high growth in power demand. Therefore, it is essential that Power Sector growth has to commensurate with the overall economic growth of the nation.

Sectoral outlook

The 11th Plan originally envisaged a capacity addition of 78,700 MW. During the mid-term appraisal carried out by the Planning Commission, the capacity addition target for the 11th Plan was revised to 62,374 MW. The details of capacity commissioned during the 11th Plan are given as under:

Type	Mid Term appraisal target	Commissioned Upto 31.03.2012) (MW)
Hydro	8237	5544
Thermal	50757	48540
Nuclear	3380	880
Total	62374	54964

Source: Ministry of Power

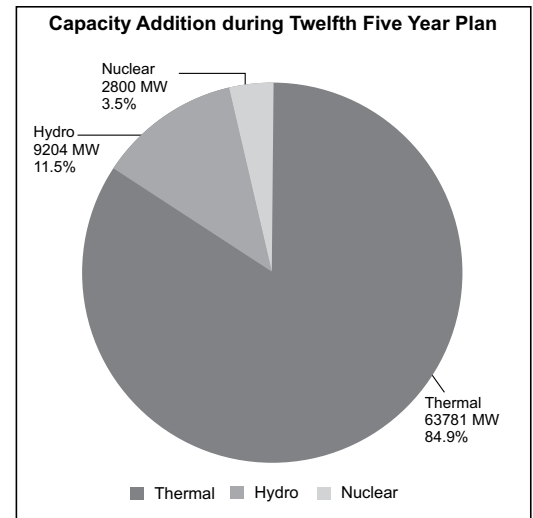


Capacity Addition during Twelfth Five Year Plan (2012-17):

The Working Group on Power constituted by the Planning Commission to formulate the 12th Five Year Plan for the Power sector has submitted its report to the Planning Commission. As per the report of this Working Group, capacity addition requirement during the XII Plan is 75,785 MW. The source-wise break up of XII Plan capacity addition program is given as under

In MW

	Hydro	Thermal	Nuclear	Total
Central	5632	11426	2800	19858
State	1456	12340	0	13796
Private	2116	40015	0	42131
Total	9204	63781	2800	75785

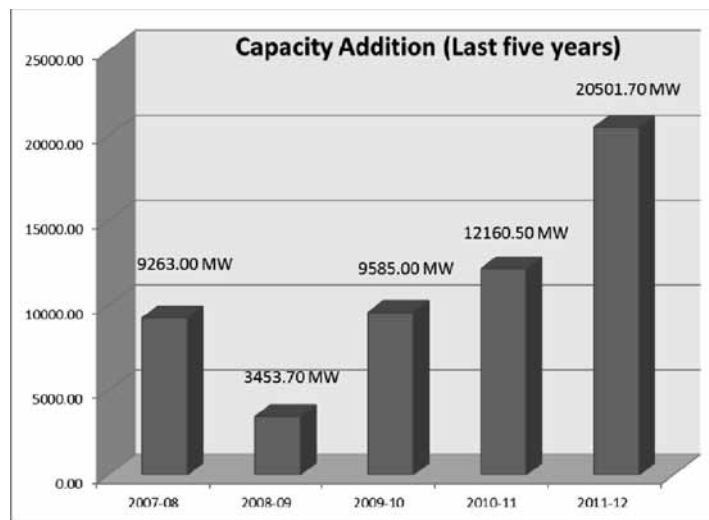


Year wise Capacity Addition (Last five years)

The year wise capacity added during the 11th Plan¹ is as under:

(MW)

Year	Central	State	Private	Total
2007-08	3240.00	5273.00	750.00	9263.00
2008-09	750.00	1821.20	882.50	3453.70
2009-10	2180.00	3118.00	4287.00	9585.00
2010-11	4280.00	2979.00	5121.50	12160.50
2011-12	4770.00	3761.20	11970.50	20501.70
Total				54963.90



The Installed Generation Capacity² as on 31.03.2012 is as under:

All India	Thermal				Nuclear	Hydro (Renewable)	RES @ (MNRE)	Grand Total
	Coal	Gas	Diesel	Total				
MW	112022.38	18381.05	1199.75	131603.18	4780.00	38990.40	24503.45	199877.03
%age	56.0	9.2	0.6	65.8	2.4	19.5	12.3	100.00

@ based on data as on 31.03.2012.

Electricity Generation Target and Achievement² (2011-12)

	Hydro	Thermal	Nuclear	Bhutan (Imp)	Total
Target (MU)	112050	712234	25130	5586	855000
Achievement up to March, 2012 (MU)	130511.5	708805.94	32286.56	5284.51	876888.48
%age	116.48	99.52	128.48	94.60	102.56

Electricity Generation Target/Achievement² for the year 2012-13 is as under:

	Hydro	Thermal	Nuclear	Bhutan (Imp)	Total
Target (MU)	122045	767275	35200	5480	930000
Achievement up to July, 2012 (MU)	41365.34	253179.47	11121.31	1866.65	307532.77
%age	33.89	33.00	31.59	34.06	33.07

Growth of Transmission Sector² as on 31.03.2012 is as under:

	Central Sector	State Sector	JV/Pvt.	Total
Transmission Lines (ckm.)				
765kV	5319	411	-	5730
400kV	75889	31873	5605	113367
220kV	10387	128947	830	140164
±500kV HVDC Lines (ckm)	5948	1504	1980	9432
Sub Station: (MVA)				
765kV	24000	1000	-	25000
400kV	77225	73172	630	151027
220kV	6436	215771	1567	223774
±500kV HVDC Converter/BTB Stn. Converter Terminal (MW)	9500	1700	0	11200

The All India Village Electrification as on 31.03.2012 is (Nos.) 556633 as against 537947 as on 31.03.2011.

Power supply position² 2012-13 (March, 12)*

Region	Energy (MU) Requirement	Deficit %	Peak Demand (MW)	Deficit %
Northern	22,458	-5.6	35,159	-9.4
Western	24,923	-9.1	40,773	-10.5
Southern	25,766	-16.9	38,121	-15.6
Eastern	9,242	-5.2	14,338	-4.8
North Eastern	858	-10.1	1,859	-12.6
All India	83,247	-10.2	130,250	-11.1

* Provisional

POWERGRID - A 'Navratna Public Sector Enterprise' and 'Central Transmission Utility' of the Country

POWERGRID is a 'Navratna' PSE since May, 2008, and this status provides POWERGRID the autonomy to undertake new transmission projects of any amount with the approval of its Board of Directors. POWERGRID is the declared "Central Transmission Utility" of the Country since 1998.

Growth in Transmission Network:

POWERGRID has, till **31st March, 2012**:

- Established Transmission Network of **92981** Circuit kms. of Extra High Voltage Transmission Lines, **150** nos. of EHVAC & HVDC sub-stations. **with a total transformation capacity of 124525 MVA.**
- Inter-regional power transfer capacity of about **28,000 MW.**
- Maintained the transmission system availability at **99.94%** at par with the International utilities.
- Carries about **50%** of Generated Power Across Country.

POWERGRID's commitment towards furtherance of National Grid

During the year, the Company has added transmission network of **10,600 Circuit Kms.** and **15 EHV AC Sub-stations** and transformation capacity of **more than 31000 MVA.** The target and achievement of POWERGRID in project implementation during the **year 2011-12** have been as under:

Works	Target to achieve (Excellent rating as per MOU)	Achievement	Percentage
Foundation (Nos.)	15000	15448	103%
Tower Erection (Nos.)	14500	14502	100%
Stringing (in cKms.)	9500	8610	*91%
Transmission Lines ready for commissioning (in GW cKms.)	6450	7927	123%
Transformation Capacity addition (MVA)/ready for commissioning	18000	30115	167%
Inter-regional power transmission capacity (MW) addition/ready for commissioning	4200	5600	133%

* Shortfall on account of RoW problem/delay in forest clearance.

The company has undertaken development of certain transmission lines with private parties, in public-private Joint Ventures. The detail in this regard has been provided later in the discussion. The commercial and operational performance and project implementation are enumerated in the Directors' Report.

Resolving Construction and Operational Challenges:

Implementation of ISTS entails multi dimensional challenges relating mainly to accessibility, construction, feasibility, technical restrictions, conservation of environment and Right of Way (RoW), etc. Apart from using modern techniques for route alignment and optimization of line length of transmission lines to optimize the eco-sensitive RoW, POWERGRID has been taking various measures to resolve constraints. Some of the measures taken during F.Y. 2011-12, inter-alia, include following:

a) High Capacity Ultra High Voltage Transmission System

In order to optimize the eco-sensitive RoW and to cater to the need of bulk Power Transfer to distantly located Load Centres, POWERGRID is focusing it's attention towards development of high Power Intensity (MW/m of RoW) Transmission Corridor. POWERGRID has adopted higher voltage levels like 765kV AC, ± 500 kV HVDC, ± 800 kV HVDC and 1200kV AC in its transmission systems for bulk power transfer across within various regions which result in lower losses in the system.

b) Innovative designs in Transmission line Towers

In areas where there are serious RoW constraints for laying a number of 400kV transmission lines, multi-circuit towers are being used so that two numbers double circuit lines (i.e. four circuits) can run on a single tower. These types of towers are also being used where transmission lines enter into urban/densely populated/forest areas for connecting sub-station(s) to effectively overcome severe RoW problem.

c) Use of technologically advanced Conductors' configuration

POWERGRID is re-conductoring one of its existing 400 kV D/C Line from 'Twin-Moose Conductor' to 'High Temperature Low Sag Conductor' (HTLS), which shall enhance the power intensity of transmission corridor in comparison with conventional twin ACSR conductor line. This conductor is also being used in a few other new 400 kV lines. By using these conductors, conventional 400kV twin conductor D/c towers can be used for the same power transfer capacity of a 400kV Quad conductor D/c line, thus optimizing on tower weight.

d) Optimal use of Land

To mitigate scantiness of land, particularly in suburbs of cities thickly populated areas, POWERGRID has established State-of-the-Art Gas Insulated Substations (GIS), which requires less space (about 60% reduction) as compared to conventional sub-stations. To minimize the use of scarce land particularly in urban/suburbs/fertile areas, POWERGRID is now mostly implementing 400kV and 765 kV GIS Sub-stations. To increase the reliability of GIS Sub-stations, one and half Breaker Schemes are being implemented in GIS Sub-stations.

e) Providing training to enhance availability of skilled manpower for construction

Under capacity Building Initiative, POWERGRID trained 213 unemployed youths in Power Transmission Line Erection and Power Transmission Line Stringing jobs with the help of transmission line construction contractors. Director General of Employment & Training (DGET), Ministry of Labour & Employment has accorded accreditation to these courses under Modular Employable Skill (MES). The trainees are assessed and provided certificate by National Council for Vocational Training (NCVT) on successful completion. Cumulatively 270 persons have been trained under this initiative for enhancing the availability of skilled manpower for construction jobs in the field of transmission and improving the employability.

f) Enhancing Operational efficiency

- (i) Pollution mapping in Northern Region is being conducted for corrective measures to minimize the probability of occurrence of flashover in lines passing through pollution affected areas. Pollution measurements started at more than 150 locations of POWERGRID and 108 locations of State Transmission Utilities (STUs) in Northern Region. Replacements of conventional porcelain insulators with polymer insulators in polluted stretches have significantly reduced pollution related tripping/transient fault in Northern Grid during foggy weathers.
- (ii) (a) In North-Eastern Region, root cause analysis of tripping events of transmission lines was carried out and time-bound preventive & corrective actions were initiated viz. vegetation management along the RoW; punctured insulator detection (PID) scanning on transmission lines having history of insulator decapping; replacement of defective insulator strings identified through PID scanning, strengthening of earthing of towers, strengthening of Jumpers in Highly loaded lines, etc. Further, mean-time to restoration could be reduced with proper planning and mobilization/utilization of resources.
- (b) North Eastern Region is highly prone to lightning activities. Probability of failures of insulators is more where lightning intensity levels are high and tower footing resistance values are also high. Significant numbers of trippings in transmission lines are attributed to transient faults. Lightning detection system at four substations namely, Dimapur, Aizwal, Salakati and Shillong have been installed to detect lightning activities as well as intensity of lightning in the transmission lines or in the vicinity of lines. Lightning Mapping Systems will be helpful in gathering actual Lightning data for future design of transmission system e.g. lightning protection system thereby helping improved performance of transmission lines in these areas.
- (iii) POWERGRID is setting up ± 800 kV, 3000 MW Champa-Kurukshetra HVDC Transmission System involving setting up of ± 800 kV HVDC Terminal Stations at Champa and Kurukshetra for transferring power to Northern region from generation projects coming up in Chhattisgarh. The Salient feature of the project is the incorporation of metallic return conductor instead of earth electrode station for first time in the Country. Apart from eliminating the element of uncertainty about the soil resistivity of the electrode station, the usage of third conductor as a return path will result in conservation of land required for conventional electrode station. It will also increase the Reliability and Availability of HVDC transmission scheme.
- (iv) POWERGRID has signed MoU with premier Educational Institute like IIT, Delhi for third party certification of O&M personnel through training & evaluation. Some executives have been certified for maintenance of transformers and Reactors, switchgears and On-load Tap Changers.
- (v) POWERGRID joined "International Transmission, Operation and Maintenance Study" (ITOMS) for benchmarking of its O&M activities with about 30 others Power Transmission Utilities across the Globe. POWERGRID also carried out benchmarking of all its 9 Regions with each other and also with other member Utilities of ITOMS to identify areas of improvement. In many areas, performance of POWERGRID is comparable with the best performing Utilities and weak areas have been identified for improvement.

g) Maintaining pace of development vis-à-vis Environment Protection

POWERGRID has constantly strived to be a responsible corporate citizen by utilizing technological resources to optimize route alignment for the transmission corridor with a specific emphasis on avoidance of Forest, National Parks/Wildlife Sanctuaries and other ecologically sensitive and biologically diverse areas. Some of the initiatives taken by POWERGRID towards conservation of forest, land, water, etc. are mentioned here under:

- (i) During the construction of 400 KV Barnala-Amritsar line, optimal route alignment was ensured by diverting the line to avoid the Nagru wildlife Sanctuary in Himachal Pradesh. Likewise Sariska Tiger Reserve was avoided in 400 kV D/C Agra-Sikar line.
- (ii) During the construction of the 765 KV S/C Vindhyachal-Satna line, which is passing through forest land in Madhya Pradesh, two 765 Kv S/C line were converted into one 765 KV D/C line (of the portion passing through the forest area) which resulted in saving of approximately 170 hectares of forest land and thousands of trees.
- (iii) POWERGRID believes in giving back to the society through Community Development programs like providing basic infrastructural facilities to the villages around our substations. ₹ 5.78 crore were spent on community development works. ₹ 9.49 crore has been given as Rehabilitation Assistance to the PAPs/PAFs.

h) Communication Network strengthening

As per the directive of Department of Telecommunication (DoT) with regard to allocation of Microwave Frequencies to Broadband Wireless Access Services, POWERGRID released 2.3-2.5 GHz frequency band used for ULDC Project. In order to make grid operation more effective and provide operators with advance technology such as Wide Area measurement System (WAMS) communication system needs upgradation. To overcome constraints being faced in grid operation in absence of wide band communication system, POWERGRID has taken up installation of Fiber Optic Network at large scale. POWERGRID is in process of connecting all 400 kV substations and power plants through installation of OPGW across the Country. The network is under various stages of implementation throughout the Country. The OPGW shall meet the communication requirements of National Load Despatch Center (NLDC), Regional Load Despatch Centers (RLDCs), State Load Despatch Centers (SLDCs), National Transmission Asset Management Centre (NTAMC), and Unified Real-time Dynamic State Measurements URTDSM Project as well as remote operation of the system.

i) Adequate coverage for Assets and Loss of Profit:

POWERGRID has procured Mega Risk Policy from external Insurance agency(ies). This policy, inter-alia, covers sub-station equipments in complete switchyard area along with control room building for all sub-stations (AC & HVDC) for material losses due to machinery breakdown, earthquake, terrorism with business interruption, Loss due to Fire and Machinery Damage etc. Earlier, the Insurance policy from external agency was covering only HVDC Bi-pole & back to back Stations, 765 kV AC Substations, TCSC, FSC, SVC, GIS etc. while other assets of 400kV and below AC sub-stations were covered under the Self Insurance Scheme which covered only fire and allied perils and not machinery breakdown. Transmission lines continue to be covered under Self-insurance Scheme.

j) Risk Management Procedure

The 'Enterprise Risk Management Framework' (ERM framework) has been implemented in POWERGRID. Key Performance Indicators (KPIs) of all the risk are assimilated and consolidated reports prepared and put up to the Audit Committee/Board.

Some of the risks involved in execution of our projects and their mitigation generally are:

- a) **Synchronization Risk with Generation Projects:-** There could be a gap in the commissioning of generation units with the transmission system and there might be delays in the materialisation of some of the generation projects. To mitigate such risk, Bulk Power Transmission Agreement (BPTA) is being signed by POWERGRID with IPPs as per which IPPs are under obligation to share and bear the transmission charges as approved by CERC from the effective date of LTA. Subsequently, when the beneficiaries are firmed up, applicable transmission charges are to be payable by the concerned beneficiaries.
- b) **RoW & Forest Clearance Risk:-** Our Projects may get affected in case there is any delay in obtaining Forest Clearance from Ministry of Environment & Forest (MoEF) under Forest (Conservation) Act, 1980 for the transmission line passing through forest area. MoEF guidelines require written consent of concerned Gram Sabha under Forest Rights Act, 2006 for all proposals for diversion of forest land. Apart from the legislative framework, social issues like ROW may cause delays in the commissioning of projects. POWERGRID has taken a number of internal & external measures to expedite forest clearance. However, considering experience of POWERGRID in dealing with the Forest clearance, POWERGRID envisage overall risk to be moderate. Further, the transmission projects are out of the purview of Environment (Protection) Act, 1986 except some notified areas.
- c) **Revenue Risk:-** The Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 were notified on 15th June, 2010 and came into effect from 1.7.2011. Regulation provided for computation of Point of Connection (PoC) charges and losses which is the new methodology for sharing of our transmission charges. Certain States viz. Bihar, Odisha, West-Bengal, Jharkhand and Maharashtra have challenged the new sharing methodology implemented by CERC i.e. Point of Connection methodology in the court of law. Although, Company's revenue remain unaffected due to the Sharing Mechanism being revenue neutral but the collection efficiency to some extent might take a temporary hit till the cases are settled by Court. However, the State of Maharashtra is continuing to pay the transmission charges as per this PoC methodology in terms of interim order of the Delhi High Court. Other constituents, mentioned above are paying as per the old mechanism.

CERC Tariff regulations allow payment of monthly bills towards transmission within a period of 60 days from the date of bills. There is provision for rebate in case of payment before 60 days. During the F.Y. 2011-12, most of the states were availing 60

days allowable period for clearing their dues. However, some of the states viz. Delhi, Rajasthan , Eastern states (as a fallout of Court case), certain NER States continued to default in making full payment. Appropriate actions for realisation of dues are being taken by the Company.

Integrated Management Policy:

POWERGRID is committed to:

- establish and maintain an efficient and effective “National Grid” with due regard to time, cost, technology and value addition,
- sustainable development through conservation of natural resources and adopting environment friendly technology on principles of Avoidance, Minimization and Mitigation,
- ensure safe, occupational hazard free and healthy work environment, to the satisfaction of stakeholders in all areas of its activities and shall endeavor to improve continually its management systems and practices in conformity to legal and regulatory provisions.

Internal Control

POWERGRID has a comprehensive Internal control mechanism to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. The Internal Audit Manual, updated in consultation with M/s Deloitte Haskins & Sells is being implemented progressively. Audit Plan in respect of Internal Audit and Physical Verification for the Financial Year 2011-12 has been finalized in-house by Audit Department and experienced firms of Chartered Accountants.

As on 31st March, 2012, the Company had an Audit Committee in place as per clause 49 of the Listing Agreement, which had two independent Directors and one Non-Executive Director.

Financial Discussion and Analysis

Comparison of Fiscal 2012 to Fiscal 2011

Your company’s total income in Fiscal 2012 was ₹ 10785.01 crore, which represented an increase of 18.53% over the total income of ₹ 9098.75 crore in Fiscal 2011. In Fiscal 2012, transmission and transmission-related activities constituted 88.49% of our total income, with the balance coming from our consultancy, telecommunication business and other incomes.

Income

Revenue from Operations

(₹ in crore)

Revenue from Operations	Fiscal 2012	Fiscal 2011
Revenue from transmission charges*	9544.19	7902.15
Consultancy fees	289.95	299.35
Revenue from telecom	201.19	187.20
Total	10035.33	8388.70

*Includes Short Term Open Access charges of ₹ 325.48 Crore for Fiscal 2012 and ₹ 211.51 Crore for Fiscal 2011.

The revenue was higher in Fiscal 2012 as compared to Fiscal 2011 mainly on account of commissioning of transmission assets of about ₹ 14,021 crore during Fiscal 2012 and full year impact of assets worth ₹ 7313 crore commissioned during Fiscal 2011. The projects commissioned in Fiscal 2012 have generated revenue from the date of commercial operation during the year. In terms of CERC tariff regulations, the Company determined Deferred Tax Liability (Net) materialized for the period upto 31.03.2009 by identifying the major changes in the elements of Deferred Tax liability/Asset as recoverable from the beneficiaries and accordingly a sum of ₹ 465.55 crore had been recognized as sales during the year.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Tariff norms

Our charges for transmission customers are governed by tariff norms determined by the Central Electricity Regulatory Commission (“CERC”) pursuant to Central Government Tariff policy and legislation. As per the Tariff Policy issued by GoI on 6th January, 2006, Central Electricity Regulatory Commission (CERC) shall be guided by the Tariff Policy while specifying the terms and conditions for the determination of tariff. The CERC has vide its notification dated 19th January, 2009 notified the tariff regulations applicable for the tariff Block 2009-14. Under the tariff regulations applicable for the tariff Block 2009-14, we are permitted to charge our customers transmission charges for recovery of annual fixed cost (“AFC”) consisting of components - return on equity, interest on outstanding debt, depreciation, operation & maintenance expenditure and interest on working capital.

The Return on equity is computed on pre-tax basis by grossing up the base rate of return on equity of 15.5% at the tax rate applicable to the Company. In case of projects commissioned on or after 1st April, 2009, an additional return on Equity of 0.5% will be allowed if such projects are completed within the timeline specified under the CERC tariff regulations for the Block 2009-14.

The repayment of loan capital for the year of the tariff period 2009-14 is deemed to be equal to the depreciation allowed for that year. Despite any moratorium period availed by your company, the repayment of loan is considered for tariff from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

For interest on working capital, the working capital amount is calculated as - (i) consisting of receivables equivalent to two months of fixed cost; (ii) maintenance spares @ 15% of operation and maintenance expenses; and (iii) operation and maintenance expenses for one month. Rate of interest on working capital for the year is on normative basis and is equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the transmission system, is declared under commercial operation, whose date of commercial operation falls on or before 30.06.2010; and SBI Base rate plus 350 basis points as on 01.07.2010 or on 1st April of the year in which the transmission system, is declared under commercial operation, whichever is later whose date of commercial operation falls between the period 01.07.2010 to 31.07.2014;

Under the tariff norms prescribed by CERC for the tariff Block 2009-2014, recovery of transmission charge and incentive is permitted to your Company on the achievement of the operational norms as under, an incentive also if the availability of our transmission network is above 98% in respect of alternating current systems, above 95% in respect of HVDC back-to-back Stations systems and above 92% in respect of HVDC bi-pole links and penalized if the availability of our network is below 98%, 95% or 92%, respectively. The Availability Incentives are linked with monthly transmission charges.

The tariff norms prescribed by CERC for the tariff Block 2009-2014 prescribe that the Transmission charges corresponding to any plant capacity for which a beneficiary has not been identified and contracted shall be paid by the concerned generating company.

Foreign Exchange Rate Variation:

Your Company under the tariff regulations for the block 2009-14 has an option to hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system, in part or full and recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year.

If hedging of the foreign exchange exposure is not undertaken, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year is permissible provided it is not attributable to the generating company or the transmission licensee or its suppliers or contractors. During the financial year 2011-12, no hedging for foreign exchange exposure has been undertaken by your Company.

During the year, CERC has on 2nd May 2011 notified and made effective from that date, the first amendment to Terms & Conditions of Tariff Regulations 2009-14, wherein the Commission may consider in its discretion to grant provisional tariff upto 95% of the annual fixed cost of the project claimed in the application, subject to adjustment of transmission charge after the final order has been issued.

CERC has issued terms and conditions of Tariff (Second amendment) Regulations, 2011 on 21.06.2011 through which inter alia, grossing up of Income Tax in the RoE as per the extant rate of MAT in the respective years of current Tariff Block of 2009-14 has been allowed instead of earlier provision of its truing up during the next Tariff Block.

The tariff policy, 2006 inter alia states that the transmission pricing should be sensitive to distance, direction and quantum of power flow. The Regulations on Sharing of Inter-State Transmission Charges & Losses, 2010 notified on 15.06.2010, factors distance & direction sensitivity in transmission charges and losses besides quantum of power flow, in line with the Tariff policy. The regulations came into force from 01.07.2011.

As per these regulations, POWERGRID, as CTU, has been mandated to perform the activity of Billing, Collection and Disbursement (BCD) on behalf of all the ISTS licensees and also certain non-ISTS licensees whose lines have been certified by RPCs to be used as ISTS.

In this regard, TSA (Transmission Service Agreement), RSA (Revenue Service agreement) and BCD (Billing, Collection and Disbursement) procedures have been approved by CERC on 29.04.2011. The signing of TSA/RSA with the DICs on all India basis has been completed. With the implementation of these Regulations, method of sharing of Transmission Charges among the beneficiaries has undergone a major change w.e.f. 01.07.2011, although the Yearly Transmission Charges (YTC) of POWERGRID remains the same.

CERC has issued orders for POSOCO portion of ULDC scheme as per CERC (Fees and charges of Regional Load Dispatch Centres and other related matters) Regulations, 2009 for the period 2009-14. The billing is being done by POSOCO for their portion. The billing for POWERGRID portion of ULDC scheme is provisionally being done as per the existing CERC orders for 2004-09 period after giving effect to the reduction in the asset value transferred to POSOCO. However, now CERC has directed that sharing of tariff of the non-POSOCO assets shall be on similar lines as System Operation Charges (SOC) as per CERC (Fees and charges of Regional Load Dispatch Centres and other related matters) Regulations, 2009 for the period 2009-14. POWERGRID has filed the applications to CERC for determination of tariff for 2009-14 period. The CERC orders are awaited.

CERC vide its order dt. 31.05.2010 had earlier granted regulatory approval to the proposal of POWERGRID for nine nos. of High Capacity Power Transmission Corridors. These transmission corridors mainly comprise high technology 765kV AC and ± 800 kV 6000MW HVDC system. CERC vide its order dt. 13.12.2011 had granted regulatory approval for further two High Capacity Power Transmission Corridors for IPP Projects in Vemagiri Area and in Nagapattinam / Cuddalore Area and a few Strengthening / Upgradation schemes.

Your Board has granted investment approvals to substantial number of schemes under the said corridors.

Revenue from Other Services

Your company also earns revenue from consultancy (including for project management and supervision services) and from our telecommunication business. Our consultancy income mainly consists of fee from the RGGVY, the execution of transmission- and communication system-related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries. The income from Consultancy in the Fiscal 2012 was ₹ 289.95 crore as against ₹ 299.35 crore in the Fiscal 2011, a decrease by 3.14%. Such decrease is on account of reduction in RGGVY & sub-transmission work revenue and reduction in Tower Design and Commonwealth Games Work.

The revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines. The Telecom revenue grew by 7.47% in Fiscal 2012, to ₹ 201.19 Crore from ₹ 187.20 crore in Fiscal 2011.

Other Income

Your company's other income was ₹ 749.68 crore in Fiscal 2012, an increase of 5.58% over the other income of ₹ 710.05 crore in Fiscal 2011.

	(₹ in Crore)	
Other Income	Fiscal 2012	Fiscal 2011
Dividend –Subsidiary and Others	54.18	74.82
Interest income – bonds and long term advances	81.76	99.30
Interest income – banks	279.15	131.58
Interest income – others	136.44	123.05
Profit on sale of fixed assets	0.09	0.13
Deferred income (transfers from grants in aid)	26.33	20.26
Operational charges in respect of short term open access	-	12.99
Transfer from insurance reserves on a/c of loss of fixed assets	0.81	2.21
Lease income from State Sector ULDC	7.89	74.02
Surcharge on late payment from customers	66.93	6.07
FERV gain	-	78.00
Miscellaneous income	55.31	47.40
Provision written back	40.79	40.22
Total Other Income	749.68	710.05

The other income increased mainly because there had been increase in interest income from investments in Banks owing to interest earning on the unutilized proceeds of FPO. Increased surcharge had accrued on account of late payment from customers. There is decrease in interest income on tax free bonds on account of repayment of bonds. Dividends from Joint Venture companies decreased during the year because in the Fiscal 2011, one of the JV Companies viz. Powerlinks Transmission Limited paid interim dividend for Fiscal 2011 for the first time in addition to full year dividend for Fiscal 2010. Besides, there is decrease in Lease income from State-sector ULDC.

Expenses

Expenses have been categorized as- (i) Employees' benefits expense, (ii) Finance Costs, (iii) Depreciation and amortization expense, and (iv) Transmission, Administration and Other Expenses.

Your company's total expenditure were ₹ 6168.75 crore in Fiscal 2012, an increase of 17.06% over the total expenditures of ₹ 5269.65 crore in Fiscal 2011. The total expenditures as a percentage of total income were 57.20% in Fiscal 2012 compared to 57.92% in Fiscal 2011.

Employees' benefits expense

Employees' remuneration and benefits expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and welfare expenses.

Your company had 9670 employees on our payroll as of March 31, 2012, compared to 9,775 employees as of March 31, 2011, a decrease by 1.07% mainly due to separation (completion of tenure/resignation) of employees hired on Fixed tenure basis. Employees' remuneration and other benefits increased by 13.02% to ₹ 842.97 Crore in Fiscal 2012 from ₹ 745.89 Crore in Fiscal 2011. The increase is due to an increase in Dearness allowance, superannuation benefits and normal increments as well as higher commissioning of assets.

Finance Cost

Finance cost increased by 19.55% to ₹ 1943.26 crore in Fiscal 2012 from ₹ 1625.44 crore in Fiscal 2011. The increase was mainly due to commissioning of new Transmission Assets worth ₹ 14,021 crore, interest on which were earlier capitalized but now treated as operating expenditure.

These charges include guarantee fee of ₹ 110.45 crore (net of IEDC) payable to the GoI for giving guarantees to the lenders of our foreign currency loans.

Depreciation

Ministry of Corporate Affairs vide General Circular No. 31/2011 dt. 31st May, 2011 clarified that "since the rates of depreciation and methodology notified under Electricity Act, 2003 are inconsistent with the rates given in Schedule XIV of the Act and the former being special Act, the former shall prevail over rates notified under Schedule XIV of the Companies Act by virtue of section 616(c) of the Companies Act." In accordance with the Tariff Policy dt. 06.01.2006 of Govt. of India, CERC, as part of tariff norms applicable for the block 2009-14, has notified specified depreciation rates in first 12 years of operation of transmission assets and thereafter amortization of residual value over the residual life. Accordingly, depreciation on the transmission assets for the year has been provided as per rates and methodology notified under CERC Regulations.

Right of Way (Afforestation expense) were hitherto amortised over the useful life of related assets. During the year company has changed accounting policy in this regard and now these assets are being amortised following the rates and methodology notified by CERC Tariff Regulation with retrospective effect from 01.04.2009. This has resulted in increase in amortization for the year and prior period amortization of ₹ 7.62 Crore and ₹ 11.40 Crore, respectively.

Your company's depreciation increased by about 16.97% to ₹ 2572.54 crore in Fiscal 2012 from ₹ 2199.39 crore in Fiscal 2011. The increase was mainly because of the commissioning of new transmission assets worth ₹ 14,021 crore and full-year impact in Fiscal 2012 of transmission assets ₹ 7313 crore which were commissioned during Fiscal 2011.

Currently, the technical life of each depreciable asset class as prescribed by CERC is as follows:

- transmission lines – 35 years
- substations – 25 years

We depreciate the assets of our consultancy and telecom businesses on the straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

ULDC assets other than assets identified to be transferred to Power System Operation Corporation are depreciated @ 6.67% per annum as determined by CERC for levellised tariff.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses consist primarily of costs of the repair and maintenance of buildings, plant and machinery and power charges. Other items in this category include expenditures for travel, security, vehicle hire charges, insurance and rent rates & taxes on our properties.

Transmission, administration and other expenses increased by 15.89% to ₹ 809.98 crore in Fiscal 2012 from ₹ 698.93 crore in Fiscal 2011. The increase is on account of the capitalization of transmission assets worth ₹ 14,021 crore in Fiscal 2012 as certain expenses that were earlier being capitalized during the construction of the project are now treated as an operating expense subsequent to the commissioning of the project.

Profit before Tax

Your company's profit before tax in Fiscal 2012 was ₹ 4597.60 crore, an increase of 20.21% over our profit before tax of ₹ 3824.73 crore in Fiscal 2011.

Provision for Tax

In Fiscal 2012, we provided for ₹ 888.51 crore of Minimum Alternate Tax, compared to ₹ 684.61 crore in Fiscal 2011. The increase was primarily due to increase in Profit before tax in Fiscal 2012.

Provision for deferred tax is made in respect of temporary differences mainly on account of higher depreciation rates available under income tax provisions.

Profit after Tax

Your company's Profit after Tax in Fiscal 2012 was ₹ 3254.95 crore, an increase of 20.69 % over our Profit after Tax of ₹ 2696.89 crore in Fiscal 2011.

LIQUIDITY AND CAPITAL RESOURCES

Your company depends on both internal and external sources of liquidity to provide working capital and to fund capital requirements. Historically, the capital expenditures have been funded with internally generated funds, grants and equity contributions by the Government and debt financing. As at March 31, 2012, your company had cash and cash equivalents of ₹ 2336.88 crore. As at March 31, 2011, we also had unutilized Bank Guarantees limits of approximately ₹ 199.85 crore for capital requirements and committed and undrawn cash credit facilities of approximately ₹ 300 crore ("cash credit") towards our working capital facilities.

Cash Flows

	(₹ in crore)	
	Year ended March 31,	
	2012	2011
Net cash from operating activities	6402.53	5564.99
Net cash (used in) investment activities	(15834.33)	(13128.33)
Net cash from Financing activities	8088.62	7965.76
Cash and cash equivalents at the end of the year	2336.88	3680.06

Net Cash from Operating Activities

Your company's net cash flows from operating activities are principally used to service long-term debt, for capital expenditures, for investments and for dividends.

The net cash from operating activities was ₹ 6402.53 crore in Fiscal 2012 as against ₹ 5564.99 crore in Fiscal 2011.

Net Cash (Used in) Investment Activities

Your company's net cash used in investing activities was ₹ 15834.33 crore in Fiscal 2012 as against ₹ 13128.33 crore in Fiscal 2011. This mainly reflected expenditures on fixed assets and capital work-in-progress as well as construction stores of ₹ 16387.84 crore and receipt of interest and dividend income of ₹ 143.73 crore.

Net Cash from Financing Activities

In Fiscal 2012, your company's net cash flow from financing activities was ₹ 8088.62 crore as against ₹ 7965.76 crore in Fiscal 2011. Your company raised ₹ 14363.05 crore of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. The company repaid ₹ 3666.93 crore of borrowings and paid interest and finance charges of ₹ 1504.94 crore. In the Fiscal 2012, we paid dividends of ₹ 949.11 crore comprising final dividend for Fiscal 2011 and an interim dividend for Fiscal 2012. The dividend for the financial year 2011-12 (including proposed final dividend @13.10%) is ₹ 976.89 crore. The dividend payout (excluding dividend tax) works to 30% of PAT.

Capital Expenditures

Your company's capital expenditure are primarily for the installation of new transmission capacity and the expansion of existing capacity. Our capital expenditure in Fiscal 2012 and Fiscal 2011, were ₹ 17,814 crore and ₹ 12,005 crore, respectively. Capital expenditure budget for Fiscal 2013 has been approved for ₹ 20,000 crore. Your company's capital expenditure budgets are subject to modification as a result of a variety of factors, changes to expansion plans and similar other factors.

Return on Equity

The return on equity that we were generally permitted in Fiscal 2012 on transmission assets under our tariffs has been 15.5%. Our actual Return on Equity from period to period across our entire business is 13.86% as against 12.63% in Fiscal 2011, an increase of 9.7%. The return on equity of 13.86% is mainly due to: (i) locking of equity funds in capital work-in-progress & increase in net worth by raising funds through FPO which will yield return after gestation period, and (ii) the SEB bonds, that we hold under the One Time Settlement, earn a maximum tax free return of 8.5% per annum.

Selected Balance Sheet Items

Fixed Assets

Your company's total fixed assets (Net Block of Fixed Assets and Capital work in progress) were ₹ 63,235.80 crore and ₹ 50,187.66 crore as at March 31, 2012 and March 31, 2011, respectively. FERV loss, which was hitherto charged to Profit & Loss Account, has been adjusted in cost of related Fixed Assets/Capital work-in-progress. Fixed assets have been categorized as – (i) Tangible Assets; (ii) Intangible assets; (iii) Capital work in progress; and (iv) Intangible assets under development.

(i) Tangible Assets

Our Tangible Assets consist of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment; buildings; land; office equipment; fixtures; and motor vehicles. Tangible Assets value (Net Block)

increased from ₹ 36,970.29 crore in Fiscal 2011 to ₹ 47,339.78 crore in Fiscal 2012, an increase by 28.04%. These increases are mainly due to the commissioning of new transmission assets.

(ii) Intangible assets

Our Intangible Assets consist of Electronic Data Processing Software and Right of Way-Afforestation Expenses. The value of unamortized Intangible assets (Net Block) increased from ₹ 253.69 crore in Fiscal 2011 to ₹ 322.52 crore in Fiscal 2012, an increase by 27.13%.

(iii) Capital work in progress

Your company's capital work-in-progress was ₹ 15,499.89 crore and ₹ 12,864.63 crore, as at March 31, 2012 and 2011, respectively, an increase of 20.48%. The cost of materials consumed, erection charges and other expenses incurred for the implementation of projects are shown on the balance sheet as capital work-in-progress, pending capitalization of the completed project. The change in this amount is due to capitalization of a number of transmission projects on commissioning of these projects and due to undertaking of new transmission projects.

(iv) Intangible assets under development

Afforestation Expenses incurred in relation to the implementation of projects (pending capitalization) are shown on the balance sheet as Intangible assets under development. The value of Intangible assets under development was ₹ 73.61 crore and ₹ 99.05, as at March 31, 2012 and 2011, respectively.

Construction stores

Construction stores were ₹ 12,610.04 crore and ₹ 10,749.25 crore as at March 31, 2012 and 2011, respectively. These amounts represent capital expenditure on the new as well as ongoing transmission projects. The increase in these amounts is mainly due to the undertaking of new transmission projects.

Investments

Investments have been classified into current and non-current categories. As at March 31, 2012, the Non-current Investments and Current Investments were ₹ 1101.19 crore and ₹ 183.26 crore as against ₹ 1214.01 crore and ₹ 184.34 crore, respectively as at March 31, 2011. Investments under 'Current' category are those which are realizable or intended to be realizable within 12 months after the reporting date. Your Company's Investments mainly consist of bonds issued by the SEBs as part of the One Time Settlement. We have also invested ₹ 12 crore in equity shares of PTC India Limited; ₹ 229.32 crore in Powerlinks Transmission Limited, the joint venture between us and The Tata Power Company Limited through which the Tala Transmission Project was constructed; ₹ 23.40 crore in Torrent Power Grid Limited; ₹ 75.92 crore in Jaypee Powergrid Limited; ₹ 21.49 crore in Parbati Koldam Transmission Company Limited; ₹ 20.33 crore in Teestavalley Power Transmission Limited; ₹ 92.04 crore in North East Transmission Company Ltd.; ₹ 0.63 crore in Energy Efficiency Services Ltd.; ₹ 2.63 crore in National High Power Test Laboratory Private Ltd; ₹ 30.69 crore in subsidiaries of our Company viz. ₹ 30.64 crore in Power System Operation Corporation Ltd and ₹ 0.05 crore in Nagapattinam Madhugiri Transmission Company Ltd.

Loans and Advances

The loans and advances have been classified into long-term & short-term categories. As at March 31, 2012, the long-term loans & advances and short-term loans & advances were ₹ 5614.76 crore and ₹ 2433.69 crore as against ₹ 3615.33 crore and ₹ 2037.28 crore, respectively as at March 31, 2011. Long-term loans and advances include advances for capital expenditure, loans to employees, lease receivables (representing certain capital expenditures made by the company in respect of the state sector ULDCs of all five regions, for which the constituents of those regions are reimbursing the company on a finance lease basis), loans and advances to contractors, advance income tax, TDS and other deposits with tax authorities and all other loans and include advances which are not expected to be realized within next 12 months from the reporting date or within normal operating cycle whichever is longer. The increase in loans and advances from Fiscal 2011 to Fiscal 2012 was mainly due to increase in advances for capital expenditure necessitated on account of undertaking of new transmission projects.

Inventories

Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value. The costs of inventories were ₹ 440.31 crore, as at March 31, 2012. Our inventories consists of transmission line items such as tower parts, conductors, insulators and other items, and substation items such as transformers, circuit breakers, ICTs and other items. The cost of our inventories increased in Fiscal 2012 as compared with Fiscal 2011, on account of your Company continuing to expand the transmission network and capitalization of new projects.

Trade Receivables

Trade Receivables consist mainly of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Our Trade Receivables as on March 31, 2012 and 2011 were ₹ 2315.37 crore and ₹ 1114.00 crore, respectively. Trade

receivables increased by 107.84% in Fiscal 2012 as compared to Fiscal 2011. The increase from Fiscal 2011 to Fiscal 2012 was mainly due to revenue recognized in Fiscal 2010 & 2011 which was kept under Unbilled revenue, has been billed based on provisional Tariff order issued by CERC.

Substantially, all of our receivables are covered by letters of credit pursuant to the One Time Settlement Scheme, following which we have no material debt collection problems.

Other Current Assets

Our other current assets as at March 31, 2012 and 2011 respectively, were ₹ 628.11 crore and ₹ 2229.16 crore. Other current assets mainly include interest accrued on investments (Bonds) & term deposits. Besides, it include the Unbilled revenue representing the amount for which the Company is yet to raise bills in view of recognition of revenue as per CERC Tariff norms applicable for 2009-14. Other current assets decreased by 71.82% in Fiscal 2012 as compared to Fiscal 2011 due to decrease in Unbilled amount from ₹ 2048.09 crore (in Fiscal 2011) to ₹ 530.93 crore (in Fiscal 2012).

The comparison of actuals with Financial MOU targets is given below:-

MOU Parameters	MOU 2011-12	Actual 2011-12
Gross Sales (₹ crore)	9350	10035
Gross Margin (₹ crore)	8243	9132
Net Profit/Net worth (%)*	11.77%	13.78%
Gross Margin/Gross Block	13.76%	14.41%
Gross Profit/Capital Employed (%)	12.84%	15.39%
PBDIT/Total employment (₹ in lakhs)	79.14	94.44
Added value/Gross Sales (%)	39.49%	48.53%

* For MoU, Grant in Aid of ₹ 139.32 Crore is included in Net Worth.

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. A significant part of our external funding has been through long-term foreign currency loans from multilateral agencies such as the World Bank and the Asian Development Bank, with our performance under such loans guaranteed by the GoI.

The following table sets forth, by currency, our outstanding debt and the periods during which debt amounts mature or payment is otherwise due. Currency conversions are as of 31st March, 2012:

	(₹ in Crore)					
	2012-13	2013-14	2014-15	2015-16	BEYOND 2015-16	TOTAL
Rupee Loans						
Bonds	1540.11	1933.72	2464.34	2791.71	26253.75	34983.63
Other Domestic Loans	177.30	118.18	103.37	101.73	1000.22	1500.80
Foreign Currency Loans						
US\$	700.96	818.06	973.05	977.74	10662.98	14132.79
EUR	27.03	28.10	8.39	8.39	126.15	198.06
SEK	20.63	20.63	20.63	20.63	444.17	526.69
CHF	158.22	79.11	-	-	-	237.33
JPY	11.51	11.51	11.51	11.51	126.57	172.61
TOTAL :	2635.76	3009.31	3581.29	3911.71	38613.84	51751.91

Long-term borrowings

Your company's long-term borrowings as at March 31, 2012 and 2011 were ₹ 49119.19 crore and ₹ 37215.84 crore, respectively. Long-term borrowings include amounts raised from our private placement of bonds, term loans from banks, loans from the International Bank for Reconstruction and Development, Asian Development Bank and Bank of India and other Foreign Financial Institutions. Due to the increased investment in new projects during the last year, our borrowings have increased substantially.

Secured Loans

Our secured loans (long term) as at March 31, 2012 and 2011 were ₹ 48,670.50 crore and ₹ 36637.03 crore, respectively. Most of these loans have been secured by floating charges on the movable and immovable properties of the Company. The following table presents

the secured debt as at 31st March, 2012:

	Amount (₹ in crore)	% of total secured debt
Bonds denominated in Rupees	33443.51	68.71
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	13903.48	28.57
Denominated in Rupees	1323.51	2.72
Total	48670.50	100.00

*Loans guaranteed by the Government were ₹ 13,161.56 crore.

Unsecured Loans

Our unsecured loans (long term) as at March 31, 2012 and 2011 were ₹ 448.69 crore and ₹ 578.81 crore, respectively. Unsecured loans mainly include loans from foreign financial institutions such as the Natixis (Formerly Credit National) in France, Japan International Cooperation Agency (Formerly Japan Bank for International Co-operation) in Japan, European Investment Bank, Kreditanstalt für Wiederaufbau in Germany and Skandinaviska Enskilda Banken AB(publ) in Sweden.

The following table presents our unsecured debt as at March 31, 2012:

	Amount (₹ in crore)	% of total unsecured debt
Bonds denominated in Rupees	-	-
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	448.69	100.00
Denominated in Rupees	-	-
Total	448.69	100.00

*Loans guaranteed by the Government were ₹ 287.06 crore.

Advance Against Depreciation (AAD)

Advance against depreciation is a component of tariff that we were permitted to charge under CERC regulations for the Block 2004-09, to cover shortfall in respect of depreciation in a year on assets, for repayment of debts. AAD has been done away with in the tariff block 2009-2014 and depreciation rate have been reworked. Due to change in these tariff norms and the depreciation rates w.e.f. 1.04.2010, the outstanding AAD has been taken to transmission income after 12 years from the date of commercial operation to the extent the depreciation charged in respect of transmission system is more than the depreciation recovery under tariff.

Current Liabilities

Your company's current liabilities as at 31st March, 2012 were ₹ 13378.74 crore. The current liabilities include short-term borrowings, current maturities of long term borrowings, Trade payables, short term provisions and other current liabilities.

Current liabilities were 27.25% higher at March 31, 2012 compared to March 31, 2011. The increase is mainly due to increase in deposits retention money from contractors & others from ₹ 583.60 Crore in Fiscal 2011 to ₹ 1583.60 Crore in Fiscal 2012.

Contingent Liabilities

The following table sets forth the principal components of our Contingent Liabilities as at March 31, 2012 and 2011:

Contingent Liabilities Description	(Rupees in crore)	
	As at 31st March, 2012	As at 31st March, 2011
Claims against the Company not acknowledged as debt in respect of		
Capital Works	73.15	1780.92
Land Compensation cases	1765.09	1328.87
Other Claims-	11.72	52.92
Disputed Tax Matters- Income Tax/Sales Tax/Excise	257.86	102.57
Others	80.16	105.98
Bank Guarantee given on behalf of Nagapptinam-Madhugiri Transmission Company Ltd. (wholly owned subsidiary of POWERGRID) towards performance of the work awarded	45.00	-
Total	2232.98	3371.26

Contingent liabilities decreased by 33.76% in Fiscal 2012 compared to Fiscal 2011. This decrease was mainly due to settlement of a case with respect to Capital works in favour of the Company. Claims in respect of Capital works are being contested by the Company as being not admissible in terms of the provisions of the respective contracts. The Company is pursuing various options under dispute resolution mechanism available in the contract for settlement of these claims.

BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES and SUBSIDIARIES:

JOINT VENTURE COMPANIES

A) Powerlinks Transmission Limited (POWERLINKS):

Main Objective and Capital Structure

POWERGRID and TATA POWER are the Joint Venture Partners in this Joint Venture Company and hold 49% and 51% equity, respectively. This was POWERGRID's first public - private partnership in Power Transmission. The Company was incorporated to undertake the implementation of Transmission Lines associated with Tala HEP, East-North interconnector and Northern Region Transmission System from Siliguri in West Bengal via Bihar to Uttar Pradesh. POWERLINKS successfully commissioned the project in August, 2006 and it is under commercial operation since 1st September, 2006. As on 31.03.2012, POWERLINKS has Authorized share capital of ₹ 4,83,60,00,000/- and paid-up capital of ₹ 4,68,00,00,000/- out of which POWERGRID holds Shares of ₹ 229.32 crore and TATA POWER hold shares of ₹ 238.68 crore. POWERLINKS has given a dividend of 19% for Fiscal 2012.

Financial Highlights of the Company:

Particulars	₹ in crore)	
	Fiscal 2012	Fiscal 2011
POWERGRID's investment in Equity	229.32	229.32
Gross Income	299.24	306.75
Profit after Tax	112.35	105.68
Earning per Share*	2.40	2.26

*Face value per Share is ₹ 10/- each.

B) JAYPEE POWERGRID Limited (JPL):

Main Objective and Capital Structure

The main objective of the Company was to implement a transmission system to evacuate power generated by 1000 MW Karcham Wangtoo Hydro Electric Power Project in Kinnaur District in Himachal Pradesh. The power under the system is to be evacuated from Wangtoo to Abdullapur. As on 31.03.2012, JPL has Authorized share capital of ₹ 300 crore and paid-up capital of ₹ 292 crore divided into 29,20,00,000 equity shares of ₹ 10 each, POWERGRID equity being ₹ 75.92 crore. Jaiprakash Power Ventures Limited and POWERGRID individually hold 74% and 26%, respectively as on 31.03.2012. The project has commissioned on 01.04.2012.

C) Torrent Powergrid Limited (TPL):

Main Objective and Capital Structure

The main objective of the Company was to establish transmission system associated with 1100MW Gas Based project (Sugen) Generation Station of Torrent Power Ltd. (TPL) at Akhakhol in Surat District of Gujarat. POWERGRID and Torrent Power Ltd. are the Joint Venture Partners in this Company and hold 26% and 74% equity, respectively, POWERGRID equity being ₹ 23.40 crore. As on 31.03.2012, TPL has Authorized share capital of ₹ 125 crore and paid-up capital of ₹ 90 crore. The project got fully commissioned in April, 2011 and it is in operation.

Financial Highlights of the Company:

Particulars	₹ in crore)	
	Fiscal 2012	Fiscal 2011
POWERGRID's investment in Equity	23.40	23.40
Gross Income	54.51	23.07
Profit after Tax	10.26	3.75
Earning per Share*	1.14	0.42

*Face value per Share is ₹ 10/- each.

D) Parbati Koldam Transmission Company Limited (PKTCL)

POWERGRID entered into a Joint Venture Agreement on 23rd November, 2007 with Reliance Energy Limited (REL) now Reliance Infra, for implementation of transmission lines associated with Parbati-II (800 MW) HEP and Koldam (800 MW) HEP. The Company named 'Parbati Koldam Transmission Company Limited' existing with POWERGRID to take up implementation of Parbati and Koldam Transmission systems through Joint venture route was converted to JVC. As on 31.03.2012, PKTCL has Authorized share capital of ₹ 331 crore and paid-up capital of ₹ 82.63 crore. The Company has got the Transmission License in September, 2008. As the project is under implementation, there is no operating profit. It is anticipated that there might be delays in commissioning of the related Hydro Electric Projects i.e. Parbati II Hydro Electric Project of NHPC and Koldam Hydro Electric Project of NTPC. This matter was discussed in the Standing Committee Meeting of all Northern Region beneficiaries on 19th December, 2011 and it was decided that Parbati -Koldam Line is required for Parbati III HEP of NHPC.

E) Teestavalley Power Transmission Limited (TPTL)

POWERGRID entered into a Joint Venture Agreement with Teesta Urja Limited on 23rd November, 2007 on 26% equity -POWERGRID and 74% equity Teesta Urja Limited (TUL) for implementation of transmission lines of Teesta-III to Kishanganj sub-station (Karandighi) 400kV D/C line associated with 1200 MW Teesta-III Hydro Electric Power Project. As on 31.03.2012, TPTL has Authorized share capital of ₹ 120 crore and paid-up capital of ₹ 78.21 crore. The Company has got the Transmission Licence in Fiscal 2009. As the project is under implementation, there is no operating profit.

F) North East Transmission Company Ltd.(NETCL):

POWERGRID entered into a Joint Venture Agreement in February, 2009 with ONGC Tripura Power Project Company Ltd. (OTPC), Government of Tripura, Manipur, Mizoram, Assam Electricity Grid Corporation Ltd. and Meghalaya for establishment of Transmission Line of 400kV D/C Palatana Bongaigoan Transmission Project associated with 726 MW Palatana Gas base Power Project in the state of Tripura. The Joint Venture Company is named 'North East Transmission Company Limited'. OTPC, the generating Company is a joint venture of ONGC Ltd., Government of Tripura and Infrastructure Leasing & Finance Services Ltd., (IL&FS Ltd.). The Company has got the Transmission Licence in Fiscal 2009. As on 31.03.2012, NETCL has Authorized capital of ₹ 600 crore and paid-up share capital of ₹ 281.22 crore. Construction work of the project is under progress. Since the project is under implementation, there is no operating profit.

G) National High Power Test Laboratory Private Limited (NHPTLPL):

POWERGRID entered into a Joint Venture Agreement in April, 2009 with equal participation with NTPC Ltd., NHPC Ltd. and Damodar Valley Corporation for setting up an On-line High Power Test Laboratory for short circuit test facility in the country. The Joint Venture Company is named 'National High Power Test Laboratory Private Limited'. Central Power Research Institute, Bangalore (CPRI) has been inducted as the Fifth equal equity partner of the Company on 24.02.2012. As on 31.03.2012, the company has Authorized share capital of ₹ 120 crore and paid-up capital of ₹ 10.50 crore. A fully independent, stand alone, state-of-the-art, professionally managed, international class, "On Line High Power Short Circuit Test Facility" is being established by the Company at Bina (M.P.) to provide a full range of short circuit testing for the electrical equipment manufacturing industry and power utilities in conformance to Indian and International Standards. The project is under progress. Since the project is under implementation, there is no operating profit.

H) Energy Efficiency Services Limited (EESL):

POWERGRID entered into a Joint Venture Agreement in November, 2009 with equal participation with NTPC Ltd., Power Finance Corporation Ltd. and Rural Electrification Corporation Ltd. The JV Company will promote measures of Energy efficiency, Energy Conservation and Climate Change and is carrying out business related to energy audit of Govt. buildings, consultancy assignments etc. The Joint Venture Company is named 'Energy Efficiency Services Limited'. As on 31.03.2012, the Company has Authorized share capital of ₹ 190 crore and paid up capital of ₹ 2.50 crore.

The Shareholders' Agreement has been signed on July 9, 2012 for implementation of 400 KV D/C Muzaffarpur - Dhalkebar transmission line on Joint Venture route:

- Cross Border Power Transmission Company Limited (CPTC) for implementation of Indian portion of the transmission line, i.e. Muzaffarpur-Sursand section on Indian side of Indo-Nepal Border.
- Power Transmission Company Nepal Limited (PTCN) for implementation of Nepalese portion of the transmission line, i.e. Dhalkebar-Bathanaha VDC section on Nepal side of Indo-Nepal Border.

SUBSIDIARIES

A) Power System Operation Corporation Limited (POSOCO):

Power System Operation Corporation Ltd (POSOCO) was incorporated as a wholly owned subsidiary of POWERGRID on 20.03.2009. POSOCO, is responsible for Independent System Operation. The certificate of commencement of business of the company has been obtained on 23rd March, 2010. The agreements for transfer of movable assets to POSOCO were executed on 16.03.2011, and POWERGRID transferred assets and liabilities to POSOCO w.e.f. 1st October, 2010. As on 31.03.2012, POSOCO has Authorized share capital of ₹ 200 crore and paid-up capital of ₹ 30.64 crore. Operations of POSOCO for the year ended 31.03.2012 have resulted in turnover of ₹ 214.34 crore and Profit after Tax of ₹ 50.52 crore.

B) NAGAPATTINAM-MADHUGIRI TRANSMISSION COMPANY LIMITED:

Nagapattinam-Madhugiri Transmission Company Limited(NMTCL) was acquired/taken over by POWERGRID on March 29, 2012 under Tariff Based Competitive Bidding for establishing Transmission System associated with IPPs of Nagapattinam/Cuddalore Area(Package A) from PFC Consulting Ltd (the Bid Process Co-ordinator). Consequent to such acquisition, NMTCL became wholly owned subsidiary of POWERGRID. The transmission system comprising 765kV D/C and 765kV S/C is to traverse the states of Tamil Nadu and Karnataka. As on 31.03.2012, NMTCL has Authorized and Paid-up share capital of ₹ 5 Lac.

VEMAGIRI TRANSMISSION SYSTEM LIMITED :

Further, Vemagiri Transmission System Limited (VTSL) was acquired / taken over by POWERGRID on April 18, 2012 under Tariff Based Competitive Bidding for establishing Transmission system associated with IPPs of Vemagiri Area (Package A) from REC Transmission Project Company Limited (the Bid Process Co-ordinator). Consequent to such acquisition, VTSL became wholly owned subsidiary of POWERGRID. The transmission system comprising 765kV D/C is to traverse the state of Andhra Pradesh. As on 31.03.2012, VTSL has Authorized and Paid-up share capital of ₹ 5 Lac.

Cautionary Statement

Statement in the Management Discussion and Analysis and Directors' Report describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 09.08.2012

ANNEXURE - II to the Directors' Report

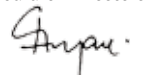
**Particulars of Employees Pursuant to Section 217(2A)
of the Companies Act, 1956 for the Year 2011-2012**

Sl. No	Name	Designation & Nature of duties	Qualification	Remuneration (₹)	Total Experience (Years)	Date of commencement of Employment (In Powergrid)	Age (years)	Last Employment held
Employed for part of the year								
1	S.N. Taneja	Dy. General Manager(S/S-0&M)	B.Sc.Engg.(El)	3487595	36	16-Aug-91	60	NTPC Ltd
2	R.P.S.Chauhan	Chief Manager(MATL)	Ph.D.,B.Ed.,MA	3844805	24	16-Aug-91	60	NTPC Ltd
3	B.B.Gupta	Chief Manager(TL)	Dipl. Engg.	2952480	20	19-Dec-91	60	NHPC Ltd
4	V.K. Banerjee	Chief Manager(TL-Constn)	Dipl. Engg.	3500567	25	16-Aug-91	60	NTPC Ltd
5	H.K. Maini	Chief Manager (TL O&M)	Dip. Engg (E)	1217181	33	19-Nov-91	60	NHPC Ltd
6	Avtar Singh	Personnel Officer (HR)	B.A. PG Dip. In PM&IR	800870	32	19-Nov-91	60	NHPC Ltd
7	R.K.Verma	Sr. Asstt. GR. I (TL)	Matric	668222	36	19-Nov-91	60	NHPC Ltd
8	Thakur Dayal	Sr. Asstt. Sel GR (Allied Service)	Matric	638946	36	19-Nov-91	56	NHPC Ltd
9	Jameet Singh	Sr. Optr (S/S) Sel. Gr. (S/S O&M)	Matric	604194	37	19-Nov-91	60	NHPC Ltd
10	Kishori Lal	Master Tech (L/M) Gr. I(TL Maint)	Matric	553233	36	19-Nov-91	60	NHPC Ltd
11	R.K.Patel	Manager(TL-O&M)	BE	5308762	35	16-Aug-91	60	NTPC Ltd
12	M.Arunachalam	Chief Manager(S/S I/C)	MBA,BE	5763052	27	16-Aug-91	60	NTPC Ltd
13	A.K.Tyagi	Chief Manager(TL-Constn)	DIPLOMA ENGG	5828741	35	19-Nov-91	60	NHPC Ltd
14	Y.Sivaraman	Chief Manager(IA)	CA	3348015	35	16-Aug-91	60	NTPC Ltd
15	K.Sreenivasaiah	Chief Manager(F&A)	CA	1026190	33	16-Aug-91	60	NTPC Ltd
16	V.Loganathan	Manager(TL-Maint)	Dip in Civil Eng	2708594	38	16-Aug-91	60	NTPC Ltd
17	M.Mahender Rao	Senior Engineer(S/S)	LEE	1571472	30	16-Aug-91	60	NTPC Ltd
18	M.D.Shareefuddin	Senior Driver(S/S)	IX, HMV	1448392	27	16-Aug-91	60	NTPC Ltd
19	Md. Dawood Ali	Senior Master Technician(Civil)	BA, HMV	1429997	29	16-Aug-91	60	NTPC Ltd
20	T.V.S.P Sekhar	Chief Manager(TL-Constn)	B.Tech, Elect and Electronics	1957590	22	1-Dec-92	48	NLC Ltd
21	Lt. S. R. Choudhary	Chief Manager(FQA)	AMIE, DCE	2583203	38	19-Nov-91	59	NHPC Ltd
22	Lt. Vashisth Sharma	Junior Engineer(O&M)	Matric	862301	36	19-Nov-91	58	NHPC Ltd
23	Jairam Singh (Rtd.)	Junior Engineer (SG) (T&C)	ITI	2063573	38	19-Nov-91	60	NHPC Ltd
24	R.N.Tiwari	Sup Sel-Gr(OPRN.)	INTER, ITI	2522953	33	19-Nov-91	60	NHPC Ltd
25	P. C. Bharti	Sup Sel-Gr(Civil)	10TH	2399375	40	19-Nov-91	60	NHPC Ltd
26	M.C. Bhatnagar	GM (Tech Div.)	B.E., Adv. Dip. In Mgmt	3091247	40	16-Aug-91	60	NTPC Ltd.
27	M. K. Sethi	Chief Manager(BDD)	M.E.,AMIE	1735442	42	15-Oct-91	60	NTPC Ltd.
28	J. Sridharan	Director(Finance)	CA,ICWA	3031769	36	10-Jan-00	60	Pentafour Software,AAI
29	Rakesh Saxena	GM(ESMD)	B.Sc.Engg.	2677617	39	19-Nov-91	60	NHPC Ltd
30	Ganesh Singh	ED(DMS)	B.E.,M.E.	3002926	34	16-Aug-91	60	NTPC Ltd.
31	S.K. Chaturvedi	CMD	M.Sc., PG Dip in PM and IR	3840159	36	1-Aug-08	60	NHPC Ltd
32	P. E. Selwyn	Chief Manager (HR)	B.SC	2472273	36	1-Dec-92	60	NLC Ltd
33	Jyoti Ramalingam	DGM (F&A)	CA	4479265	36	16-Oct-91	60	NTPC Ltd.
34	C.Muthusamy	SR ATTD(OFFICE)	SSLC	955796	37	1-Jan-94	60	CEA
35	A.R. Rani Anisia	SR ASST GR II(INSPECTION)	SSLC	1556514	27	1-Dec-92	45	NLC Ltd
36	Late H. B. Singh	GM (O&M)	BE (ELEC)	7344083	34	16-Aug-91	56	NTPC Ltd.
37	M.M. Geevarghese	JE SEL GR(S/S-O&M)	ITI (MECHANIACL)	3723857	33	19-Nov-91	60	NHPC Ltd
38	M.Vasudevan	MASTER TECHNICIAN GR-II (CONST)	SSLC, HMV	3480054	31	16-Aug-91	60	NTPC Ltd.
39	Late K.C. Chandrabanu	TECH GR IV(TL-Constn)	IX, TECH TRAINING COURSE (6 MONTHS)	2463414	21	1-Dec-92	47	NLC Ltd
40	M.P. Manian	SR PO	BA, LLB, MASTERS IN PM & IR	4995466	33	16-Aug-91	60	NTPC Ltd.
41	Ahmed Basha	SR DRIVER GR I(S/S-O&M)	VIII, HMV	3858839	28	16-Aug-91	60	NTPC Ltd.
42	P.P. Sasidharan	SUP GR II (MATL)	SSLC	3560063	32	1-Dec-92	60	NLC Ltd

Notes:

- 1) Remuneration includes Salary, Allowances, Leave encashment, Leave travel concession, Payment for Subsidised leased accommodations, reimbursement of medical expenses to employees and employer's contribution to Provident fund and other funds. In addition, employees are entitled to Gratuity/Group Insurance in accordance with Company's rules.
- 2) None of the Employees listed above is related to any of the Directors of the Company.
- 3) Remuneration mentioned above is inclusive of retirement/separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.
- 4) Particulars of employees transferred to POSOCO on secondment basis have not been included and the same are annexed to Directors' Report of POSOCO.

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 09.08.2012

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 read with Section 217(1)(e) of the Companies Act, 1956.**A. Conservation of Energy****(a) Energy conservation measures taken and on hand:**

It has been the endeavour of POWERGRID to make all out efforts for conservation of energy in all its projects - right from the planning stage, to the execution stage and throughout the O&M period. Before finalizing the transmission schemes, various alternatives/ technologies for power transfer are examined and one of the major criteria for selection of transmission system/ technology is lower losses. In fact, POWERGRID has adopted higher voltage levels like 765kV AC, ± 500 kV HVDC, ± 800 kV HVDC and 1200kV AC in its transmission systems for bulk power transfer across various regions which result in lower losses in the system.

At design stage of the transmission system, optimization of various parameters is done so that losses in the transmission system are optimized. The conductors are selected after detailed optimization studies which consider reduction of line losses as one of the primary criteria. The bus bar materials and the clamps and connectors are chosen meeting stringent international requirements so that losses are optimized. During evaluation of transformer & shunt reactor packages, equipment with minimum losses is given weightage. In case of HVDC system also, the selection of parameters of filter components, Thyristor Valves, Converter Transformer etc. is done in such a way that overall losses are minimized even under worst condition of system operating parameters. Further, in case of transmission hardware, the material with lower losses is specified. Parameters and types of various other equipments are also chosen in a manner that the losses are optimized. Thus, energy conservation measures are taken by POWERGRID at every step so as to develop an efficient and low-loss transmission network.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of Energy:

As stated above, POWERGRID undertakes energy conservation measures by means of reduction of losses in its transmission schemes right from planning to execution stage.

B. a) Research and Development :

POWERGRID continuously makes effort towards research and developmental activities and also evaluates global innovation & technology in harnessing and tapping the latest and best technology in the industry. Being transmission service organization, the Technology Development Division(TDD) as a research and development wing of the company focuses on to strengthen the portfolio of Applied Research in the field of transmission for efficiency improvement, high system availability, optimizing upon the cost of delivered power and whenever required, enters into arrangements with manufacturing industries, academic/research institutions to develop latest technology and practices suitable to Indian context towards sustainability.

POWERGRID's focus on Inclusive Innovation is aimed at discovering where and how new transmission technology can address effective delivery of transmission services to its customers. In this process, POWERGRID in collaboration with thirty five(35) manufacturers and Central Power Research Institute(CPRI) have developed indigenous 1200kV transmission technology, the highest transmission voltage in the world. This 1200kV National Test Station established at Bina comprises of 1200kV equipment like Power Transformers, Current Transformer(CT), Capacitive Voltage Transformer(CVT), Surge Arresters, Isolators, Transmission Towers, Hardware & accessories etc. This Test Station will facilitate in finalization of technical parameters, design review, field testing etc. of 1200kV AC system and shall benefit Indian Power sector by optimization of transmission cost and ease of maintenance.

Other notable research and developmental activities undertaken are:

Lightning mapping - North Eastern Region (NER) of POWERGRID is highly prone to lightning activities which causes frequent trippings of lines thus affecting reliability of power transfer. Customised lightning detection system at various substations in NER has been installed for lightning mapping which shall help in correlating tripping of line with lightning activities. Preventive measures such as improvement of tower earthing, replacement of insulators shall be decided based on the evaluation of lightning data.

Process bus Technology - POWERGRID is in the process to implement State-of-the-Art process bus technology using Novel Sensor (optical instrument transformers) for the substation automation using IEC 61850 protocol. This is emerging technology for a substation where bay level equipment shall also be connected through optical Ethernet. This will enable a significant reduction of copper wiring in the substation and a better diagnosis of the primary equipment health condition.

Superconducting Transmission Technology - POWERGRID is exploring the viability of application of AC High Temperature Superconductor Power Transmission Cable pilot project, which will increase power intensity of the corridor, reduction of losses etc. if proven commercially viable.

Pollution mapping in Northern Region - To minimize the probability of occurrence of pollution flashover in lines passing through pollution affected areas, POWERGRID in association with CPRI, Northern Regional Power Committee (NRPC) & all the STUs of Northern Region is conducting Pollution mapping.

b) Technology Absorption :

The company seamlessly integrated emerging technologies into transmission development and maintenance for improved efficiency. Some of the prominent technologies are as under:

- Digital substation with IEC 61850 automation standards for all new stations. This would increase operational and maintenance efficiency as well as reduction in operational overheads.
- Polymer composite insulators are being provided in transmission lines passing through polluted areas to improve system availability.
- State-of-the-Art high temperature low sag (HTLS) conductors are being used on critical stretches for optimized RoW and investment.
- Compact substation using GIS technology at 400kV/765kV level is being applied to optimized substation land requirement.
- On line transformer monitoring techniques are being used for condition monitoring of power transformers to reduce outages and improve system availability.

c) Foreign Exchange Earnings and Outgo :

₹ in Crore

Foreign Exchange Earnings

(i) Interest	NIL
(ii) Consultancy Fee	9.65
Total	9.65

Foreign Exchange outgo

(i) Capital goods and Spare Parts	2191.19
(ii) Professional and Consultancy Fee	NIL
(iii) Interest	152.30
(iv) Others	22.89
Total	2366.38

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi
Date: 09.08.2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER GRID CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of Power Grid Corporation of India Limited for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of the Power Grid Corporation of India Limited for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-

(Praveen Kumar Singh)

**Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III
New Delhi**

Place: New Delhi

Date : 20th June, 2012

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

1. THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in a Company. It is a system by which business corporations are directed and controlled. POWERGRID believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POWERGRID's Governance process is focused towards its Vision of **"World Class, Integrated, Global Transmission Company With Dominant Leadership in Emerging Power Markets Ensuring Reliability, Safety and Economy"** and its mission i.e. **"We will become a Global Transmission Company with Dominant Leadership in Emerging Power Markets with World Class Capabilities by:**

1. **World Class: Setting superior standards in capital project management and operations for the industry and ourselves.**
2. **Global: Leveraging capabilities to consistently generate maximum value for all stakeholders in India and in emerging and growing economies.**
3. **Inspiring, nurturing and empowering the next generation of professionals.**
4. **Achieving continuous improvements through innovation and state of the art technology.**
5. **Committing to highest standards in health, safety, security and environment."**

The Corporate Governance of POWERGRID is geared by the following:

- (i) To meet the short term, medium term & long term objectives and specific targets every year set by the Government of India and the persons at the helm of its affairs, i.e. the Board, by empowering people at the most appropriate levels keeping the job profile/functions in view.
- (ii) To respond to the challenges and the emerging opportunities and to play a pivotal role in the economic development of the country.

The corporate governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are proceeded ahead after approval of the Board.

POWERGRID is a "NAVRATNA PSE" since May, 2008. The NAVRATNA status has provided the Company more flexibility and autonomy in terms of making investments and operational decisions. Now, the Board of Directors of POWERGRID are the approving Authority to incur capital expenditure on purchase of new items or for replacement without any monetary ceiling. The ceiling on equity investment to establish joint ventures and wholly owned subsidiaries in India or abroad is 15% of the net worth of POWERGRID in one project limited to ₹ 1000 crore. The overall ceiling on such investment in all projects put together is 30% of the net worth of POWERGRID.

The Board of Directors comprises Chairman and Managing Director, Functional Directors, Govt. Nominee Directors and Non Official Part Time Directors. The rights and obligations of the employees are delineated in the policy Manuals published and the amendments are notified, from time to time. The powers of the internal participants i.e. top executives and below are laid down in the well established and practiced "Delegation of Powers". POWERGRID has also prepared and implemented "Works and Procurement Policy and Procedure for Pre-award and Post-award Stages" with a view to making the policies and procedures more systematic, transparent and easy to administer with major thrust on expeditious and decentralized decision making coupled with accountability and responsibility. The Board has also constituted several Committees viz. Audit Committee; Shareholders'/Investors' Grievance Committee; Committee on Investment on Projects; Committee on Award of Contracts; Committee for Bonds; Committee for Award of Contracts relating to Rural Electrification (RE), Accelerated Power Development & Reforms Programme (APDRP) and other Deposit Works; Sustainable Development Committee etc. to have better and more focused attention. Advisory Boards of eminent persons are in place for Environment and Social Policy and Procedures, R&D and for Telecom to advise POWERGRID on critical issues/consensus building in these areas.

Management Discussion and Analysis is Annexed to Directors' Report.

The compliance of the Company with the conditions of the Corporate Governance and the disclosure requirements in that regard are given below:

2. Board of Directors:

2.1 Size of the Board

POWERGRID is a Government Company within the meaning of Section 617 of the Companies Act, 1956 and the President of India presently holds 69.42% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors rests with the President of India.

In terms of Articles of Association of the Company, the strength of our Board shall not be less than four Directors and not more than eighteen Directors. These Directors may be either whole-time Directors or part-time Directors.

2.2 Composition of the Board

As on 31st March, 2012, the Board comprised eight Directors out of which four were whole-time Directors including the Chairman & Managing Director, two Government nominees and two Independent Directors.

Clause 49 I (A) of the Listing Agreement with Stock Exchanges, stipulates that half of the Board members of your Company should be Independent Directors. For the Financial Year 2011-12 the requirement of Independent Directors as per this clause was not fully met.

2.3 Age Limit and Tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time Directors is 60 years.

The Chairman & Managing Director and other whole-time Directors are appointed for a period of five years from the date of taking over of charge or till the date of superannuation of the incumbent or till further orders from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

Independent Directors have been appointed by the Government of India usually for tenure of three years.

The tenure of Directors as on 31st March, 2012 was as follows:

Details of Directors		Name	Date of Joining on the Board	Date of superannuation/ completion of Tenure
Category (Functional/ Official/ Non-official)	Designation			
1. Whole Time Directors	Chairman & Managing Director	Shri R.N.Nayak	01.09.2011	Date of superannuation - 30.09.2015.
	Director(Projects)	Shri I.S.Jha	01.09.2009	Completion of tenure - 31.08.2014. Date of superannuation - 30.06.2019.
	Director (Finance)	Shri R. T. Agarwal	29.07.2011	Completion of tenure – 28.07.2016. Date of superannuation – 31.08.2016.
	Director (Personnel)^	Shri V.M. Kaul	16.03.2009	Superannuated on 31.03.2012.
	Director (Operations)*	-	-	-
2. Govt. Nominees Part – time Directors	JS &FA, Ministry of Power	Shri Rakesh Jain	09.06.2009	Till the President desires.
	JS (Trans.) Ministry of Power	Smt. Rita Acharya	26.08.2011	Till the President desires.
3. Non-official Part-time Directors	Non-official Part-time Director (Independent)	Shri Santosh Saraf	27.12.2011	For a period of three years with effect from the date of appointment or until further orders, whichever event occurs earlier.
		Smt. Rita Sinha		

^Shri Ravi P. Singh has been appointed as Director (Personnel) w.e.f. 01.04.2012.

*Shri R. P. Sasmal has been appointed as Director (Operations) w.e.f. 01.08.2012.

2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are normally held at the Registered Office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. Senior management is also invited to the Board meetings to provide additional input to the Agenda items being discussed by the Board.

During the financial year ended 31st March, 2012 twenty Board meetings were held on 4th May, 24th May, 30th May, 7th July, 2nd August, 26th August, 30th August, 16th September, 4th October, 13th October, 22nd October, 17th November, 5th December, 10th December, and 27th December, of the year 2011, and 23rd January, 8th February, 24th February, 16th March and 26th March, of the year 2012. The maximum interval between any two meetings during this period was 37 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship / committee membership (viz. Audit Committee and

Shareholders'/Investors' Grievance Committee as per Clause 49 I (C) – Explanation – 2) held by them during the year 2011-12 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 19.09.11)	No. of other Directorship held on 31.03.12	*No. of Other Committee Membership held on 31.03.2012	
					Chairman	Member
Whole Time Directors						
Shri R. N. Nayak, Chairman & Managing Director (w.e.f. 01.09.2011)	13	13	Yes	7	NIL	NIL
Shri I. S. Jha, Director (Projects) (w.e.f. 01.09.2009)	20	20	Yes	3	NIL	2
Shri R. T. Agarwal Director (Finance) (w.e.f. 29.07.2011)	16	16	Yes	3	1	3
Shri V. M. Kaul, Director (Personnel) (Superannuated on 31.03.2012.)	20	18	Yes	2	NIL	5
Shri S. K. Chaturvedi Chairman & Managing Director (Superannuated on 31.08.2011.)	7	7	N.A.	N.A.	N.A.	N.A.
Shri J. Sridharan, Director (Finance) (Superannuated on 30.04.2011.)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Shri R. N. Nayak, Director (Operations) (Ceased to be Director (Operations) w.e.f. 01.09.2011.)	7	7	N.A.	N.A.	N.A.	N.A.
Non-executive Directors (Government Nominees)						
Shri Rakesh Jain Jt. Secy. & Fin. Adv., Ministry of Power (w.e.f. 09.06.2009)	20	19	Yes	1	1	2
Smt. Rita Acharya Jt. Secy., Ministry of Power (w.e.f. 26.08.2011)	15	14	Yes	1	NIL	NIL
Dr. M. Ravi Kanth Jt. Secy., Ministry of Power (Ceased to be Director w.e.f. 16.08.2011)	5	2	N.A.	N.A.	N.A.	N.A.
Independent Directors						
Shri Santosh Saraf (w.e.f. 27.12.2011)	5	5	N.A.	1 [^]	3	NIL
Smt. Rita Sinha (w.e.f. 27.12.2011)	5	3	N.A.	NIL	NIL	NIL
Smt. Sarita Prasad (Ceased to be Director w.e.f. 04.08.2011)	5	5	N.A.	N.A.	N.A.	N.A.
Dr. P. K. Shetty (Ceased to be Director w.e.f. 10.07.2011)	4	4	N.A.	N.A.	N.A.	N.A.
Dr. A. S. Narag (Ceased to be Director w.e.f. 10.07.2011)	4	4	N.A.	N.A.	N.A.	N.A.
Shri Anil K. Agarwal (Ceased to be Director w.e.f. 10.07.2011)	4	3	N.A.	N.A.	N.A.	N.A.

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 19.09.11)	No. of other Directorship held on 31.03.12	*No. of Other Committee Membership held on 31.03.2012	
					Chairman	Member
Shri F. A. Vandrevala (Ceased to be Director w.e.f. 10.07.2011)	4	4	N.A.	N.A.	N.A.	N.A.
Shri S. C. Tripathi (Ceased to be Director w.e.f. 25.04.2011)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dr. Ashok Khanna (Ceased to be Director w.e.f. 25.04.2011)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

*Includes POWERGRID

^ This does not include Directorship in Private Companies. In addition, he is an Independent Director in NEEPCO w.e.f. 06.07.2012.

Shri Ravi P. Singh has been appointed as Director (Personnel) w.e.f. 01.04.2012.

Shri R. P. Sasmal has been appointed as Director (Operations) w.e.f. 01.08.2012.

None of the Directors of the company are in any way related with each other.

2.5 Information to be placed before the Board of Directors, inter alia, includes:

The Board has complete access to any information with the Company. The information regularly supplied to the Board includes:

1. Annual operating plans and budgets and any updates.
2. Annual Accounts, Directors' Report, etc.
3. Quarterly results of the company.
4. Minutes of meetings of audit committee and other committees of the Board including minutes of Subsidiary Company.
5. Major Investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances, etc.
6. Award of large Contracts.
7. Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
8. Monthly Report on Commercial Status of the Company.
9. Report on the status of various ongoing projects/Scheme and Budget Utilization.
10. Report on the O&M Review.
11. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, etc.
12. Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer etc.
13. Short-Term investment of surplus funds.
14. Other materially important information.

Post meeting follow-up system:

The Governance process in the Company include an effective post-meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and the Board Committee(s).

3. Committees of the Board of Directors

The Board has constituted the following Committees as on 30.06.2012:

- i) Audit Committee
- ii) Shareholders'/Investors' Grievance Committee
- iii) Remuneration Committee for : (a) Board Level Executives and (b) Below Board Level Executives
- iv) Committee on Investment on Projects
- v) Committee on Award of Contracts
- vi) Committee for Transfer/Split/Rematerialisation/Dematerialization etc. of Shares
- vii) Committee for Bonds,

- viii) Committee for Award of Contracts relating to RE, APDRP and other Deposit Works
- ix) Sustainable Development Committee

3.1 Audit Committee:

As on 31st March, 2012, the Audit Committee comprised the following Directors:

- (i) Shri Santosh Saraf, Non-official Part-time Director – Member & Chairman
- (ii) Smt. Rita Sinha, Non-official Part-time Director – Member
- (iii) Shri Rakesh Jain, JS&FA, MOP – Member

The Company Secretary is the Secretary of the Committee.

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, the Companies Act, 1956 and the provisions of the Listing Agreement.

Meetings of Audit Committee

The Audit Committee meets at least four times in a year and not more than four months have elapsed between two meetings in that year. The quorum for the Audit Committee meetings is either two members or one third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent members present.

Powers of Audit Committee

The powers of the Audit Committee include the following:

1. To investigate any activity within its terms of reference.
2. To seek information on and from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To protect whistle blowers.
6. To consider other matters as referred by the Board.

Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Fixation of audit fees to be paid to statutory auditors appointed by Comptroller & Auditor General under the Companies Act and approval for payment with respect to any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

8. Discussion with internal auditors and / or auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. To review the follow up action on the audit observations of the Comptroller & Auditor General audit.
14. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
15. Provide an open avenue of communication between the independent auditor, internal auditor and the Board.
16. Review all related party transactions in our Company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.
Explanation: The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, issued by the Institute of Chartered Accountants of India.
17. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
18. Consider and review the following with the independent auditor and the management:
 - a. The adequacy of internal controls including computerized information system controls and security; and
 - b. Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
19. Consider and review the following with the management, internal auditor and the independent auditor:
 - a. Significant findings during the year, including the status of previous audit recommendations; and
 - b. Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

In line with the provisions of Articles of Association of POWERGRID, the whole-time Functional Directors of the Company including Director (Finance) referred to as CFO are appointed by the Administrative Ministry through Public Enterprise Selection Board.

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions submitted by management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the chief internal auditor.
6. Certification/declaration of financial statements by the Chief Executive Officer/Chief Finance Officer.

Composition of Audit Committee during the F.Y. 2011-12:

The composition of Audit Committee during the financial year 2011-12 was as under:

On completion of tenure of Shri S. C. Tripathi and Shri Ashok Khanna, Independent Directors, the Audit Committee was re-constituted on 04.05.2011 and again on 07.07.2011 on completion of tenure of Shri F. A. Vandrevala and Shri Anil K. Agarwal. Further, on completion of tenure of Smt. Sarita Prasad on 04.08.2011, the Audit Committee was again reconstituted with following directors as members on the Audit Committee:

Shri Rakesh Jain, JS&FA, MOP	Member & Chairman	Non-Executive Director
Dr. M. Ravi Kanth, JS, MOP/Smt. Rita Acharya	Member	Non-Executive Director
Shri V. M. Kaul	Member	Director (Personnel)

Smt. Rita Acharya was appointed as a member of the Audit Committee in place of Dr. M Ravi Kanth.

On appointment of two Independent Directors on the Board of POWERGRID w.e.f. 27.12.2011, the Audit Committee was again reconstituted on 23.01.2012 with following directors as members on the Audit Committee:

Shri Santosh Saraf	Member & Chairman	Non-official Part-time Director
Smt. Rita Sinha	Member	Non-official Part-time Director
Shri Rakesh Jain, JS&FA, MOP	Member	Non-Executive Director

Attendance:

During the financial year ended 31st March, 2012, eight meetings of the Audit committee were held on 24th May, 30th May, 7th July, 2nd August, 13th October, 22nd October, and 27th December, of the year 2011, and 8th February, 2012.

Attendance at Audit Committee Meetings during the Financial Year 2011-12:

Name	Audit Committee Meeting	
	Held	Attended
Shri Rakesh Jain, JS&FA, MOP	8	8
Smt. Rita Acharya, JS, MOP	3	3
Shri V. M. Kaul, Dir. (Personnel)	3	2
Shri F. A. Vandrevala, Director	3	3
Shri Anil K. Agarwal, Director	3	3
Smt. Sarita Prasad, Director	4	4
Dr. M. Ravi Kanth, JS, MOP	1	0
Smt. Rita Sinha, Director	1	1
Shri Santosh Saraf, Director	1	1

3.2 Shareholders'/ Investors' Grievance Committee.

The Company has constituted Shareholders'/Investors' Grievance Committee in line with the provisions of the Listing Agreement.

Scope of the Committee

The scope of the Committee shall be to specifically look into the redressal of shareholders' and investors' grievances/complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

Composition

As on 31st March, 2012 the Committee comprised the following Directors:

- i) Shri Santosh Saraf, Non-official Part-time Director – Chairman
- ii) Smt. Rita Sinha, Non-official Part-time Director – Member
- iii) Shri V. M. Kaul, Director (Personnel) – Member
- iv) Shri R. T. Agarwal, Director (Finance) – Member.

The Company Secretary is the Secretary of the Committee.

Composition of Shareholders'/Investors' Grievance Committee during the F.Y. 2011-12:

The composition of Shareholders'/Investors' Grievance Committee during the financial year 2011-12 was as under:

As on 1st April, 2011, Shri Anil K. Agarwal, Shri J. Sridharan, Dr. A. S. Narag, Dr. M. Ravi Kanth, Smt. Sarita Prasad, Directors were the members of the Shareholders'/Investors' Grievance Committee. Further, on completion of tenure of Shri Anil K. Agarwal and Dr. A. S. Narag on 10.07.2011, and Smt. Sarita Prasad on 04.08.2011, the Shareholders'/Investors' Grievance Committee was reconstituted w.e.f. 04.08.2011 with Shri V. M. Kaul, Dr. M. Ravi Kanth, Shri R. T. Agarwal, Directors as members on the Shareholders'/Investors' Grievance Committee. On appointment of two Independent Directors on the Board of POWERGRID w.e.f. 27.12.2011, the Shareholders'/Investors' Grievance Committee was again reconstituted on 23.01.2012 with following directors as members:

Shri Santosh Saraf	Member & Chairman	Non-official Part-time Director
Smt. Rita Sinha	Member	Non-official Part-time Director
Shri V. M. Kaul	Member	Director (Personnel)
Shri R. T. Agarwal	Member	Director (Finance)

Two meetings of the Shareholders'/Investors' Grievance Committee were held during the financial year 2011-12 on 23rd February, 2012 and 26th March, 2012, respectively.

Attendance at Shareholders'/Investors' Grievance Committee meeting during the Financial Year 2011-12:

Name	Shareholders'/Investors' Grievance Committee Meeting held during the tenure	
	Held	Attended
Shri Santosh Saraf, Director	2	2
Smt. Rita Sinha, Director	2	1
Shri V.M. Kaul, Director (Personnel)	2	1
Shri R.T. Agarwal, Director(Finance)	2	2

Name and designation of Compliance Officer

Ms. Divya Tandon, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.

Investor Grievances

During the financial year ending 31st March, 2012, the Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediment. The details of the complaints received during the year are as under:

S.No.	Description	Opening Balance	Received	Attended	Pending
1	Non receipt of refund orders	0	270	270	0
2	Non receipt of dividend warrants	0	127	127	0
3	SEBI	4	1544	1319	229
4	Stock Exchange	0	121	121	0
5	Advocate Notices	4	100	104	0
6	Consumer Forum/Court cases	0	15	15	0
	Total	8	2177	1956	229

Investor complaints pending as on 31st March, 2012 have been subsequently attended.

Shares lying in Share Escrow Account

In pursuance of Clause 5A I (g) of the Listing Agreement, it is disclosed that :

- In respect of your Company's IPO, shares lying in the Suspense Account as on 01.04.2011 were 44260 consisting of 228 shareholders.
- In respect of FPO, shares lying in the Suspense Account as on 01.04.2011 were 14207 consisting of 67 shareholders.
- In respect of IPO, 7 shareholders had approached POWERGRID for transfer of 1044 shares from suspense account during 2011-12 and POWERGRID transferred 1044 shares related to 7 shareholders during the year 2011-12.
- In respect of FPO, 17 shareholders had approached POWERGRID for transfer 3377 shares for suspense account during 2011-12 and POWERGRID transferred 3377 related to 17 shareholders during the year 2011-12.
- In respect of IPO, shares lying in Suspense Account were 43216 consisting of 221 shareholders.
- In respect of FPO, shares lying in Suspense Account were 10830 consisting of 50 shareholders.

The voting rights on the shares in demat suspense account shall remain frozen till the rightful owner of such shares claims the shares. These shares are lying in the demat form in a Pool Account with the Registrars i.e. M/s Karvy Computershare Pvt. Ltd. and the benefits accrued on them are being properly accounted for.

3.3 Remuneration Committee for : (a) Board Level Executives and (b) Below Board Level Executives

POWERGRID had constituted Remuneration Committee for (a) Board Level Executives and (b) Below Board Level Executives in April, 2009. Since, all the members of the Committee ceased to be Directors, the Remuneration Committee for: (a) Board Level Executives and (b) Below Board Level Executives has been reconstituted in June, 2012 with the following Directors as members of the Committee:

(a) Board Level Executives:

Smt. Rita Sinha	Chairperson	Non-official Part-time Director
Shri Santosh Saraf	Member	Non-official Part-time Director
Smt. Rita Acharya	Member	Jt. Secy., MOP

(b) Below Board Level Executives:

Smt. Rita Sinha	Chairperson	Non-official Part-time Director
Shri Santosh Saraf	Member	Non-official Part-time Director
Shri R. N. Nayak	Member	CMD

Shri R. T. Agarwal	Member	Director (Finance)
Shri Ravi P. Singh	Member	Director (Personnel)
Smt. Rita Acharya	Member	Jt. Secy., MOP

3.4 Committee on Investment on Projects

The Board has constituted this Committee of Directors to consider investment sanction for new projects and Revised Cost Estimate proposals of ongoing projects as may be required from the Board. As on 31st March, 2012, the Committee comprised the following members:

- | | | |
|---------------------------------|---|----------|
| i) Chairman & Managing Director | - | Chairman |
| ii) Director (Finance) | - | Member |
| iii) Director (Projects) | - | Member |
| iv) Shri Rakesh Jain | - | Member |
| v) Smt. Rita Acharya | - | Member |

3.5 Committee on Award of Contracts

This Committee of Directors has been constituted for approval of award of contracts of value more than ₹ 30 Cr. but not exceeding ₹ 100 Cr. As on 31st March, 2012, the following Directors were members of the Committee:

- | | | |
|---|---|----------|
| i) Shri R. N. Nayak, CMD | - | Chairman |
| ii) Shri I. S. Jha, Director (Projects) | - | Member |
| iii) Shri R. T. Agarwal, Director (Finance) | - | Member |
| iv) Smt. Rita Acharya, Joint Secretary, MOP | - | Member |

3.6 Committee for Transfer/Split/Rematerialization/Dematerialization of Shares

The Company has constituted a Committee of Directors for Transfer/ Split/ Rematerialisation/ Dematerialization etc. and other related issues. As on 31st March, 2012, the Committee comprised the following Directors as members:

- | |
|-----------------------------|
| i) Director (Personnel) |
| ii) Director (Projects) and |
| iii) Director (Finance) |

Share Transfers effected during the year have been well within the time prescribed by the Stock Exchanges.

3.7 Committee for Bonds

The Board of Directors of the Company has constituted a Committee of Directors to consider and approve allotment, transfer, transmission, splitting and consolidation of POWERGRID Bonds/Allotment Letters and other matters relating to the Bonds including appointment of Merchant Bankers, Registrar to the Issue etc. As on 31st March, 2012, the Committee for Bonds comprised the following members:

- | | | |
|---------------------------|---|-------------|
| i) CMD | - | Chairman |
| ii) Director (Finance) | - | Member |
| iii) Director (Projects) | - | Member, and |
| iv) Director (Operations) | - | Member |

3.8 Committee for Award of Contracts relating to RE, APDRP and other Deposit Works

This Committee of Directors was constituted to conduct RGGVY Programme of Govt. of India. The power of this committee is to award the contracts relating to RE, APDRP and other Deposit Works for more than ₹ 30 Cr. and up to ₹ 100 Cr. As on 31st March, 2012, CMD, Director (Finance), Director (Projects), Director (Personnel) and Director (Operations) are the members of the Committee.

3.9 Sustainable Development Committee

POWERGRID has constituted a Sustainable Development Committee in line with the requirement of Department of Public Enterprises' Guidelines on Sustainable Development (SD) for Central Public Sector Enterprises. As on 31st March, 2012 the Committee comprised the following members:

- | | | |
|---|---|------------------------------------|
| i) Ms. Rita Sinha, Independent Director | - | Member & Chairman of the Committee |
| ii) Director (Projects) | - | Member |
| iii) Director (Finance) | - | Member |
| iv) Director (Personnel) | - | Member |

4. Remuneration of Directors

POWERGRID, being a Government Company, the appointment, tenure and remuneration of Directors is decided by the President of India. Remuneration paid to Chairman & Managing Director and Functional Directors during the Year 2011-12 was as per terms and conditions of their appointment. Independent Directors are paid only sitting fees per Board / Committee meeting attended {rate fixed by the Board within the ceiling fixed for payment of sitting fees without Government approval under the Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 read with the Section 310 of the Companies Act, 1956} and in accordance with the Government Guidelines for attending the Board Meeting as well as Committee Meetings.

The remuneration paid to the Whole time Directors during the year 2011-12 is as under:

S No.	Directors	Designation	Salary (in ₹)	Benefits (in ₹)	Bonus / Commission (in ₹)	Performance Linked Incentive (in ₹)	Total (in ₹)
1.	Shri R. N. Nayak (From 01.09.2011 to 31.03.2012)	Chairman & Managing -Director	858640	414009	-	348600	1621249
2.	Shri R. N. Nayak (From 01.04.2011 to 31.08.2011)	Director (Operations)	582220	422572	-	981688	1986480
3.	Shri I. S. Jha	Director (Projects)	1425998	1860870	-	1085861	4372729
4.	Shri R. T. Agarwal (From 29.07.2011 to 31.03.2012)	Director (Finance)	915375	406176	-	643860	1965411
5.	Shri V. M. Kaul	Director (Personnel)	1439658	1414136	-	1314542	4168336
6.	Shri S.K. Chaturvedi (From 01.04.2011 to 31.08.2011)	Chairman & Managing -Director	628469	528024	-	1493546	2650039
7.	Shri J. Sridharan (From 01.04.2011 to 30.04.2011)	Director (Finance)	124266	61094	-	943081	1128441

The Government nominee Directors on the POWERGRID's Board do not draw any remuneration/ sitting fee for attending Board/ Committee meetings from the Company. The Independent Directors were paid sitting fee of ₹ 15,000/- for attending Board/ Committee Meetings.

Details of Payment made towards sitting fee to Independent Directors during the year 2011-12 are given below:

(₹ in lacs.)

Name of Non-official Part-time Directors	Sitting Fees		Total (₹)
	Board Meeting (₹)	Committee of Board of Directors Meeting (₹)	
Shri Santosh Saraf	0.75	0.45	1.20
Smt. Rita Sinha	0.45	0.30	0.75
Dr. P. K. Shetty	0.80	-	0.80
Dr. A. S. Narag	0.80	0.40	1.20
Shri Anil K. Agarwal	0.60	1.00	1.60
Shri F. A. Vandrevala	0.80	1.00	1.80
Smt. Sarita Prasad	1.00	0.80	1.80

As on 31.03.2012 the Directors' Shareholding was as under:

S.No.	Name of Directors	No. of Equity Shares Held
1	Shri R. N. Nayak	11,721
2	Shri I. S. Jha	2,998

3	Shri R. T. Agarwal	4,056
4	Shri V. M. Kaul	7,213
5	Shri Rakesh Jain	-
6	Smt. Rita Acharya	-
7	Shri Santosh Saraf	1190
8	Smt. Rita Sinha	-

5. General Body Meetings:

Date, time and location where the last three Annual General Meetings were held are as under:

Year	Date	Time	Venue	Special Resolution
2008-09	9 th September, 2009	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110 010	NIL
2009-10	24 th September, 2010	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110 010	NIL
2010-11	19 th September, 2011	11.00 a.m.	NDMC Talkatora Indoor Stadium, Talkatora Garden, Park Street, New Delhi – 110 001.	NIL

Resolutions passed through Postal Ballot

Ordinary Resolution was passed for inclusion of additional projects for utilization & rescheduling of POWERGRID's FPO Proceeds.

Notice dated 6th January, 2012, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and said resolution was approved by the shareholders on 24th February, 2012. Ms. Savita Jyoti, Practicing Company Secretary was appointed as scrutinizer for conduct of Postal Ballot. The details of the voting are as under:

S.No.	Description	No. of Share-holders	No. of Shares	No. of Votes	Result
1	Votes in favour	18560	3921304388	3921304388	Carried with requisite majority.
2	Votes against	270	61236	61236	
3	Invalid Votes	531	129545	129545	

6. Disclosures

- (I) The transactions with related parties contain (i) payment to Companies under Joint Venture Agreement and on account of contracts for works/services, (ii) remuneration to key management personnel and (iii) equity contribution to subsidiaries, which are not in the nature of potential conflicts of interest of the Company at large. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.
- (II) The CEO & Director (Finance) of the Company have certified to the Board, the specified matters, as required under Clause 49 V of the Listing Agreement.
- (III) POWERGRID do not have any material non listed Indian Subsidiary Company.
- (IV) POWERGRID established Enterprise Risk Management Framework and Internal Control Framework for CEO/CFO Certification. General Manager (Corporate Planning) has been appointed as Chief Risk Officer of the Company.
- (V) There are no material individual transactions with related parties which are not in the normal course of business.
- (VI) There are no material individual transactions with related parties or others, which are on an arm's length basis.
- (VII) The Company has complied with the requirements of the Listing Agreement with Stock Exchanges as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the year.
- (VIII) The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the financial year 2011-12 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (IX) The Company has adopted all suggested items to be included in the Report of Corporate Governance. Information on adoption (and compliance) / Non-adoption of the non-mandatory requirements is at Annex-I.

7. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site.

Information and latest updates and announcements made by the Company can be accessed at Company's website: www.powergridindia.com including the following:

- Quarterly /Half-Yearly /Annual Financial Results
- Quarterly Shareholding Pattern
- Quarterly Corporate Governance Report
- Corporate disclosures made from time to time to Stock Exchanges

Quarterly Results

Newspapers	Date of Publication of Financial Results for the Quarter ended			
	30.06.2011	30.09.2011	31.12.2011	31.03.2012
Economic Times / TOI / Hindustan Times / Mint / Financial Express (English)	04.08.2011	24.10.2011	09.02.2012	30.05.2012
Hindustan / Business Bhaskar / Dainik Jagran (Hindi)	04.08.2011	25.10.2011	10.02.2012	31.05.2012

These Results are also displayed at Company's website www.powergridindia.com

8. Code of Conduct

The Board of Directors have laid down two separate Code of Conduct – one for Board Members and another for Senior Management Personnel in alignment with Company's Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. The 'Code of Business Conduct and Ethics for Board members' and the 'Code of Business and Ethics for Senior Management Personnel' are available at the website of the Company.

Declaration required under Clause 49 of the Listing Agreement	
All the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31 st March, 2012.	
New Delhi Dt. 04.05.2012	Sd/- (R. N. Nayak) Chairman & Managing Director

9. Code of Insider Trading

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, POWERGRID Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this code, Insiders (i.e. Designated Employees) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities beyond limits specified, permission of Compliance Officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to Stock Exchanges, whenever necessary. Company Secretary has been designated as Compliance Officer for this Code.

10. Shareholders' Information

i) Annual General Meeting

Date : 19th September, 2012
Time : 11.00 a.m.
Venue : Air Force Auditorium, Subroto Park, New Delhi-110 010.

ii) Financial Year

The Company's Financial Year is from 1st April to 31st March.

iii) Book Closure

The Register of Member and Share Transfer Books of the Company will remain closed from 7th September, 2012 to 19th September, 2012 (both days inclusive).

iv) Payment of dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 13.1% (₹ 1.31 per share) for the financial year ended 31st March, 2012 in addition, an Interim Dividend of 8% (₹ 0.80 per share) was paid on 23rd February, 2012. (Dividend paid in the Previous Year was ₹ 810.23 Crore).

v) Dividend History

Year	Total Paid-up Capital as on 31 st March of the Year (₹ in Crore)	Total Amount of Dividend Paid for the Financial Year (₹ in Crore)	Date of AGM in which dividend was declared	Date of Payment of Final Dividend
2002-03	3035.25	100.00	29.09.2003	27.10.2003
2003-04	3035.25	125.00	28.09.2004	18.10.2004
2004-05	3165.25	184.00	16.09.2005	13.10.2005
2005-06	3584.63	302.68	03.08.2006	23.08.2006
2006-07	3787.41	368.82	14.08.2007	24.08.2007
2007-08	4208.84	505.08	18.09.2008	03.10.2008
2008-09	4208.84	505.08	09.09.2009	29.09.2009
2009-10	4208.84	631.34	24.09.2010	19.10.2010
2010-11	4629.73	810.23	19.09.2011	07.10.2011
2011-12	4629.73	370.38*	08.02.2012**	23.02.2012#

* Amount of Interim Dividend

** Date of Board Meeting

Date of Payment of Interim Dividend

vi) Listing on Stock Exchange

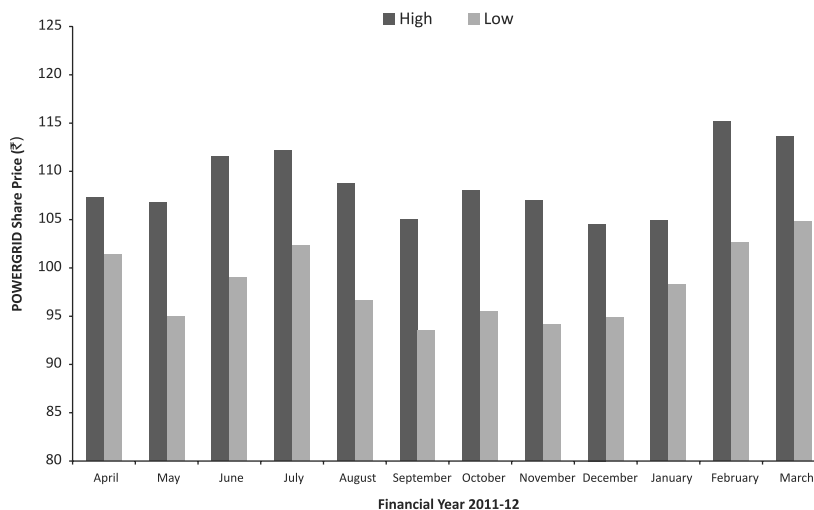
POWERGRID equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
Scrip Code : POWERGRID EQ	Scrip Code: 532898
Stock Code: ISIN - INE752E01010	

vii) Market Price Data - NSE

	High (₹)	Low (₹)	Total Number of Shares Traded
April, 2011	107.25	101.35	54493728
May, 2011	106.8	95	51811836
June, 2011	111.5	99	99937237
July, 2011	112.2	102.35	84219910
August, 2011	108.7	96.6	82432952
September, 2011	105	93.5	70961052
October, 2011	108	95.5	47067953
November, 2011	107	94.15	60665288
December, 2011	104.55	94.9	64551363
January, 2012	104.95	98.3	81413307
February, 2012	115.2	102.65	113141307
March, 2012	113.6	104.8	64688667

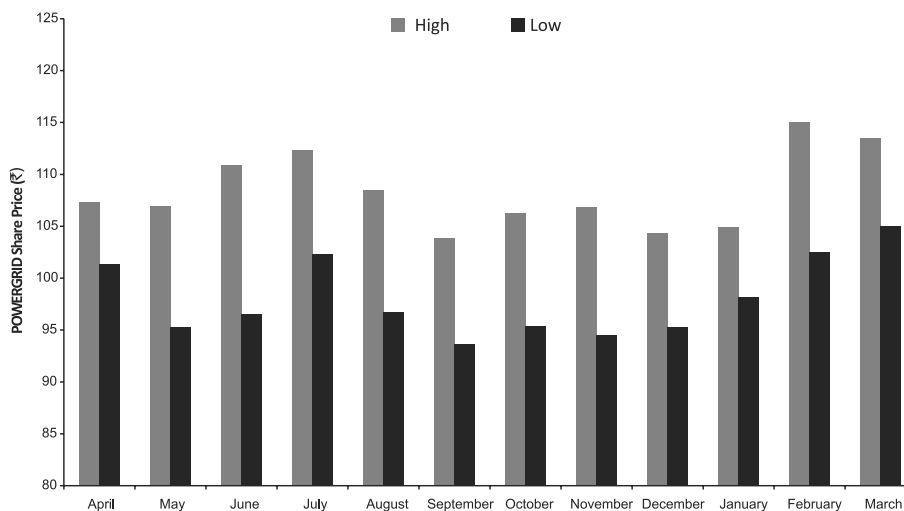
NSE Monthly High & Low Prices



viii) Market Price Data - BSE

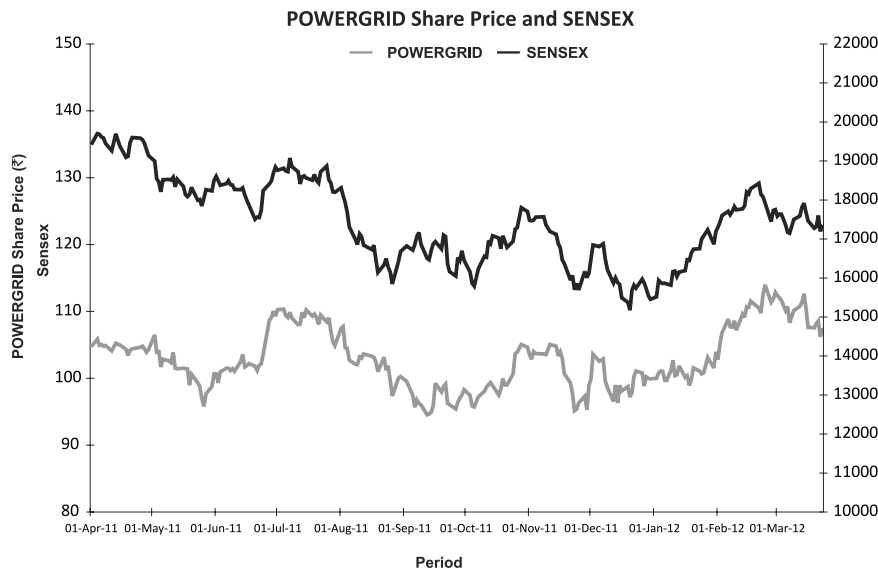
	High (₹)	Low (₹)	Total Number of Shares Traded
April, 2011	107.3	101.3	685989124
May, 2011	106.9	95.25	628483338
June, 2011	110.9	96.55	1193848226
July, 2011	112.35	102.3	1303708336
August, 2011	108.5	96.7	1144344188
September, 2011	103.9	93.6	657245277
October, 2011	106.25	95.35	412783306
November, 2011	106.8	94.55	425379442
December, 2011	104.35	95.25	369601960
January, 2012	104.95	98.15	515294199
February, 2012	115	102.5	1237623952
March, 2012	113.5	105	890606734

SENSEX Monthly High & Low Prices

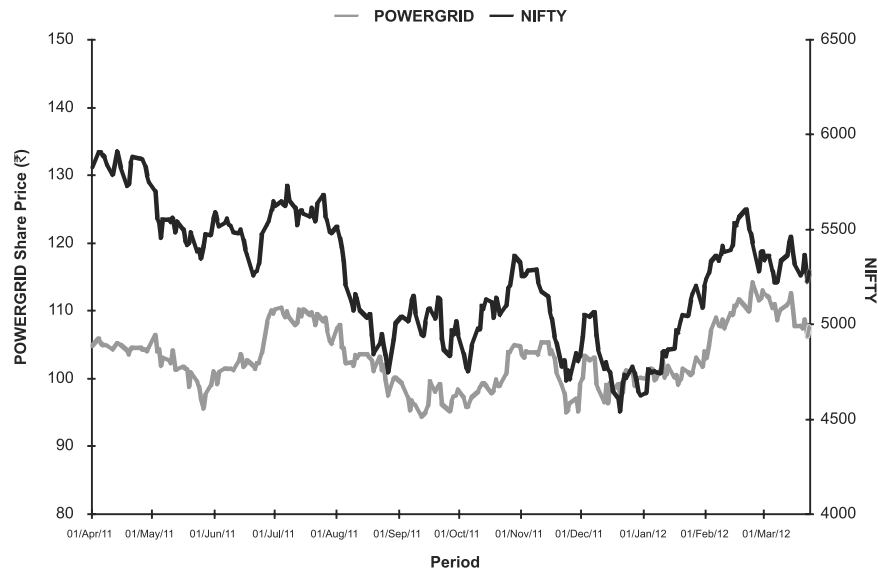


Financial Year 2011-12

ix) Performance in comparison to indices BSE SENSEX, NSE NIFTY and POWERGRID



POWERGRID Share Price and NIFTY



x) Registrar and Transfer Agents.

EQUITY SHARES

Karvy Computershare Pvt. Ltd.
Plot No.: 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Ph: 040-2340815 to 824
Fax:- 040-23420814
E-mail: einward.ris@karvy.com

BONDS

MCS Limited,
F-65, Okhla Industrial Area,
Phase-I, New Delhi- 110 020.
Ph: 011-41406148/49/51
Telefax.: 011-41406148
E-mail : admin@mcsdel.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of Transfer, etc. Share transfers are approved by Committee of the Board for Allotment and Post Allotment activities of POWERGRID's Securities.

Pursuant to clause 47-C of the Listing Agreement with Stock Exchange, certificate on half-yearly basis confirming due compliance of shares transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.

xii) Shareholding as on 31st March, 2012

Shares held by different categories of shareholders and according to the size of the holdings as on 31st March, 2012 are given below:

According to Size

a. Distribution of shareholding according to size, % of holding as on 31st March, 2012:

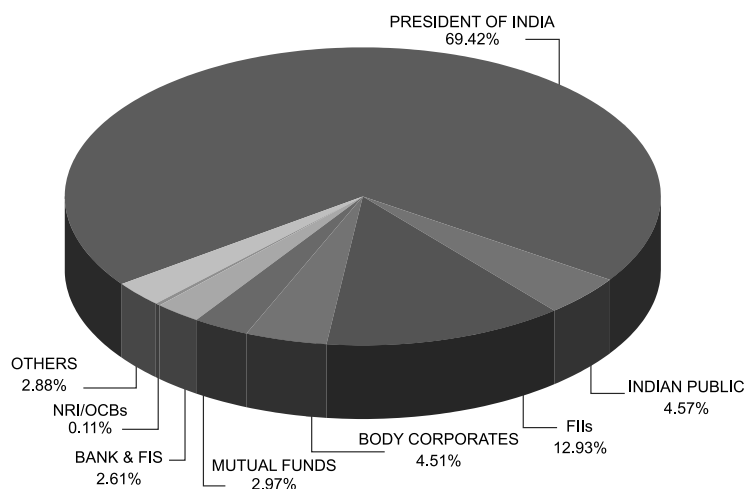
Category	Cases	% of Cases	Amount	% Amount
1-5000	919565	93.11	1492220130.00	3.22
5001 - 10000	50957	5.16	345314250.00	0.75
10001 - 20000	10062	1.02	143990660.00	0.31
20001 - 30000	2421	0.25	60416270.00	0.13
30001 - 40000	1081	0.11	38607420.00	0.08

40001 - 50000	812	0.08	37808690.00	0.08
50001 - 100000	1250	0.13	89439460.00	0.19
100001 & Above	1439	0.15	44089456650.00	95.23
Total:	987587	100.00	46297253530.00	100.00

b. Shareholding pattern as on 31st March, 2012

Sl. No.	Category	Total Shares	% To Equity
1	PRESIDENT OF INDIA	3214024212	69.42
2	PROMOTERS	0	0.00
3	INDIAN PUBLIC	211773731	4.57
4	FII's	598823043	12.93
5	BODIES CORPORATE	208870148	4.51
6	MUTUAL FUNDS	137369027	2.97
7	BANKS & FI	120647094	2.61
8	NRI/OCBs	5061584	0.11
9	Others	133156514	2.88
	Total	4629725353	100

Shareholding Pattern as on 31st March, 2012



c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on 31st March, 2012 are given below:

Sl. No	Name of the shareholder	Shares	% Equity	Category
1	PRESIDENT OF INDIA	3112754412	67.23	POI
2	EUROPACIFIC GROWTH FUND	144130336	3.11	FII
3	PRESIDENT OF INDIA	101269800	2.19	POI
4	LIFE INSURANCE CORPORATION OF INDIA	99209203	2.14	INS
5	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	92343202	1.99	LTD
6	AMERICAN FUNDS INSURANCE SERIES INTERNATIONALFUND	58601640	1.27	FII

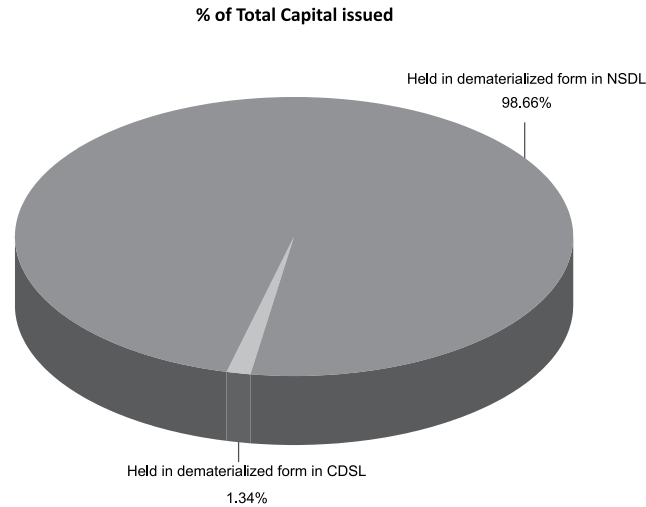
xiii) Dematerialization of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Half-yearly Audit Reports for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

No. of shares held in dematerialized and physical mode:

S.No		Number of Holders	Number of Shares	% of total capital issued
1	Physical	12669	42515	0.00
2	Held in dematerialized form in NSDL	688512	4567608789	98.66
3	Held in dematerialized form in CDSL	286406	62074049	1.34
	Total	987587	4629725353	100.00



The name and addresses of the Depositories are as under:

1. National Securities Depository Limited
Trade World, 4th Floor, Kamala Mills Compound,
Senapathi Bapat Marg, Lower Parel, Mumbai – 400 013.
2. Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street, Mumbai – 400 023.

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

xv) Location of POWERGRID Plants

POWERGRID has no plants as it is in the business of Transmission of Power.

xvi) Address for correspondence:

Power Grid Corporation of India Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi – 110 016.

	Telephone No.	Fax No.
Registered Office	011-26560112, 26560121, 26564812, 26564892	011-26601081
Investor Services Department	0124-2571897	0124-2571897
E-mail ID	investors@powergridindia.com	
Public Spokesperson (w.e.f. 21.05.2012) Shri Ravi P. Singh Director (Personnel) E-mail ID	0124-2571901-02 ravipsingh@powergridindia.com	0124-2571903
Company Secretary Ms. Divya Tandon E-mail ID	0124-2571968 dtandon@powergridindia.com	0124-2571969

Dispatch of documents in electronic form (GREEN INITIATIVE)

The MCA vide Circulars Nos. 17/2011 and 18/2011 dated April 21, 2011 respectively (the said Circulars), has clarified that a company would be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, in case documents like notice, annual report, etc., are sent in electronic form to its shareholders, subject to compliance with the conditions stated therein.

Further, in terms of Clause 32 of the listing agreements, which was amended vide Circular No. CIR/CFD/DIL/2011 dated October 5, 2011 issued by SEBI, listed companies are required to supply soft copies of the said documents to all shareholders who have registered their email address(es) for the purpose.

Accordingly, the said documents will be sent by e-mail to those members who have registered their e-mail address(es) with their DP/the Company, in terms of the said Clause

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi
Date: 09.08.2012

Annexure to the Corporate Governance Report

Non-Mandatory Requirements

1. **The Board:** The Company is headed by an executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, exceeding a period of nine years on the Board of POWERGRID.
2. **Remuneration Committee:** POWERGRID constituted Remuneration Committee for deciding the performance related pay in terms of the DPE directive. The performance related pay of POWERGRID employees and full time Directors is decided by the Remuneration Committee.
3. **Shareholder Rights:** The financial results for the half year ended 30th September, 2011 were published in Times of India and Economics Times dated 23rd & 24th October, 2011, respectively and also put up on website. Separate half year report has, however, not been sent to each household of shareholders. Significant events have been disclosed on the Company website: www.powergridindia.com.
4. **Audit qualifications:** The financial statement for the year 2011-12 has no audit qualifications.
5. **Training of Board Members:** A presentation on operations of the Company and various issues were given to the Directors, including:
 - ✓ Overview of POWERGRID
 - ✓ Commercial Issues
 - ✓ Capacity Utilization vis-à-vis Transmission Network
 - ✓ Regulatory Insight
 - ✓ Grid Management
 - ✓ Technology Initiatives
 - ✓ Long Term Open Access;
 - ✓ Telecom Business.
 - ✓ International Business
 - ✓ Other notifications issued by the CERC from time to time, etc.
6. **Whistle Blower Policy:** The Company has separate Vigilance Department which deals with fraud or suspected fraud involving employees/representatives of suppliers, contractors, consultants, service provider or any other party doing business with POWERGRID. Whistle Blower Policy has been approved by the Board of Directors and implemented in July, 2011.

Certificate on Corporate Governance:

The Certificate on Corporate Governance is being published as an annexure to the Directors' Report.

Certificate on Corporate Governance

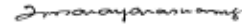
To
The Members,
Power Grid Corporation of India Limited

I have examined the compliance of conditions of corporate governance by Power Grid Corporation of India Limited, for the year ended on 31st March, 2012 as stipulated in the Clause 49 of the Listing Agreement in respect of Equity Shares of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanation given to us, I certify that except the composition of the Board of Director, particularly with regard to the appointment of directors by the President of India instead of pursuant to the provisions of section 255 of the Companies Act, 1956 as indicated in paragraph 2.1 and the number of independent directors the company is short of the requirements spelt out in clause 49 of the Listing Agreement with the stock exchanges as indicated in paragraph 2.2 of Report on Corporate Governance, the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.



(T.V. NARAYNASWAMY)
COMPANY SECRETARY

Place : New Delhi
Date: 25.07.2012

Secretarial Audit Report

The Board of Directors

Power Grid Corporation of India Limited,

New Delhi

We have examined the registers, records and documents of Power Grid Corporation of India Limited (hereinafter referred to as "the Company") for the financial year ended on March 31, 2012 according to the provisions of-

- The Companies Act, 1956 ("the Act") and the Rules made thereunder;
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SBI Act')
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - The Equity Listing Agreements with BSE Limited and National Stock Exchange of India Limited.
 - The regulations as contained in Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000 (FEMA Regulations).
1. Based on our examination and verification of the registers, records and documents produced before us and according to the information and explanations given to us by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company during the audit period covering the financial year ended on 2011-12 has complied with the provisions of the Act and the Rules made thereunder and the Memorandum and Articles of Association of the Company, with regard to:
- I. maintenance of various statutory registers and documents and making necessary entries therein;
 - II. closure of the Register of Members;
 - III. forms, returns, documents and resolutions required to be filed with the Registrar of Companies, NCT of Delhi & Haryana, Stock Exchanges and the Central Government;
 - IV. service of documents by the Company on its Members, Bond holders and Bond Trustees;
 - V. notice of the Board Meetings and Committee meetings of Directors;
 - VI. the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - VII. the 22nd Annual General Meeting held on September 19th, 2011;
 - VIII. minutes of proceedings of General Meetings (including Postal Ballot under Section 192A of the Act thereof) and of Board and its Committees;
 - IX. approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
 - X. constitution of the Board of Directors/Committee(s) of Directors and appointment & retirement of Directors;
 - XI. payment of remuneration to the Directors including the Managing Director and Whole- time Directors;
 - XII. appointment and remuneration of Auditors and Cost Auditors;
 - XIII. payment of interest on bonds and redemption of bonds;
 - XIV. declaration and payment of dividend;
 - XV. borrowings and registration of charges;



- XVI. investment of the Company's funds including loans and investments;.
- XVII. form of Balance Sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
- XVIII. contracts, common seal, registered office and publication of name of the Company;
2. We further report that:
- I. the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
- II. the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
- III. the Company has obtained all necessary approvals under the various provisions of the Act, wherever applicable;
- IV. during the period of Audit, there was no prosecution initiated against or show cause notice received, by the Company, its Directors and Offices under the provisions of the Act, SEBI Act, FEMA Regulations and Listing Agreement(s).
3. We further report that:
- I. the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited.
- II. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011.
- III. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
- IV. the Company has complied with the provisions of Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000.

**For SANJAY GROVER & ASSOCIATES
COMPANY SECRETARIES**

Sd/-

SANJAY GROVER
C.P. No. 3850

Date: 23.07.2012

Place: New Delhi

ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

1.3 RESERVES AND SURPLUS

Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under mega insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.

1.4 GRANTS-IN-AID

1.4.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

1.4.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the Statement of Profit and Loss over the useful life of related asset and in proportion to which depreciation on these assets is provided.

1.5 FIXED ASSETS

1.5.1 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.

1.5.2 In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.

1.5.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/assessments.

1.5.4 Transmission system assets are considered when they are 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

1.5.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

1.5.6 Expenditure on leveling, clearing and grading of land is capitalised as part of cost of the related buildings.

1.5.7 Insurance spares, which can be used only in connection with an item of fixed asset and whose use is expected to be at irregular intervals are capitalized and depreciated over the residual useful life of the related plant & machinery. In case the year of purchase and consumption is same, amount of insurance spares are charged to revenue.

1.5.8 Mandatory spares in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard. In case the year of purchase & consumption is same, amount of mandatory spares are charged to revenue.

1.6 CAPITAL WORK IN PROGRESS (CWIP)

1.6.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till the date of capitalization.

1.6.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

- 1.6.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 1.6.2 above (allocated to the projects on prorate basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule .
- 1.6.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.
- 1.6.5 Unsettled liability for price variation/ exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.
- 1.7 INTANGIBLE ASSETS**
- 1.7.1 The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for its use.
- 1.7.2 Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulation.
- 1.8 CONSTRUCTION STORES**
- Construction stores are valued at cost.
- 1.9 BORROWING COST**
- 1.9.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.
- 1.9.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.
- 1.9.3 Foreign exchange rate variation (FERV) (Unfavorable) on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is treated as borrowing cost.
- 1.10 TRANSACTION IN FOREIGN CURRENCY**
- 1.10.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.
- 1.10.2 FERV (except the amount considered as 'borrowing cost' under para 1.9.3 above) arising on settlement / translation of foreign currency loans is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets irrespective of whether the project is under construction or operation.
- 1.10.3 FERV accounted for as per policy no 1.9.3 & 1.10.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central Electricity Regulatory Commission (CERC) norms w.e.f 1st April, 2004 or Date of Commercial Operation (DOCO) which ever is later.
- The above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:
- FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognized as income/expense in the Statement of Profit and Loss in the same proportion in which FERV is apportioned between carrying cost of fixed assets and Statement of Profit & Loss.
 - FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'
 - FERV recoverable/payable adjusted in Statement of Profit and Loss referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Statement of Profit & Loss'
 - 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
 - The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding debit/credit to the debtors.

- 1.10.4 a) FERV charged to Statement of Profit & Loss upto 31.03.2011 & included in the capital cost for the purpose of tariff is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c'.
- b) Transmission charges on such amount is adjusted against 'Deferred foreign currency fluctuation asset/liability a/c' in the following manner:
- i) Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c.
- ii) Balance 10% is adjusted against the transmission charges over the tenure of respective loan.
- 1.10.5 FERV arising out of settlement/translation of long term monetary items (other than foreign currency loans) relating to fixed assets/CWIP are adjusted in the carrying cost of related assets.
- 1.10.6 FERV arising during the construction period from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable/payable to the beneficiaries as capital cost as per CERC tariff Regulation are accounted as 'Deferred foreign currency fluctuation asset/liability a/c'. Transmission charges on such amount is adjusted against above account.
- 1.10.7 Other exchange differences are recognized as income or expenses in the period in which they arise.
- 1.11 INVESTMENTS**
- 1.11.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- 1.11.2 Long term investments are carried at cost. Provision is made for diminution other than temporary, in the value of such investments.
- 1.12 INVENTORIES**
- 1.12.1 Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value.
- 1.12.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
- 1.12.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
- 1.12.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.
- 1.12.5 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.
- 1.13 DEFERRED REVENUE EXPENDITURE**
- Deferred revenue expenditure incurred up to March 31, 2003 (prior to the date AS-26 became mandatory) are amortized over a period of 5 years from the year of commercial operation/earning of revenue.
- 1.14 REVENUE RECOGNITION**
- 1.14.1 Transmission Income is accounted for based on tariff orders notified by CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by CERC. Transmission Income in respect of additional capital expenditure incurred after the date of commercial operation is accounted based on actual expenditure incurred on year to year basis as per tariff norms of CERC.
- 1.14.2 Income from short term open access is accounted for on the basis of regulations notified by CERC.
- 1.14.3 The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the norms notified / approved by CERC.
- 1.14.4 ADVANCE AGAINST DEPRECIATION**
- 1.14.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.
- 1.14.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after 12 years from the end of the financial year in which the asset was commissioned, to the extent depreciation recovered in the tariff during the year is lower than depreciation charged.

- 1.14.5 Surcharge recoverable from trade receivables and liquidated damages / warranty claims / interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.
- 1.14.6 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 1.14.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 1.14.8 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:
- 10% on issue of Notice Inviting Tender for execution
 - 5% on Award of Contracts for execution
 - Balance 85% on the basis of actual progress of work including supplies
- 1.14.9 Application Fees received on account of Long Term Open Access (LTOA) Charges is accounted for as and when received in accordance with CERC Guidelines.
- 1.14.10 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 1.14.11 Dividend income is recognized when right to receive payment is established.

1.15 LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 1.15.1 State sector unified load dispatch centre (ULDC) assets leased to the SEBs are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under long term loans & advances. Wherever grant in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.
- 1.15.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by CERC.
- 1.15.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

1.16 DEPRECIATION / AMORTIZATION

- 1.16.1 Depreciation / amortization is provided on straight line method following the rates and methodology notified by CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation / amortization is provided at the rates mentioned below:

a) Computers & Peripherals	30%
b) Mobile Phones	33.33%
c) Software	33.33%

- 1.16.2 ULDC assets other than assets transferred to Power System Operation Corporation Limited are depreciated on Straight Line Method @ 6.67% per annum as determined by CERC for levellized tariff.
- 1.16.3 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- 1.16.4 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.
- 1.16.5 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.
- 1.16.6 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing ₹ 5000/- or less, or where the written down value is ₹ 5000/- or less as at the beginning of the year, are charged off to revenue.
- 1.16.7 Other fixed assets costing upto ₹ 5,000/- are fully depreciated in the year of acquisition.
- 1.16.8 Leasehold Land, other than acquired on perpetual lease, is fully amortized over the tenure of the lease or 25 years whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.

1.16.9 In the case of assets of National thermal power corporation limited (NTPC) , National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

1.17 EXPENDITURE

1.17.1 Pre-paid/prior-period expenses/Income up to ₹100000/- are accounted for to natural heads of account.

1.17.2 Expenditure of research and development, other than Capital Expenditure , are charged to revenue in the year of incurrence.

1.17.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred.

1.18 IMPAIRMENT OF ASSETS

Cash generating units as defined in Accounting Standard -28 on 'Impairment of Assets' are identified at the Balance Sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in the Profit & Loss Account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

1.19 EMPLOYEE BENEFITS

1.19.1 The liability for retirement benefits of employees in respect of Gratuity, is ascertained annually on actuarial valuation at the year end, is provided and funded separately.

1.19.2 The liabilities for compensated absences, leave encashment, post retirement medical benefits, Settlement Allowance & farewell gift to employees are ascertained annually on actuarial valuation at the year end and provided for.

1.19.3 Actuarial gains/losses are recognized immediately in this Statement of Profit & Loss.

1.20 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the schedule of contingent liability on the basis of judgment of the management /independent expert. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

1.21 INCOME TAX

Income Tax comprises of current and deferred tax. Current income taxes are measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred tax resulting from timing difference between accounting and taxable profit is accounted for using the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.



पावरप्रिड

Balance Sheet as at 31st March 2012

(₹ in Crore)

Description	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	4629.73	4629.73
(b) Reserves and surplus	2.2	18858.05	16737.27
		23487.78	21367.00
Non-current liabilities			
(a) Long-term borrowings	2.3	49119.19	37215.84
(b) Deferred tax liabilities (Net)	2.4	1600.88	1146.74
(c) Deferred revenue	2.5	2283.10	2347.38
(d) Deferred income/(expenditure) from foreign currency fluctuation(Net)		493.17	(11.59)
(e) Other long term liabilities	2.6	1431.73	2826.62
(f) Long-term provisions	2.7	421.49	316.64
		55349.56	43841.63
Current liabilities			
(a) Short-term borrowings	2.8	1650.00	1450.00
(b) Trade payables	2.9	203.35	196.66
(c) Other current liabilities	2.10	8460.99	6307.46
(d) Short-term provisions	2.11	3064.40	2558.82
		13378.74	10512.94
Total		92216.08	75721.57
II. ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.12	47339.78	36970.29
(ii) Intangible assets	2.13	322.52	253.69
(iii) Capital work in progress	2.14	15499.89	12864.63
(iv) Intangible assets under development	2.15	73.61	99.05
		63235.80	50187.66
(b) Construction stores	2.16		10749.25
(c) Non-current investments	2.17	1101.19	1214.01
(d) Deferred foreign currency fluctuation asset		1316.67	328.97
(e) Long-term loans and advances	2.18	5614.76	3615.33
		8032.62	5158.31
Current assets			
(a) Current investments	2.19	183.26	184.34
(b) Inventories	2.20	440.31	381.51
(c) Trade receivables	2.21	2315.37	1114.00
(d) Cash and Bank balances	2.22	2336.88	3680.06
(e) Short-term loans and advances	2.23	2433.69	2037.28
(f) Other current assets	2.24	628.11	2229.16
		8337.62	9626.35
Total		92216.08	75721.57
Accounting Policies	1		
Notes on Accounts	2		

Notes referred above are integral part of the Balance Sheet

For and on behalf of the Board of Directors

(Divya Tandon)
Company secretary

For S.K. Mehta & Co.
Chartered Accountants
Firm Regn No. 000478 N

(S.K.Mehta)
Partner
Membership No. 010870

Place: New Delhi
Date: 29th May, 2012

(R.T. Agarwal)
Director (Finance)
As per our report of even date
For Chatterjee & Co.
Chartered Accountants
Firm Regn No. 302114 E

(S.K.Chatterjee)
Partner
Membership No. 003124

(R. N. Nayak)
Chairman & Managing Director

For Sagar & Associates
Chartered Accountants
Firm Regn No. 003510 S

(V.Vidyasagar Babu)
Partner
Membership No. 027357

Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in Crore)			
Description	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
I. Revenue from operations	2.25	10035.33	8388.70
II. Other income	2.26	749.68	710.05
III. Total Revenue (I + II)		10785.01	9098.75
IV. Expenses:			
Employee benefits expense	2.27	842.97	745.89
Finance costs	2.28	1943.26	1625.44
Depreciation and amortization expense	2.29	2572.54	2199.39
Transmission, Administration and other Expenses	2.30	809.98	698.93
Total expenses		6168.75	5269.65
V. Profit before Prior period items and tax (III - IV)		4616.26	3829.10
VI. Prior period items (Net)	2.31	18.66	4.37
VII. Profit before tax (V - VI)		4597.60	3824.73
VIII. Tax expense:			
(1) Current tax - Current Year		891.10	680.02
- Earlier years		<u>(2.59)</u>	<u>4.59</u>
		888.51	684.61
(2) Deferred tax		<u>454.14</u>	<u>443.23</u>
		1342.65	1127.84
IX. Profit for the year (VII-VIII)		3254.95	2696.89
X. Earnings per equity share:	2.49		
(1) Basic		7.03	6.19
(2) Diluted		7.03	6.19
Accounting Policies	1		
Notes on Accounts	2		

Notes referred above are integral part of the Statement of Profit and Loss

For and on behalf of the Board of Directors

(Divya Tandon)
Company secretary

(R.T. Agarwal)
Director (Finance)

(R. N. Nayak)
Chairman & Managing Director

For S.K. Mehta & Co.
Chartered Accountants
Firm Regn No. 000478 N

As per our report of even date

For Chatterjee & Co.
Chartered Accountants
Firm Regn No. 302114 E

For Sagar & Associates
Chartered Accountants
Firm Regn No. 003510 S

(S.K.Mehta)
Partner
Membership No. 010870

(S.K.Chatterjee)
Partner
Membership No. 003124

(V.Vidyasagar Babu)
Partner
Membership No. 027357

Place: New Delhi

Date: 29th May, 2012

Cash Flow Statement for the year ended 31st March, 2012

(₹ in Crore)

Description	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	4597.60	3824.73
Adjustment for :		
Depreciation (including prior period)	2610.29	2206.10
Transfer from Grants in Aid	(31.99)	(27.51)
Deferred revenue - Advance against Depreciation	(32.29)	(37.56)
Transfer of LDC Development Fund to Subsidiary Company	-	(39.92)
Amortised Expenditure(DRE written off)	2.41	1.86
Provisions	2.30	(10.56)
Transfer from Self Insurance Reserve	(0.81)	(2.21)
Net Loss on Disposal / Write off of Fixed Assets	1.21	6.98
Interest and Finance Charges	1858.83	1738.41
Provisions Written Back	(40.79)	(40.22)
FERV loss / (gain)	84.43	(4.48)
Interest earned on Bonds and loans to State Govts.	(81.76)	(99.30)
Dividend received	(54.18)	(74.82)
Operating profit before Working Capital Changes	8915.25	7441.50
Adjustment for :		
(Increase)/Decrease in Inventories	(58.80)	(36.71)
(Increase)/Decrease in Trade Receivables	(1201.35)	(911.39)
(Increase)/Decrease in Loans and Advances	(1679.43)	1113.11
(Increase)/Decrease in Other current assets	1590.85	(72.80)
Increase/(Decrease) in Liabilities & Provisions	(284.70)	(1252.68)
Increase/(Decrease) in Deferred Income/Expenditure from Foreign Currency Fluctuation (Net)	482.21	46.27
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability (Net)	(399.69)	3.28
Deferred Revenue Expenditure	-	(0.71)
	(1550.91)	(1111.63)
Direct taxes paid	(961.81)	(764.88)
Net Cash from operating activities	6402.53	5564.99
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(665.88)	(389.19)
Capital work in progress	(13861.17)	(9693.56)
Construction Stores	(1860.79)	(3315.81)
(Increase)/Decrease in Investments	113.90	88.21
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	15.42	23.14
Loans & Advances to Subsidiaries	97.20	(89.35)
Lease receivables	183.26	66.27
Interest earned on Bonds and loans to State Govts.	89.55	107.14
Dividend received	54.18	74.82
Net cash used in investing activities	(15834.33)	(13128.33)

Cash Flow Statement for the year ended 31st March, 2012 (contd...)

(₹ in Crore)

Description	For the year ended 31st March, 2012	For the year ended 31st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares - Capital	-	420.89
Proceeds from issue of Shares - Premium	-	3300.29
Share Issue Expenses	-	(8.28)
Loans raised during the year	14363.05	9506.63
Loans repaid during the year	(3666.93)	(3041.02)
Interest and Finance Charges Paid	(1504.94)	(1452.01)
Dividend paid	(949.11)	(652.39)
Dividend Tax paid	(153.45)	(108.35)
Net Cash from Financing Activities	8088.62	7965.76
D. Net change in Cash and Cash equivalents(A+B+C)	(1343.18)	402.42
E. Cash and Cash equivalents(Opening balance)	3680.06	3277.64
F. Cash and Cash equivalents(Closing balance)	2336.88	3680.06

Notes:

Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following Balance Sheet amounts as per Note 2.22.

Cash and cash equivalents	1830.95	1554.58
Other Bank balances (*)	505.93	2125.48
	2336.88	3680.06

(*) Break up of Other Bank balances

1. Balance in current accounts (unclaimed dividend)	5.93	4.31
2. In term deposits (FPO proceeds for utilisation for identified projects)	500.00	2121.17
	505.93	2125.48

Previous year figures have been re-grouped / re-arranged wherever necessary.

For and on behalf of the Board of Directors

(Divya Tandon)

Company secretary

For S.K. Mehta & Co.

Chartered Accountants

Firm Regn No. 000478 N

(S.K.Mehta)

Partner

Membership No. 010870

Place: New Delhi

Date: 29th May, 2012

(R.T. Agarwal)

Director (Finance)

As per our report of even date

For Chatterjee & Co.

Chartered Accountants

Firm Regn No. 302114 E

(S.K.Chatterjee)

Partner

Membership No. 003124

(R. N. Nayak)

Chairman & Managing Director

For Sagar & Associates

Chartered Accountants

Firm Regn No. 003510 S

(V.Vidyasagar Babu)

Partner

Membership No. 027357

Note 2.1 - Share capital

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Equity Share Capital		
Authorised Capital		
10,00,00,00,000 equity shares of ₹ 10/- each	10000.00	10000.00
Issued, Subscribed and paid up		
4,62,97,25,353 (Previous Year 4,62,97,25,353) equity shares of ₹ 10/-each fully paid up	4629.73	4629.73
Total	4629.73	4629.73

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	No.of Shares	Amount (₹ in crore)	No.of Shares	Amount (₹ in crore)
Shares outstanding at the beginning of the year	4629725353	4629.73	4208841230	4208.84
Shares Issued during the year	Nil	-	420884123	420.89
Shares bought back during the year	Nil	-	Nil	-
Shares outstanding at the end of the year	4629725353	4629.73	4629725353	4629.73

2) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

3) The Government of India holds 3,21,40,24,212(Previous Year 3,21,40,24,212) equity shares representing 69.42% (Previous year 69.42%) of the total equity shares of the Company and no other share holder of the Company holds more than 5% of the equity shares in the current year and in the preceeding year.

Note 2.2 - Reserves and surplus

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Securities Premium Reserves		
As per last Balance Sheet	4875.15	1583.14
Additions during the year	-	3300.29
Deductions during the year	-	8.28
Closing Balance	4875.15	4875.15
Bonds Redemption Reserve		
As per last Balance Sheet	2568.04	2043.08
Additions during the year	969.49	780.77
Deductions during the year	313.50	255.81
Closing Balance	3224.03	2568.04
Self Insurance Reserve		
Through appropriation		
As per last Balance Sheet	207.53	165.00
Additions during the year	43.85	42.53
Deductions during the year	-	-
Closing Balance	251.38	207.53

Note 2.2 - Reserves and surplus (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Through charge to Profit		
As per last Balance Sheet	66.20	68.41
Additions during the year	-	-
Deductions during the year	0.81	2.21
Closing Balance	<u>65.39</u>	<u>66.20</u>
	316.77	273.73
Corporate Social Responsibility(CSR) Activity Reserve		
As per last Balance Sheet	13.22	8.39
Additions during the year	-	4.83
Deductions/Adjustments during the year	13.22	-
Closing Balance	-	<u>13.22</u>
General Reserve		
As per last Balance Sheet	8965.95	7824.27
Additions during the year	1450.00	1150.00
Deductions during the year	-	8.32
Closing Balance	<u>10415.95</u>	<u>8965.95</u>
Load Despatch & Communication (LDC) Development Fund		
As per Last Balance Sheet	-	16.44
Additions during the year	-	23.48
Deductions during the year	-	39.92
Closing Balance	-	<u>-</u>
Short Term Open Access(STOA) Reserve		
As per Last Balance Sheet	-	-
Additions during the year	219.88	141.25
Deductions during the year	219.88	141.25
Closing Balance	-	<u>-</u>
	18831.90	16696.09
Surplus(Balance in statement of Profit and Loss)		
As per last Balance Sheet	41.18	24.33
Add: Additions		
Profit after tax as per Statement of Profit and Loss	3254.95	2696.89
Transfer from Bond Redemption Reserve	313.50	255.81
Transfer from STOA Reserve	219.88	141.25
CSR Activities Reserve	13.22	-
Dividend tax adjusted	0.50	-
Less: Appropriations		
STOA Reserve	219.88	141.25
Bonds Redemption Reserve	969.49	780.77
CSR Activities Reserve	-	4.83
LDC Development Reserve	-	15.16
Self Insurance Reserve	43.85	42.53
General Reserve	1450.00	1150.00
Interim dividend	370.39	231.51
Dividend tax on Interim dividend	60.07	38.45
Proposed Final Dividend	606.50	578.72
Dividend tax on proposed Final Dividend	96.90	93.88
Closing Balance	<u>26.15</u>	<u>41.18</u>
TOTAL	<u>18858.05</u>	<u>16737.27</u>

Note 2.3 - Long-term borrowings

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
a) BONDS		
Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)		
XXXVI Issue- 9.35% Bonds of ₹ 1.50 crores each consisting of 15 STRPPs of ₹ 10.00 Lakhs each redeemable at par in 15 (fifteen) equal annual instalments w.e.f 29.08.2016	3090.00	-
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
XXXVII Issue- 9.25% redeemable w.e.f 26.12.2015	1995.00	-
XXXV Issue- 9.64% redeemable w.e.f 31.05.2015	1957.50	-
XXXIV Issue- 8.84% redeemable w.e.f 21.10.2014	3487.50	3487.50
XXXIII Issue- 8.64%% redeemable w.e.f 08.07.2014	2880.00	2880.00
XXXII Issue- 8.84% redeemable w.e.f 29.03.2014	1035.00	1035.00
XXXI Issue- 8.90% redeemable w.e.f 25.02.2014	2047.50	2047.50
XXX Issue- 8.80% redeemable w.e.f 29.09.2013	2332.50	2332.50
XXIX Issue- 9.20% redeemable w.e.f 12.03.2013	1189.37	1297.50
XXVIII Issue- 9.33% redeemable w.e.f 15.12.2012	2200.00	2400.00
XXVII Issue- 9.47% redeemable w.e.f 31.03.2012	587.50	646.25
XXVI Issue- 9.30% redeemable w.e.f 07.03.2012	832.50	915.75
XXV Issue- 10.10% redeemable w.e.f 12.06.2011	887.50	976.25
XXIV Issue- 9.95% redeemable w.e.f 26.03.2011	599.63	666.25
XXIII Issue- 9.25% redeemable w.e.f 09.02.2011	230.63	256.25
XXII Issue- 8.68% redeemable w.e.f 07.12.2010	517.50	575.00
XXI Issue- 8.73% redeemable w.e.f 11.10.2010	382.50	425.00
XX Issue- 8.93% redeemable w.e.f 07.09.2010	1125.00	1250.00
XIX Issue- 9.25% redeemable w.e.f 24.07.2010	371.25	412.50
XVIII Issue- 8.15% redeemable w.e.f 09.03.2010	666.00	749.25
Bonds of ₹ 1.00 crores each consisting of 10 STRPPs of ₹ 10.00 Lakhs each redeemable at par in 10 (ten) equal annual instalments.		
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the Company.		
XVII Issue- 7.39% redeemable w.e.f 22.09.2009	600.00	700.00
XVI Issue- 7.10% redeemable w.e.f 18.02.2009	375.00	450.00
XV Issue-6.68% Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments w.e.f. 23.02.2008	450.00	525.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		

Note 2.3 - Long-term borrowings (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
XIII issue-8.63% Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 31.07.2006 Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System	337.50	405.00
XII issue-.9.70% Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 28.03.2006 Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System	61.50	76.87
XI issue-9.80% Bonds of ₹ 3 crores each consisting of 12 STRPPs of ₹ 25 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 07-12-2005 Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta,Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahbad, LILO of Singraulli-Kanpur and Allahbad Sub-Station	181.00	226.25
VIII issue-10.35% Bonds of ₹ 1000/-each redeemable at par in 10(Ten) equal annual instalments w.e.f. 27.04.2005 Secured by floating charge over the Fixed Assets of the Company	4.00	6.00
XIV issue-6.10% Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments w.e.f 17.07.2004 Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	174.75	233.00
X issue-10.90% Bonds of ₹ 12 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 21.06.2004 Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-IFarakka & Chamera Transmission system	190.38	253.84
IX issue-12.25% Bonds of ₹ 100000/- each redeemable at par in 10(Ten) equal annual instalments w.e.f. 22 nd August, 2003 Secured by way of Registered Bond Trust Deed on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and Sub-stations of parts of NJTL system.	-	57.65
	30788.51	25286.11



Note 2.3 - Long-term borrowings (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
To be Secured		
Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of ₹ 10.00 lakh each.		
To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
XXXIX Issue- 9.40% redeemable at par on 29.03.2027	1800.00	-
XXXVIII Issue- 9.25% redeemable at par on 09.03.2027	855.00	-
	2655.00	-
Total (a)	33443.51	25286.11
b) Term Loans		
From Banks		
Secured		
i) Rupee Loans		
Secured by a floating charge on the fixed assets of the Company		
Indian Overseas Bank	-	10.00
Corporation Bank	5.00	15.00
Punjab National Bank-Loan-I	-	20.00
Punjab National Bank-Loan-II	75.00	100.00
Oriental Bank of Commerce	62.50	83.33
ICICI Bank Ltd.(Secured by first pari passu charge over the assets of the Company)	-	15.00
	142.50	243.33
ii) Foreign Currency Loans		
Bank of India Cayman Islands (Secured by a Floating charge on the immovable properties of the company)	271.73	260.28
Loan from Asian Development Bank Philippines (Guaranteed by Govt. of India)		
Secured by pari passu interest in the liens created on the assets as security for the debts.		
Asian development Bank(ADB)-I	262.05	321.90
ADB-II	919.02	863.27
ADB-III	1768.63	1564.32
Loan from International Bank for Reconstruction and Development, USA (Guaranteed by Govt. of India)		
i) Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyachal and Rihand Transmission system.		
PSDP I	70.06	173.22
ii) Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-II	1542.33	1458.27
PSDP-III	1859.81	1697.61
PSDP-IV	2685.06	2206.46
PSDP-IV (Addl.)	1486.81	1208.51
PSDP-V	878.91	253.60
	11744.41	10007.44

Note 2.3 - Long-term borrowings (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
To be Secured		
i) Rupee Loans		
Term Loan (LOC) from State Bank of India	1000.00	-
To be secured by way of par passu charge on assets of the Company except investments, land and buildings and current assets		
ii) Foreign Currency Loans		
(Pending creation of security by way of pari passu interest in the liens created on the assets as security for the debts)		
ADB-IV	1348.74	692.01
ADB-V	340.14	155.66
Loan under NIB Loan no. PIL 5120	470.19	-
	2159.07	847.67
Unsecured		
Foreign currency loans		
Skandinaviska Enskilda Banken AB(publ) Sweden	82.52	94.99
Loans Guaranteed by Govt of India		
a. Natixis Banque (Formerly Credit National) France	104.68	104.41
b. Japan International Cooperation Agency(Formerly Japan Bank for International Cooperation) Japan	161.09	148.74
c. European Investment BankLuxembourg	21.29	37.28
	369.58	385.42
From Others	15415.56	11483.86
Secured		
Rupee Loans		
Secured by a floating charge on the fixed assets of the Company		
Life Insurance Corporation of India-II	171.10	235.99
Life Insurance Corporation of India-III	9.91	16.49
	181.01	252.48
Unsecured		
i) Rupee Loans		
Power Finance Corporation Limited		5.00
ii) Foreign Currency Loan		
Kreditanstalt fur Wiederaufbau Germany	79.11	188.39
	79.11	188.39
	260.12	445.87
Total (b)	15675.68	11929.73
Total	49119.19	37215.84

Further notes:

The Term loans are repayable in installments as per the terms of respective agreement generally over the period of 10 to 20 years after the moratorium period of 3 to 5 years.

Note 2.4 - Deferred tax liabilities (Net)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax liability		
Towards Fixed Assets(Net) (A)	5059.67	6007.81
Deferred Tax Assets		
Income during Construction Period	44.26	19.64
Self Insurance Reserve	21.21	21.48
Provisions allowable on payment basis	131.98	121.05
Advance Against Depreciation	695.55	706.03
Others	1.56	3.63
Sub-total (B)	894.56	871.83
Deferred Tax Liability (Net) (A-B)	4165.11	5135.98
Less : Recoverable from Beneficiaries	2564.23	3989.24
Net Deferred Tax Liability	1600.88	1146.74

During the year, the deferred tax liability (net) and the deferred tax recoverable from the beneficiaries as at 31st March, 2012 have been reviewed and reassessed. Net increase in deferred tax liability of ₹ 454.14 Crore (Previous year ₹ 443.23 Crore) has been charged to the Statement of Profit and Loss.

Note 2.5 - Deferred Revenue

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
a) Advance Against Depreciation	2143.78	2176.07
b) Grants in aid	139.32	171.31
TOTAL	2283.10	2347.38

Note 2.6 - Other Long term liabilities

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Other liabilities		
i) Deposits /Retention money from contractors and others.	607.93	1365.51
Less: Investments held as security	0.34	0.79
	607.59	1364.72
ii) Advance from customers (Consultancy contracts)	468.71	1027.73
iii) Dues for Capital Expenditure	303.32	345.79
iv) Others	52.11	88.38
Total	1431.73	2826.62

Further Notes:

Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2012 and as on 31st March, 2011.

Note 2.7 - Long-term provisions

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Employee Benefits		
As per last Balance Sheet	316.64	286.11
Additions during the year	104.85	30.53
Amounts utilised/paid during the year	-	-
Closing Balance	421.49	316.64
TOTAL	421.49	316.64

Note 2.8 - Short-term borrowings

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
(Unsecured)		
Short Term loans		
From Banks	1650.00	1450.00
Total	1650.00	1450.00

Note 2.9 - Trade payables

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
For goods and services	203.35	196.66
Total	203.35	196.66

Further Notes:

Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2012 and as on 31st March, 2011.

**Note 2.10 - Other current liabilities**

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
A) Current maturities of Long Term borrowings	2632.72	2216.93
B) Interest Accrued But Not Due On borrowings From		
Indian Banks Financial Institutions & Corporations	17.78	21.06
Foreign Banks & Financial Institutions	41.47	30.09
Secured/Unsecured redeemable Bonds	1211.97	866.18
C) Others	1271.22	917.33
i) Dues for Capital Expenditure	1221.01	1273.69
ii) Employee related liability	1.63	1.61
iii) Un-claimed matured bonds	0.08	0.07
iv) Unclaimed Dividend	5.93	4.31
v) Deposits Retention money from contractors and others.	1584.05	584.86
Less: Investments held as security	0.75	1.26
	1583.30	583.60
vi) Advance from customers (Consultancy contracts)	1629.82	1170.66
vii) Statutory Dues	69.29	108.40
viii) Related parties	37.89	17.40
ix) Others	8.10	13.46
Total	8460.99	6307.46

Note 2.11 - Short-term provisions

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
a) Employee Benefits		
i) Transmission incentive/special incentive		
As per last Balance Sheet	190.71	132.79
Addition during the year	127.92	90.77
Amount paid/adjusted during the year	103.53	32.85
Closing Balance	215.10	190.71
ii) Retirement benefit/Wage revision		
As per last Balance Sheet	64.24	342.93
Additions during the year	30.36	
Amounts utilised/paid during the year		278.69
Closing Balance	94.60	64.24
iii) Other Employee Benefits (Leave Encashment, Settlement Allowance and Long Service Award etc.)		
As per last Balance Sheet	28.18	25.46
Additions during the year	6.49	12.46
Amounts utilised/paid during the year	11.01	9.74
Closing Balance	23.66	28.18
Total (A)	333.36	283.13

Note 2.11 - Short-term provisions (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
b) Others		
i) Taxation (Including interest on Tax)		
As per last Balance Sheet	1581.98	1148.04
Additions during the year	891.10	680.02
Amount adjusted during the year	465.35	246.08
Closing Balance	2007.73	1581.98
ii) Proposed Dividend		
As per last Balance Sheet	578.72	420.88
Additions during the year	606.50	578.72
Amounts paid during the year	578.72	420.88
Closing Balance	606.50	578.72
iii) Dividend Tax		
As per last Balance Sheet	93.88	69.90
Additions during the year	156.97	93.88
Amounts paid/adjusted during the year	153.95	69.90
Closing Balance	96.90	93.88
iv) Downtime Service Credit-Telecom		
As per last Balance Sheet	2.46	1.77
Additions during the year	0.75	0.69
Amounts adjusted/paid during the year	-	-
Closing Balance	3.21	2.46
v) Guarantee Fee to GOI		
As per last Balance Sheet	18.65	16.28
Additions during the year	-	2.37
Amounts adjusted/paid during the year	18.65	-
Closing Balance	-	18.65
vi) Provision for Corporate Social Responsibility (CSR) Activity		
As per last Balance Sheet	-	-
Additions during the year	15.26	-
Amounts adjusted/paid during the year	-	-
Closing Balance	15.26	-
vii) Provision Others		
As per last Balance Sheet	-	-
Additions during the year	1.44	-
Amounts adjusted/paid during the year	-	-
Closing Balance	1.44	-
Total (B)	2731.04	2275.69
Total (A+B)	3064.40	2558.82

Note 2.12 - Tangible assets

(₹ in Crore)

Description	Gross Block				Depreciation/Amortisation					Net Block		
	As at 1st April, 2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31st March, 2012	Upto 31st March, 2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Land												
a) Freehold	743.74	423.49	-	(23.03)	1190.26	-	-	-	-	-	1190.26	743.74
b) Leasehold	102.07	109.09	-	(0.42)	211.58	12.07	5.02	-	(0.86)	17.95	193.63	90.00
Buildings												
a) Sub-Stations & Office	442.24	54.81	-	(0.52)	497.57	131.96	16.34	-	(4.57)	152.87	344.70	310.28
b) Township	387.25	25.51	-	(0.93)	413.69	71.64	16.17	-	(9.96)	97.77	315.92	315.61
Temporary Erection	8.50	0.80	-	0.14	9.16	8.50	0.66	-	-	9.16	-	-
Roads & Bridges	117.88	9.98	-	-	127.86	26.45	5.24	-	(2.28)	33.97	93.89	91.43
Water Supply Drainage & Sewerage	71.51	9.55	-	(0.08)	81.14	17.72	4.64	-	(0.37)	22.73	58.41	53.79
Plant & Equipment												
a) Transmission	31193.33	8061.49	-	(329.77)	39584.59	7129.26	1644.54	-	21.30	8752.50	30832.09	24064.07
b) Substation	15106.71	3498.05	1.40	(256.77)	18860.13	4967.70	733.78	1.26	3.65	5696.57	13163.56	10139.01
c) Unified Load	327.37	0.31	-	(3.82)	331.50	163.68	71.19	-	0.53	234.34	97.16	163.69
Despatch & Communication												
d) Telecom	1154.72	60.49	-	(9.60)	1224.81	378.63	64.71	-	(0.24)	443.58	781.23	776.09
Furniture Fixtures	59.53	10.45	0.09	0.07	69.82	28.40	3.41	0.01	0.11	31.69	38.13	31.13
Office equipment	65.78	9.25	0.15	0.30	74.58	29.70	4.11	0.10	0.27	33.44	41.14	36.08
Electronic Data	63.39	12.62	0.17	0.41	75.43	48.70	6.12	0.14	0.52	54.16	21.27	14.69
Processing & Word Processing Machines												
Vehicles	4.66	0.36	0.08	-	4.94	2.39	-	0.07	0.11	2.21	2.73	2.27
Construction and Workshop equipment	87.55	14.98	-	(0.90)	103.43	20.71	4.64	-	0.02	25.33	78.10	66.84
Electrical Installation	72.40	14.25	-	0.19	86.46	28.84	3.51	-	-	32.35	54.11	43.56
Laboratory Equipments	51.06	5.39	-	(0.04)	56.49	26.18	2.17	-	-	28.35	28.14	24.93
Workshop & Testing Equipments	18.68	2.47	-	(0.22)	21.37	13.85	0.51	-	-	14.36	7.01	4.78
Miscellaneous Assets/Equipments	0.14	-	-	-	0.14	0.08	-	-	-	0.08	0.06	0.06
Grand Total	50078.51	12323.34	1.89	(624.99)	63024.95	13106.46	2586.76	1.58	8.23	15683.41	47341.54	36972.05
Less: Provision for assets discarded					10.47					8.71	1.76	1.76
	50078.51	12323.34	1.89	(624.99)	63014.48	13106.46	2586.76	1.58	8.23	15674.70	47339.78	36970.29
Previous Year	42963.39	7321.16	-	206.04	50078.51	11124.05	2197.68	-	215.25	13106.46	36972.05	
Less: Provision for assets discarded					10.47					8.71	1.76	
	42963.39	7321.16	-	206.04	50068.04	11124.05	2197.68	-	215.25	13097.75	36970.29	

Further Notes:

- The company owns 5635 hectare (Previous Year 5377 hectare) of land amounting to ₹ 1401.84 crore (Previous Year ₹ 845.81 crore) which has been classified into freehold ₹ 1190.26 crore (Previous year ₹ 743.74 crore) and leasehold ₹ 211.58 crore (Previous year ₹ 102.07 crore) based on available documentation.
- The company's land in the State of Jammu & Kashmir amounting to ₹ 54.60 crore (Previous Year ₹ 22.91 crore) and in certain other cases (value not ascertainable), the conveyancing of title to the freehold land and execution/registration of lease agreements in favour of the company is pending for completion of legal formalities.
- Freehold land includes ₹ 48.71 crore (previous year ₹ 33.71 crore) in respect of land acquired by the Company for which conveyance deed in favour of the Company is yet to be executed.
- Leasehold land includes ₹ 7.64 crore (previous year ₹ 7.64 crore) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence not amortised
- Consequent upon advance possession of the land for one of the project at Hyderabad, measuring 60.00 acres given to Company, provisional payment of ₹ 3.63 crore during the year has been included in freehold land pending determination of market value of land.
- Township buildings includes ₹ 7.27 crore (previous year ₹ 7.27 crore) for 28 flats at Mumbai, for which registration in favour of the company is pending.
- Plant and machinery under substation in fixed assets includes company's share of ₹ 3.80 crore (previous year ₹ 3.80 crore) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.
- The transmission systems situated in Jammu and Kashmir have been taken over by the Company w.e.f. 1st April, 1993 from National Hydroelectric Power Corporation Ltd. (NHPC) upon mutually agreed terms, pending completion of legal formalities.

Note 2.13 - Intangible assets

(₹ in Crore)

Description	Gross Block				Amortisation				Net Block			
	As at 1st April, 2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31st March, 2012	Upto 31st March, 2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Electronic Data Processing Software	3.01	2.48			5.49	2.31	0.98			3.29	2.20	0.70
Right of Way-Afforestation Expenses	272.30	92.81		(2.26)	367.37	19.31	16.34		(11.40)	47.05	320.32	252.99
Total	275.31	95.29		(2.26)	372.86	21.62	17.32		(11.40)	50.34	322.52	253.69
Previous Year	233.67	39.25		(2.39)	275.31	13.12	8.55		0.05	21.62	253.69	

Note 2.14 - Capital work in progress

(₹ in Crore)

Description	As at 1st April, 2011	Additions	Adjustments	Capitalised during the year	As at 31st March, 2012
Land					
Development of land	53.06	10.01	8.78	1.29	53.00
Buildings					
a) Sub-Stations & Office	59.83	63.90	5.31	51.25	67.17
b) Township	58.09	31.05	0.55	24.62	63.97
Temporary erection	0.15	0.66	0.06	0.30	0.45
Roads & Bridges	10.99	10.71	2.00	8.62	11.08
Water Supply Drainage and Sewerage	5.81	10.04	0.99	8.73	6.13
Plant & Equipments (including associated civil works)					
a) Transmission	9115.54	8278.73	503.41	8054.71	8836.15
b) Sub-Station	1685.84	5382.86	10.69	3471.71	3586.30
c) Unified Load Despatch & Communication	0.01	9.64	0.01	-	9.64
d) Telecom	21.29	63.11	-	19.20	65.20
Furniture Fixtures	1.11	0.13	0.06	0.85	0.33
Other office equipments	1.87	0.13	0.07	0.05	1.88
Electrical Installations	14.13	10.66	0.07	12.30	12.42
Expenditure pending allocation					
i) Survey Investigation Consultancy & Supervision Charges	48.63	7.57	1.35	4.63	50.22
ii) Difference in Exchange on foreign Loans	-	390.08	158.27	-	231.81
iii) Expenditure during Construction	1788.28	1857.04	1141.18	-	2504.14
TOTAL	12864.63	16126.32	1832.80	11658.26	15499.89
Previous Year	10193.00	10335.85	736.65	6927.57	12864.63

Note 2.15 - Intangible assets under development

(₹ in Crore)					
Description	As at 1st April, 2011	Additions	Adjustments	Capitalised during the year	As at 31st March, 2012
Right of Way-Afforestation expenses	99.05	46.11	0.16	71.39	73.61
Total	99.05	46.11	0.16	71.39	73.61
Previous Year	52.07	84.96	-	37.98	99.05

Note 2.16 - Construction stores

(₹ in Crore)		
Description	As at 31st March, 2012	As at 31st March, 2011
Towers	3572.68	2627.20
Conductors	4311.27	3450.78
Other Line Materials	1445.24	1183.07
Sub-Station Equipments	3087.93	3411.47
High Voltage Direct Current (HVDC) Equipments	57.86	50.11
Unified Load Despatch & Communication(ULDC) Materials	38.37	19.78
Telecom Materials	8.42	0.40
Steel	0.72	0.54
Others	87.56	5.91
	12610.05	10749.26
Less: Provision for Shortages and obsolete material	0.01	0.01
TOTAL	12610.04	10749.25
Construction Stores include:		
i) Material in transit		
Towers	29.03	379.03
Other Line Materials	-	40.32
Sub-Station Equipments	317.86	1458.47
Total	346.89	1877.82
ii) Material with Contractors		
Towers	3539.39	2321.11
Conductors	4307.28	3201.90
Other Line Materials	1444.13	1048.00
Sub-Station Equipments	2768.13	2227.49
High Voltage Direct Current (HVDC) Equipments	57.03	43.12
Telecom Materials	8.23	1.09
Others	79.48	-
Total	12203.67	8842.71
Grand total	12550.56	10720.53

Further Notes:

Pending reconciliation, materials amounting to ₹ 43.82 crore (previous year ₹ 34.68 crore) in commissioned lines is shown as construction stores lying with contractors.

Note 2.17 - Non-current investments

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
LONG TERM		
A.TRADE INVESTMENTS (AT COST)		
I. Equity Instruments-Fully Paid up :-		
Quoted		
PTC India Ltd		
12000006(Previous year 12000006) Shares of ₹ 10/- each	12.00	12.00
{Market Value ₹ 73.68 crore @ 61.40 (NSE) per share(Previous year ₹ 100.08 crore @ 83.40 (NSE) per share)}		
Unquoted		
Subsidiary Companies		
Power System Operation Corporation Ltd.		
30640000(Previous year 30640000) Shares of ₹ 10 each.	30.64	30.64
Nagapattnam Madhugiri Transmission Company Ltd.	0.05	-
50000(Previous year NIL) Shares of ₹ 10 each..		
Joint Venture Companies		
Torrent Power Grid Ltd.		
23400000 (Previous year 23400000) Shares of ₹ 10/- each.	23.40	23.40
Jaypee Powergrid Ltd.		
75920000(Previous year 65000000) Shares of ₹ 10/- each..	75.92	65.00
Parbati Koldam Transmission Company Ltd.		
21483800 (Previous year 21483800) Shares of ₹ 10/- each .	21.49	21.49
Teestavalley Power Transmission Limited		
20333000 (Previous Year 20333000) Shares of ₹ 10/- each .	20.33	20.33
Powerlinks Transmission Ltd		
229320000 (Previous year 229320000) Shares of ₹ 10/- each	229.32	229.32
North East Transmission Company Ltd.		
92040000 (Previous year 30152453) Shares of ₹ 10/- each	92.04	30.15
Energy Efficiency Services Ltd		
625000 (Previous year 625000)Shares of ₹ 10/- each	0.63	0.63
National High Power Test Laboratory Ltd.		
2625000 (Previous year 2625000) Shares of ₹ 10/- each	2.63	2.63
	508.45	435.59
II. Govt.Securities (Unquoted):-		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :		
Andhra Pradesh	54.16	72.21
Arunachal Pradesh	1.57	2.09
Assam	50.34	67.12
Bihar	48.64	64.86
Gujarat	21.01	28.02
Haryana	24.15	32.20
Himachal Pradesh	0.85	1.13
Jammu & Kashmir	48.59	64.79
Kerala	7.23	9.64
Madhya Pradesh	31.22	41.62

Note 2.17 - Non-current investments (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Maharashtra	4.04	5.39
Manipur	9.51	12.68
Meghalaya	0.13	0.17
Mizoram	0.01	0.01
Nagaland	4.18	5.57
Punjab	14.08	18.78
Rajasthan	3.27	3.27
Sikkim	3.38	4.51
Tripura	0.27	0.36
Uttar Pradesh	138.44	184.58
Uttaranchal	15.38	20.51
West Bengal	24.15	32.20
Jharkhand	33.45	44.60
	538.05	716.31
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable w.e.f 30.11.2007	10.38	12.69
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable w.e.f 31.03.2008	13.43	16.12
	23.81	28.81
III. Share application money pending allotment in Joint Venture Companies		
National High Power Test Laboratory Ltd.	6.50	-
Energy Efficiency Services Ltd	24.38	24.38
North East Transmission Company Ltd.	-	8.92
	30.88	33.30
TOTAL (A)	1101.19	1214.01
B. Non-trade investments (Unquoted)		
500 (Previous year 500) Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Itarsi (₹ 5000/-)		
500 (Previous year 500) Fully paid up shares of ₹ 10/- each in EmployeesCo-op Society Limited Nagpur (₹ 5000/-)		
500 (Previous year 500) Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Jabalpur (₹ 5000/-)		
Total (B)		
GRAND TOTAL (A+B)	1101.19	1214.01
Further notes:		
1) Aggregate amount of Quoted Investments		
Book value	12.00	12.00
Market Value	73.68	100.08
Aggregate amount of Unquoted Investments		
Book value	1089.19	1202.01
2) 229319997 shares (Previous year 229319997) of Powerlinks Transmission Ltd. held by the Company have been pledged as continuous security with consortium of financial institutions against financial assistance obtained by Powerlinks Transmission Ltd.		

Note 2.18 - Long-term loans and advances

(Unsecured Considered good unless otherwise stated)

		(₹ in Crore)	
Description		As at 31st March, 2012	As at 31st March, 2011
A) Advances for Capital Expenditure			
i) Secured		2.09	1.07
ii) Unsecured			
a. Against Bank guarantees	4671.52		2422.94
b. Others	417.62		487.65
iii) Unsecured Considered Doubtful	1.14		1.18
		5090.28	2911.77
Less: Provision for Bad & Doubtful Advances		1.14	1.18
		5089.14	2910.59
		5091.23	2911.66
B) Loans			
i) Employees (including interest accrued)			
Secured	118.04		84.72
Unsecured	5.22		4.09
		123.26	88.81
ii) Long Term Loan (Under securitisation Scheme)		53.99	69.41
iii) Lease Receivables		295.02	417.37
		472.27	575.59
		7.70	6.38
C) Security Deposits			
D) Advances recoverable in cash or in kind or for value to be received			
Contractors & Suppliers(Material issued on Loan)	1.25		1.20
Employees	14.74		26.44
Others	20.38		40.69
Purchase Consideration-Loans recoverable	-		40.31
Balance with Customs Port Trust and other authorities	7.19		13.06
	43.56		121.70
Considered doubtful	7.18		9.23
		50.74	130.93
Less: Provision for bad and doubtful Advances and Claims		7.18	9.23
		43.56	121.70
TOTAL		5614.76	3615.33
Due from:			
Directors		0.05	0.07
Officers		13.53	15.89

Note 2.19 - Current investments

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
CURRENT MATURITIES OF LONG TERM INVESTMENTS (AT COST)		
TRADE INVESTMENTS		
Govt.Securities (Unquoted):-		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006		
of :		
Andhra Pradesh	18.04	18.05
Arunachal Pradesh	0.52	0.52
Assam	16.78	16.78
Bihar	16.22	16.21
Gujarat	7.00	7.00
Haryana	8.04	8.05
Himachal Pradesh	0.28	0.28
Jammu & Kashmir	16.20	16.20
Kerala	2.42	2.41
Madhya Pradesh	10.40	10.41
Maharashtra	1.34	1.35
Manipur	3.18	3.17
Meghalaya	0.04	0.04
Nagaland	1.40	1.39
Punjab	4.70	4.69
Rajasthan	-	1.09
Sikkim	1.12	1.13
Tripura	0.10	0.09
Uttar Pradesh	46.14	46.15
Uttaranchal	5.12	5.13
West Bengal	8.06	8.05
Jharkhand	11.16	11.15
	178.26	179.34
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable w.e.f 30.11.2007	2.31	2.31
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable w.e.f 31.03.2008	2.69	2.69
	5.00	5.00
TOTAL	183.26	184.34
GRAND TOTAL	183.26	184.34
Further notes:		
Aggregate amount of Unquoted Investments		
Book value	183.26	184.34

Note 2.20 - Inventories

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
(As taken valued and certified by the Management)		
(For mode of valuation refer Note 1.12)		
Loose tools	0.69	0.70
Consumable stores	3.11	2.41
Components Spares & other spare parts:		
Towers	113.07	96.35
Conductors	25.18	22.02
Other Line Materials	96.29	70.53
Sub-Station Equipments/Spares	108.55	91.89
High Voltage Direct Current Equipments/spares	57.56	41.13
Unified Load despatch Centre Spares	2.33	2.69
Telecom Spares	8.02	11.50
Other Stores	25.77	42.55
	<u>440.57</u>	<u>381.77</u>
Less Provision for Shortages	0.26	0.26
TOTAL	<u>440.31</u>	<u>381.51</u>
Inventories includes material in transit		
Other Stores	0.01	-
Total	<u>0.01</u>	<u>-</u>

Note 2.21 - Trade receivables

(Unsecured considered good unless otherwise stated)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
i) Debts Outstanding for a period exceeding Six Months		
Considered Good	184.87	1.91
Considered Doubtful	78.03	78.05
ii) Other debts	2130.50	1112.09
	<u>2393.40</u>	<u>1192.05</u>
Less: Provision for bad & doubtful debts	78.03	78.05
TOTAL	<u>2315.37</u>	<u>1114.00</u>

Note 2.22 - Cash and Bank balances

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
1) Cash and Cash Equivalents		
Balance with banks-		
- In Current Accounts	451.17	153.89
- In term Deposits (FPO proceeds to be utilised for identified projects)	250.00	-
- In designated current accounts(to be utilised for Consultancy Assignments)	1124.50	1399.22
Drafts/Cheques in Hand	5.25	1.43
Cash in hand	0.02	0.03
Stamps and Imprest	0.01	0.01
	1830.95	1554.58
2) Other Bank balances		
- In current account (Unclaimed dividend)	5.93	4.31
- In Term Deposits having maturity over 3 months (FPO proceeds to be utilised for identified projects)	500.00	2121.17
TOTAL	2336.88	3680.06

Note 2.23 - Short-term loans and advances

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
A) Loans		
a) Employees including interest accrued		
i) Secured Considered good	29.20	0.07
ii) Unsecured considered good	4.08	47.99
	33.28	48.06
b) Others		
Secured Considered good	-	0.11
Unsecured considered good		
Current maturities of Long Term Advances (Under securiti- sation Scheme)	15.43	15.43
Current Maturities of Lease Receivables	131.44	174.23
	146.87	237.83
Total(A)	180.15	237.83
B) Advances to related parties*(Unsecured considered good)	36.51	18.02
C) Advances recoverable in cash or in kind or for value to be received (Unsecured Considered good)		
a) Employees	23.32	27.96
b) Others		
Contractors & Suppliers (Including Material issued on loan)	6.78	6.35
Balance with Customs Port Trust and other authorities	11.24	11.36
Advance Tax & TDS	2114.48	1615.43
Others	61.21	120.33
	2193.71	1753.47
Total (C)	2217.03	1781.43
Total(A+B+C)	2433.69	2037.28
Directors		
Officers	11.32	1.55

Note 2.23 - Short-term loans and advances (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
* Advances to related parties		
Teestavalley Power Transmission Limited		2.79
Powerlinks Transmission Co Ltd.	10.08	
Energy Efficiency Services Ltd	0.05	
Torrent Power Grid Ltd.	0.03	0.24
North East transmission Company Ltd.	6.80	
Parbati Koldam Transmission Company Ltd.	0.08	14.99
Nagapatnam Madhugiri Transmission Co. Ltd.	19.47	
	<u>36.51</u>	<u>18.02</u>

Note 2.24 - Other current assets

(Unsecured considered good unless otherwise stated)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
a) Unbilled Revenue	530.93	2048.09
b) Interest accrued but not due		
Interest accrued on Investments (Bonds)	35.76	43.55
Interest accrued on Term/Fixed Deposits	15.67	65.10
c) Unamortised Expenses (Deferred Revenue expenses to be written off within a period of 12 months)	-	2.41
d) Claims recoverable	8.35	19.73
e) Others	37.40	50.28
	<u>628.11</u>	<u>2229.16</u>
TOTAL	<u>628.11</u>	<u>2229.16</u>

Further notes:

Unbilled revenue ₹ 530.93 crore (Previous year ₹ 2048.09 Crore) represent amount for which the company is yet to raise bills in view of recognition of revenue as per CERC Tariff norms applicable for 2009-2014.

Note 2.25 - Revenue from operations

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Sales of services		
i) Revenue from Transmission Charges	9186.42	7653.08
Less: Advance Against Depreciation		0.96
Add: Revenue Recognised out of AAD	32.29	38.52
Transmission Charges-Short Term Open Access	325.48	211.51
	<u>9544.19</u>	<u>7902.15</u>
ii) Consultancy Project Management and Supervision Fees	289.95	299.35
iii) Telecom income		
NLD	199.36	172.99
IP-1	9.43	16.84

Note 2.25 - Revenue from operations (contd...)

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
ISP	1.21	1.06
	210.00	190.89
Less: Inter Divisional Transfer		
NLD	3.53	3.56
IP-1	5.16	-
ISP	0.12	0.13
	8.81	3.69
	201.19	187.20
Total	10035.33	8388.70

Further notes:

The company has recognized transmission income during the year as per the following:

- ₹ 1934.42 crores (previous year ₹ NIL) for which provisional tariff orders have been issued by CERC allowing provisional billing of at 85%-95% of the tariff claimed ;
- ₹ 6516.80 crore (previous year ₹ 3457.31 crore) for which final tariff orders have been issued by CERC
- ₹ 301.94 crore (previous year ₹ 4233.33 crore) based on CERC Tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC.
- In terms of CERC Regulation 39, CERC Tariff Regulations, 2009, notified by the CERC , during the year the Company has determined the amount of the Deferred Tax liability (Net) materialised for the period pertaining upto 31.03.2009 by identifying the major changes in the elements of Deferred Tax liability/Asset as recoverable from the beneficiaries and accordingly a sum of ₹ 465.55 crore(Net) has been recognised as sales during the year

Note 2.26 - Other income

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A) Income from non-current Investments		
i) Dividend		
Subsidiary	7.65	-
Others	46.53	74.82
ii) Interest on Govt.securities	74.88	91.10
B) Other Interests		
Loan to State Govt. in settlement of dues	6.88	8.20
Indian Banks	346.70	190.63
Interest from Advances to contractors	178.90	75.28
Interest on differential between Provisional and Final Tariff by CERC	128.94	118.68
Others	7.89	5.26
	798.37	563.97
C) Others		
Profit on fixed assets Sold	0.09	0.13
Deferred Income (Transferred from Grants-in-aid)	26.33	20.26
Short Term Open Access-Other Charges	-	12.99
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	0.81	2.21
Lease Income-State Sector ULDC	7.89	74.02
Surcharge	66.93	6.07

Note 2.26 - Other income (contd...)

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Hire charges for equipments	0.08	0.23
FERV gain	-	78.00
Rebate	0.30	0.11
Provisions written back	40.79	40.22
Miscellaneous income	62.66	75.11
	<u>1004.25</u>	<u>873.32</u>
Less: Income transferred to expenditure during construction-Note 2.32	254.57	163.27
TOTAL	<u>749.68</u>	<u>710.05</u>

Note 2.27 - Employee benefits expense

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Salaries wages allowances & benefits	1026.10	807.72
Contribution to provident and other funds	88.41	149.22
Staff Welfare expenses	87.58	86.01
	<u>1202.09</u>	<u>1042.95</u>
Less: Transferred to Expenditure during Construction-Note 2.32	359.12	297.06
TOTAL	<u>842.97</u>	<u>745.89</u>

Further notes:

- a) Employees' remuneration and benefits include the following for the directors, including chairman and managing director and excluding arrears paid to ex-directors.

	(₹ in crore)	
	Current Year	Previous year
Salaries and Allowances	1.80	1.46
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	0.08	0.08
Other benefits	0.22	0.23

- b) In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of ₹ 780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29th November, 1964 as amended

Note 2.28 - Finance costs

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A) Interest on Loan from		
Indian Banks, Financial Institutions & Corporations	225.08	137.06
Foreign Banks and Financial Institutions	145.68	140.09

**Note 2.28 - Finance costs (contd...)**

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Secured/Unsecured redeemable Bonds	2696.98	2168.40
Others	26.87	15.11
	3094.61	2460.66
B) Other borrowing costs		
Commitment charges	3.23	4.53
Guarantee Fee	142.77	120.34
Other finance charges	39.35	28.26
	185.35	153.13
C) ERV as adjustment to Borrowing Cost		
ERV as adjustment to Borrowing Cost	918.45	69.77
Less: Transferred to Expenditure during Construction-Note no. 2.32	246.01	0.27
	672.44	69.50
Less: FERV recoverable	588.01	0.71
	84.43	68.79
	3364.39	2682.58
Less: Transferred to Expenditure during Construction-Note no. 2.32	1421.13	1057.14
TOTAL	1943.26	1625.44

Note 2.29 - Depreciation and amortization expense

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Depreciation/amortisation on Tangible Assets	2586.76	2197.68
Amortisation of Intangible assets	17.32	8.55
	2604.08	2206.23
Less: Transferred to Expenditure During Construction-Note no. 2.32	8.99	8.33
	2595.09	2197.90
Less: Depreciation amortised due to FERV adjustment	22.55	(1.49)
Charged To Statement of Profit & Loss	2572.54	2199.39

Note 2.30 - Transmission, Administration and other expenses

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Repair & Maintenance		
Buildings	24.44	17.70
Plant & Machinery		
Sub Station	113.73	106.81
Transmission lines	47.57	33.96

Note 2.30 - Transmission, Administration and other expenses (contd...)

		(₹ in Crore)	
Description		For the year ended 31st March, 2012	For the year ended 31st March, 2011
Construction equipment	0.14		0.02
Telecom	23.12		21.67
Others	7.48		8.19
		192.04	170.65
System and Market Operation Charges		27.39	7.79
Power charges	80.80		71.58
Less: Recovery from contractors	1.05		0.62
		79.75	70.96
Expenses of Diesel Generating sets		4.29	3.42
Stores consumed		0.05	0.03
Water charges		0.97	1.25
Right of Way charges(Telecom)		4.25	3.94
Patrolling Expenses-Telecom		1.69	0.89
Last Mile connectivity-Telecom		0.12	-
Training & Recruitment Expenses	20.93		23.69
Less:Fees for training and application	1.09		1.08
		19.84	22.61
Legal expenses		7.90	3.85
Professional charges(Including TA/DA)		7.19	12.21
Consultancy expenses(Including TA/DA)		1.33	0.87
Communication expenses		9.73	11.23
Travelling & Conv.exp.(excluding foreign travel)	78.88		66.83
Foreign travel	6.64		7.80
		85.52	74.63
Tender expenses	16.16		11.14
Less: Sale of tenders	6.14		3.21
		10.02	7.93
Remuneration to auditors			
Statutory Auditors			
Audit Fees	0.42		0.40
Tax Audit Fees	0.12		0.12
In Other Capacity	0.47		0.59
Out of pocket Expenses	0.58		0.57
		1.59	1.68
Advertisement and publicity		10.66	12.61
Printing and stationery		5.24	5.97
Books Periodicals and Journals		0.93	0.53
EDP hire and other charges		3.10	2.47
Entertainment expenses		1.61	1.60

Note 2.30 - Transmission, Administration and other expenses (contd...)

(₹ in Crore)

Description	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Brokerage & Commission	0.32	0.20
Research & Development expenses	3.16	0.47
Cost Audit Fees	0.28	0.22
Rent	9.15	6.61
Miscellaneous expenses	30.02	27.41
Horticulture Expenses	6.93	4.75
Security Expenses	58.83	54.18
Hiring of Vehicle	57.73	49.88
Insurance	31.07	16.95
Rates and taxes	7.34	6.99
License Fees to DOT	14.10	13.40
Bandwidth charges dark fibre lease charges (Tel- ecom) etc	13.38	9.74
Expenditure on Corporate Social Responsibility (CSR)	26.97	16.00
Non operating expenses	1.13	2.21
Transit Accomodation Expenses	5.50	4.18
Less : Income from Transit Accomodation	<u>0.66</u>	<u>0.51</u>
	4.84	3.67
Rebate to Customers	113.40	102.78
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)	2.23	4.66
Provisions		
GOI Guarantee Fee	-	2.37
Provision-Others	<u>2.30</u>	<u>1.61</u>
	2.30	3.98
	882.83	758.92
Less:Transferred to Expenditure during Construction-Note no 2.32	<u>75.94</u>	<u>68.97</u>
	806.89	689.95
Deferred revenue Expenses written off	1.79	1.86
Loss on Disposal/Write off of Fixed Assets	1.30	7.12
Total	809.98	698.93
Stores consumption included in repair and mainte- nance	51.77	39.34

Further Notes:

The Company has allowed rebate against payment received through LC / cheques / RTGS for effecting better and timely recovery of dues from State Power Utilities on consistent basis

Note 2.31 - Prior period items

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Income		
Transmission charges	(17.20)	-
Depreciation written back	-	1.25
Deferred Income (Transferred from Grants-in-aid)	5.66	2.19
Lease income-State Sector ULDC	9.97	-
Consultancy Project Management and Supervision Fees	2.97	-
Others	1.15	4.79
	<u>2.55</u>	<u>8.23</u>
Expenditure		
Power charges	-	0.02
Rates and taxes	-	0.57
Depreciation	6.21	1.12
Depreciation amortised due to FERV	-	3.27
Unspent CSR Expenditure for earlier years	13.22	-
Interest	0.75	-
Employee Remuneration	7.43	-
Others	(5.98)	8.83
	<u>21.63</u>	<u>13.81</u>
Prior period expenditure/(income) (Net)	19.08	5.58
Less: Transferred to Expenditure during Construction -Note no. 2.32	0.42	1.21
Total	18.66	4.37

Note 2.32 - Expenditure during Construction (Net)

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. Employees Remuneration & Benifits		
Salaries wages allowances and benefits	316.13	238.47
Contribution to provident and other funds	26.35	38.13
Welfare expenses	16.64	20.46
Total(A)	<u>359.12</u>	<u>297.06</u>
B. Other Expenses		
Buildings	1.98	1.93
Others	0.89	1.04
	<u>2.87</u>	<u>2.97</u>
Power charges	3.65	3.03
Less: Recovered from contractors	0.88	0.37
	<u>2.77</u>	<u>2.66</u>
Expenses on Diesel Generating sets	0.68	0.35
Water charges	0.29	0.27
Training & Recruitment Expenses	0.01	0.01
Legal expenses	0.66	1.11
Professional charges	1.79	1.76
Consultancy expenses	0.01	0.31
Communication expenses	2.11	2.90



Note 2.32 - Expenditure during Construction (Net) (contd...)

(₹ in Crore)

Description		For the year ended 31st March, 2012	For the year ended 31st March, 2011
Travelling & Conv.exp. (Including Foreign Travel)		28.86	21.62
Tender expenses	9.46		6.42
Less: Income from sale of tenders	<u>5.87</u>		<u>3.16</u>
		3.59	3.26
Payment to Auditors		0.06	0.51
Advertisement and Publicity		0.62	0.59
Printing and stationery		0.52	0.44
EDP hire and other charges		0.11	0.09
Entertainment expenses		0.12	0.15
Brokerage and commission		0.05	0.04
Rent		3.16	2.06
Miscellaneous expenses		3.40	5.90
Horticulture Expenses		0.48	0.24
Security Expenses		6.49	5.77
Hiring of Vehicles		15.90	14.74
Insurance		0.22	0.11
Rates and taxes		0.76	0.45
Guest House Expenses	0.44		0.68
Less:Income from guest house	<u>0.03</u>		<u>0.02</u>
		0.41	0.66
Sub-total			68.97
Prior Period adjustment (net)		75.94	1.21
Total(B)		<u>76.36</u>	<u>70.18</u>
C. Depreciation/Amortisation		8.99	8.33
D. Finance Costs			
a) Interest on Loans from			
Indian Banks,Financial Institutions and Corporations	7.50		-
Foreign Banks and Financial Institutions	20.05		22.29
Secured/Unsecured Redeemable Bonds	<u>1327.87</u>		<u>994.77</u>
		1355.42	1017.06
b) Other borrowing costs			
Commitment charges	2.82		3.68
Guarantee fee	32.32		35.51
Other Finance Charges	<u>30.57</u>		<u>0.89</u>
		65.71	40.08
c) FERV adjustment to borrowing cost		246.01	0.27
Total (D)		<u>1667.14</u>	<u>1057.41</u>
E. Less: Other Income			
Interest from			
Indian banks	67.55		59.05
Contractors	178.66		75.14
Others	<u>0.63</u>		<u>1.03</u>
		246.84	135.22
Miscellaneous income		7.72	27.86
Hire charges		0.01	0.19
Total (E)		<u>254.57</u>	<u>163.27</u>
GRAND TOTAL (A+B+C+D-E)		<u>1857.04</u>	<u>1269.71</u>

OTHER NOTES

- 2.33 Cash equivalent of deemed export benefits availed of ₹ 209.99 crore in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt. of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP project and the same was capitalised in the books of accounts. Thereafter, World Bank had financed both the ESI project and STP project as originally envisaged and they became eligible for deemed export benefits. Consequently, the company has lodged claims with the Customs and Excise Authorities.

During the year, Company has recovered deemed export benefits to the extent of ₹ Nil (Previous year ₹ 0.78 crore). The cumulative amount received and de-capitalized upto 31st March 2012 is ₹ 12.12 crore (Previous year ₹ 12.12 crore). The Company continued to show the balance of ₹ 197.87 crore as at 31st March 2012 (Previous year ₹ 197.87 crore) in capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.

- 2.34 Out of the proceeds of Follow on Public Offer (FPO) made in Financial Year 2010-11, a sum of ₹ 1371.17 crore (Previous Year ₹ 1600 crore) has been utilised during the year for part financing of capital expenditure on the projects specified for utilization and the balance amount of ₹ 750 crore (Previous year ₹ 2121.17 crore) has been invested in Terms Deposits with Banks.
- 2.35 a) Certain balances in Loans and Advances & Trade Payable are subject to confirmation and consequential adjustments, if any.
- b) In the opinion of the management, the value of any of the assets other than fixed assets and non current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.
- 2.36 Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts " is provided as under :

Particulars	(₹ in crore)	
	Year ended 31.03.2012	Year ended 31.03.2011
i) The amount of revenue recognised on cost plus consultancy contract works	200.88	212.03
ii) The methods used to determine the contract revenue recognised in the period: 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii) Cumulative amount of costs incurred on construction contracts	10243.19	9510.18
iv) Cumulative amount of advance received from customers	12045.80	11078.81
v) Amount of retention money with customers	0.00	49.58
vi) Gross amount due from customers for contract works as an asset	13.58	15.38
vii) Gross amount due to customers for contract works as a liability	1415.10	1845.65

- 2.37 The company has been entrusted with the responsibility of billing collection and disbursement (BCD) of the transmission charges on behalf of all the interstate transmission licensees (ISTS) through the mechanism of the Point of Connection charges (POC) introduced w.e.f. 01-07-2011 which involves billing based on approved drawl/injection of power in place of old mechanism based on Mega Watt allocation of power by Ministry of Power. By this mechanism, revenue of the company will remain unaffected. Some of the beneficiaries aggrieved by the POC mechanism have preferred appeal before various High Courts of India and continue to make payment as per old system of billing. Due to this, an unrealized amount of ₹ 141.56 crore is included in Trade Receivables. The company has preferred an appeal before the Supreme Court for transferring all the cases in the Delhi High Court and also requested for directing the agitating states to pay full transmission charges as per new methodology pending settlement of the matter.
- 2.38 i) Foreign Exchange Rate Variation (FERV) loss (to the extent not exceeding the difference between the Interest on foreign currency borrowings and local currency borrowings) has been adjusted to borrowing cost amounting to ₹ 672.44 crore (net of ₹ 246.01 crore FERV loss for the construction projects) {previous year FERV loss of ₹ 74.19 crore (net of ₹ 0.27 crore FERV loss for the construction projects)} towards loan liabilities attributable to fixed assets/CWIP.
- ii) FERV Loss of ₹ 882.14 crore (previous year FERV loss ₹ 15.71 crore) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.

OTHER NOTES (contd...)

- iii) FERV Gain of ₹ Nil (previous year FERV gain of ₹ 77.96 crore) has been recognized in the Statement of Profit and Loss in respect of loans contracted on or after 1st April, 2004 in terms of provisions of AS-11 (revised 2003)
- 2.39 FERV Loss of ₹ 588.01 crore (previous year FERV loss ₹ 0.71 crore) has been shown as FERV Recoverable in statement of Profit and Loss.
- 2.40 Accounting of FERV as stated in note no. 2.38 and 2.39 above, has resulted in decrease in profit for the year by ₹ 84.43 crore (previous year increase in profit by ₹ 4.48 crore).
- 2.41 Effect due to change in accounting policies during the year -**
- i) In view of option allowed by Ministry of Corporate Affairs vide its notification dated 29.12.2011 on Accounting Standard-11, the Company, during the year, has capitalized the Foreign Exchange Rate Variation (FERV) loss arising on account of settlement/restatement of long term monetary liabilities relating to depreciable capital assets. Consequently, FERV loss, which has hitherto charged to Profit & Loss Account has been adjusted in cost of related Fixed Assets/Capital work-in-progress. As a result, profit before tax for the year ended 31.03.2012 after considering the amount of FERV loss recoverable from beneficiaries as per CERC Tariff Regulations 2009 is higher by ₹ 11.93 crore.
- ii) Intangible Assets –Right of Way (Afforestation expenses) were hitherto amortised over the useful life of related assets. During the year company has changed accounting policy in this regard and now these assets are being amortised following the rates and methodology notified by CERC Tariff Regulation with retrospective effect from 01.04.2009. This has resulted in increase in amortisation for the year and Prior Period amortisation of ₹ 7.62 crore and ₹ 11.40 crore respectively.
- 2.42 Unspent expenditure of ₹ 2.04 crore out of the budget for the year towards corporate social responsibility(CSR) which was hitherto transferred to CSR reserve by appropriating profit is now provided for by way of charge to statement of Profit and Loss. An amount of ₹ 13.22 crore appropriated to CSR reserve in earlier years has been treated as prior period item .
- 2.43 Borrowing cost capitalised during the year is ₹ 1667.14 crore (previous Year ₹ 1057.41 crore)
- 2.44 The guidelines issued by the Department of Public Enterprises (DPE) provide for ceiling of percentage of Performance Related Pay (PRP) payable to executives and non-unionized supervisors within the overall limit of 5% of the year's Profit Before Tax. Provision for PRP in the accounts from financial year 2007-08 onwards are made based on the basis of guidelines issued by DPE. Pending approval of the PRP scheme for non-unionized supervisors, payment are made to executives on provisional basis as per PRP scheme and payment to supervisor is being made in accordance to the old "Performance linked Incentive scheme". Provision net of payment outstanding as on 31.03.2012 is ₹ 215.10 crore (previous year ₹ 190.71 crore)
- In respect of Workmen, incentive is being paid as per old "Performance linked incentive scheme".
- 2.45 Disclosures as per Accounting Standards (AS) 15
- Defined employee benefit schemes are as under:-
- A. Provident Fund
- Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution to the fund for the period is ₹ 60.69 crore (previous year ₹ 58.01 crore) recognized as expense and is charged to Statement of Profit and Loss. The obligation of the Company is limited to such fixed contribution and to ensure a minimum rate of interest on contributions to the members as specified by GOI. As per report of actuary over all interest earning and cumulative surplus 'is more' than statutory interest payment requirement. Hence, no further provision is considered necessary.
- B. Gratuity
- The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 10 lacs. The scheme is funded by the Company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.
- C. Post-Retirement Medical Facility (PRMF)
- The Company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed

OTHER NOTES (contd...)

by the Company. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

D. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents to superannuated employees. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

The summarised position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status are as under:-

a) Expenses recognised in Statement of Profit and Loss

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Yr.	Previous Yr.
Current Service Cost	17.27	16.14	4.81	4.64	0.61	0.54
Interest cost on benefit obligation	27.05	19.78	10.03	6.79	0.90	0.83
Expected return on plan assets	(27.05)	(21.02)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	10.18	78.29	20.86	32.40	0.78	(0.02)
Expenses recognized in the Profit and Loss a/c.	27.45	93.20	35.71	43.83	2.31	1.35

b) Actual return on plan assets is ₹ 27.77 crore (previous year ₹ 21.74 crore)

c) The amount recognized in the Balance Sheet

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 31/03/2012(i)	357.73	318.28	148.53	117.99	12.62	10.64
Fair value of plan assets as at 31/03/2012 (ii)	354.62	293.99	-	-	-	-
Difference (ii) – (i)	(3.11)	(24.29)	(148.53)	(117.99)	(12.62)	(10.64)
Net asset (liability) recognized in the Balance Sheet	(3.11)	(24.29)	(148.53)	(117.99)	(12.62)	(10.64)

d) Changes in the present value of the defined benefit obligations:

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01/04/2011	318.28	247.25	117.99	84.86	10.64	10.42
Interest cost	27.05	19.78	10.03	6.79	0.91	0.83
Current Service Cost	17.27	16.14	4.81	4.64	0.61	0.54
Benefits paid	(15.77)	(25.55)	(5.17)	(3.53)	(0.33)	(0.49)
Net actuarial (gain)/loss on obligation	10.90	81.11	20.86	32.40	0.79	(0.02)
Present value of the defined benefit obligation as at 31/03/2012	357.73	338.74	148.53	125.16	12.62	11.29
Less : Liabilities transferred from Powergrid books to POSOCO books for employees transferred on Secondment basis to POSOCO.		(20.46)		(7.17)		(0.65)

OTHER NOTES (contd...)

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Net Present value of the defined benefit obligation as at 31/03/2012 in Powergrid Books	357.73	318.28	148.53	117.99	12.62	10.64

e) Changes in the fair value of plan assets:

(₹ in crore)

Description	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2011	318.28	247.25
Expected return on plan assets	27.05	21.02
Contribution by employer	24.34	48.45
Benefits paid	(15.77)	(25.55)
Actuarial gain/(loss)	0.72	2.82
Fair value of plan assets as at 31/03/2012	354.62	293.99

f) During the year the company has provided liability for pension contribution payable as superannuation benefits as per DPE Guidelines amounting to ₹ 30.36 crore (previous year reversal of ₹ 44.26 crore). The Scheme of superannuation benefits is yet to be finalized.

E. Other Employee Benefits

Provision for Leave encashment amounting to ₹ 60.33 crore (previous Year ₹ 16.52 crore) for the year has been made on the basis of actuarial valuation at the year end and charged to Statement of Profit and Loss.

Provision for Long Service Award amounting to ₹ 8.67 crore (including for earlier years ₹ 7.43 crore) have been made on the basis of actuarial valuation at the year end.

F. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2012 are as follows:-

(₹ in crore)

	(At Purchase Value)	
	Current Year	Previous Year
i) State Government Securities	41.92	39.38
ii) Central Government Securities	64.18	55.53
iii) Corporate Bonds/Debentures	242.55	203.50
iv) RBI Special Deposit	5.13	5.13
v) Other Assets	23.09	10.39
Total:-	376.87	313.93
Less : Share of POSOCO in the plan Assets	22.25	19.94
Grand Total	354.62	293.99

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected unit credit (PUC)
- Discount rate - 8.5% (previous Year 8%)
- Expected rate of return on assets (Gratuity only) – 8.50 % (previous Year 8.50%)
- Future salary increase - 6% (previous Year 5.5%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market. Further the expected return

OTHER NOTES (contd...)

on plan assets is determined considering several applicable factors mainly the composition of plan assets, assessed risk of asset management and historical return for plan assets.

- H. The Company's best estimate of contribution towards gratuity for the financial year 2012-13 is ₹ 22.36 crore (previous year ₹ 9.14 crore)
- I. The effect of the percentage point increase/decrease in the medical cost of PRMF will be as under:-

(₹ in crore)		
Particulars	Increase by	Decrease by
Service and Interest Cost	2.12	3.65
Present value of obligation	14.13	16.74

- J. Experience Adjustments

(₹ in crore)		
	Year ended 31.03.2012	Year ended 31.03.2011
Gratuity		
i) Plan assets – Loss/(Gain)	(0.72)	(2.82)
ii) Obligation- Loss/(Gain)	10.90	81.11
PRMF		
Obligation – Loss/(Gain)	20.86	32.40
ODRM		
Obligation – Loss/(Gain)	0.79	(0.02)

2.46 Segment information:

a) Business Segments

The Company's principal business is transmission of bulk power across different States of India. However, Power System Operation Assets, ULDC, RLDC, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include long term and short term borrowings, current and non current liabilities and provisions

Segment Reporting

	(₹ in crore)													
	Business Segments										Elimination		Total	
	Transmission		Consultancy		Telecom		RLDCs *		ULDCs		Current Year	Previous Year	Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue:														
Revenue from Operations	9362.48	7683.84	289.95	299.35	201.19	187.20	-	86.69	181.71	131.62	-	-	10035.33	8388.70
Inter Segment Revenue					8.81	3.69					(8.81)	(3.69)		
Net Revenue from Operations	9362.48	7683.84	289.95	299.35	210.00	190.89	-	86.69	181.71	131.62	(8.81)	(3.69)	10035.33	8388.70
Segment result	4320.79	3384.33	163.36	165.28	45.77	33.42	-	20.19	50.88	122.36	-	-	4580.80	3725.58
Unallocated Corporate interest and other income													88.72	118.91

OTHER NOTES (contd...)

(₹ in crore)

	Business Segments										Elimination		Total	
	Transmission		Consultancy		Telecom		RLDCs *		ULDCs		Current	Previous	Current	Previous
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Unallocated corporate expenses, interest and finance charges													71.92	19.76
Profit Before Tax													4597.60	3824.73
Provision for Tax													1342.65	1127.84
Profit after Tax													3254.95	2696.89
Other information:														
Segment Assets	81563.84	65063.29	2941.03	3071.98	817.29	791.75	-	136.94	1009.20	1021.31			86331.36	70085.27
Unallocated Corporate and other assets													5884.72	5636.30
Total Assets													92216.08	75721.57
Segment Liabilities:	61020.57	46849.23	1772.43	2066.72	711.71	708.63	-	155.98	605.22	855.51			64109.93	50636.07
Unallocated Corporate and other liabilities													4618.37	3718.50
Total liabilities													68728.30	54354.57
Depreciation and Amortization	2432.06	2084.71	0.43	0.35	56.02	49.31	-	32.89	84.03	32.13			2572.54	2199.39
Capital Expenditure	15515.14	9810.37	0.31	0.23	80.04	62.65	-	-	60.21	2.12			15655.70	9875.37

* Transferred to Power System Operation Corporation Ltd. w.e.f. 01.10.2010.

d) The operation of the Company mainly carried out within the country and therefore there is no reportable geographical segment.

2.47 Related Party Disclosures:-

a) List of Related Parties:-

i) Key Management Personnel

Sh. R.N. Nayak	Chairman and Managing Director (w.e.f. 1 st September, 2011). He ceased to be Director (Operations) w.e.f. 1 st September, 2011
Sh. I.S. Jha	Director (Projects)
Sh. R.T. Agarwal	Director (Finance) w.e.f. 29 th July, 2011
Sh. V.M. Kaul	Director (Personnel) (Superannuated on 31 st March, 2012)
Sh. S.K. Chaturvedi	Chairman and Managing Director (Superannuated on 31 st August, 2011)
Sh. J. Sridharan	Director(Finance) (Superannuated on 30 th April, 2011)

ii) Subsidiaries:-

- Power System Operation Corporation Limited (POSOCO)
- Nagapattinam Madhugiri Transmission Company Limited

iii) Joint Ventures:-

- Powerlinks Transmission Limited
- Torrent Power Grid Limited
- Jaypee Powergrid Limited
- Parbati Koldam Transmission Company Ltd

OTHER NOTES (contd...)

- v) Teestavalley Power Transmission Limited
 - vi) North East Transmission Company Limited
 - vii) National High Power Test Laboratory Private Limited
 - viii) Energy efficiency Services Limited.
- b) Transactions with the related parties at 2.47 (a) above are as follows:

(₹ in crore)

Particulars	Current year	Previous Year
Transactions during the year for services received by the company	27.39	7.67
Transactions during the year for services provided by the company*	52.50	65.34
Amount recoverable from related parties	36.51	18.02
Amount payable to related parties	37.89	17.40
Investment made during the year	72.86	97.30
Dividend Received	52.37	74.82
Deputation of Employees	0.66	Nil

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

- c) Remuneration to whole time directors including chairman and managing director is ₹ 2.10 crore previous year ₹ 1.77 crore) and amount of dues outstanding to the Company as on 31st March, 2012 are ₹ 0.05 crore (previous year ₹ 0.07 crore).

2.48 Disclosures regarding leases

a) Finance Leases :-

Long Term Loans and Advances and Short Term Loans and Advances include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 “Leases” notified under the Companies Act, 1956. The reconciliation of the lease receivables (as per project cost data submitted to / approved by CERC for tariff fixation) is as under:

(₹ in crore)

Particulars	Amount as on 31.03.2012	Amount as on 31.03.2011
Gross value of assets acquired and leased at the beginning of the year.	994.06	989.03
Add Adjustment for gross value of assets acquired prior to the beginning of the year.	1.86	5.03
Revised Gross value of the assets at the beginning of the year.	995.92	994.06
Less Capital recovery provided up to the beginning of the year.	390.23	325.51
Add Capital recovery for assets acquired prior to the beginning of the year.	78.98	2.06
Revised Capital recovery provided up to the beginning of the year.	469.21	327.57
Capital recovery outstanding as on 31 st March of last financial year.	526.71	666.49
Less Capital recovery for the current year.	113.24	62.66
Lease receivables	413.47	603.83

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2012 for each of the periods are as under:

(₹ in crore)

Particulars	Amount as on 31.03.2012	Amount as on 31.03.2011
Gross investment in Lease	531.02	819.40
Un-earned Finance Income	117.55	215.57
Present value of Minimum Lease Payment (MLP)	413.47	603.83

The unearned finance income as on 31st March, 2012 is ₹ 117.55 crore (previous year ₹ 215.57 crore).

OTHER NOTES (contd...)

The value of contractual maturity of such leases as per AS-19 are as under :

(₹ in crore)

Particulars	Gross Investment in Lease		Present Value of MLPs	
	2011-12	2010-11	2011-12	2010-11
Not later than one year	90.67	114.83	59.55	67.31
Later than one year and not later than five years	341.90	459.30	266.40	322.14
Later than five years	98.45	245.27	87.52	214.38
Total	531.02	819.40	413.47	603.83

b) Operating leases:-

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 32.40 crore (previous Year ₹ 26.67 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 8.14 crore (previous Year ₹ 6.27 crore) in respect of premises for offices and guest house/transit camps are shown under Rent in Note 2.30 Transmission, Administration and Other expenses.

2.49 The elements considered in calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit after tax used as numerator (₹ in crore)	3254.95	2696.89
Weighted average number of equity shares used a denominator	4629725353	4357592057
Earning per share (Basic & Diluted) (in ₹)	7.03	6.19
Face Value per share (in ₹)	10.00	10.00

2.50 Interest in Joint Ventures

Joint Venture entities

Name of the company	Proportion (%) of ownership as on	
	31.03.2012	31.03.2011
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid Limited	26%	26%
Jaypee Powergrid Limited	26%	26%
Parbati Koldam Transmission Company Ltd	26%	26%
Teestavalley Power Transmission Limited *	26%	26%
North East Transmission Company Limited	26%	26%
National High Power Test Laboratory Private Limited	25%	25%
Energy Efficiency Services Limited	25%	25%

* The accounts are unaudited

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The above joint venture companies are incorporated in India. The company's share in assets, liabilities, contingent liabilities and capital commitment as on 31st March 2012 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

OTHER NOTES (contd...)

	(₹ in crore)	
	31.03.2012	31.03.2011
A. Assets		
• Non Current Assets		
Fixed Assets	1415.76	1119.93
Long term loans and advances	37.50	30.64
• Current Assets	166.14	179.78
Total	1619.40	1330.35
B. Equity and Liabilities		
• Shareholders fund	524.14	444.63
• Non current liabilities	942.76	740.08
• Current Liabilities	152.50	145.64
Total	1619.40	1330.35
C. Contingent Liabilities	9.58	0.10
D. Capital Commitments	231.23	305.49
E. Income	Current Year 164.09	Previous Year 157.88
F. Expenses(Including provision for taxes)	105.67	104.95

- 2.51 In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of transmission activity & telecom activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 & 2006-07 respectively and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. The company has assessed as on the Balance Sheet date whether there are any indications with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore no formal estimate of recoverable amount has been made. Accordingly, no impairment loss has been provided in the accounts.
- 2.52 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 41949.50 crore (previous year ₹ 30612.06 crore).
- 2.53 Contingent Liabilities
1. Claims against the Company not acknowledged as debts in respect of :
 - i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company for ₹ 73.15 crore (previous year ₹ 1780.92 crore) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The Company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources, if any, for settlement of such claims pending resolution.
 - ii) Land Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ 1765.09 crore (previous year ₹ 1328.87 crore) has been estimated.
 - iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 11.72 crore (previous year ₹ 52.92 crore) has been estimated.
 - iv) Disputed Tax/Sales Tax/Excise Matters

Disputed Income Tax/Sales Tax/Excise Matters are pending before various Appellate Authorities amounting to ₹ 257.86 crore (previous year ₹ 102.57 crore) are disputed by the Company and contested before various Appellate Authorities. Many of these matters are disposed off in favour of the company but are disputed before higher authorities by the concerned departments.



OTHER NOTES (contd...)

v) Others

- a) Other contingent liabilities amounts to ₹ 80.16 crore (previous year ₹ 105.98 crore)
 b) Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

2. Special purpose vehicle (SPV) company namely Nagapattinam Madugiri Transmission Company Ltd. (wholly owned subsidiary) has been taken over to carry over the business awarded under Tariff based bidding. Bank guarantee of ₹ 45.00 crore has been given by the company on behalf of SPV towards performance of the work awarded.

2.54 a) **VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

(₹ in crore)		
	Current Year	Previous Year
i) Capital Goods	2164.70	1820.36
ii) Spare Parts	26.49	2.95

b) **EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

(₹ in crore)		
	Current Year	Previous Year
i) Professional and Consultancy fees	Nil	1.76
ii) Interest	152.30	153.19
iii) Others	22.89	9.36

c) **VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :**

(₹ in crore)				
	%	Current Year	%	Previous Year
i) Imported	2.55%	1.32	7.12%	2.85
ii) Indigenous (Including fuel)	97.45%	50.45	92.88%	36.49

d) **EARNINGS IN FOREIGN EXCHANGE**

(₹ in crore)		
	Current Year	Previous Year
Interest	Nil	0.01
Consultancy Fee	9.65	19.37

- 2.55 a) Figures have been rounded off to nearest rupees in crore up to two decimal.

- b) Previous year figures have been regrouped / rearranged wherever considered necessary.

For and on behalf of the Board of Directors

(Divya Tandon)
Company secretary

(R.T. Agarwal)
Director (Finance)

(R. N. Nayak)
Chairman & Managing Director

For S.K. Mehta & Co.
Chartered Accountants
Firm Regn No. 000478 N

As per our report of even date
For Chatterjee & Co.
Chartered Accountants
Firm Regn No. 302114 E

For Sagar & Associates
Chartered Accountants
Firm Regn No. 003510 S

(S.K.Mehta)
Partner
Membership No. 010870

(S.K.Chatterjee)
Partner
Membership No. 003124

(V.Vidyasagar Babu)
Partner
Membership No. 027357

Place: New Delhi

Date: 29th May, 2012

Auditors' Report

To the Members of
Power Grid Corporation of India Limited

1. We have audited the attached Balance Sheet of Power Grid Corporation of India Limited as at 31st March, 2012, and the Statement of Profit and Loss and also the Cash Flow Statement 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 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 misstatements. 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. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub section (4A) of section 227 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.
4. We draw attention to Note No. 2.25(a) & 2.25(c) in respect of provisional recognition of revenue from transmission charges.
5. Further to our comments in the annexure referred to in paragraph 3 above, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - e) Being a Government Company, pursuant 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 Company;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with Accounting Policies and Notes on Accounts annexed thereto 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S. K. MEHTA & CO.
Chartered Accountants
Firm Registration No. 000478N

For CHATTERJEE & CO.
Chartered Accountants
Firm Registration No. 302114E

For SAGAR & ASSOCIATES
Chartered Accountants
Firm Registration No. 003510S

(S.K. Mehta)
Partner
Membership No. 010870

(S.K. Chatterjee)
Partner
Membership No. 003124

(V. Vidyasagar Babu)
Partner
Membership No. 007357

Place: New Delhi

Dated: 29th May, 2012

Annexure to the Auditors' Report

RE: POWER GRID CORPORATION OF INDIA LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- (i) a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situation of Fixed Assets.
- b) The fixed assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled/ adjusted in the books of account. In our opinion, frequency of verification is reasonable.
- c) During the year the company has not disposed off substantial part of its Fixed Assets.
- (ii) a) Physical verification of inventories lying with the company has been conducted during the year by the external agencies. In respect of material lying with contractors, company is having system of obtaining confirmation from contractors on periodic basis. In our opinion system and frequency of verification is reasonable.
- b) The procedures of physical verification of inventories, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of the inventories have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- In view of above, other paragraphs of clause (iii) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and income from sales of services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the underlying internal control systems. However process of contract closing work needs to be further expedited.
- (v) According to the information and explanations given to us, there are no contracts or arrangements during the year referred to in section 301 of the Companies Act 1956, to be entered in the register maintained under that section. In view of above other paragraphs of clause (v) of paragraph 4 of the Order are not applicable.
- (vi) Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956, and rules framed there under, does not arise.
- (vii) The Company has an Internal Audit system. In our opinion, the scope and coverage of Internal Audit are commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956, in respect of Transmission & Telecom Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31st March, 2012 for a period of more than six months from the date they became payable. As informed, provisions of the Employees State Insurance Act are not applicable to the Company.
- b) According to information and explanations given to us, following disputed demands of income tax / sales tax / customs duty / wealth tax / service tax / excise duty / cess dues have not been deposited:

Nature of dues	Amount (₹ in crore)	Forum where the disputes are pending
Entry Tax	0.02	Appellate Board, Commercial Tax Department, Madhya Pradesh
Entry Tax	1.05	Dy. Commissioner (Appeals), Commercial Tax Department, Madhya Pradesh
Entry Tax	11.40	Joint Commissioner of Commercial Tax (Appeal), Patna

Annexure to the Auditors' Report (contd...)

Nature of dues	Amount (₹ in crore)	Forum where the disputes are pending
Entry Tax	5.98	Honbl. High Court, Punjab & Haryana
Sales Tax	33.89	J&K State, Sales Tax Appellate Tribunal
Sales Tax	18.51	Dy. Commissioner of Sales Tax (Appeal), Jammu, J&K State
Service Tax	1.57	Commissioner of Central Excise, Patna
Diversion Tax (For non-agriculture use of land)	2.23	S D O, Itarsi
Income Tax	160.84	Commissioner of Income Tax (Appeals), Delhi.
Income Tax	2.60	Income Tax Appellate Tribunal, Delhi.
Total	238.09	

- (x) The Company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit, and also in the immediately preceding financial year.
- (xi) On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or nidhi/ mutual benefit fund/society. Accordingly, Clause (xiii) of paragraph 4 of the Order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause (xiv) of paragraph 4 of the Order is not applicable.
- (xv) In the case of Power Link Transmission Limited, wherein the Company has pledged its shares in favour of financial institutions for financial assistance obtained by the said company, as per the terms and conditions of Joint Venture agreement. According to the information and explanations given to us, except the above, the Company has not given any guarantee for loans taken by others from banks or financial institutions. In our opinion and to the best of our information and according to explanations given to us, the terms and conditions of the above share pledge agreement are not, prime facie, prejudicial to the interest of the company.
- (xvi) In our opinion on an overall basis and according to the information and explanations given to us, the company has applied the term loans for the purpose, they were raised during the year.
- (xvii) In our opinion, on an overall basis, and according to the information and explanations given to us, the company has not used the funds raised on short term basis for long term investment.
- (xviii) 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.
- (xix) The Company has not issued any debentures. However, in respect of certain bonds raised during the year amounting to ₹ 2,655 crore security/ charge is yet to be created.
- (xx) The end use of money raised by Follow-on Public Offer during the year 2010-11 as stated in the draft prospectus filed with SEBI and offer document are disclosed in the Note No. 2.34 to the financial statements and the same has been duly verified by us.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. K. MEHTA & CO.
Chartered Accountants
Firm Registration No. 000478N

For CHATTERJEE & CO.
Chartered Accountants
Firm Registration No. 302114E

For SAGAR & ASSOCIATES
Chartered Accountants
Firm Registration No. 003510S

(S.K. Mehta)
Partner
Membership No. 010870

(S.K. Chatterjee)
Partner
Membership No. 003124

(V. Vidyasagar Babu)
Partner
Membership No. 027357

Place: New Delhi

Dated: 29th May, 2012



Power System Operation Corporation Limited - Subsidiary Company

Directors' Report

To,

The Members,

I, on behalf of the Board of Directors' present the third Report of Power System Operation Corporation Limited (POSOCO) together with the audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the Financial Year 2011-12.

Your Company has been incorporated for independent and neutral operation of the Power System. Ministry of Power vide its notification dated 27.9.2010 notified that POSOCO shall operate the five Regional Load Despatch Centres (RLDCs) and the National Load Despatch Centre (NLDC) w.e.f. 1.10.2010. There are five regional grids, namely North, West, East, North-East and South. First four of the above five regional electricity grids are operating in a synchronous mode since 26th August, 2006 and the interconnection is called the 'NEW Grid'. The Southern Regional Grid is presently connected to the NEW Grid through several High Voltage Direct Current (HVDC) asynchronous ties and a few AC lines in radial mode. As per the Electricity Act, 2003 RLDCs are Apex bodies to ensure integrated operation in the concerned region. NLDC has been designated as Apex body to ensure integrated operation of National Power System vide Ministry of Power notification dated 2.3.2005. The RLDCs are responsible for carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the Grid Standards and the Grid Code notified by the Central Electricity Regulatory Commission (CERC).

POSOCO is committed to ensure Integrated Operation of Regional and National Power Systems to facilitate transfer of electric power within and across the regions and trans-national exchange of power with Reliability, Security and Economy and fulfilling the various other functions assigned by the Govt. of India, from time to time.

Your Company had signed its maiden MoU in accordance with the DPE guidelines with POWERGRID, the Holding Company for 2011-12. I am happy to share that your Company is poised to get "Excellent MoU rating" for 2011-12. The MoU for the F.Y. 2012-13 was signed on 26th March, 2012. The MoU includes various targets to be achieved by POSOCO during the FY 2012-13, including financial parameters, dynamic parameters and enterprise specific & efficiency parameters applicable to POSOCO. In compliance with the DPE Guidelines, the mandatory non-financial parameters i.e. CSR, R&D and Sustainable Development have also been included in the MoU for the first time.

Revenue stream of POSOCO

Financial independence is of utmost importance to an organisation to work in an unbiased manner. It is in this context, CERC notified 'Fee and Charges of Regional Load Despatch Centres and other Related Matters' Regulations in Sept'09. The Regulations have ensured an independent revenue stream and financial autonomy for the Company. Eighty four generating stations, forty five distribution licensees and thirteen inter-state transmission licensees availing the services of the RLDCs and NLDC shall be paying the charges of the RLDCs and NLDC totalling to ₹ 934 Crore for the control period 2009-14.

Financial Highlights

	₹ Crore	
	2011-12	2010-11 (six months)
Turnover	214.34	115.71
Gross Margin	99.98	58.56
Depreciation	20.11	30.92
Prior period income	(5.76)	--
Profit before Interest and Taxes (PBIT)	85.63	27.64
Finance cost	5.74	1.23
Profit Before Tax (PBT)	79.89	26.41
Profit After Tax (PAT)	50.52	11.21
Gross Fixed Assets	281.49	276.78
Debt	0.00	40.31
Net Worth	46.52	30.64

Dividend Payout

Your Board of Directors have recommended a final dividend of ₹1.5 per share for the year 2011-12 in addition to an interim dividend of ₹1.5 per share paid in March, 2012. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend pay-out for the year amounts to ₹9.2 Crore.

Operational feedback

National Load Despatch Rules, 2005 specifies providing Operational Feedback for National Grid Planning to Central Electricity Authority and Central Transmission Utility as one of the functions of NLDC. Quarterly Feedback on Transmission Constraints is being submitted to CEA & CTU at regular intervals. NLDC has submitted Operational Feedbacks on various issues, like feedback on Transmission Constraints, requirement of Special Protection Schemes, Market and Operational Issues, Dedicated lines for Transmission systems and Need for a generic Treatment of such lines in case the same is shared by two or more users or Operates in parallel to the ISTS Lines and Synchro-phasor- Initiatives in India.

Frequency Response Characteristic (FRC)

Frequency Response Characteristic (FRC) is a measure of the natural change in frequency to a given mismatch in load and generation. Frequency response in an electric power system is essentially provided by natural damping of loads with frequency and primary response of generators. The importance of primary response has been brought out in the CERC (Indian Electricity Grid Code) Regulations, 2010.

A draft procedure developed by the RLDCs in accordance with the directions of CERC for monitoring of control area wise FRC after discussions in the meeting of Forum of Load Despatchers (FOLD) held in June '12 had been circulated among all the stakeholders for their comments/ inputs and has been submitted to CERC.

Implementing Agency for Sharing of Inter state Transmission Charges & Losses –POC Mechanism

NLDC as Implementing Agency for implementing Sharing of Inter State Transmission Charges and Losses submitted the computations of Point of Connection (PoC) Charges and Losses in June, 2011 for implementation of the same for 2011-12 which were notified by CERC w.e.f.1.7.2011. Subsequently, the computations of Point of Connection (PoC) Charges and Losses were also carried out for first half of 2012-2013 and the results were submitted to CERC. The new PoC rates and PoC losses were implemented w.e.f. 1st April, 2012.

CAPEX Utilization

CERC has approved Capital Expenditure (CAPEX) for up-gradation of SCADA/ EMS, IT System, Civil work etc. Major expenditure under CAPEX is for replacement of the existing SCADA system of the RLDCs. The SCADA schemes are being implemented in a unified manner in all the regions. Process of placement of LoAs has been initiated. Your Company shall endeavour to achieve the utilization of the CAPEX approved by the CERC during the control period (i.e. 2009-14).

Participation in Regulatory Reforms Process

The RLDCs and NLDC have been giving feedback and inputs at various stages of formulation of the regulations pertaining to the design and operational aspects. The RLDCs and NLDC make best efforts towards implementing these Regulations in letter and spirit through feedbacks and participation in the Regulatory process. During the year, POSOCO has given comments to CERC on a number of Regulations, viz. Sharing of Inter State Transmission Charges and Losses, Indian Electricity Grid Code, UI & Related Matters, Grant of connectivity, Medium Term Open Access and Long term Access and Sharing of Inter State Transmission Charges and Losses.

Renewable Energy Certificate (REC) Mechanism

REC is a market based instrument which will accelerate new investments in Renewable Energy Sector and introduce competition in purchase of renewable energy. Under this mechanism, the RE generator can now sell the electricity component locally at the price of conventional electricity and trade the environmental attribute in the form of REC separately. NLDC, as Central Agency is the administrator of this mechanism and is responsible for registration of eligible entities, issuance of certificates and maintaining and settling accounts in respect of certificates. The trading of RECs through Power Exchanges is facilitated by NLDC.

As on 30th June, 2012, 606 RE Generators have been 'Accredited' with a total capacity of 3220 MW; 486 RE generators with cumulative capacity of 2773 MW have been 'Registered' and more than 16.6 lakh RECs (non-solar) and 573 Solar RECs have been issued. About 15 lakh RECs worth ₹400Crore were traded and redeemed in sixteen successful REC trades that have taken place up to 30.06.2012.

Quality

In our endeavour to provide quality services to its valued stakeholders, the areas requiring improvement are identified and immediately addressed. Your Company is certified with Integrated Management System as per Publicly Available Specification, PAS 99:2006 integrating requirement of ISO 9001:2008 for Quality, ISO 14001:2004 for Environment Management, OHSAS 18001:2007 for Safety and Health Management System.

Participation at International Forums

Your Company participated in various international forums like TSO Comparison Group for the International Benchmarking of Transmission System Operators and Very Large Power Grid Operators (VLPGO) group comprising of the 14 largest international power grid operators for sharing of best practices, energy cooperation in the SAARC region and the development of a SAARC Electricity Market, Colloquium of the CIGRE Study Committee B5 organized at Lausanne, Switzerland, FERC Conference on Increasing Market and Planning Efficiency held at Washington.

Several training programmes and visits were organised for distinguished foreign delegates from countries like Bhutan, Myanmar, Bangladesh, Mauritius, Kenya, Sierra Leone, Syria, Ghana, Dominican, Zimbabwe, China.

Forum of Load Despatchers (FOLD)

A SCADA Conclave was organised by FOLD in June'11. The conclave was aimed at gathering information on the latest technologies available in the field of SCADA-EMS. A Workshop on Common Information Model (CIM) was also organised in Sept'11 at New Delhi. The workshop focused on gathering knowledge on the latest technologies and vendor's perspective.

Leveraging Technology: System Logistics

Increased complexity of Power System has necessitated the need for time synchronized measurements using wide area measurements (WAMS) technologies. Synchrophasor measurements are provided by PMU (Phasor Measurement Units) and enable us to understand the dynamic behaviour of the system. Presently, fourteen PMUs have been commissioned. Placement of PMUs at more than fifty locations with PDCs at all RLDCs and NLDC has been envisaged under the pilot projects taken up by the RLDCs during 2012-13. NLDC shall be equipped with all the PMU data to be installed under the pilot projects with required visualization.

Replacement and up-gradation of existing SCADA/EMS system in the RLDCs is under progress. The new SCADA systems at all the RLDCs are expected to be commissioned by the end of the control period i.e. 2013-14.

Employees – our Assets

POSOCO being a Knowledge based Organisation, Human Capital are POSOCO's most valued resource. POSOCO is committed to ensuring a motivated and engaged workforce. A special focus on Employee Development is in place and the employees are kept informed on technological developments and updation. Employee development activities such as workshops, symposia, conferences, presentations etc. had been organised during the year for continual capacity building and capability enhancement of employees. Conferences were held on Transmission Pricing, FGMO and Black Start and several other Power System related topics, Renewable Energy Certificate Mechanism, Ancillary Services and other technology related topics.

Power System Operator Training Programme was organised for Load Despatchers. The faculty included recognised field experts from Industry, Academia, LDCs and Regulatory Bodies. More than 200 participants from State Load Despatch Centres (SLDCs), RLDCs and NLDC attended the training at PSTI, Bangalore in 2011. Subsequently, an all India online Power System Operator Certification Exam was held on 6th November 2011, wherein 111 System Operators from POSOCO were successfully certified. The successfully certified System Operators were conferred certificates by Hon'ble Union Minister of State for Power in a Conferment Ceremony held on Feb'12.

Internationally recognised field experts from academia and Industry have been invited to visit RLDCs and NLDC and interact with employees to keep our employees updated about the latest development in technology, best practices and trends.

Inter-RLDC Cultural Meet and Handicraft Exhibition was organized in Oct'11 at Kolkata. The team from POSOCO was declared the winner in the POWERGRID Inter Regional Cultural Meet, 2011 held in Nov'11. POSOCO Teams participated in various sports events organised by POWERGRID and were the winners of POWERGRID Inter Regional Carom tournament. Other employee engagement Activities like Outbound visits with employees and families, quiz contests and celebration of National Festivals have been regularly organized by the RLDCs and NLDC

POSOCO was represented in GRIDTECH, 2011 held at New Delhi in April'11 to showcase its functions, activities and advancements in Power System Operation Technology in India. POSOCO also participated in 5th Renewable Energy India Expo held at New Delhi in August'11 and the 3rd International Wind Conference organized at Coimbatore in February'12 and bagged the award for best pavilion for REC Mechanism.

Rajbhasha Related Activities

Rajbhasha Activities were organized at POSOCO to motivate employees and promote Rajbhasha. Your Company is committed to implementation of Govt. of India's Rajbhasha policy. In a maiden and novel effort, the all India Power System Network Map at NLDC which displays real time data, was made bi-Lingual and names of cities, substations, generating stations, states etc. are now displayed

in Hindi in the SCADA Map at NLDC Control Room. Several activities such as 'Kavi Sammelan', workshops and conferences etc were organized. Hindi Pakhwara was celebrated in all the RLDCs and NLDC wherein series of Inspirational Talks, seminars, symposia and competition for employees were organized. Six employees from ERLDC qualified the Praveen exam.

Employee Welfare

Part time medical consultants have been appointed across POSOCO for the benefit of all employees. Shrishti Mahila Samiti at SRLDC, Bangalore made Donations to Old Age Home on the occasion of Republic Day and donated Public Address System to *Deena Seva Sangha*.

Corporate Social Responsibility

Your Company has proposed an allocation of three percent (3%) based on the Profit After Tax (PAT) for the F.Y. 2011-12 and the same shall be adjusted from LDC Development Fund subject to approval of CERC. The implementation of CSR being made by your Company for the first time, an approach paper on CSR has been prepared. The CSR and Sustainable Development are mandatory activities as per the DPE guidelines and form part of the MoU of POSOCO for the year 2012-13.

Sustainable Development

Being the subsidiary of POWERGRID, ESPP of POWERGRID is followed for implementation of SD activities. The SD Projects / activities for the FY 2012-13 include Energy Audit of NLDC/RLDCs for Energy Conservation, Voluntary Procurement of Renewable Energy Certificates, training of employees on aspects of SD, Biodiversity Conservation – Afforestation – Plantation and Energy Management – Solar Lighting System. An allocation of 0.5% of Profit After Tax of the F.Y. 2011-12 has been proposed for financial year 2012-13 in terms of the MoU with POWERGRID and the same shall be adjusted from LDC Development Fund subject to approval of CERC.

Research & Development

Being the subsidiary of POWERGRID, the R&D Policy of POWERGRID shall be followed for implementation of R&D activities. An amount of 0.5% of Profit after Tax of the Financial Year 2011-12 has been allocated for implementation of R&D activities of POSOCO. The expenses incurred on this account shall be met from LDC Development Fund in accordance with the Regulation 9 (3) of RLDC Fee and Charges Regulations of CERC.

Management Discussion and Analysis

In addition to the issues in the Directors' Report, some issues have been brought out in report on Management Discussion & Analysis placed at **Annexure – I**.

Particulars of employees – Sec 217(2A)

Being a wholly owned subsidiary of POWERGRID, the manpower has been provided by POWERGRID on secondment basis. Policies, all other benefits/welfare schemes applicable to the employees posted in POSOCO, shall continue to be the same as that of the parent organisation i.e. POWERGRID. The disclosure under Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is enclosed at **Annexure-II**.

Conservation of energy, technology absorption and foreign exchange earning & outgo

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are enclosed at **Annexure-III**.

Auditor's report and CAG's Comments

The Statutory Auditors' Report to the shareholders does not contain any qualifications.

The Office of Principal Director of Commercial Audit and Ex-officio Member, Audit Board-III, CAG vide letter dated 12th June, 2012 communicated that they have no comments to make under Section 619(4) of the Companies Act, 1956. Comments of the Comptroller & Auditor General of India are enclosed at **Annex-IV**.

Corporate Governance

A Report on the Corporate Governance (**Annexure V**) forming part of this report, together with the Certificate thereon is given at **Annexure VI** to this Report.

Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:



- i) In the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s B.C. Jain & Co., Chartered Accountants, Kanpur, were appointed by C&AG as Statutory Auditors of the Company for the F.Y. 2011-2012.

POSOCO's Board

During the year, Shri R.N. Nayak, CMD, POWERGRID took over as Chairman, POSOCO w.e.f. 01.09.2011. Shri S. K. Chaturvedi, demitted the office of CMD POWERGRID and resigned from the Directorship of POSOCO w.e.f. 31.08.2011. Shri J. Sridharan, superannuated from POWERGRID as Director (Finance) and resigned from the Directorship of POSOCO w.e.f. 30.04.2011. Shri F.A. Vandrevala, independent Director, POWERGRID, resigned w.e.f. 10.07.2011 (F/N) upon the completion of his tenure in POWERGRID.

Shri R.T. Agarwal, who was appointed as an additional Director on the Board of POSOCO w.e.f. 16.05.2011, was appointed as a Director in terms of Section 257 of the Companies Act at the AGM held on 24.08.2011. Shri I.S. Jha, Director (Projects), POWERGRID was appointed as additional Director on the Board of POSOCO w.e.f. 01.09.2011. Shri Santosh Saraf, independent Director, POWERGRID was appointed as an additional Director on the Board of POSOCO w.e.f. 26.03.2012.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 read with Article 40d(ii) of the Articles of Association of the Company, Shri R.N. Nayak, Chairman, shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

At present, Shri R.N. Nayak, Shri R.T. Agarwal, Shri I.S. Jha and Shri Santosh Saraf are on the Board of the Company.

Acknowledgement

The Board extends its sincere thanks to Ministry of Power, DPE, CEA, CERC, Regional Power Committees and other stakeholders for extending their valuable support in operating the power system of the country, discharging the other functions assigned to POSOCO and above all, POWERGRID for their patronage and directions.

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED


(R.N. Nayak)
Chairman

Date : 27.07.2012

Place: New Delhi

Management Discussion and Analysis

Indian Power Sector is growing at a fast pace and the business environment is changing rapidly under Regulatory oversight. The complexity of the national power system is expected to increase with more interconnections, bulk power transfer corridors, international interconnections, higher transmission voltages, new technologies in generation and transmission, increasing presence of renewable energy sources, large size generation projects, system protection schemes and Smart Grid technologies. Further, the increase in competition among participants and evolving market mechanisms are likely to increase the pressure on system operators. The challenge would be to adapt to the changing paradigm and to facilitate the functioning of the electricity market without compromising grid security and reliability.

The Electricity Act, 2003 empowers the Appropriate Commissions to specify by Regulations, the provisions for Open Access and promote the development of a market (including trading) in power. Accordingly regulations on Grant of Connectivity, Long Term Access and Medium Term Open Access, Short Term Open Access and Power Market have been notified by Central Electricity Regulatory Commission. The above initiatives have paved the way for functioning of a vibrant short – term Electricity market in the country. Surplus capacity available on the Inter-State Transmission System is available in short-term market- either through Bilateral Transactions or Collective Transactions for optimized utilization of Transmission Infrastructure. RLDCs have been designated as the nodal agency for Short Term Bilateral Transactions and NLDC for Short Term Collective Transactions.

POSOCO is committed to neutral, impartial system operation and market operation aimed at delivering value to the stakeholders by creating robust institutional systems, leveraging technologies and deploying knowledge management.

Standard Operating Procedures

The real time operation of regional/national grid is one of the main responsibilities of the RLDCs and NLDC. In line with the IEGC, NLDC and the RLDCs have developed Operating Procedures and Restoration Procedures for National and Regional Grid. These documents set out the procedures to be adopted for the integrated system operation and role of each agency and their responsibilities in grid operation. It aims at operation and development of national power system in the most efficient, economic, secure and reliable manner.

Detailed plans and procedures for restoration of the regional grids under / after partial/total blackout are being developed by RLDCs in consultation with all Users, STU,SLDC, CTU and RPC and are reviewed / updated annually.

Facilitating Market Operations

Market operation is an important function performed by the RLDCs and NLDC. RLDCs are responsible for facilitating the short term open access transaction on bilateral basis and collective transaction through Power Exchange is facilitated by NLDC. The disbursement of short term open access charges and refunds due to curtailment of short term open access transactions to the concerned entities was done by the RLDCs and NLDC within the time frame in accordance with the relevant regulations. The RLDCs operate the Regulatory Pool Account for settlement of UI Charges & VAR charges. These accounts are also settled by the RLDCs as per the periodicity provided in the relevant regulations. Reconciliation Statement for all the above accounts was also issued at regular intervals.

NLDC provides market operation data to the Market Monitoring Cell (MMC) of CERC on monthly basis.

Web Based Information Dissemination

Information dissemination is an integral part of System Operation function. POSOCO has been disseminating information through websites of RLDCs/NLDC towards declaration of transfer capability, Congestion Monitoring, schedules of regional entities, weekly loss declaration, Open Access details, status of UI Pool Account, power Supply position reports, dissemination of urgent market information, etc. The pool of information available at the respective RLDCs/NLDC websites keeps the stakeholders updated about the status of Power System in the Country.

Supervisory Control and Data Acquisition (SCADA)

SCADA systems in the RLDCs and NLDC are installed under unified system and play a vital role for operation of the power system at regional and national level. The availability of the system was ensured for more than 95% of the time. Availability of real time data to the system operator is prerequisite for reliable and secure system operation. The ability of the system operators to take decisions in real time is dependent on their situational awareness derived from the real time data.

Synchronisation of Southern Grid with NEW Grid

Currently, the southern grid of the Country is connected with the NEW grid through HVDC links. SR Grid would be synchronized with the NEW Grid after commissioning of 765 kV Raichur- Solapur line in 2013-14. This would result in merging of markets. Before the final synchronization in F.Y. 2013-14, a number of exercises and trial operations would be undertaken. The entire exercise of trial operations will require meticulous planning and analysis. Considering the enormity and complexities of the process a specialized sub-committee has been constituted comprising of the system experts from the NLDC and RLDCs. Objective of the committee is to identify strategies, conduct studies and list technical pre-requisites for synchronization.

Financial Discussion and Analysis

Comparison of Fiscal 2012 to Fiscal 2011

The figures of the current year are not comparable with previous period figures since figures of previous period was for six months only i.e. 01.10.2010 to 31.03.2011.

Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous period figures have also been reclassified to confirm to this year classification. The adoption of revised Schedule VI for the previous period figures does not impact recognition and measurement principles followed for preparation of Financial Statements.

System operation and Market operation charges comprising RLDC fees and charges are recognised on the basis of tariff approved by CERC and further adjustment made for truing up. Human Resource and Operation and Maintenance expenses component of tariff are restricted to the actual expenditure. Charges towards projected capital expenditure are restricted to charges based on actual capital expenditure. Any excess in collection of System Operation and Market Operation charges over the revenue recognised is transferred to the liability to be adjusted on truing up exercise by the CERC after the expiry of the control period.

Revenue from Operations

The revenue earned from System Operation and Market Operation and Supervision Fees for the year 2011-12 was ₹161.59 crore as against ₹ 88.97 crore in the FY 2010-11 which was for six month period. Revenue for the year has decreased proportionately as compared to revenue for six month period of 2010-11 since depreciation component of tariff of majority of assets have been recovered to the extent of 90%.

Depreciation

The depreciation has been provided on straight line method at the rates and methodology specified in the norms notified by CERC for the purpose of recovery of RLDC fees and charges except for mobile phones which have been depreciated at 33.33%. Depreciation charged in the FY 2011-12 is ₹ 20.11 crore, whereas in FY 2010-11 it was ₹ 30.92 crore. Depreciation charge has reduced since majority of assets have been depreciated to the extent of 90%.

Net Deferred Tax Assets

During the year, your company has provided ₹6.69 Cr. as net deferred tax assets. Deferred Tax Liability, mainly being the difference between Written Down Value (WDV) of assets as per books and WDV as per income tax and claimable from beneficiaries, of ₹ 15.25 Cr. has materialized during the year. The same has been accounted for as income recoverable from POWERGRID, Holding Company.

LDC Development Fund

In line with CERC (RLDC Fee and Charges) Regulation, 2009, LDC Development Fund of ₹ 94.97 crore is accrued (gross) in LDC Development Fund out of Gross Income for the FY 2011-12. ₹ 94.97 crore includes ROE, IOL, Depreciation and Other Income. The fund has been utilised towards loan/interest repayment of ₹ 41.20 Crore, income tax of ₹ 14.12 Crore (after adjustment of ₹ 15.25 Crore of deferred tax), dividend of ₹ 10.69 Crore (including dividend tax), & CAPEX ₹ 5.02 Crore resulting in net accretion of ₹ 23.95 Crore to LDC Development Fund.

Profit before Tax

Your company's profit before tax in F.Y. 2011-2012 was ₹79.89 crore.

Profit after Tax

Your company's Profit after Tax in F.Y. 2011- 2012 was ₹ 50.52 crore.

Net Cash from Operating Activities

The operating profit before working capital changes is ₹105.05 crore. However, the negative cash from Operating activities of ₹254.87 crore is mainly due to reduction of ₹ 318.01 crore in liabilities in respect of designated accounts of UI/RE/IRE/Congestion – operated and maintained in terms of CERC Regulations.

Net Cash from Investing Activities

There is no major expenditure incurred during the year on replacement / modernization of machinery and equipment. Cash flow of ₹8.26 crore is mainly on account of purchase of furniture and data processing equipment's.

Net Cash from Financing Activities

In F.Y. 2011-2012, your Company has repaid the entire long term borrowing of ₹40.31 crore in relation to the assets taken over and also short term borrowing of ₹ 49.04 crore from the Holding Company. A sum of ₹ 8.16 crore has been utilized for payment of dividend and dividend tax.

Selected Balance Sheet Items

Fixed Assets:

Your Company's Net fixed assets as on 31st March, 2012 were ₹ 39.24 Crore as against ₹ 51.14 crore as on 31st March 2011. The fixed assets consist mainly of SCADA Hardware and Software.

Loans and Advances

Your Company's total loans and advances (short term and long term) as on 31st March, 2012 were ₹ 109.51 Crore against ₹ 46.50 in the FY 2010-11. The increase is mainly on account of payment of advance tax and TDS for the year.

Other Current Assets

Our other current assets as on 31st March, 2012 were ₹ 13.98 Crore against ₹ 11.90 crore as on 31st March 2011 which mainly includes accrued interest on flexi deposits with banks.

Sundry Debtors

Sundry Debtors as on 31st March 2012 reduced to ₹ 21.72 Crore against ₹ 90.02crore as on 31st March 2011.The reduction is mainly on account of realization of dues on tariff notification by CERC.

Unsecured loan

Our company's unsecured loans and advances (considered good) were ₹ 5.57 crore against ₹18.99 crore as on 31st March 2011.

Other Current liabilities

Your company's other current liabilities as on 31st March, 2012 were ₹ 622.43 Crore as against ₹ 951.43 crore as on 31st March 2011. The reduction is mainly on account of decrease in liabilities in respect of UI/RE/IRE/Congestion accounts which are operated and maintained in terms of CERC Regulations.

Other Long term liabilities

The other long term liabilities during the FY 2011-12 were ₹ 23.57 crore comprising of ₹ 19.81 crore liability on account of truing up.

Contingent liability

The contingent liability of ₹ 3.02 Crore is towards the demand of Rent for the office and staff quarters accommodation raised by the WRPC, Mumbai for the period up to F.Y. 2011-12 which is disputed by the Company and the Company has sought for the transfer of the ownership of office accommodation and residential quarters before the Ministry of Power, Govt. of India. However, no decision has come so far.

Internal Control

Internal control mechanism is in place in POSOCO to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. Internal Audit and Physical Verification Audit for the Financial Year 2011-12 had been carried out by experienced firms of Chartered Accountants. One independent Director on the Board of POWERGRID has been nominated on the Audit Committee the Company in terms of the Company's Articles of Association.

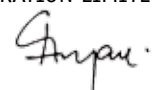
Risk Management Procedure

The Enterprise Risk Management Policy & Procedures of POWERGRID is being followed by POSOCO.

Cautionary Statement

Statements in the Management Discussion and Analysis and Directors' Report describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED


(R.N. Nayak)
Chairman

Date :27.07.2012

Place: New Delhi

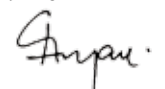
Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 for the year 2011-12

Sl. No.	Name (Sh./Smt.)	Designation & Nature of duties	Qualification	Remuneration (₹ per month)	Experience (Years)	Date of Commencement of employment (in POWERGRID)	Age (Years)	Last employment held
Employed for part of the year								
1	Arun Talwar	Ch.Mgr.(F&A)	B.Com(H),Depart. Exam,'87	8,22,213/-	31 yrs.	16-Aug-91	60	NTPC
2	S.M.Puri	Mgr.	Diploma in Elect. Engg	5,28,077/-	38 Yrs.	1-Jan-96	60	CEA
3	S.Chakraborty	DGM(Comml.)	B.Com,LLB,MA,CA	5,83,349/-	27 Yrs.	7-Aug-91	60	NTPC
4	A.K.Biswas	Sr.Operator, Gr.III	Higher Secondary, Dip, in Radio, TV & Audio Technology	7,61,534/-	25 Yrs.	1-Jan-95	57	CEA
5	H.S.Siddappa	Ch.Mgr.	BE(E&C)	5,35,608/-	36 Yrs.	1-Jan-94	60	CEA
6	M.G.Raoot	ED	BE (Elect.)	11,40,509/-	32 Yrs.	1-Jan-96	60	CEA
7	P.R.Lal	Ch.Mgr.	B.Sc(Engg.)-Electrical	10,65,012/-	33 Yrs.	1-Jan-96	60	CEA

Notes:

- 1) Remuneration includes Salary, Allowances, Leave encashment, Leave travel concession, payment for the Subsidised leased accomodations, reimbursement of medical expenses to employees and employer's contribution to Provident fund and other funds. In addition, employees are entitled to Gratuity/Group Insurance in accordance with Company's rules.
- 2) None of the Employees listed above is related to any of the Directors of the Company.
- 3) Remuneration mentioned above is inclusive of retirement/separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED


 (R.N. Nayak)
 Chairman

Date :27.07.2012

Place: New Delhi

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, read with Section 217 (1)(e) of the Companies Act, 1956

A. Conservation of Energy:

POSOCO's facilities are spread over six control centres located at Mumbai, Delhi, Kolkata, Bangalore and Shillong. Electricity consumption is one of the major items of expenditure on Operation and Maintenance (O & M) involving an approximate outgo of ₹2.74 crore per annum. This would go up with the rise in the electricity prices. Conservation of energy is therefore an imperative for POSOCO. Most of POSOCO's facilities are housed in old buildings owned by the Govt. of India and changes in the basic structure of the building with a view to minimize the electricity consumption are limited. All RLDC's have gone for an energy audit and are implementing measures towards improving air conditioning efficiency and lighting.

NLDC as Central Agency for Renewable Energy Certificate(s)(RECs) is also looking towards corporate buying RECs as part of their sustainable development efforts. POSOCO has purchased two RECs as a first step in this initiative.

B. Research and Development:

Large Scale Integration of Renewable Generation, improving visualization and Situational Awareness (SA) at RLDCs / NLDC, designing self healing system to take care of high impact low probability incidents continue to be the areas of special interest to POSOCO. POSOCO's team at RLDCs/ NLDC have a continuous process of engagement with bodies like Very Large Power Grid operations(VLPGO), TSO-Comparison Group, CIGRE, IEEE etc. and are a part of different Working Groups(WGs) covering the above area.

Apart from system operation, POSOCO is also working towards having an electricity market in the country which fully compliments reliability and ensures economy and efficiency.


POSOCO looks forward to greater thrust in the above areas of Research and Development(R&D) and is exploring partnerships with academic institutions and research centres in India and abroad.

C. Foreign Exchange earnings and outgo:

(₹ in crore)

Foreign Exchange earning	NIL
Foreign Exchange outgo	
(i) Repair & maintenance of SCADA – EMS system of RLDCs	9.28
(ii) Foreign travel	0.06

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED


(R.N. Nayak)
Chairman

Date : 27.07.2012

Place: New Delhi



पावरग्रिड

ANNEXURE IV to the Directors' Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER SYSTEM OPERATION CORPORATION LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Power System Operation Corporation Limited, New Delhi for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Power System Operation Corporation Limited, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the Comptroller & Auditor General of India

Sd/-

(Praveen Kumar Singh)

Principal Director of Commercial Audit &

Ex-officio Member Audit Board - III,

New Delhi

Place: New Delhi

Dated: 12th June, 2012

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance.

1. The Company's Governance Philosophy

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in the Company. It is a system by which business corporations are directed and controlled. Power System Operation Corporation of India Ltd. (POSOCO) believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POSOCO's Governance process is focused towards its following mission:

"Ensure Integrated Operation of Regional and National Power Systems to facilitate transfer of electric power within and across the regions and trans-national exchange of power with Reliability, Security and Economy."

The Company has also set its Objectives in furtherance of its mission as per its role as defined in the Electricity Act, and set out by the Ministry of Power, CERC, other Regulatory / Statutory Bodies, etc. from time to time.

The Board has also constituted an Audit Committee to have better and more focused attention on financial matters.

Management Discussion and Analysis is placed at Annex -I to Directors' Report.

The Company has complied with the conditions of the Corporate Governance and the disclosure requirements in that regard are given below:

2. Board of Directors:

2.1 Size of the Board

POSOCO, being the wholly owned subsidiary Company of Power Grid Corporation of India Limited (POWERGRID) is a Government Company within the meaning of Section 617 of the Companies Act, 1956. As per Articles of Association, the composition of the Board of Directors shall be as determined by the Hon'ble President / Government of India from time to time.

In terms of Articles of Association of the Company, the strength of our Board shall not be less than three Directors but not more than fifteen Directors. These Directors may be either whole-time Directors or part-time Directors or otherwise.

2.2 Composition of the Board

As on 31st March, 2012, Shri R.N. Nayak, Shri R.T. Agarwal, Shri I.S. Jha and Shri Santosh Saraf were on the Board of the Company. Shri Santosh Saraf is the independent director of the Company.

The equity shares of the Company are not listed.

2.3 Age Limit and Tenure of Directors

The age limit of the Chairman and other Directors from the Board of POWERGRID is 60 years.

The date of appointment of the Directors who are in office as on 31st March, 2012 was as follows:

Name & Designation	Date of Joining on the Board*
Shri R.N. Nayak, Chairman	29.09.2009
Shri R.T. Agarwal, Director	16.05.2011
Shri I.S. Jha, Director	01.09.2011
Shri Santosh Saraf, Director	26.03.2012

*The Directors on the Board of POWERGRID / Officials, who have been appointed as Directors in POSOCO shall cease to be on the Board of POSOCO on completion of their tenure / superannuation / withdrawal of nomination from POWERGRID.

2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are normally held at the Registered office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. CEO, POSOCO is a special invitee to all Board meetings.

During the financial year ended 31st March, 2012, seven Board meetings were held- on 16th May, 26th July, 3rd August, 1st September and 14th October of the year 2011 and 5th January and 26th March of the year 2012. The maximum interval between any two meetings during this period was 80 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship / committee membership (viz. Audit Committee and Shareholders' Grievance Committee as per DPE Guidelines) held by them during the year 2011-12 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 24.08.2011)	No. of Other Directorship held on 31.03.12	No. of Other Committee Membership held on 31.03.12*	
					Chairman	Member
Non executive Directors						
Shri R.N. Nayak ,Chairman	7	7	Yes	7	NIL	NIL
Shri S.K. Chaturvedi, Ex- Chairman^	3	3	Yes	-	-	-
Shri R.T. Agarwal ,Director	7	6	Yes	3	1	3
Shri I.S. Jha, Director	4	4	N.A.#	3	NIL	2
Shri Santosh Saraf ^^	1	1	N.A.^^	4	3	NIL
Shri F.A. Vandrevalla^^^	1	1	N.A.^^^	-	-	-

*Including committee position of POSOCO

^Shri S.K. Chaturvedi, CMD, POWERGRID demitted office as Chairman, POSOCO pursuant to superannuation from POWERGRID on 31.08.2011.

Shri I.S. Jha joined POSOCO Board as an additional Director w.e.f. 01.09.2011.

^^Shri Santosh Saraf, independent Director was appointed as an Additional Director on the Board of the Company on 26.03.2012.

^^^Shri F.A. Vandrevalla independent Director demitted office as Director of the Company on 10.07.2011 pursuant to the completion of his tenure as independent Director in POWERGRID on 09.07.2011.

2.5 Information to be placed before the Board of Directors, inter alia, include:

The Board has complete access to any information with the Company. The information regularly supplied to the Board includes:

1. Annual operating plans and budgets and any updates.
2. Annual Accounts, Directors' Report, etc.
3. Quarterly results of the company.
4. Minutes of meetings of Audit Committee
5. Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
6. Non-compliance of any regulatory or statutory requirements, such as non -payment of dividend, etc.
7. Other materially important information.

3. Committee of the Board of Directors

POSOCO Board had constituted an Audit Committee in its meeting held on 15th March, 2011. The following are its members as on 31.03.2012:

- (i) Shri Santosh Saraf, Director- Member & Chairman
- (ii) Shri R.T. Agarwal, Director - Member
- (iii) Shri I.S. Jha, Director - Member

The powers, role, functions, etc. of the Audit Committee are governed by the Companies Act and Government Guidelines.

Meetings of Audit Committee

The Audit Committee meets at least four times in a year and not more than four months have elapsed between two meetings in that year. The quorum for the Audit Committee meetings is either two members or one third of the members of the Audit Committee whichever is greater.

Review of information by Audit Committee

The Audit Committee generally reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the auditor.

Attendance

During the financial year ended 31st March, 2012, 05 meetings of the Audit Committee were held- on 16th May, 26th July, 22nd October and 27th December of the year 2011 and 26th March, 2012 of the year 2012.

Attendance at the Audit Committee Meetings during the Financial Year 2011-12:

Name of the member	Audit Committee Meetings during the tenure	
	Held	Attended
Shri R.N. Nayak*	05	05
Shri S.K. Chaturvedi**	01	01
Shri Santosh Saraf***	01	01 [^]
Shri R.T. Agarwal	05	05
Shri I.S. Jha	03	03
Shri F.A. Vandrevala****	01	01

*Shri R.N. Nayak was member and Chairman of the Audit Committee from 22.10.2011 -26.03.2012.

**Shri S.K. Chaturvedi, Chairman POSOCO was co - opted as a member and Chairman in the Audit Committee Meeting held on 26.07.2011.

***Consequent upon the appointment of Shri Santosh Saraf as Director on the Board of the Company on 26.03.2012, the Audit Committee was re - constituted and Shri Santosh Saraf was nominated as the Chairman of the Audit Committee in the Board Meeting held on 26.03.2012.

****Shri F.A. Vandrevala, independent Director was the Chairman of the Audit Committee Meeting held on 16.05.2011.

[^] Meeting attended as Special Invitee

4. Remuneration of Directors

In the Board meeting of the Company held on 26.03.2012, sitting fee of ₹10,000/- had been approved to be paid to the independent Director on the Board of POWERGRID, who had been nominated on the Board of POSOCO. Apart from this, no remuneration is paid to any other Director.

Details of payment made towards sitting fee to the Independent Director on the Board of POWERGRID, who had been nominated on the Board of POSOCO is given below:

Name of the Director	Sitting Fees		Total
	Board Meeting	Audit Committee Meeting	
Shri Santosh Saraf	10,000/-	- [^]	10,000/-

[^] Meeting attended as a Special Invitee.

As on 3.03.2012, the **Directors' Shareholding** was as under:

Name of Director(s)	No. of Equity Shares Held [^]	
	As a Nominee of POWERGRID	Individual Capacity
Shri R.N. Nayak,	01	-
Shri R.T. Agarwal	01	-
Shri I.S. Jha	01	-

[^]The rest of the shares are held by other nominees as per nominations made by POWERGRID from time to time.

5. General Body Meetings:

POSOCO has been set up as a wholly owned subsidiary of POWERGRID in terms of Govt. Directives dt. 04.07.2008 for system operations. The Company obtained the Certificate of Commencement of Business on 23.03.2010.

Date, time and location of the Annual General Meeting since then is as under:

Year	Date	Time	Venue	Special Resolution
2009-2010	23rd September, 2010	4.30 p.m.	1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2010-2011	24th August, 2011	10.00 a.m	1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL

6. Disclosures

- (I) Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.
- (II) The CEO of the Company has certified the financial statements to the Board.
- (III) POSOCO does not have any material non listed Indian Subsidiary Company.
- (IV) There are no material individual transactions with related parties which are not in the normal course of business.
- (V) There are no material individual transactions with related parties or others, which are on an arm's length basis.
- (VI) There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the year.
- (VII) The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the financial year 2011-12 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

7. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site.

Information and latest updates and announcements made by the Company can be accessed at Company's website: [http:// posoco.in](http://posoco.in).

8. Code of Conduct

The Board of Directors of POWERGRID, the holding Company has laid down two separate Code of Business Conduct and Ethics – one for Board Members and another for Senior Management Personnel. The Code of Conduct applicable to POWERGRID is being followed.

9. Shareholders' Information

i) Annual General Meeting

Date : 7th September, 2012
 Time : 11.30 a.m.
 Venue : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016.

ii) Financial Year

The Company's Financial Year is from 1st April to 31st March.

iii) Payment of dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 15% (₹ 1.5 per share) for the financial year ended 31st March, 2012. In addition, an Interim Dividend of 15% (₹ 1.5 per share) was paid on 30th March, 2012. (Dividend paid in the Previous Year was ₹ 1 per share)

iv) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

v) **Dividend History**

(₹ in Crore)

Year	Total Paid-up Capital	Total Amount of Dividend Paid for the Financial Year	Date of AGM in which dividend was declared	Date of Payment of Final Dividend
2010-11	30.64	3.06	24.08.2011	13.09.2011
2011-12	30.64	4.60*	26.03.2012**	30.03.2012#

* Amount of interim Dividend

** Date of Board Meeting

Date of Payment of Interim Dividend

vi) **Location of POSOCO Plants**

POSOCO has no plants.

vii) **Shareholding Pattern**


The entire shares of the Company are owned by Power Grid Corporation of India Limited.

viii) **Address for correspondence:**

Power System Operation Corporation Limited,
1st Floor, B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi – 110 016.

	Telephone No.	Fax No.
Registered Office	011-26536832, 26524522	011-26524525, 26536901
website	www.nldc.in	
Company Secretary Ms. Priti Chaturvedi	011-26561309	011 -26524525
Email ID	priti@posoco.in	

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED


(R.N. Nayak)
Chairman

Date : 27.07.2012

Place: New Delhi

Annexure-I

Non-Mandatory Requirements

- The Board:** The Company is headed by a non-executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, exceeding a period of nine years on the Board of POSOCO.
- Audit qualifications:** The financial statement for the year 2011-12 has no audit qualifications.
- Training of Board Members:** A presentation on the following matters was given to the Directors:
 - Presentation on POSOCO as a whole was provided to the Directors so as to give them an insight into the functioning of the Company.
 - Presentation on activities assigned to POSOCO by MoP and CERC through new Regulations.
 - Presentation on half yearly / annual review of POSOCO.

Certificate on Corporate Governance

To
The Members,
Power System Operation Corporation Limited.

I have examined the compliance of conditions of corporate governance by Power System Operation Corporation Limited, for the year ended on 31st March, 2012, as stipulated in the DPE Guidelines.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance except that it has an independent director who constitute one fourth of the total number of directors as against the requirement of one third the total number of directors, and that the Audit Committee has only one independent director as against the requirement of two, in implementation of the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises.

I further state that such compliance is neither as assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.


(T.V. NARAYNASWAMY)
COMPANY SECRETARY

Date : 24.07.2012
Place: New Delhi

ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 USE OF ESTIMATES

The preparation of the financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

1.3 RESERVES AND SURPLUS

LDC Development fund is created in terms of Central Electricity Regulatory Commission (fees and charges of the Regional Load Despatch Centre and other related matters) Regulations 2009. In terms of clause 9(2) of the regulations, the charges on account of return on equity, interest on loan, depreciation and other income of the Regional Load Despatch Centres and NLDC such as registration fee, application fee, short term open access charges etc. shall be deposited to the LDC development fund. The funds shall be utilised for loan repayment, servicing the capital raised in the form of interest and dividend payment, meeting stipulated equity portion in asset creation and margin money for raising loan from financial institutions and funding R&D Projects. Any asset created out of the money deposited to the LDC development fund shall not be considered for computation of the return on equity and interest on loan.

1.4 GRANTS-IN-AID

1.4.1 Grants in aid received from Central Govt or other authorities towards capital expenditure for projects, betterment of system operation and specific depreciable assets are shown as "Grants-in-aid" till the utilisation of grant.

1.4.2 On capitalisation of related assets, grants received for specific depreciable assets are treated as deferred income and recognised in the profit and loss account over the useful period of life and in proportion to which depreciation on these assets is provided.

1.5 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 intended use.

1.6 CAPITAL WORK IN PROGRESS

1.6.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till capitalisation.

1.6.2 Interest during construction is apportioned to Capital Work In Progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP.

1.7 INTANGIBLE ASSETS

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as intangible assets in the books of accounts when the same is ready for its use.

1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

1.9 BORROWING COST

1.9.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including interest, and guarantee fee etc.) are allocated to the projects in proportion to the funds so earmarked.

1.9.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

1.10 TRANSACTION IN FOREIGN CURRENCY

1.10.1 Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates on the date of the balance sheet.

1.10.2 FERV arising on transactions contracted prior to April, 1 2004 is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets. For transactions contracted on or after 1st April, 2004 the same is charged to Profit & Loss account irrespective of whether the project is under construction or operation.

1.10.3 Other exchange differences are recognized as income or expenses in the period in which they arise.

1.11 REVENUE RECOGNITION

1.11.1 System operation and Market operation charges comprising RLDC fees and charges are recognised on the basis of tariff approved by Central Electricity Regulatory Commission(CERC). Human Resource and Operation and Maintenance expenses component of tariff are restricted to the actual expenditure. Charges towards projected capital expenditure are restricted to charges based on actual capital expenditure.

Any excess in collection of System Operation and Market Operation charges over the revenue recognised is transferred to the liability to be adjusted on truing up exercise by the CERC after the expiry of the control period.

1.11.2 Income from Short Term Open Access (STOA) is accounted for on the basis of regulations notified by CERC. Income on account of operating charges, scheduling and system operation charges from Short Term Open Access (STOA) in terms of the Central Electricity Regulatory Commission (Open Access in Inter State transmission), Regulations is accounted for as and when the bilateral /collective transactions takes place.

1.11.3 Non refundable application money from the Short Term Open Access (STOA) is accounted as income on receipt of application along with the fees.

1.11.4 Transmission charges collected for the disbursement to STUs/CTUs/SEBs from the Short Term Open Access (STOA) are passed on to the respective STUs/CTUs/SEBs . The unpaid amount as at balance sheet date is depicted as liability.

1.11.5 Supervision Charges

Overhead charges on account of supervision of SCADA Annual Maintenance Charges are accounted on accrual basis.

1.11.6 Registration fees

One time registration fees of new users and power exchanges is accounted for on accrual basis.

1.11.7 Liquidated damages/warranty claims and interest on advances to suppliers are accounted for on certainty.

1.11.8 Bank Interest earned on the fixed deposits lying in unscheduled Interchange Pool Account Fund, Congestion Charge Account, Reactive Energy Charges Account and Inter regional exchange account are credited directly to respective Fund accounts.

1.11.9 Surcharge is being accounted for when no significant uncertainty as to measurability and collectability exists.

1.12 DEPRECIATION

1.12.1 The depreciation has been provided on straight line method at the rates and methodology specified in the norms notified by CERC for the purpose of recovery of RLDC fees and charges. With effect from 01/04/2009 (effective date of CERC Regulations, 2009), useful life has been considered/worked out prospectively based on the unamortized balance of such asset on the basis of the rate of depreciation specified by the CERC except for mobile phones which have been depreciated at 33.33%.

1.12.2 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life.

1.12.3 Assets costing ₹ 5,000/- or less or where the written down value is less than ₹ 5,000/ or less at the beginning of the year, are charged to revenue.

1.13 EXPENDITURE

1.13.1 Pre-paid /prior period items up to ₹ 1,00,000/ are accounted to natural heads of accounts.

1.13.2. Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.

1.14 IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on "Impairment of Assets" are defined at the balance sheet date with respect to carrying amount vis-à-vis recoverable amount thereof and impairment loss, if any, is recognised in the profit loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

1.15 EMPLOYEE BENEFITS

- 1.15.1 The liability for retirement benefits of employees in respect of gratuity, which is ascertained annually on actuarial valuation at the year end, is provided and funded separately.
- 1.15.2 The liability for compensated absence (both for earned & half pay leave), leave encashment, post retirement medical benefits & settling allowance to employees are ascertained annually on actuarial valuation at the year end and provided for.
- 1.15.3 Actuarial gains/losses are recognized immediately in this Statement of Profit & Loss.

1.16 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognised for liabilities whose future outcome cannot be ascertained with reasonable estimate. Such contingent liabilities are not recognised but are disclosed in the schedule of contingent liability on the basis of judgement of the management/ independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

1.17 INCOME TAX

Income tax comprises of current and deferred taxes. Current income taxes are measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred tax resulting from timing difference between accounting and taxable profit is accounted for using the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Balance Sheet as at 31st March 2012

Description	Note No.	(₹ in Crore)	
		As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	30.64	30.64
(b) Reserves and surplus	2.2	86.12	46.29
		116.76	76.93
Non-current liabilities			
(a) Long-term borrowings	2.3	-	40.31
(b) Deferred Revenue	2.4	1.27	2.00
(c) Other Long term liabilities	2.5	23.57	18.14
(d) Long-term provisions	2.6	26.95	23.70
		51.79	84.15
Current liabilities			
(a) Short-term borrowings	2.7	-	49.04
(b) Trade payables	2.8	2.13	1.55
(c) Other current liabilities	2.9	622.43	951.43
(d) Short-term provisions	2.10	76.01	35.13
		700.57	1037.15
Total		869.12	1198.23
II. ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.11	37.71	50.96
(ii) Intangible assets	2.12	1.53	0.18
(iii) Capital work in progress	2.13	2.83	0.69
(iv) Construction stores	2.14	0.06	0.06
		42.13	51.89
(b) Deferred tax Assets (Net)	2.15	6.69	3.35
(c) Long-term loans and advances	2.16	11.74	24.78
Current assets			
(a) Trade receivables	2.17	21.72	90.02
(b) Cash and Bank Balances	2.18	675.09	994.57
(c) Short-term loans and advances	2.19	97.77	21.72
(d) Other current assets	2.20	13.98	11.90
		808.56	1118.21
Total		869.12	1198.23
Accounting Policies	1		
Notes on Accounts	2		

Notes referred above are integral part of the Balance Sheet

For and on behalf of the Board of Directors

(Priti Chaturvedi)
Company Secretary

(S. K. Soonee)
Chief Executive Officer

(R. T. Agarwal)
Director

(R. N. Nayak)
Chairman

As per our report of even date
For B. C. Jain & Co.
Firm Regn. No. 01099 (C)

(Ranjeet Singh)
Partner
M.No. 73488

Place :Gurgaon
Date : 28th May 2012

Statement of Profit and Loss for the year ended 31st March, 2012

Description	Note No.	(₹ in Crore)	
		For the year ended 31st March, 2012	For the year ended 31st March, 2011
I. Revenue from operations	2.21	161.59	88.97
II. Other income	2.22	52.75	26.74
III. Total Revenue (I + II)		214.34	115.71
IV. Expenses:			
Employee benefits expense	2.23	74.22	36.55
Finance costs	2.24	5.74	1.23
Depreciation and amortization expense	2.25	20.11	30.92
Operation , Maintenance and Other Administrative Expenses	2.26	40.14	20.60
Total expenses		140.21	89.30
V. Profit before Prior period Adjustment and tax (III - IV)		74.13	26.41
VI. Prior period items	2.27	(5.76)	-
VII. Profit before tax (V - VI)		79.89	26.41
VIII. Tax expense:			
(1) Current tax		32.71	18.55
(2) Deferred tax		(3.34)	(3.35)
		29.37	15.20
IX. Profit after tax (VII - VIII)		50.52	11.21
X. Earnings per equity share:	2.44		
(1) Basic		16.49	7.33
(2) Diluted		16.49	7.33
Accounting Policies	1		
Notes on Accounts	2		

Notes referred above are integral part of the Statement of Profit and Loss

For and on behalf of the Board of Directors

(Priti Chaturvedi)
Company Secretary

(S. K. Soonee)
Chief Executive Officer

(R. T. Agarwal)
Director

(R. N. Nayak)
Chairman

As per our report of even date
For B. C. Jain & Co.
Firm Regn. No. 01099 (C)

(Ranjeet Singh)
Partner
M.No. 73488

Place :Gurgaon
Date : 28th May 2012



पावरग्रिड

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(₹ in crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	79.89	26.41
Adjustment for :		
Depreciation	20.11	30.92
Transfer from Grants in Aid	(0.73)	(3.06)
Net Loss on Disposal / Write off of Fixed Assets	0.05	0.01
Interest and Finance Charges	5.74	1.23
Provisions write back	(0.01)	-
Un-realised FERV gain	-	(0.01)
FERV written off	-	0.09
Operating profit before Working Capital Changes	105.05	55.59
Adjustment for :		
Increase/(Decrease) in Trade payables and other liabilities	(363.13)	(1,055.94)
(Increase)/Decrease in Other current assets	(2.08)	29.09
(Increase)/Decrease in Loans and Advances	4.04	90.16
(Increase)/Decrease in Trade and other receivables	68.30	(90.02)
	(292.87)	(1,026.71)
Contribution received for LDC Development Fund	-	14.19
Direct taxes paid	(67.05)	(19.00)
Net Cash from operating activities	(254.87)	(975.93)
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Tangible and Intangible Assets	(8.26)	(6.26)
(Increase)/Decrease in Work in Progress	(2.14)	-
	(10.40)	(6.26)
Net cash used in investing activities		
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised/ (repaid) during the year	(40.31)	49.04
Dividend paid	(7.66)	-
Dividend tax paid	(0.50)	-
Interest and Finance Charges Paid	(5.74)	(1.32)
Net Cash from Financing Activities	(54.21)	47.72
D. Net change in Cash and Cash equivalents (A+B+C)	(319.48)	(934.47)
E. Cash and Cash equivalents(Opening balance)	994.57	0.05
F. Cash and Cash equivalents taken over from the Holding Company		1,928.99
G. Cash and Cash equivalents(Closing balance) (D+E+F)	675.09	994.57

Note:

1. Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the Cash Flow Statement comprise of following Balance Sheet amounts as per Note 2.18.

Cash and cash equivalents	258.50	266.58
Other Bank balances (*)	416.59	727.99
	675.09	994.57

(*) Amounts available for specific use only

In designated current accounts / flexi deposit accounts operated and maintained in terms of CERC regulations (refer para 4 of Notes on accounts)

2. Previous year figures have been re-grouped/re-arranged wherever necessary.

For and on behalf of the Board of Directors

(Priti Chaturvedi)
Company Secretary

(S. K. Soonee)
Chief Executive Officer

(R. T. Agarwal)
Director

(R. N. Nayak)
Chairman

As per our report of even date
For B. C. Jain & Co.
Firm Regn. No. 01099 (C)

(Ranjeet Singh)
Partner
M.No. 73488

Place :Gurgaon
Date : 28th May 2012

Note 2.1 Share capital

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Equity Share Capital		
Authorised Capital		
20,00,00,000 (Previous Year 20,00,00,000) equity shares of ₹ 10/- each	200.00	200.00
Issued Subscribed and paid up		
3,06,40,000 (Previous Year 3,06,40,000) equity shares of ₹ 10/-each fully paid up	30.64	30.64
Total	30.64	30.64

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period.

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	No. of Shares	Amount (₹ in crore)	No. of Shares	Amount (₹ in crore)
Shares outstanding at the beginning of the year	30,640,000	30.64	50,000	0.05
Shares Issued during the year	NIL	NIL	30,590,000	30.59
Share bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	30,640,000	30.64	30,640,000	30.64

2) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

3) 3,06,40,000 (Previous Year 3,06,40,000) equity shares are held by Powergrid Corporation of India Limited - Holding Company and its nominees.

4) Out of above 3,05,90,000 (Previous Year 3,05,90,000) equity shares of ₹ 10 /- each have been allocated as fully paid shares, in pursuant to agreement to sell assets without consideration being received in cash.

Note 2.2/Reserves and surplus

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
General Reserve		
As per last Balance Sheet	-	-
Additions during the year	5.20	-
Deductions during the year	-	-
Closing Balance	5.20	-
LDC Development Fund		
As per Last Balance Sheet	46.29	-
Additions during the year	23.95	46.29
Deductions during the year	-	-
Closing Balance	70.24	46.29
Surplus (Balance in Profit and Loss Account)		
As per last Balance Sheet		(1.28)
Add:Additions	-	
Profit after tax as per Statement of Profit and Loss	50.52	11.21
Less: Appropriations		
LDC Development Reserve	23.95	6.37



Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
General Reserve	5.20	-
Interim dividend paid	4.60	-
Dividend tax	0.74	-
Proposed Final Dividend	4.60	3.06
Dividend tax	0.75	0.50
Closing Balance	10.68	-
TOTAL	86.12	46.29

Note 2.3/Long-term borrowings

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
Unsecured Loan from Power Grid Corporation of India Ltd. - Holding Company on account of take over liability in relation to the assets transferred.	-	40.31
TOTAL	-	40.31

Note 2.4/Deferred Revenue

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
Grants in aid	1.27	2.00
TOTAL	1.27	2.00

Note 2.5/Other Long term liabilities

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
i) Deposits Retention money from contractors and others.	2.44	8.09
ii) Liability on account of Truing up (refer Note No.2.38 of Other Notes on Accounts)	19.81	6.51
iii) Dues for Capital Expenditure	0.76	0.96
iv) Others	0.56	2.58
Total	23.57	18.14

Note 2.6/Long-term provisions

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
Employee Benifits		
As per last Balance Sheet	23.70	-
Additions during the year	3.25	23.70
Amounts utilised/paid during the year	-	-
TOTAL	26.95	23.70

Note 2.7/ Short-term borrowings

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
(Unsecured)		
Other Unsecured Loan from Power Grid Corporation of India-Holding Co.	-	49.04
TOTAL	-	49.04

Note 2.8/Trade payables

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
For goods and services	2.13	1.55
Total	2.13	1.55

Further Notes:

Based on information available the company, there are no suppliers/service providers who are registered as micro, small for medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2012 and as on 31st March, 2011.

Note 2.9/Other current liabilities

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
i) Dues for Capital Expenditure	0.68	0.88
ii) Employee related liability	0.12	0.01
iii) Advances from Customers	189.48	200.67
iv) Others	5.51	5.22
(Liabilities in respect of Designated accounts operated and maintained in terms of CERC Regulations (Refer Note no.2.31 of Other Notes on Accounts))	426.64	744.65
	621.63	950.54
Total	622.43	951.43

Note 2.10/Short-term provisions

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
a) Provision for Employee Benefits		
i) Transmission incentive special		
As per last Balance Sheet	8.76	
Addition during the year	9.30	8.76
Amount paid/adjusted during the year	7.58	
Closing Balance	10.48	8.76
ii) Provision for Wage revision		
As per last Balance Sheet	3.08	
Additions during the year	3.07	3.08
Amounts utilised/paid during the year	-	
Closing Balance	6.15	3.08
iii) Other Employee Benefits (Leave Encashment, Settlement Allowance, Post retirement medical benefits etc.)		
As per last Balance Sheet	1.18	
Additions during the year	2.79	1.18
Amounts utilised/paid during the year	1.94	
Closing Balance	2.03	1.18
Total (A)	18.66	13.02
b) Others		
i) Taxation (Including interest on Tax)		
As per last Balance Sheet	18.55	-
Additions during the year	32.71	18.55

(Figures in ₹ Crores)

Description			As at 31-	As at 31-
			Mar-2012	Mar-2011
Amount adjusted during the year		-		-
Closing Balance			51.26	18.55
ii) Proposed Dividend				
As per last Balance Sheet		3.06		-
Additions during the year		9.20		3.06
Amounts paid during the year		7.66		-
Closing Balance			4.60	3.06
iii) Dividend Tax				
As per last Balance Sheet		0.50		-
Additions during the year		1.49		0.50
Amounts paid during the year		0.50		-
Closing Balance			1.49	0.50
Total (B)			57.35	22.11
Total (A+B)			76.01	35.13

Note 2.11/Tangible assets

(Figures in ₹ Crores)

Description	Gross Block					Depreciation/Amortisation					Net Block	
	As on 01-Apr-2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31-Mar-2012	Upto 31-Mar-2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31-Mar-2012	As at 31-Mar-2012	As at 31-Mar-2011
Civil Works												
a) RLDCs	9.87	-	-	-	9.87	1.57	0.33	-	-	1.90	7.97	8.30
b) Township	0.05	-	-	-	0.05	0.01	-	-	-	0.01	0.04	0.04
Temporary Erection	0.11	0.01	-	-	0.12	0.09	0.02	-	-	0.11	0.01	0.02
Water Supply Drainage & Sewerage	0.03	-	-	-	0.03	-	-	-	-	-	0.03	0.03
Plant & Machinery												
a) RLDCs	2.50	0.17	-	-	2.67	0.67	0.14	-	-	0.81	1.86	1.83
b) ULDC	247.37	0.12	-	0.18	247.31	215.84	17.61	-	3.26	230.19	17.12	31.53
c) Communication	0.52	-	-	-	0.52	0.17	0.03	-	-	0.20	0.32	0.35
Furniture Fixtures	7.38	0.33	0.01	0.01	7.69	2.44	0.55	-	-	2.99	4.70	4.94
Office equipment	2.01	0.48	0.01	0.02	2.46	0.82	0.19	-	0.03	0.98	1.48	1.19
Electronic Data Processing & Word Processing Machines	6.49	2.01	-	0.08	8.42	3.83	0.79	-	0.29	4.33	4.09	2.66
Vehicles	0.01	-	-	-	0.01	-	-	-	-	-	0.01	0.01

(Figures in ₹ Crores)

Description	Gross Block					Depreciation/Amortisation					Net Block	
	As on 01-Apr-2011	Additons during the year	Sale / Disposal	Adjustment during the year	As at 31-Mar-2012	Upto 31-Mar-2011	Additons during the year	Sale / Disposal	Adjustment during the year	As at 31-Mar-2012	As at 31-Mar-2012	As at 31-Mar-2011
Constrn.and Workshop equipment	0.01	-	-	-	0.01	0.01	-	-	-	0.01	-	-
Electrical Installation	0.07	0.03	-	-	0.10	0.03	0.01	-	-	0.04	0.06	0.04
Miscellaneous Assets/ Equipments	0.11	-	-	-	0.11	0.09	-	-	-	0.09	0.02	0.02
Grand Total	276.53	3.15	0.02	0.29	279.37	225.57	19.67	-	3.58	241.66	37.71	50.96
Previous Year		276.53			276.53		225.57			225.57	50.96	

Note 2.12/Intangible assets

(Figures in ₹ Crores)

Description	Gross Block					Depreciation/Amortisation					Net Block	
	As on 01-Apr-2011	Additons during the year	Sale / Disposal	Adjustment during the year	As at 31-Mar-2012	Upto 31-Mar-2011	Additons during the year	Sale / Disposal	Adjustment during the year	As at 31-Mar-2012	As at 31-Mar-2012	As at 31-Mar-2011
Electronic Data Processing Software	0.25	1.87	-	-	2.12	0.07	0.44	-	-0.08	0.59	1.53	0.18
	0.25	1.87	-	-	2.12	0.07	0.44	-	-0.08	0.59	1.53	0.18
Previous Year		0.25			0.25		0.07			0.07	0.18	

Note 2.13/Capital work in progress

(Figures in ₹ Crores)

Description	As on 01-Apr-2011	Additions	Adjustments	capitalised during the year	As at 31-Mar-2012
Civil Works					
Regional Load Despatch Centre & Office (Incl. civil work)	0.19	0.41			0.60
Plant & Equipments (including associated civil works)					
ULDC	0.48	1.73			2.21
Incidental Expenditure during Construction	0.02				0.02
TOTAL	0.69	2.14			2.83

Note 2.14/Construction stores

(Figures in ₹ Crores)

Description	As at 31-Mar-2012	As at 31-Mar-2011
Contraction Stores (Including Material In Transit pending issue to contractors and with contractors of ₹ 0.06 Crore)	0.06	0.06
TOTAL	0.06	0.06

Note 2.15/Deferred tax Assets (Net)

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
Deferred Tax Asset		
Employee Benefits-Leave encashment, Incentive u/s 43B	1.33	-
Wage Revision Provision	9.95	-
Provisions	0.01	2.53
Interest on Truing up	1.57	-
Sub-total (A)	12.86	2.53
Deferred Tax Liability		
Towards Fixed Assets (Net)	6.17	(0.82)
Sub-total (B)	6.17	(0.82)
Net Deferred Tax Assets	6.69	3.35

Note 2.16/Long-term loans and advances

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
Other loans and advances		
i) Employees (including Interest Accrued)		
a) Secured	6.17	5.79
b) Unsecured - Considered good	0.42	0.31
-Considered doubtful	0.05	0.05
	6.64	6.15
Less: Provision for Bad & Doubtful Advances	0.05	0.05
	6.59	6.10
ii) Advances recoverable in cash or in kind or for value to be received (Unsecured considered good)		
a) Contractors & Suppliers	0.01	1.14
b) Employees	0.99	2.01
c) Others	2.38	15.39
d) Others-Third Party	1.61	-
e) Balance with Customs Port Trust and other authorities	0.16	0.14
	5.15	18.68
	11.74	24.78
TOTAL	11.74	24.78
Due from		
Directors	-	-
Officers	0.60	0.64

Note 2.17/Trade receivables

Description	(Figures in ₹ Crores)	
	As at 31-Mar-2012	As at 31-Mar-2011
i) Debts Outstanding for a period exceeding Six Months		
Considered Good	3.14	-
Considered Doubtful	0.03	-

Description	As at 31-Mar-2012	As at 31-Mar-2011
ii) Other Debts		
-Billed Debtors	17.74	88.75
-Unbilled Debtors	0.84	1.27
	<u>21.75</u>	<u>90.02</u>
Less: Provision for bad & doubtful debts	0.03	-
TOTAL	<u>21.72</u>	<u>90.02</u>

Note 2.18/Cash and Bank Balances

(Figures in ₹ Crores)

Description	As at 31-Mar-2012	As at 31-Mar-2011
1) Cash and Cash Equivalents		
Balance with Banks		
-In Current Accounts / Flexi deposit Accounts	231.40	225.25
-In LDC Development Account	27.10	41.32
Cash on hand	-	0.01
	<u>258.50</u>	<u>266.58</u>
2) Other Bank Balances		
-In Designated Current Accounts / Flexi Deposit accounts operated & maintained in terms of CERC regulations (Refer Note no. 2.31 of Other Notes on Accounts)	416.59	727.99
	<u>416.59</u>	<u>727.99</u>
TOTAL	<u>675.09</u>	<u>994.57</u>

Note 2.19/Short-term loans and advances

(Figures in ₹ Crores)

Description	As at 31-Mar-2012	As at 31-Mar-2011
A) Loans		
a) Employees including interest accrued		
Secured Considered good	1.47	1.25
b) Related parties		
Holding Company- Power Grid Corp of India Ltd.	7.85	-
Total(A)	<u>9.32</u>	<u>1.25</u>
B) Advances recoverable in cash or in kind or for value to be received		
a) Employees	1.13	1.18
b) Others		
Contractors & Suppliers (Including Material issued on loan)	0.17	
Advance Tax & TDS	86.05	19.00
Others	1.10	0.29
	<u>87.32</u>	<u>19.29</u>
Total (B)	<u>88.45</u>	<u>20.47</u>
Total(A+B)	<u>97.77</u>	<u>21.72</u>
Directors	-	-
Officers	0.41	0.23

**Note 2.20/Other current assets**

(Figures in ₹ Crores)

Description	As at 31-Mar-2012	As at 31-Mar-2011
a) Interest accrued but not due		
Interest accrued on Term/Fixed Deposits	9.54	11.90
Interest accrued on Term/Fixed Deposits-In Designated A/c	4.30	-
b) Others	0.14	-
TOTAL	13.98	11.90

Note 2.21/Revenue from operations

(Figures in ₹ Crores)

Description	For the Year ended 31-Mar-2012	For the Period ended 31-Mar-2011
A.Sales of services		
i) Revenue from System and Market Operation	158.54	87.58
ii) Consultancy Project Management and Supervision Fees	3.05	1.39
Total	161.59	88.97

Note 2.22/Other income

(Figures in ₹ Crores)

Description	For the Year ended 31-Mar-2012	For the Period ended 31-Mar-2011
A) Interest from		
Indian Banks	23.93	4.70
Employees Loans and Others	0.36	0.16
Total (A)	24.29	4.86
B) Others		
Deferred Income (Transferred from Grants-in-aid)	0.85	3.06
Short Term Open Access-Other Charges	25.44	11.31
Surcharge	0.17	-
FERV gain	-	0.01
Provision written back	0.01	-
Miscellaneous income	1.99	7.50
Total (B)	28.46	21.88
TOTAL	52.75	26.74

Note 2.23/Employee benefits expense

(Figures in ₹ Crores)

Description	For the Year ended 31-Mar-2012	For the Period ended 31-Mar-2011
Salaries wages allowances & benefits	65.03	28.11
Contribution to provident and other funds	4.29	4.53
Welfare expenses	4.90	3.91
TOTAL	74.22	36.55

Note 2.24/Finance costs

Description	(Figures in ₹ Crores)	
	For the Year ended 31-Mar-2012	For the Period ended 31-Mar-2011
A) Interest on Loan from		
Foreign Banks and Financial Institutions	0.15	0.12
Secured/Unsecured redeemable Bonds	0.54	0.51
Others	4.84	0.34
	5.53	0.97
B) Other Borrowing Cost		
Guarantee Fee	0.20	0.18
Other finance charges	0.01	0
	0.21	0.18
C) Foreign Exchange Rate Variation	22.42	0.08
Less: Recoverable from Beneficiaries at the time of Truing Up (Refer Note No. 2.38 (II) of Other Notes on Accounts).	22.42	-
TOTAL	5.74	1.23

Note 2.25/Depreciation and amortization expense

Description	(Figures in ₹ Crores)	
	For the Year ended 31-Mar-2012	For the Period ended 31-Mar-2011
Depreciation/Amortization-Tangible Assets	19.67	30.85
Amortization-Intangible Assets	0.44	0.07
Total	20.11	30.92

Note 2.26/Operation, Maintenance and Other Administrative Expenses

Description	(Figures in ₹ Crores)	
	For the Year ended 31-Mar-2012	For the Year ended 31-Mar-2012
Repair & Maintenance		
Buildings	0.55	0.21
Plant & Machinery		
RLDCs	20.46	9.99
Others	1.62	1.09
	22.08	11.08
Power charges	2.74	1.08
Training & Recruitment Expenses	1.35	0.54
Communication expenses	0.94	0.41
Travelling & Conv.exp.(excluding foreign travel)	3.32	1.27
Foreign travel	0.28	0.10
	3.60	1.37
Statutory Audit Fees	0.07	0.07
Tax Audit Fees	0.02	0.02
Miscellaneous expenses	1.13	0.76
Security Expenses	2.36	1.00
Rebate to Customers	2.40	0.09
Other Expenses	2.85	3.96
	40.09	20.59
Loss on Disposal/Write off of Fixed Assets	0.05	0.01
Total	40.14	20.60

Note 2.27/Prior period items

(Figures in ₹ Crores)

Description	For the Year ended 31-Mar-2012	For the Period ended 31-Mar-2011
A. PRIOR PERIOD AND EXTRAORDINARY ITEMS		
Prior Period items		
Income		
Depreciation written back	3.29	-
Others	3.09	-
(A)	6.38	-
Expenditure		
Depreciation	0.09	-
Interest cost	0.22	-
Others	0.31	-
(B)	0.62	-
Prior period expenditure/(income) (A - B)	(5.76)	-
Total	(5.76)	-

OTHER NOTES:-

2.28 The Financial Statements for the period ended 31st March, 2011 were prepared as per the then applicable Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous period figures have also been reclassified to confirm to this year classification. The adoption of revised Schedule VI for the previous period figures does not impact recognition and measurement principles followed for preparation of Financial Statements.

2.29 Nature Of Operations:-

The Company was incorporated on 20th March 2009 as a wholly owned subsidiary of the Power Grid Corporation of India Limited, a Government of the India Enterprise, to take over the business of the System Operations and Market Operations, which were earlier carried out by the Holding Company(POWERGRID). POSOCO is responsible for the following operations:-

- i) To supervise and control all aspect concerning operations and manpower requirement of RLDCs and NLDC.
- ii) To act as the apex organisation for human resources requirement of NLDC and RLDCs.
- iii) To ensure planning and implementation of infrastructure required for smooth operation and development of National and Regional LDCs.
- iv) To coordinate the functioning of NLDC and all RLDCs.
- v) To advise and assist state level Load Despatch Centres, including specialized trainings etc.
- vi) To perform any other function entrusted to it by the Ministry of Power.

2.30 As per the memorandum of understanding consequent upon sale of moveable assets to POSOCO, all operations and transactions (billing and banking) carried, on or after October 1, 2010 by the RLDCs and NLDC, in the name of Holding Company are deemed to have been carried on behalf of POSOCO.

2.31 **Unscheduled Interchange Pool Account Fund(UI), Congestion Charge Account, Reactive Energy Charges Account(RE) Inter Regional Exchange Account(IRE) and Short Term Open Access (STOA) collection account.**

The Central Electricity Regulation Commission vide following regulations has directed the Regional Load Dispatch Centres in each region to operate and maintain Unscheduled Interchange Pool Account Fund, Congestion Charge Account, Reactive Energy Charges Account.

All payments on account of Unscheduled Interchange charges including Additional Unscheduled Interchange charges levied and interest, if any, received for late payment are credited to the funds called the "Regional Unscheduled Interchange Pool Account Fund", maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity Regulatory Commission (Unscheduled Interchange charges and related matters) Regulations.

All payments on account of Congestion Charges and interest, if any, received for late payment are credited to the funds called

the “Congestion Charge Account”, maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations. All payments on account of Reactive Energy Pool Account are credited to the funds called the “Reactive Energy Account”, maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity Regulatory Commission.

These funds are equally matched with fund balance in the bank accounts in the current and fixed deposit accounts except for difference due to interest accrued and TDS on interest, which are funded on the receipt of the interest and TDS Certificates. As on 31/03/2012, the total balance in these designated bank accounts were amounting to ₹ 416.59 Cr. as against the liability in these funds amounting to ₹ 426.64 Cr. The net difference in the Liability and the designated bank accounts amounting to ₹ 10.05 Cr. on account of the Interest accrued and TDS on interest is subject to reconciliation and consequential adjustments if any.

2.32 LDC Development Fund

Revenue during the year on account of Depreciation, Interest on Loan, Return on Equity (based on truing-up adjustment) amounting to ₹ 40.84 Cr. and other income amounting to ₹ 54.13 Cr. comprising mainly of STOA and interest income is required to be deposited in LDC Development Fund in terms of CERC Regulation. The fund has been utilised towards loan/ interest repayment of ₹ 41.20 Cr., income tax of ₹ 14.12 Cr. (after adjustment of ₹ 15.25 Cr. of deferred tax), dividend of ₹ 10.69 Cr. (including dividend tax), & Capex ₹ 5.02 Cr. resulting in net accretion of ₹ 23.95 Cr. to fund.

A sum of ₹ 27.10 Cr. is lying in the designated bank account against LDC Development Fund of ₹ 70.24 Cr. as on 31.03.2012. The amount required to be contributed during the FY 2012-13 is ₹ 43.13 Cr.

Utilisation of the Fund for payment of statutory dues for income tax including its methodology and any under- recovery of the fees and charges has already been taken up with the CERC and necessary adjustments will be made in the accounts as per directions of CERC.

2.33 The CERC while giving approval under sub-section (4) of the section 28 of the Electricity Act 2003, read with the CERC (Fees and charges of Regional Load despatch Centre and other related matters) Regulations 2009 for the RLDCs charges has noted that at present the system operation is not subject to the service tax.

2.34 Deferred Tax Liability, being the difference between WDV as per books and WDV as per income tax is claimable from beneficiaries, of ₹ 15.25 Cr. has materialised during the year. The same has been accounted for as income recoverable from Holding Company. However, CERC Regulations, 2009 applicable for RLDC Fees & Charges does not contain any such provisions.

2.35 Pending reconciliation, materials amounting to ₹ 0.06 Cr. (previous period ₹ 0.06 Cr.) (included under Construction Stores – as per accounting policy note no. 1.8) is shown as construction stores lying with contractors.

2.36 a) Balances in Loans and advances, TDS certificates Receivables/Recoverables, STOA Advance from customers, Sundry Creditors, Advances from Customers and Sundry Debtors are subject to reconciliation, confirmation and consequential adjustments, if any.

b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

2.37 The company is providing for depreciation based on the CERC norms, which is in line with the tariff policy issued by the MOP for the block period 2009-14, which provides that the rates of depreciation as notified by CERC would be applicable for the purpose of tariff as well as accounting.

Depreciation charge for the FY 2011-12 is higher by ₹ 10.30 Cr. (previous period ₹ 22.42 Cr.) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956.

2.38 i) In respect of System and Market Operation charges ₹ 33.39Cr. (Previous period ₹ 6.51Cr.) has been de-recognised from income during the year and the same is transferred to the liability account to be adjusted on truing up exercise by the CERC after the expiry of the control period (2009-14) as per accounting policy note no 1.11.1 regarding revenue recognition.

ii) FERV loss of ₹ 22.42 Cr. is recoverable from constituents in line with regulations of CERC and the same shall be considered by CERC at the time of truing-up exercise.

iii) Pre-incorporation expenses of ₹ 0.83 Cr. (Previous period ₹ 1.27 Cr.) lying for which billing is yet to be done.

2.39 The Company has provided liability of ₹ 3.07 Cr. (Previous period ₹ 3.08 Cr.) accumulated balance till date ₹ 6.15 Cr., for pension contribution payable as Superannuation benefits as per DPE guidelines. The scheme of superannuation benefits is yet to be finalised.

Other income includes ₹ 0.85 Cr. (Previous period ₹ 3.06 Cr.) being the amount transferred from Grants-in-aid received (as per accounting policy note no. 1.4).

2.40 The Company is following AS-15 (revised 2005) 'Employee Benefits'.

The information under this clause has been provided on estimated basis based on the actuarial valuation taken as a whole for employees of Power Grid Corporation of India Ltd. including employees of POSOCO.

- a) All the employees of POSOCO are on secondment basis from its Holding Company Power Grid Corporation of India Ltd. Above employees shall continue to draw pay and allowances and other facilities as they have been drawing with the POWERGRID and shall be subject to rules and policies as applicable to them in POWERGRID before their transfer to POSOCO except incentives, which shall be protected through special allowance at the rate as would have been admissible as if they were continuing their service with POWERGRID.
- b) Liability on account of Leave encashment, Post Retirements Medical Plan, Baggage Allowance, Gratuity and Superannuation liability is based on actuarial liability calculated as per the report of Actuary Valuer.

Defined Employee Benefit Schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust managed by the Holding Company in the name of Power Grid Employees Provident Fund Trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to Profit and Loss Account. The obligation of the Company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. The fair value of the assets of the provident fund including the return on the assets thereof, as on the Balance Sheet date is greater than the obligations under the defined contribution plan.

B. Gratuity

The company has a defined benefit gratuity plan with a separate trust maintained by the Holding Company in the name of the Power Grid Employees Gratuity fund Trust. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 10 Lacs. The scheme is funded by the Company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis on Balance Sheet date.

C. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in Profit and Loss Account on the basis of actuarial valuation on annual basis on Balance Sheet date.

D. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in Profit and Loss Account on the basis of actuarial valuation on annual basis on Balance Sheet date.

E. Other Employee Benefits

Provision for Leave Encashment for the year amounting to ₹ 4.72 Cr. (previous period ₹ 1.66 Cr.) for the year up to 31st March 2012 has been made on the basis of actuarial valuation for the POSOCO employees.

The summarised position of various defined benefits recognized in the Profit and Loss Account, Balance Sheet and the funded status are as under:-

a) Expenses recognised in Profit and Loss Account

(₹ in Cr.)

	GRATUITY	PRMF	ODRB
	Current Year	Current Year	Current Year
Current Service Cost	0.98	0.27	0.03
Interest cost on benefit obligation	1.74	0.61	0.06
Expected return on plan assets	(1.74)	-	-
Net actuarial (gain)/loss recognized in the year	0.52	0.51	-
Expenses recognized in the Profit and Loss Account	0.46	1.39	0.09

b) The amount recognized in the Balance Sheet:

(₹ in Cr.)

	GRATUITY	PRMF	ODRB
	Current Year	Current Year	Current Year
(i) Present value of obligation as at 31/03/2012	21.88	8.39	0.73
(ii) Fair value of plan assets as at 31/03/2012 (*)	21.42	-	-
Difference (i) – (ii)	(0.46)	(8.39)	(0.73)
Net liability recognized in the Balance Sheet	(0.46)	(8.39)	(0.73)

(*) The fund is maintained with the Powergrid Employees Gratuity Fund Trust. Difference, if any in the plan assets is shown in the Books of the Holding Company as a whole for employees of Power Grid Corporation of India Ltd. and employees of Power System Operation Corporation Ltd.

c) Weighted Average Rate of Return on plan assets during the year is 8.94% (Previous period 8.79%)

d) Changes in the Present Value of the Defined Benefit obligations.

(₹ in Cr.)

	GRATUITY	PRMF	ODRB
	Current Year	Current Year	Current Year
Present value of obligation as at 31/03/2011	20.46	7.16	0.65
Interest cost	1.74	0.61	0.05
Current Service Cost	0.98	0.27	0.03
Benefits paid	(0.82)	(0.16)	0
Net actuarial (gain)/loss on obligation	0.48	0.51	0
Present Value of obligation as at 31/03/2012	21.88	8.39	0.73

F. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2012 are not given in view of the fact, that the Fund is maintained with Powergrid Employees Gratuity Fund Trust as a whole for employees of Power Grid Corporation of India Ltd and employees of Power System Operation Corporation India Ltd. on secondment basis.

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected Unit Credit (PUC)
- Discount rate – 8.5% (Previous period 8%)
- Expected rate of return on assets (Gratuity only) – 8.5% (Previous period 8.5%)
- Future salary increase- 6% (Previous period 5.5%)

The estimate of future salary increases, considered in actuarial valuation, takes into account

- (i) inflation,
- (ii) Seniority
- (iii) Promotion and
- (iv) Other relevant factors, such as supply and demand in the employment market.

2.41 Segment Reporting

The Company's principle business is power system and market operation and no other business segment exists other than this. The Company operates within India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment.

2.42 Related Party Disclosures

a) Joint Ventures with Holding Company:-

- i) Powerlinks Transmission Limited
- ii) Torrent Power Grid Limited
- iii) Jaypee POWERGRID Limited
- iv) Parbati Koldam Transmission Company Ltd
- v) Teestavalley Power Transmission Limited
- vi) North East Transmission Company Limited
- vii) National High Power Test Laboratory Private Limited
- viii) Energy Efficiency Services Limited.

b) Holding Company:-

Power Grid Corporation of India Limited

c) Key Management Personnel

i)	Sh. R. N. Nayak	Chairman (from 01.09.2011 to till date)
ii)	Sh. S. K. Chaturvedi	Ex-Chairman (Superannuated on 31.08.2011)
iii)	Sh. R T Agarwal	Director (from 16.05.2011 to till date)
iv)	Sh. I. S. Jha	Director (from 01.09.2011 to till date)
v)	Sh. Santosh Saraf	Director (from 26.03.2012 to till date)
vi)	Sh. J. Sridharan	Ex-Director (Superannuated on 30.04.2011)
vii)	Sh. F. A. Vandrevala	Ex-Director (Superannuated on 10.07.2001)

d) Transactions with the Holding Company are as follows:

The Company has received system operation charges of ₹ 15.48 Cr. and allowed a rebate of ₹ 0.30 Cr. Further, the company has paid ₹ 914.70 Cr. on account of Transmission Charges and ₹ 27.07 Cr. on account of UI & IRE Charges and ₹ 2.74 Cr. on account of other transactions to the Holding Company.

e) Director's sitting fee ₹ 30,000/- (Previous period ₹ 10,000) for independent director.

2.43 Disclosures regarding Leases

Operating Leases:-

The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 4.35 Cr. (Previous period ₹ 1.59 Cr.) towards lease payments net of recoveries in respect of premises for residential use of employees.

2.44 Earning Per Share calculated in accordance with the provisions of AS-20

Numerator	As at 31.03.2012 (FY 2011-12)	As at 31.03.2011 (Oct.10-Mar.11)
Profit / (Loss) after tax as per Profit and Loss Account (Used as Numerator (₹ In Cr.))	50.52	11.21
Denominator		
Number of Equity Shares (Face value of. ₹ 10/- each)	30640000	30640000
Number of Shares allotted during the year	-	30590000
Weighted Average number of equity shares for calculating	30640000	15303096
Basic Earning Per Share		
Weighted Average number of equity shares for calculating	30640000	15303096
Diluted Earning Per Share		
Basic Earning Per Share (₹ / per share) (Face value of ₹ 10/- each)	16.49	7.33
Diluted Earning Per Share (₹ / per share) (Face value of ₹ 10/- each)	16.49	7.33

2.45 During the year the company has provided ₹ 6.69 Cr. (previous period ₹ 3.35 Cr.) as net deferred tax assets.

Major components of deferred tax assets are given as under:-

(₹ in Cr.)

Numerator	Balance as at 31.03.2012	Balance as at 31.03.2011
Deferred Tax Liability		
Towards Depreciation(Diff. of WDV as per Income Tax and Books) (A)	6.17	-
Deferred Tax Asset		
Towards Wage Revision Provision	9.95	-
Other Provisions	0.01	1.15
Leave Encashment Liabilities-u/s 43B	1.33	2.20
Towards interest on truing up of income	1.57	-
Sub Total (B)	12.86	3.35
Net Deferred Tax Assets (B-A)	6.69	3.35

2.46 In accordance with AS-28 "Impairment of Assets", the Company has assessed on the Balance Sheet date whether there are any indications with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore no formal estimate of recoverable amount has been made. Accordingly, no impairment loss has been provided in the accounts.

2.47 DPE has directed to include Corporate Social Responsibility (CSR), Sustainable Development (SD) and R&D Expenditure out of the profit of the Company as a percentage of profit after tax. However, regulation 9 of RLDC Fees and Charges Regulation of CERC does not allow any re-imburement of above expenses. Since the CSR, SD and R&D activities are mandatory activities as per DPE guidelines, relaxation of regulation 9 is required and a petition in this regard has been filed with CERC on 11.04.2012.

2.48 Fixed assets of the company are not insured.

2.49 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 6.57 Cr. (Previous period ₹ Nil).

2.50 Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets':

Contingent Liabilities:

Demand of Rent for the office and staff quarters accommodation raised by the WREB, Mumbai till date is ₹ 3.02 Cr. (previous period ₹ 1.00 Cr.), which was disputed by the Company and Company has sought for the transfer of the ownership of office accommodation and residential quarters before the Ministry of power, Govt. of India. However, no decision has come so far.

2.51 a) VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in Cr.)		
	Current Year	Previous period
i) Capital Goods	-	-
ii) Spare Parts	-	-

b) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in Cr.)		
	Current Year	Previous period
i) Repair & Maintenance	9.28	2.92
ii) Foreign Travel	0.06	0.01
iii) Others	-	-

c) VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :

(₹ in Cr.)				
	%	Current Year	%	Previous Year
i) Imported	-	-	-	-
ii) Indigenous (Including fuel)	100%	Nil	-	0.05

d) EARNINGS IN FOREIGN EXCHANGE

(₹ in Cr.)		
	Current Year	Previous period
Income	Nil	Nil

- 2.52**
- The figures of the current year are not comparable with previous period figures since figures of previous period was for six months only.
 - Figures have been rounded off to nearest Rupees in crore up to two decimal.
 - Previous period figures have been re-grouped/re-arranged wherever necessary.

For and on behalf of the Board of Directors

(Priti Chaturvedi)
Company Secretary

(S. K. Soonee)
Chief Executive Officer

(R. T. Agarwal)
Director

(R. N. Nayak)
Chairman

For B C Jain & Co.
Chartered Accountants
Firm Regn. No 01099C

(Ranjeet Singh)
Partner
Membership No. 73488

Place: Gurgaon
Dated: 28th May, 2012

AUDITORS' REPORT

To,

The Members,

Power System Operation Corporation Limited,

1. We have audited the attached Balance Sheet of Power System Operation Corporation Limited as at March 31, 2012, and the Statement of Profit and Loss Account and also the Cash Flow Statement 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 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 mis-statements. 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, 1998, certain provisions of the repealed Act, 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 the 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the annexure referred to in paragraph 4 above, 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 the books.
 - c) The Balance Sheet, Statement of Profit and 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, Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards 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 17.7.2003, 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 a Government Company.
 - f) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on Accounts and Accounting Policies annexed thereto, insofar as these are not inconsistent with the Electricity Act, 2003, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii) in the case of Statement of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For B C Jain & Co.
Chartered Accountants
Firm Regn. No. 01099C

(Ranjeet Singh)

Partner

M.No. 73488

Place : Gurgaon

Dated: 28 May, 2012

ANNEXURE TO THE AUDITORS' REPORT

RE: POWER SYSTEM OPERATION CORPORATION LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

1. a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situation of Fixed Assets.
b) The assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled /adjusted in the books of account. In our opinion, frequency of verification is reasonable.
c) During the year the Company has not disposed off substantial part of its Fixed Assets.
2. There was no inventory carried by the Company. Therefore, clause 4(ii)(a), (b) and (c) of paragraph 4 of the Order is not applicable for the year.
3. a) The Company has not granted any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
b) The Company had taken unsecured Loans from Power grid Corporation of India Limited-Holding Company amounting to ₹ 89.35 Cr. as on 31/03/2011. In our opinion based on the information, prima facie, the rate of interest and other terms and conditions of loans taken by the Company are not prejudicial to the interest of the Company. During the year the company has repaid the loan.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to fixed assets and income from system operation and market operation. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems.
5. According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act 1956, during the year, to be entered in the register maintained under that section. Accordingly Clause (v) of paragraph 4 of the Order is not applicable.
6. Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58-A, 58-AA and other relevant provisions of Companies Act, 1956, and rules framed there under, does not arise.
7. The Company has an Internal Audit system. In our opinion, the scope and coverage of Internal Audit are commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956.
9. a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues except some delays with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31.3.2012 for a period of more than six months from the date they became payable.
As informed, the provisions of the Employees State Insurance Act are not applicable to the Company.
b) According to the information and explanation given to us, there is no disputed income tax / sales tax / customs duty / wealth tax / service tax / excise duty / cess dues, which have not been deposited by the company.
10. The Company is registered for a period not less than five years. Therefore, clause 4(x) of paragraph 4 of the Order is not applicable for the year.
11. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or nidhi/mutual benefit fund/society. Accordingly, Clause xiii of paragraph 4 of the Order is not applicable.
14. In our opinion, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause xiv of paragraph 4 of the Order is not applicable.
15. As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions
16. In our opinion on an overall basis and according to the information and explanation given to us, the Company has not obtained any term loans during the year.
17. In our opinion, on an overall basis, and according to the information and explanation given to us, the Company has not used the funds raised on short term basis for long term investment

18. The Company has not made any Preferential allotment shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued the debentures during the year.
20. The Company, during the year, has not raised any money by public issue.
21. According to the information and explanations given to us, one case of fraud of Company's mis-appropriation of funds to the extent of ₹ 0.66 Lacs was noticed, which has been recovered with interest during the year.

For B C Jain & Co.
Chartered Accountants
Firm Regn. No. 01099C

Place : Gurgaon
Dated: 28 May, 2012

(Ranjeet Singh)
Partner
M.No. 73488



**Nagapattinam-Madhugiri
Transmission Company Limited –
Subsidiary Company**

Directors' Report 2011-12

To

The Members,

Power Grid Corporation of India Limited (POWERGRID) has been selected as the successful bidder in their debut participation in tariff based competitive bidding for establishing transmission system associated with IPPs of Nagapattinam / Cuddalore Area: Package – A. In accordance with the guidelines for competitive bidding, Nagapattinam-Madhugiri Transmission Company Limited, the Special Purpose Vehicle incorporated to establish the transmission system associated with IPPs of Nagapattinam / Cuddalore Area: Package – A on build, own, operate and maintain (BOOM) basis, was acquired on 29th March, 2012 by POWERGRID from PFC Consulting Limited, the Bid Process Coordinator.

The Audited Annual Accounts for the period commencing from 20th May, 2011 to 29th March, 2012 were signed by Shri Sanjay Rai and Shri R Rahman, Former Directors of Nagapattinam-Madhugiri Transmission Company Limited. After acquisition of the Company by POWERGRID, the accounts of the Company for the 1st Financial Year ended 31st March, 2012 were signed by Shri I. S. Jha and Shri R. T. Agarwal, nominee Directors of POWERGRID on the Board of Nagapattinam-Madhugiri Transmission Company Limited. The Directors' Responsibility Statement for the financial year under review i.e. period ended on 31st March, 2012 has been signed by Shri Sanjay Rai, former Director on behalf of Directors for that period [from 20.05.2011 (date of incorporation) to 29.03.2012] of Nagapattinam-Madhugiri Transmission Company Limited.

The transmission system comprising 765 kV D/C & 765 kV S/C is to traverse through the States of Tamil Nadu and Karnataka. The commissioning schedule of the project is 36 months.

The application for grant of transmission license and adoption of transmission charges have been filed before CERC on 4th April, 2012.

Board of Directors

On acquisition by POWERGRID, Shri R. T. Agarwal, Director (Finance) POWERGRID, Shri I. S. Jha, Director (Projects), POWERGRID and Shri Bharat Bhushan, Executive Director, POWERGRID, have been nominated as Directors (Part-time) in the Company.

Shri R. Rahman and Shri Manoj Kumar Rana, who were Directors of the Company till 29th March, 2012, tendered their resignation on acquisition of the Company by POWERGRID in terms of 'Share Purchase Agreement' dated 29.03.2012. Shri Sanjay Rai, Director of the Company ceased to be a Director w.e.f. 4th April, 2012.

Auditors

M/s. Rakhecha & Co., Chartered Accountants, were appointed by C&AG as Statutory Auditors of the company for the period commencing from 20th May, 2011 and upto 31st March, 2012 i.e. 1st Financial Year of the Company.

Comptroller and Auditor General's Comments

Comments of the Accounts for the year ended 31st March, 2012 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 are given in Annexure-I to this report.

Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- i) that in the preparation of the accounts for the period commencing from 20th May, 2011 and ending 31st March, 2012 the applicable accounting standards had been followed;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss of the Company for the year under review;

- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared accounts for period ended 31st March, 2012 on a going concern basis.

Particulars of Employees

There is no employee whose particulars are required to be given in terms of Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo

Since no commercial activity was carried out by the Company, furnishing of information in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

Acknowledgement

The Board extends its sincere thanks to POWERGRID, Comptroller & Auditor General of India and the Auditors of the Company.

For and on behalf of
Nagapattinam-Madhugiri Transmission Company Limited.

Sd/-
(I. S. Jha)
Chairman

Date: 08.08.2012.
Place: New Delhi.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NAGAPATTINAM-MADHUGIRI TRANSMISSION COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of Nagapattinam-Madhugiri Transmission Company Limited, New Delhi for the year ended 31 March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of the Nagapattinam-Madhugiri Transmission Company Limited for the year ended 31 March, 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(Praveen Kumar Singh)

Principal Director of Commercial Audit &

Ex-officio Member Audit Board-III

New Delhi

Place: New Delhi

Date : 05th July, 2012

Balance Sheet as at 31st March 2012

		(Amount in ₹)	
Description	Note No.	As at 31.03.2012	
I . EQUITY AND LIABILITIES			
(1) Share Holder's Funds			
(a) Share Capital	3	500,000	
(b) Reserves & Surplus	4	(34,034)	
		465,966	
(2) Non-current Liabilities			
-			
(3) Current Liabilities			
(a) Other Current Liabilities	5	194,658,933	
(b) Short- Term Borrowings	6	-	
		194,658,933	
Total		195,124,899	
II . ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets		-	
(ii) Capital Work in Progress	7	195,115,077	
		195,115,077	
(b) Long -term loans and advances		-	
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	8	9,822	
(b) Short-term loans and advances	9	-	
(c) Other Current Assets		-	
		9,822	
Total		195,124,899	
Expenditure During Construction Period	10		
Corporate Information	1		
Accounting policies	2		

The accompanying notes are an integral part of the financial statements

For & on Behalf of Board of Directors

(R. T. Agarwal)
Director

(I.S. Jha)
Director and Chairman (Part-time)

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For & on behalf of

Rakhecha and Co.

CHARTERED ACCOUNTANTS

Firm Reg. No: 02990N

S.K. Rakhecha

(Partner)

M. No.081201

Place : New Delhi

Date : 25th May, 2012



पावर सिड

Statement of Profit and Loss for the year ended 31st March, 2012

		(Amount in ₹)	
Description	Note No.	For the year ended 31.03.2012	
I. Revenue from Operations			
(a) Consultancy Income			-
II. Other Income			
Other Income			-
III. Total (I+II)			-
IV. EXPENSES			
Preliminary Expenses			34,034
Total			34,034
V. Profit before exceptional and extraordinary items and tax (III-IV)			(34,034)
VI. Exceptional itmes/ Prior Period Expense			-
VII. Profit before exceptional and extraordinary items and tax (V-VI)			(34,034)
VIII. Extraordinary itmes			-
IX. Profit Before Tax (VII-VIII)			(34,034)
X. Tax Expenses			
(1) Current Tax			-
for current year			-
for earlier year			-
(2) Deferred Tax			-
XI. Profit (Loss) for the period (IX-X)			(34,034)
XII. Earnings per equity shares:			
(1) Basic	24		(0.68)
(2) Diluted	24		(0.68)
Expenditure During Construction Period	10		
Corporate Information	1		
Accounting policies	2		

The accompanying notes are an integral part of the financial statements

For & on Behalf of Board of Directors

(R. T. Agarwal)
Director

(I.S. Jha)
Director and Chairman (Part-time)

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For & on behalf of

Rakhecha and Co.

CHARTERED ACCOUNTANTS

Firm Reg. No: 02990N

S.K. Rakhecha

(Partner)

M. No.081201

Place : New Delhi

Date : 25th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(Amount in ₹)

Particulars	For the year ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/(Loss) as per Profit & Loss A/c	(34,034)
Prior Period Expenses/ Preliminary expenses	-
Operating profit before working capital changes	(34,034)
Adjustment For Increase/Decrease in:	
Other Current Assets	-
Short Term Loans & Advances	-
Current Liabilities & Provisions	194,658,933
TOTAL	194,624,899
B. CASH FLOW FROM INVESTING ACTIVITIES	
Capital Work in Progress	(195,115,077)
TOTAL	(195,115,077)
C. CASH FLOW FROM FINANCIAL ACTIVITIES	
Issue of Share Capital	500,000
TOTAL	500,000
 NET INCREASE/(DECREASE) IN CASH FLOW (A+B+C)	 9,822
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	-
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	9,822
Cash on hand and balance with banks	9,822
Other Cash and Cash Equivalents	-

For & on Behalf of Board of Directors

(R. T. Agarwal)
Director

(I.S. Jha)
Director and Chairman (Part-time)

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For & on behalf of

Rakhecha and Co.

CHARTERED ACCOUNTANTS

Firm Reg. No: 02990N

S.K. Rakhecha

(Partner)

M. No.081201

Place : New Delhi

Date : 25th May, 2012

Notes to Financial Statements for the period ended 31 March 2012

1 Corporate Information

The Company was incorporated on 20/05/2011 under the Companies Act 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking.). Certificate for Commencement of Business was issued on 19/08/2011. The Company has been incorporated to develop power system network and Study, Investigate, collect information and data etc. for the purpose of transmission of electricity . The Company was taken over by Power Grid Corporation of India Ltd. on 29/03/2012.

2 Accounting Policies

a. Basis of Preparation

The financial statements have been prepared on accrual basis following the historical cost convention in accordance with the accounting principles generally accepted in India and are in accordance with the requirements of the Companies Act, 1956 and Accounting Standards as specified in Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.

b. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. Capital Work in Progress

Expenditure incurred on Survey /Studies /Investigations /Consultancy /Administration /Interest /Manpower Charges etc. has been capitalized & treated as Capital Work In Progress.

g. Preliminary Expenses

Preliminary expenses has been charged to the Profit & Loss account in the year in which such expenditure has been incurred.

h. Investments

Investments are stated at cost.

i. Borrowing Costs

Borrowing cost is charged to the profit & loss account for the year in which it is incurred except for capital assets where it is capitalized till the date of commercial use of the assets.

j. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in

the books when there is an obligation that may, but probably will not (in the opinion of the Management), require outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

k. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3 SHARE CAPITAL

Description	(Amount in ₹) As at 31.03.2012
Authorised :	
50,000 Equity shares of ₹ 10/- each	500,000
Issued, subscribed and fully paid up shares :	
50,000 Equity shares of ₹ 10/- each fully paid-up	500,000
Total Issued, subscribed and fully paid up share capital	500,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	For the year ended 31.03.2012	
	No. of Shares	(Amount in ₹)
Equity Shares		
At the beginning of the period	-	-
Issued During the period	50,000	500,000
Outstanding at the end of the period	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Power Grid Corporation of India Limited, the Holding Company	(Amount in ₹) As at 31.03.2012
50,000/- equity shares of ₹ 10 each fully paid	500,000

d. Details of shareholders holding more than 5% shares in the company as at 31st March, 2012

	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	50,000	100%
Power Grid Corporation of India Limited, the Holding Company	50,000	100%

* Out of 50,000 equity shares, 600 shares are held by nominees of Power Grid Corporation of India limited on its behalf (jointly with Power Grid Corporation of India Limited).

**4 RESERVES & SURPLUS**

(Amount in ₹)

Description	As at 31.03.2012
Surplus(Deficit) in the statement of Profit and Loss Account	(34,034)
TOTAL	(34,034)

5 OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012
CURRENT LIABILITIES	
Payable to Power Grid	194,658,933
Provision For Expenses	-
TOTAL	194,658,933

6 SHORT TERM BORROWINGS

(Amount in ₹)

Description	As at 31.03.2012
Loan and Advance from Related Parties repayable on demand (Unsecured)	-
TOTAL	-

The above amount includes
Secured borrowings
Unsecured borrowings

7 CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31.03.2012
Transferred from expenditure During Construction Period (Note-10)	195,115,077
TOTAL	195,115,077

8 CASH AND CASH EQUIVALENTS

Description	(Amount in ₹)	
	As at 31.03.2012 Non-Current	As at 31.03.2012 Current
Balances with banks:		
In current accounts	-	9,822
Deposits with original maturity of less than three months	-	-
Cheques, drafts in hand	-	-
Cash in Hand	-	-
		9,822
Other Bank Balances		
Deposits with original maturity for more than 12 months	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-
Margin money deposit	-	-
TOTAL	-	9,822

9 SHORT TERM LOANS AND ADVANCES

Description	As at 31.03.2012 Non-Current	As at 31.03.2012 Current
Security Deposit		
Secured , considered good	-	-
Unsecured , considered good	-	-
Doubtful	-	-
	-	-
Loans and advances to related parties		
Unsecured , considered good	-	-
Advances recoverable in cash or kind		
Secured , considered good	-	-
Unsecured , considered good	-	-
	-	-
Other loans and advances		
Advance Income Tax (net of provision for taxation)	-	-
Tax deducted at source	-	-
Income tax and FBT refundable	-	-
Cenvat Credit Receivable	-	-
Prepaid expenses	-	-
Loans to employees	-	-
Recoverable from Others Utilities	-	-
Advances to Consultants/ Others	-	-
	-	-
	-	-
Total	-	-

Loans and advances due by directors or other officers, etc.

(Amount in ₹)

	As at 31.03.2012 Non-Current	As at 31.03.2012 Current
Loans to employees include		
Dues from non-executive directors	-	-
Dues from officers	-	-
Dues from non- executive and officers jointly with other persons	-	-
Loans and advances to related parties include		
Dues from partnership firm (name) in which the company's executive director is a partner	-	-
Dues from (Name of co.) in which the company's managing director is a member.	-	-
Advances recoverable in cash or kind include		
Dues from the partnership firm (name) in which the company's non-executive director is a partner	-	-

10 EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	For the year ended 31.03.2012
(a) Expenses	
Manpower Charges	22,810,751
Audit Fees	39,326
Certification Charges	22,472
Consultancy Charges	165,511,709
Conference Charges	29,554
Printing & Stationary	59,233
Advertisement	2,678,014
Vehicle Hiring	119,739
Legal & Filing Charges	600
Bank Charges	178
Survey & Studies Expenses	1,628,236
Tour & Travelling	79,066
Interest on expenses	1,461,822
Other Administrative Expenses	674,377
Total	195,115,077

11 Consequent to the selection of Successful Bidder (M/s Power Grid Corporation of India Limited) as per Tariff based competitive bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/06 (as amended from time to time) and as per issued bidding documents, the company was transferred to M/s Power Grid Corporation of India Limited (Successful Bidder) vide Share purchase Agreement dated 29th March 2012 by the PFCCCL (transferor). After transfer, the company ceases to be a subsidiary of PFCCCL and became a subsidiary of Power Grid Corporation of India Ltd.

12 The details of Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri I S Jha	Director and Chairman (Part-time)	29.03.2012	Continuing
2	Shri R T Agarwal	Director	29.03.2012	Continuing
3	Shri Bharat Bhushan	Director	29.03.2012	Continuing
4	Shri Sanjay Rai	Director	20.05.2011	Continuing

13 Employees working for the Company were from erstwhile holding company i.e. PFC Consulting Ltd. (PFCCCL). The manpower charges ₹ 22,810,751/- of PFCCCL employee are charged by PFCCCL on the basis of cost to company based on actual time utilised by the employees for the Company as per invoice raised by PFCCCL. The man power charges includes ₹ 18,53,673/- of Sh. R. Rahman (Ex-Chairman of NMTCL and an employee of erstwhile holding co.), ₹ 8,073/- of Sh. Manoj Rana, (Ex-Director of NMTCL and an employee of erstwhile holding co), ₹ 33,32,325/- of Sh. Sanjay Rai (Director of NMTCL and an employee of erstwhile holding co).

14 The related expenses are paid by the erstwhile Holding Company (PFCCCL) and charged to the Company. Original Supporting bills in respect of expenditure incurred by the erstwhile Holding company are retained by them of which copies are available with the Company. The erstwhile holding company will comply statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to these expenses.

15 The shares of the company have been transferred by the PFC Consulting Limited to the successful bidder of the project i.e. M/s Power Grid Corporation of India Limited on 29th March 2012 (as per note no. 11 above). The amount of consideration paid by the

successful bidder as acquisition price for purchase of 100% equity shareholding of the company and for taking over all assets and liabilities of the company are at par at book value.

- 16** Expenditure incurred for taking over the Company is financed by the Holding Company (Power Grid Corporation of India Ltd.) and considered as current liabilities as at 31.03.2012. Prior to taking over of the Company by Power Grid Corp., the project was financed by the erstwhile holding company (PFCL) and the same was shown as short term borrowings and interest was charged on funds deployed by erstwhile Holding Company (PFCL) in balance sheet prepared upto 29.03.2012.
- 17** i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil.
ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ Nil.
- 18 Auditors Remuneration (including Service Tax)**

		(Amount in ₹)
S. No.	Particulars	2011-12
1	Statutory Audit Fees	35,000
2	Certification Fees	20,000
3	Service Tax	6,798
	Total	61,798

- 19** The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

20 The disclosure as per AS 18 – Related Party Disclosure :

The Nagapattinam Madhugiri Transmission Company Limited is a wholly owned subsidiary of Power Grid Corporation of India Ltd. All key decisions are taken by the Board of Nagapattinam Madhugiri Transmission Company Limited where the Power Grid nominees exercise control.

Details of Related parties and nature of relationship

S. No.	Nature of Relationship	Name of the Related Party
1	Power Finance Corporation Limited (PFC)	Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
2	PFC Consulting Limited (PFCL)	Holding Company (Prior to share purchase agreement dated 29.03.2012)
3	Power Grid Corporation of India Limited	Holding Company (after share purchase agreement dated 29.03.2012)
4	DGEN & Uttrakhand Transmission Company Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
5	Chhatisgarh Surguja Power Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
6	Orissa Integrated Power Company Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
7	Coastal Karnataka Power Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
8	Coastal Maharashtra Mega Power Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
9	Ghogarpalli Integrated Power Company Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
10	Coastal Tamil Nadu Power Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
11	Sakhigopal Integrated Power Company Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)

S. No.	Nature of Relationship	Name of the Related Party
12	Tatiya Andhra Mega Power Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
13	PFC Green Energy limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
14	PFC Capital Advisory Services Limited	Subsidiary of Ultimate Holding Company (Prior to share purchase agreement dated 29.03.2012)
15	Power System Operation Corporation Limited (POSOCO)	Subsidiary of Holding Company (Power Grid)
16	Powerlinks Transmission Limited	Joint Venture of Holding Company (Power Grid)
17	Torrent Power Grid Limited	Joint Venture of Holding Company (Power Grid)
18	Jaypee Powergrid Limited	Joint Venture of Holding Company (Power Grid)
19	Parbati Koldam Transmission Company Limited	Joint Venture of Holding Company (Power Grid)
20	Teestavalley Power Transmission Limited	Joint Venture of Holding Company (Power Grid)
21	North East Transmission Company Limited	Joint Venture of Holding Company (Power Grid)
22	National High Power Test Laboratory Private Limited	Joint Venture of Holding Company (Power Grid)
23	Energy efficiency Services Limited	Joint Venture of Holding Company (Power Grid)

Details of Related party transactions

S.No.	Particulars	2011-12		
		PFC	PFCCL	POWERGRID
1	Equity Contribution	-	-	500,000
2	Manpower Charges	-	22,810,751	-
3	Interest Expenses	-	1,461,822	-
4	Professional Fees	-	165,450,000	-
5	Closing Balances: -	-		
	(a) Payable to Power Grid Corporation of India Limited	-		194,658,933

- 21 The Company owes no dues to small-scale units for the period ended and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".
- 22 The Company has paid a sum of ₹ 15,00,00,000/- (₹ Fifteen Crores) plus Service Tax as applicable to PFCCL on account of fees for providing advisory & professional services (Transfer Fees) rendered by PFCCL.
- 23 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

24 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12
1	Nominal Value of share (₹)	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax (₹)	(34,034)
4	Earning per share (₹)	(0.68)

- 25 Most of the additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

- (a) Expenditure in foreign currency – Nil
(b) Income in foreign exchange – Nil
- 26 Figures have been rounded off to the nearest Rupee unless otherwise stated.
- 27 Since this is the first accounting year of the company, the accounts have been prepared for the period 20/05/2011 to 31/03/2012. Hence, previous year figures are not available.

For & on Behalf of Board of Directors

(R. T. Agarwal)

Director

(I.S. Jha)

Director and Chairman (Part-time)

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For & on Behalf of

Rakhecha and Co.

CHARTERED ACCOUNTANTS

Firm Reg. No:02990N

S.K. Rakhecha

(Partner)

M. No.081201

Place : New Delhi

Date : 25th May, 2012

AUDITORS' REPORT

TO

THE MEMBERS OF NAGAPATTINAM MADHUGIRI TRANSMISSION COMPANY LIMITED

1. We have audited the attached Balance Sheet of **NAGAPATTINAM MADHUGIRI TRANSMISSION COMPANY LIMITED** as at 31st March 2012, Statement of Profit & Loss and the Cash Flow Statement for the period from 20th May 2011 to 31st March 2012, 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 conducted our audit in accordance with the 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 from any 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 management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 read with the companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 of said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
 1. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 2. 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 the books. ***Since some of the payments on behalf of the Company have been made by the erstwhile Holding Company i.e. PFC Consulting Ltd., the original supports relating to these expenditures etc. are kept with the erstwhile Holding Company.***
 3. The Balance Sheet, Statement of Profit & Loss and Cash flow statement dealt with by this report are in agreement with the books of account.
 4. In our opinion- the Balance Sheet, Statement of Profit & Loss and Cash flow statement dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the companies act, 1956.
5. 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 a Government Company.
6. In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on accounts and Accounting Policies annexed thereto, give the information required by the Companies Act, 1956 In the manner so required & give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In case of the Balance Sheet of the state of affairs of the Company as at 31st March 2012,
 - (ii) In case of the Statement of Profit & Loss, of loss for the period from 20th May 2011 to 31st March 2012, and
 - (iii) In case of Cash Flow Statement ,of the Cash Flows of the company for the period from 20th May 2011 to 31st March 2012.

For and on behalf of RAKHECHA & CO.
Chartered Accountants
(Firm Registration No.G2990N)

S.K. Rakhecha
(Partner)

Membership No: 081201

Place: New Delhi
Dated: 25th May, 2012

ANNEXURE TO AUDITORS' REPORT OF NAGAPATTINAM MADHUGIRI TRANSMISSION COMPANY LIMITED (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

- I. (a) In our opinion and according to information and explanation given to us, provision of para 4(i) (a) of the Companies (Auditors Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.
 - (b) In our opinion and according to information and explanation given to us provision of para 4(i) (b) of the companies (Auditors Report) Order. 2003 relating to physical verification of fixed assets by the management is not applicable to Company as it does not have fixed assets.
 - (c) in our opinion and according to information and explanation given to us provision of para 4(i) (c) of the companies (Auditors Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the year are not applicable to Company as it does not have fixed assets.
2. As the company has not purchased/ sold goods during the year nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company,
 3. As explained to us, .the Company has not taken nor granted any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order. 2003 are not applicable to the company.
 4. In our opinion according to the information and explanation given to us, the company does not have fixed assets and inventories and has no commercial activities during the year, the provision of para 4(iv) of the companies (Auditors Report) Order 2003 relating to adequate interna! control procedure commensurate with the size of company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services are not applicable to company.
 5. According to the information and explanation given to us, there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.
 6. According to the information and explanation given to us, the company has not accepted any deposits from public.
 7. The company does not have paid up capital and reserves of ₹ 50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a year of three consecutive financial years immediately preceding the financial year concerned, the provision of para 4 (vii) of the Companies (Auditor Report) Order, 2003 are not applicable to company.
 8. The company does not have any business activities during the year, the provision of para 4 (viii) of the Companies (Auditor Report) order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies act is not applicable to the company.
 9. (a) According to information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund Employees State Insurance, Income Tax, Wealth Tax, and other statutory dues with the appropriate Authorities through holding company i.e. PFC Consulting Ltd. According to information and explanation given to us. there are no undisputed statutory dues outstanding as at 31st March, 2012 for a period of more than six months from the date they become payable.
 - (b) According to information and explanation given to us, there are no dues of Income Tax, Wealth Tax, which have not been deposited on account of any dispute.
10. In our opinion the Company has accumulated losses at the end of the current financial year. And it has incurred cash losses in the current financial year.
 11. According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company.
 12. In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditors Report) Order, 2003 are not applicable to Company as it has not given any loans and advance on security of shares. Debentures and other securities.



13. In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the companies (Auditor Report) Order, 2003 is not applicable to company.
14. According to information and explanation given to us, the Company is not dealing or trading in shares, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor Report) Order, 2003 is not applicable to Company.
15. According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by others from banks and financial institutions.
16. In our opinion and according to information and explanation given to us the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditors Report) Order, 2003 are not applicable to Company.
17. According to information and explanation given to us and on an overall examination of the Balance sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.
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. According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of die Companies (Auditors Report) order, 2003 are not applicable to Company.
20. According to information and explanation given to us the company has not raised any money from public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period under audit.

For and on behalf of RAKHECHA & CO.
Chartered Accountants
(Firm Registration No.02990N)

Place: New Delhi
Dated: 25th May, 2012

S.K. Rakhecha
(Partner)
Membership No: 081201

CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

1.3 RESERVES AND SURPLUS

Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under mega insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.

1.4 GRANTS-IN-AID

1.4.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

1.4.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the Statement of Profit and Loss over the useful life of related asset and in proportion to which depreciation on these assets is provided.

1.5 FIXED ASSETS

1.5.1 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.

1.5.2 In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.

1.5.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/assessments.

1.5.4 Transmission system assets are considered when they are 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

1.5.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken,

1.5.6 Expenditure on leveling, clearing and grading of land is capitalised as part of cost of the related buildings.

1.5.7 Insurance spares, which can be used only in connection with an item of fixed asset and whose use is expected to be at irregular intervals are capitalized and depreciated over the residual useful life of the related plant & machinery. In case the year of purchase and consumption is same, amount of insurance spares are charged to revenue.

1.5.8 Mandatory spares in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard. In case the year of purchase & consumption is same, amount of mandatory spares are charged to revenue.

1.6 CAPITAL WORK IN PROGRESS (CWIP)

- 1.6.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till the date of capitalization.
- 1.6.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.
- 1.6.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 1.6.2 above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule .
- 1.6.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.
- 1.6.5 Unsettled liability for price variation/ exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

1.7 INTANGIBLE ASSETS

- 1.7.1 The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for its use.
- 1.7.2 Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulation.

1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

1.9 BORROWING COST

- 1.9.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.
- 1.9.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.
- 1.9.3 Foreign exchange rate variation (FERV) (Unfavorable) on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is treated as borrowing cost.

1.10 TRANSACTION IN FOREIGN CURRENCY

- 1.10.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.
- 1.10.2 FERV (except the amount considered as 'borrowing cost' under para 1.9.3 above) arising on settlement / translation of foreign currency loans is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets irrespective of whether the project is under construction or operation.
- 1.10.3 FERV accounted for as per policy no 1.9.3 & 1.10.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central Electricity Regulatory Commission (CERC) norms w.e.f 1st April, 2004 or Date of Commercial Operation (DOC0) which ever is later.

The above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:

- a) FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognized as income/expense in the Statement of Profit and Loss in the same proportion in which FERV is apportioned between carrying cost of fixed assets and Statement of Profit & Loss.
 - b) FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'
 - c) FERV recoverable/payable adjusted in Statement of Profit and Loss referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Statement of Profit & Loss'
 - d) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
 - e) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding debit/credit to the debtors.
- 1.10.4
- a) FERV charged to Statement of Profit & Loss upto 31.03.2011 & included in the capital cost for the purpose of tariff is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c'.
 - b) Transmission charges on such amount is adjusted against 'Deferred foreign currency fluctuation asset/liability a/c' in the following manner:
 - i) Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c.
 - ii) Balance 10% is adjusted against the transmission charges over the tenure of respective loan.
- 1.10.5 FERV arising out of settlement/translation of long term monetary items (other than foreign currency loans) relating to fixed assets/CWIP are adjusted in the carrying cost of related assets.
- 1.10.6 FERV arising during the construction period from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable/payable to the beneficiaries as capital cost as per CERC tariff Regulation are accounted as 'Deferred foreign currency fluctuation asset/liability a/c'. Transmission charges on such amount is adjusted against above account.
- 1.10.7 Other exchange differences are recognized as income or expenses in the period in which they arise.
- 1.11 INVESTMENTS**
- 1.11.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- 1.11.2 Long term investments are carried at cost. Provision is made for diminution other than temporary, in the value of such investments.
- 1.12 INVENTORIES**
- 1.12.1. Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value.
- 1.12.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
- 1.12.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
- 1.12.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.
- 1.12.5 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

1.13 DEFERRED REVENUE EXPENDITURE

Deferred revenue expenditure incurred up to March 31, 2003 (prior to the date AS-26 became mandatory) are amortized over a period of 5 years from the year of commercial operation/earning of revenue.

1.14 REVENUE RECOGNITION

1.14.1 Transmission Income is accounted for based on tariff orders notified by CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by CERC. Transmission Income in respect of additional capital expenditure incurred after the date of commercial operation is accounted based on actual expenditure incurred on year to year basis as per tariff norms of CERC.

1.14.2 Income from short term open access is accounted for on the basis of regulations notified by CERC.

1.14.3 The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the norms notified / approved by CERC.

1.14.4 ADVANCE AGAINST DEPRECIATION

1.14.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.

1.14.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after 12 years from the end of the financial year in which the asset was commissioned, to the extent depreciation recovered in the tariff during the year is lower than depreciation charged.

1.14.5 Surcharge recoverable from trade receivables and liquidated damages / warranty claims / interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

1.14.6 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.

1.14.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.

1.14.8 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:

- a. 10% on issue of Notice Inviting Tender for execution
- b. 5% on Award of Contracts for execution
- c. Balance 85% on the basis of actual progress of work including supplies

1.14.9 Application Fees received on account of Long Term Open Access (LTOA) Charges is accounted for as and when received in accordance with CERC Guidelines.

1.14.10 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

1.14.11 Dividend income is recognized when right to receive payment is established.

1.15 LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

1.15.1 State sector unified load dispatch centre (ULDC) assets leased to the SEBs are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under long term loans & advances. Wherever grant in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.

1.15.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by CERC.

- 1.15.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

1.16 DEPRECIATION / AMORTIZATION

- 1.16.1 Depreciation / amortization is provided on straight line method following the rates and methodology notified by CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation / amortization is provided at the rates mentioned below:

a) Computers & Peripherals	30%
b) Mobile Phones	33.33%
c) Software	33.33%

- 1.16.2 ULDC assets other than assets transferred to Power System Operation Corporation Limited are depreciated on Straight Line Method @ 6.67% per annum as determined by CERC for levelized tariff.
- 1.16.3 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- 1.16.4 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.
- 1.16.5 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.
- 1.16.6 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing ₹ 5000/- or less, or where the written down value is ₹ 5000/- or less as at the beginning of the year, are charged off to revenue.
- 1.16.7 Other fixed assets costing upto ₹ 5,000/- are fully depreciated in the year of acquisition.
- 1.16.8 Leasehold Land, other than acquired on perpetual lease, is fully amortized over the tenure of the lease or 25 years whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.
- 1.16.9 In the case of assets of National thermal power corporation limited (NTPC), National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

1.17 EXPENDITURE

- 1.17.1 Pre-paid/prior-period expenses/Income up to ₹ 100000/- are accounted for to natural heads of account.
- 1.17.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.
- 1.17.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred.

1.18 IMPAIRMENT OF ASSETS

Cash generating units as defined in Accounting Standard -28 on 'Impairment of Assets' are identified at the Balance Sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in the profit & loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

1.19 EMPLOYEE BENEFITS

- 1.19.1 The liability for retirement benefits of employees in respect of Gratuity, is ascertained annually on actuarial valuation at the year end, is provided and funded separately.

- 1.19.2 The liabilities for compensated absences, leave encashment, post retirement medical benefits, Settlement Allowance & farewell gift to employees are ascertained annually on actuarial valuation at the year end and provided for.
- 1.19.3 Actuarial gains/losses are recognized immediately in this Statement of Profit & Loss.

1.20 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the schedule of contingent liability on the basis of judgment of the management /independent expert. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

1.21 INCOME TAX

Income Tax comprises of current and deferred tax. Current income taxes are measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred tax resulting from timing difference between accounting and taxable profit is accounted for using the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.



पावरप्रिक्स

Consolidated Balance Sheet as at 31st March 2012

(₹ in Crore)

Description	Note No.	As at 31st March, 2012	As at 31st March, 2011
I.EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	4629.73	4629.73
(b) Reserves and surplus	2.2	18953.48	16787.86
		23583.21	21417.59
Non-current liabilities			
(a) Long-term borrowings	2.3	50005.73	37904.65
(b) Deferred tax liabilities (Net)	2.4	1594.56	1144.14
(c) Deferred revenue	2.5	2332.75	2397.76
(d) Deferred Income/(Expenditure) From Foreign Currency Fluctuation(Net)		493.17	-11.59
(e) Other Long Term Liabilities	2.6	1462.25	2846.39
(f) Long-term provisions	2.7	448.95	340.82
		56337.41	44622.17
Current liabilities			
(a) Short-term borrowings	2.8	1658.28	1450.00
(b) Trade payables	2.9	237.17	232.49
(c) Other current liabilities	2.10	9169.87	7326.71
(d) Short-term provisions	2.11	3154.05	2613.24
		14219.37	11622.44
Total		94139.99	77662.20
II.ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.12	47997.70	37678.12
(ii) Intangible assets	2.13	324.11	253.89
(iii) Capital work in progress	2.14	16248.75	13326.53
(iv) Intangible assets under development	2.15	93.08	107.50
		64663.64	51366.04
(b) Construction stores	2.16		10749.31
(c) Non-current investments	2.17	573.86	757.12
(d) Deferred foreign currency fluctuation asset		1316.67	328.97
(e) Long-term loans and advances	2.18	5644.53	3534.76
		7535.06	4620.85
Current assets			
(a) Current investments	2.19	199.84	194.54
(b) Inventories	2.20	441.25	382.35
(c) Trade receivables	2.21	2347.07	1201.04
(d) Cash and Bank balances	2.22	3111.34	4805.87
(e) Short-term loans and advances	2.23	2532.96	2076.69
(f) Other current assets	2.24	672.06	2265.52
		9304.52	10926.01
Total		94139.99	77662.20
Accounting Policies	1		
Notes on Accounts	2		

Notes referred above are integral part of the Balance Sheet

For and on behalf of the Board of Directors

(Divya Tandon)
Company Secretary

(R.T Agarwal)
Director (Finance)

(R. N. Nayak)
Chairman & Managing Director

For S.K. Mehta & Co.
Chartered Accountants
Firm Regn No. 000478 N

As per our report of even date
For Chatterjee & Co.
Chartered Accountants
Firm Regn No. 302114 E

For Sagar & Associates
Chartered Accountants
Firm Regn No. 003510 S

(S.K.Mehta)
Partner
Membership No. 010870

(S.K.Chatterjee)
Partner
Membership No. 003124

(V.Vidyasagar Babu)
Partner
Membership No. 027357

Place: New Delhi
Date: 29th May, 2012

Consolidated Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in Crore)

Description	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
I.Revenue from operations	2.25	10311.52	8611.76
II.Other income	2.26	762.06	660.78
III.Total Revenue (I + II)		11073.58	9272.54
IV.Expenses:			
Employee benefits expense	2.27	921.41	785.68
Finance costs	2.28	1985.75	1665.76
Depreciation and amortization expense	2.29	2637.39	2272.92
Transmission, Administration and other Expenses	2.30	826.46	714.52
Total expenses		6371.01	5438.88
V. Profit before Prior period items and tax (III - IV)		4702.57	3833.66
VI.Prior period items (Net)	2.31	12.91	4.37
VII. Profit before tax (V - VI)		4689.66	3829.29
VIII.Tax expense:			
(1) Current tax- Current Year	938.81		712.23
- Earlier years	-2.56		4.59
		936.25	716.82
(2) Deferred tax		450.42	440.56
		1386.67	1157.38
IX.Profit for the year (VII-VIII)		3302.99	2671.91
X.Earnings per equity share:	2.50		
(1) Basic		7.14	6.13
(2) Diluted		7.14	6.13
Accounting Policies	1		
Notes on Accounts	2		

Notes referred above are integral part of the Statement of Profit and Loss

For and on behalf of the Board of Directors

(Divya Tandon)
Company Secretary

(R.T Agarwal)
Director (Finance)

(R. N. Nayak)
Chairman & Managing Director

For S.K. Mehta & Co.
Chartered Accountants
Firm Regn No. 000478 N

As per our report of even date
For Chatterjee & Co.
Chartered Accountants
Firm Regn No. 302114 E

For Sagar & Associates
Chartered Accountants
Firm Regn No. 003510 S

(S.K.Mehta)
Partner
Membership No. 010870

(S.K.Chatterjee)
Partner
Membership No. 003124

(V.Vidyasagar Babu)
Partner
Membership No. 027357

Place: New Delhi
Date: 29th May, 2012

Consolidated Cash Flow Statement for the year ended 31st March, 2012

(₹ in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	4689.66	3829.29
Adjustment for :		
Depreciation (including prior period)	2671.98	2272.81
Transfer from Grants in Aid	(32.29)	(30.57)
Deferred revenue - Advance against Depreciation	(32.72)	(37.56)
Amortised Expenditure(DRE written off)	2.41	1.86
Provisions	2.30	(10.56)
Transfer from Self Insurance Reserve	(0.81)	(2.21)
Net Loss on Disposal / Write off of Fixed Assets	1.39	7.55
Interest and Finance Charges	1901.32	1782.46
Provisions Written Back	(40.93)	(40.24)
FERV loss / (gain)	84.43	(4.40)
Interest earned on term deposits, bonds and loans to State Govts.	(81.76)	(104.97)
Stamp Duty & Filing Fee	-	0.17
Rebate on Transmission Charges	-	3.02
Dividend Received	(1.81)	-
Income from sale of short term investments	-	(2.85)
Operating profit before Working Capital Changes	9163.17	7663.80
Adjustment for :		
(Increase)/Decrease in Inventories	(58.90)	(37.38)
(Increase)/Decrease in Trade Receivables	(1146.04)	(1003.56)
(Increase)/Decrease in Loans and Advances	583.55	1119.98
(Increase)/Decrease in Other current assets	1583.26	(35.88)
Increase/(Decrease) in Liabilities and Provisions	(601.63)	(2334.71)
Increase/(Decrease) in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	482.21	44.78
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	(377.27)	3.28
Deferred Revenue Expenditure	-	(0.71)
	465.18	(2244.20)
Direct taxes paid	(1046.36)	(524.18)
Net Cash from operating activities	8581.99	4895.42
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(662.36)	(399.95)
Capital work in progress	(14176.02)	(9942.48)
Construction Stores and Advances for capital expenditure	(4169.16)	(3480.37)
(Increase)/Decrease in Investments	177.96	211.17
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	15.42	23.14
Lease receivables	183.26	66.27
Interest earned on term deposits, bonds and loans to State Govts.	89.55	103.04
Dividend from JV Companies (Adj. through Surplus Account)	44.72	74.79
Dividend received	1.81	-
Net cash used in investing activities	(18494.82)	(13344.39)

Consolidated Cash Flow Statement for the year ended 31st March, 2012 (contd...)

(₹ in Crore)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares - Capital	-	420.89
Proceeds from issue of Shares - Premium	-	3300.29
Share Issue Expenses	-	(8.45)
Loans raised during the year	14680.43	9659.40
Loans repaid during the year	(3760.46)	(3085.61)
Interest and Finance Charges Paid	(1543.82)	(1497.51)
Dividend paid	(996.89)	(727.18)
Dividend Tax paid	(160.96)	(113.77)
Net Cash from Financing Activities	8218.30	7948.06
D. Net change in Cash and Cash equivalents(A+B+C)	(1694.53)	(500.91)
E. Cash and Cash equivalents(Opening balance)	4805.87	5306.78
F. Cash and Cash equivalents(Closing balance)	3111.34	4805.87

Notes:

Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note 2.22.

Cash and cash equivalents	2154.16	1921.23
Other Bank balances (*)	957.18	2884.64
	3111.34	4805.87

(*) Breakup of Other Bank Balances

1. Balance in designated current accounts	8.64	6.25
2. In Current accounts / Flexi Deposits (Operated and maintained in terms of CERC regulations)	416.59	727.90
3. In term deposits having maturity over 3 months (FPO proceeds)	500.00	2121.17
4. In term deposits having maturity over 3 months	31.95	29.32
	957.18	2884.64

Previous year figures have been re-grouped / re-arranged wherever necessary.

For and on behalf of the Board of Directors

(Divya Tandon)
Company Secretary

(R.T Agarwal)
Director (Finance)

(R. N. Nayak)
Chairman & Managing Director

For S.K. Mehta & Co.
Chartered Accountants
Firm Regn No. 000478 N

As per our report of even date
For Chatterjee & Co.
Chartered Accountants
Firm Regn No. 302114 E

For Sagar & Associates
Chartered Accountants
Firm Regn No. 003510 S

(S.K.Mehta)
Partner
Membership No. 010870

(S.K.Chatterjee)
Partner
Membership No. 003124

(V.Vidyasagar Babu)
Partner
Membership No. 027357

Place: New Delhi
Date: 29th May, 2012

Note 2.1 - Share capital

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Equity Share Capital		
Authorised Capital		
10,00,00,00,000 equity shares of ₹ 10/- each	10000.00	10000.00
Issued, Subscribed and paid up		
4,62,97,25,353 (Previous Year 4,62,97,25,353) equity shares of ₹ 10/-each fully paid up	4629.73	4629.73
Total	4629.73	4629.73

Further Notes:

- 1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

Particulars	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	No. of Shares	Amount (₹ in crores)	No. of Shares	Amount (₹ in crores)
Shares outstanding at the beginning of the year	4629725353	4629.73	4208841230	4208.84
Shares Issued during the year	Nil	-	420884123	420.89
Shares bought back during the year	Nil	-	Nil	-
Shares outstanding at the end of the year	4629725353	4629.73	4629725353	4629.73

- 2) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.
- 3) The Government of India holds 3,21,40,24,212 (Previous Year 3,21,40,24,212) equity shares representing 69.42% (Previous year 69.42%) of the total equity shares of the Company and no other share holder of the Company holds more than 5% of the equity shares in the current year and in the preceding year.

Note 2.2 - Reserves and surplus

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Securities Premium Reserves		
As per last Balance Sheet	4875.15	1583.14
Additions during the year	-	3300.29
Deductions during the year	-	8.28
Closing Balance	4875.15	4875.15
Bonds Redemption Reserve		
As per last Balance Sheet	2568.04	2043.08
Additions during the year	969.49	780.77
Deductions during the year	313.50	255.81
Closing Balance	3224.03	2568.04
Self Insurance Reserve		
Through appropriation		
As per last Balance Sheet	211.45	168.92
Additions during the year	43.85	42.53
Deductions during the year	3.92	-
Closing Balance	251.38	211.45

Note 2.2 - Reserves and surplus (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Through charge to Profit		
As per last Balance Sheet	66.20	68.41
Additions during the year	3.92	-
Deductions during the year	0.81	2.21
Closing Balance	69.31	66.20
	320.69	277.65
Corporate Social Responsibility(CSR) Activity Reserve		
As per last Balance Sheet	13.22	8.39
Additions during the year	-	4.83
Deductions/Adjustments during the year	13.22	-
Closing Balance		13.22
General Reserve		
As per last Balance Sheet	8988.08	7855.29
Additions during the year	1459.61	1141.11
Deductions during the year	(3.06)	8.32
Closing Balance	10450.75	8988.08
Load Dispatch & Communication (LDC) Development Fund		
As per Last Balance Sheet	46.29	16.44
Additions during the year	23.95	29.85
Deductions during the year	-	-
Closing Balance	70.24	46.29
Short Term Open Access (STOA) Reserve		
As per Last Balance Sheet	-	-
Additions during the year	219.88	141.25
Deductions during the year	219.88	141.25
Closing Balance	-	-
Capital Reserve		
As per Last Balance Sheet	0.70	0.74
Additions during the year	1.25	-
Deductions during the year	0.11	0.04
Closing Balance	1.84	0.70
	18942.70	16769.13
Surplus(Balance in Statement of Profit and loss)		
As per last Balance Sheet	18.73	32.78
Add:Additions		
Profit after tax as per Statement of Profit and Loss	3302.99	2671.91
Transfer from Bond Redemption Reserve	313.50	255.81
Transfer from Short Term Open Access(STOA) Reserve	219.88	141.25
Corporate Social Responsibility (CSR) Activities Reserve	13.22	-
Dividend Adjustment	44.72	74.79
Dividend tax adjusted	0.50	-
Less: Appropriations		



Note 2.2 - Reserves and surplus (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
STOA Reserve	219.88	141.25
Bonds Redemption Reserve	969.49	780.77
Corporate Social Responsibility (CSR) Activities Reserve	-	4.83
Load Despatch and Communication (LDC) Development Reserve	23.95	21.53
Self Insurance Reserve	43.85	42.53
General Reserve	1459.61	1141.11
Interim dividend	399.06	306.30
Dividend tax on Interim dividend	65.46	43.78
Proposed Final Dividend	621.41	578.72
Dividend tax on proposed Final Dividend	100.06	96.98
Closing Balance	10.77	18.73
TOTAL	18953.48	16787.86

Note 2.3 - Long-term borrowings

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
a) BONDS		
Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)		
XXXVI Issue- 9.35% Bonds of ₹ 1.50 crores each consisting of 15 STRPPs of ₹ 10.00 Lakhs each redeemable at par in 15 (fifteen) equal annual instalments w.e.f 29.08.2016	3090.00	-
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the Company.		
XXXVII Issue- 9.25% redeemable w.e.f 26.12.2015	1995.00	-
XXXV Issue- 9.64% redeemable w.e.f 31.05.2015	1957.50	-
XXXIV Issue- 8.84% redeemable w.e.f 21.10.2014	3487.50	3487.50
XXXIII Issue- 8.64%% redeemable w.e.f 08.07.2014	2880.00	2880.00
XXXII Issue- 8.84% redeemable w.e.f 29.03.2014	1035.00	1035.00
XXXI Issue- 8.90% redeemable w.e.f 25.02.2014	2047.50	2047.50
XXX Issue- 8.80% redeemable w.e.f 29.09.2013	2332.50	2332.50
XXIX Issue- 9.20% redeemable w.e.f 12.03.2013	1189.37	1297.50
XXVIII Issue- 9.33% redeemable w.e.f 15.12.2012	2200.00	2400.00
XXVII Issue- 9.47% redeemable w.e.f 31.03.2012	587.50	646.25
XXVI Issue- 9.30% redeemable w.e.f 07.03.2012	832.50	915.75
XXV Issue- 10.10% redeemable w.e.f 12.06.2011	887.50	976.25

Note 2.3 - Long-term borrowings (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
XXIV Issue- 9.95% redeemable w.e.f 26.03.2011	599.63	666.25
XXIII Issue- 9.25% redeemable w.e.f 09.02.2011	230.63	256.25
XXII Issue- 8.68% redeemable w.e.f 07.12.2010	517.50	575.00
XXI Issue- 8.73% redeemable w.e.f 11.10.2010	382.50	425.00
XX Issue- 8.93% redeemable w.e.f 07.09.2010	1125.00	1250.00
XIX Issue- 9.25% redeemable w.e.f 24.07.2010	371.25	412.50
XVIII Issue- 8.15% redeemable w.e.f 09.03.2010	666.00	749.25
<p>Bonds of ₹ 1.00 crores each consisting of 10 STRPPs of ₹ 10.00 Lakhs each redeemable at par in 10 (ten) equal annual instalments.</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p>		
XVII Issue- 7.39% redeemable w.e.f 22.09.2009	600.00	700.00
XVI Issue- 7.10% redeemable w.e.f 18.02.2009	375.00	450.00
<p>XV Issue-6.68% Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments w.e.f. 23.02.2008</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p>		
XIII issue-8.63% Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 31.07.2006	337.50	405.00
<p>Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System</p>		
<p>XII issue-.9.70% Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 28.03.2006</p> <p>Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System</p>		
XI issue-9.80% Bonds of ₹ 3 crores each consisting of 12 STRPPs of ₹ 25 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 07.12.2005	181.00	226.25
<p>Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta,Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahbad, LILO of Singraulli-Kanpur and Allahabad Sub-Station</p>		



Note 2.3 - Long-term borrowings (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
VIII issue-10.35% Bonds of ₹ 1000/-each redeemable at par in 10(Ten) equal annual instalments w.e.f. 27.04.2005 Secured by floating charge over the Fixed Assets of the Company	4.00	6.00
XIV issue-6.10% Bonds of ₹ 1.5 crores each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments w.e.f 17.07.2004 Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	174.75	233.00
X issue-10.90% Bonds of ₹ 12 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 21.06.2004 Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-IFarakka & Chamera Transmission system	190.38	253.84
IX issue-12.25% Bonds of ₹ 100000/- each redeemable at par in 10(Ten) equal annual instalments w.e.f. 22 nd August, 2003 Secured by way of Registered Bond Trust Deed on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and Sub-stations of parts of NJTL system.	-	57.65
	30788.51	25286.11
To be Secured		
Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of ₹ 10.00 lakh each.		
To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
XXXIX Issue- 9.40% redeemable at par on 29.03.2027	1800.00	-
XXXVIII Issue- 9.25% redeemable at par on 09.03.2027	855.00	-
	2655.00	-
	33443.51	25286.11
b) Term Loans		
From Banks		
Secured		
i) Rupee Loans		
Secured by a floating charge on the fixed assets of the Company		
Indian Overseas Bank	-	35.94

Note 2.3 - Long-term borrowings (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Corporation Bank	5.00	15.00
Punjab National Bank-Loan-I	-	20.00
Punjab National Bank-Loan-II	75.00	100.00
Oriental Bank of Commerce	62.50	83.33
ICICI Bank Ltd.(Secured by first pari passu charge over the assets of the Company)	-	15.00
Secured by a Hypothecation of JV Company (JayPee Power Grid Ltd) Movable assets and Current assets		
ICICI Bank Ltd.	-	11.59
State Bank of India	61.98	-
Central Bank of India	35.33	32.43
Jammu and Kashmir Bank	23.56	21.62
United Bank Of India	-	15.13
Punjab National Bank	47.11	43.24
Secured by first pari passu charge over the Movable assets of JV Company (Torrent Powergrid Ltd.)		
Bank of Baroda	47.70	52.99
Secured by first pari passu charge on all Movable and Current Assets of JV Company (Powerlinks Transmission Ltd.)		
State Bank of India	51.83	60.84
Secured by First mortgage and charge on all the immovable and movable assets of JV Company (Teestavalley Power Transmission Ltd.)		
Other Banks	60.94	20.24
	470.95	527.35
ii) Foreign Currency Loans		
Bank of India Cayman Islands (Secured by a Floating charge on the immovable properties of the company)	271.73	260.28
Loan from Asian Development Bank Philippines (Guaranteed by Govt. of India)		
Secured by pari passu interest in the liens created on the assets as security for the debts.		
Asian development Bank(ADB)-I	262.05	321.90
ADB-II	919.02	863.27
ADB-III	1768.63	1564.32
Secured by first paripasu charge on tangible/ intangible, all movable assets & current assets of JV Company (Powerlinks Transmission Ltd.)		
Asian development Bank	71.88	83.86
Loan from International Bank for Reconstruction and Development, USA (Guaranteed by Govt. of India)		
i) Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyachal and Rihand Transmission system.		
PSDP I	70.06	173.22



Note 2.3 - Long-term borrowings (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
ii) Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-II	1542.33	1458.27
PSDP-III	1859.81	1697.61
PSDP-IV	2685.06	2206.46
PSDP-IV (Addl.)	1486.81	1208.51
PSDP-V	<u>878.91</u>	<u>253.60</u>
	11816.29	10091.30
To be Secured		
i) Rupee Loans		
Term Loan (LOC) from State Bank of India	1000.00	-
To be secured by way of par passu charge on assets of the Company except investments, land and buildings and current assets		
ii) Foreign Currency Loans		
(Pending creation of security by way of pari passu interest in the liens created on the assets as security for the debts)		
ADB-IV	1348.74	692.01
ADB-V	340.14	155.66
Loan under NIB Loan no. PIL 5120	<u>470.19</u>	<u>-</u>
	2159.07	847.67
Unsecured		
Foreign currency loans		
Skandinaviska Enskilda Banken AB(publ) Sweden	82.52	94.99
Loans Guaranteed by Govt of India		
Natixis Banque (Formerly Credit National) France	104.68	104.41
Japan International Cooperation Agency (Formerly Japan Bank for International Cooperation) Japan	161.09	148.74
European Investment BankLuxembourg	<u>21.29</u>	<u>37.28</u>
	369.58	385.42
From Others	15815.89	11851.74
Secured		
Rupee Loans		
Secured by a floating charge on the fixed assets of the Company		
Life Insurance Corporation of India-II	171.10	235.99
Life Insurance Corporation of India-III	9.91	16.49
Secured by way of first charge ranking paripasu on tangible/intangible on all movable assets & current assets of JV company (Powerlinks Transmission Ltd)		
International Finance Corporation	80.84	94.31
IDFC	60.74	70.86
Secured by First Mortgage of immovable properties and Hypothecation of all movable assets and current assets of JV company (Parbati Koldam Transmission Company Ltd & North East Transmission Company Limited)		
Power Finance Corporation Limited	323.75	155.76

Note 2.3 - Long-term borrowings (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Rural Electrification corporation	20.88	-
	667.22	573.41
Unsecured		
i) Rupee Loans		
Power Finance Corporation Limited	-	5.00
ii) Foreign Currency Loan		
Kreditanstalt fur Wiederaufbau Germany	79.11	188.39
	746.33	766.80
Total	50005.73	37904.65

Further notes:

The Term loans are repayable in installments as per the terms of respective agreement generally over the period of 10 to 20 years after the moratorium period of 3 to 5 years.

Note 2.4 - Deferred tax liabilities (Net)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax liability		
Towards Fixed Asset(Net) (A)	5099.25	6037.02
Deferred Tax Asset		
Income during Construction Period	44.26	19.64
Self Insurance Reserve	21.21	21.48
Provisions allowable on payment basis	143.27	123.63
Advance Against Depreciation	695.55	706.03
Others	3.13	3.63
Sub-total (B)	907.42	874.41
Deferred Tax Liability (Net) (A-B)	4191.83	5162.61
Less : Recoverable from Beneficiaries	2597.27	4018.47
Net Deferred Tax Liability	1594.56	1144.14

During the year, the deferred tax liability (net) and the deferred tax recoverable from the beneficiaries as at 31st March, 2012 have been reviewed and reassessed. Net increase in deferred tax liability of ₹ 450.42 Crore (Previous year ₹ 440.56 Crore) has been charged to the Statement of Profit and Loss

Note 2.5 - Deferred Revenue

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
a) Advance Against Depreciation	2192.16	2224.45
b) Grants in aid	140.59	173.31
TOTAL	2332.75	2397.76

**Note 2.6 - Other Long term liabilities**

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
Other liabilities		
i) Deposits /Retention money from contractors and others.	614.19	1375.22
Less: Investments held as security	<u>0.34</u>	<u>0.79</u>
	613.85	1374.43
ii) Advance from customers (Consultancy contracts)	471.84	1027.73
iii) Dues for Capital Expenditure	304.08	346.75
iv) others	72.48	97.48
Total	<u>1462.25</u>	<u>2846.39</u>

Note 2.7 - Long-term provisions

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
Employee Benefits		
As per last Balance Sheet	340.82	286.29
Additions during the year	108.21	54.64
Amounts utilised/paid during the year	<u>0.08</u>	<u>0.11</u>
Closing Balance	448.95	340.82
TOTAL	<u>448.95</u>	<u>340.82</u>

Note 2.8 - Short-term borrowings

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
(Unsecured)		
Short Term loans		
From Banks	<u>1658.28</u>	1450.00
Total	1658.28	1450.00

Note 2.9 - Trade payables

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
For goods and services	<u>237.17</u>	232.49
Total	237.17	232.49

Note 2.10 - Other current liabilities

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
A) Current maturities of Long Term borrowings	2691.43	2257.80
B) Interest Accrued But Not Due On borrowings From		
Indian Banks Financial Institutions & Corporations	29.02	28.69
Foreign Banks & Financial Institutions	41.47	30.09
Secured/Unsecured redeemable Bonds	<u>1211.97</u>	<u>866.18</u>

Note 2.10 - Other current liabilities (contd...)

		(₹ in Crore)	
Description		As at 31st March, 2012	As at 31st March, 2011
C) Others		1282.46	924.96
i) Dues for Capital Expenditure	1224.49		1277.57
ii) Employee related liability	1.77		1.67
iii) Un-claimed matured bonds	0.08		0.07
iv) Unclaimed Dividend	5.93		4.31
v) Deposits Retention money from contractors and others.	1586.67		590.49
Less: Investments held as security	0.75		1.26
		1585.92	589.23
vi) Advance from customers (Consultancy contracts)		1819.53	1380.93
vii) Statutory Dues		76.09	115.19
viii) Related Party		30.04	17.40
ix) Liabilities in respect of designated a/c operated and maintained in terms of CERC Regulations		426.64	744.65
x) Others		25.49	12.93
		5195.98	4143.95
Total		9169.87	7326.71

Note 2.11 - Short-term provisions

		(₹ in Crore)	
Description		As at 31st March, 2012	As at 31st March, 2011
a) Employee Benefits			
i) Transmission incentive/special incentive			
As per last Balance Sheet	199.47		132.79
Addition during the year	137.22		99.53
Amount paid/adjusted during the year	111.11		32.85
Closing Balance		225.58	199.47
ii) Retirement benefit/Wage revision			
As per last Balance Sheet	67.32		342.93
Additions during the year	33.43		3.08
Amounts utilised/paid during the year	-		278.69
Closing Balance		100.75	67.32
iii) Other Employee Benefits (Leave Encashment, Settlement Allowance and Long Service Award etc.)			
As per last Balance Sheet	29.86		25.49
Additions during the year	9.99		14.12
Amounts utilised/paid during the year	13.34		9.75
Closing Balance		26.51	29.86
Total (A)		352.84	296.65
b) Others			
i) Taxation (Including interest on Tax)			
As per last Balance Sheet	1600.53		1148.11
Additions during the year	938.81		699.02
Amount adjusted during the year	480.35		246.61
Closing Balance		2058.99	1600.53

**Note 2.11 - Short-term provisions (contd...)**

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
ii) Proposed Dividend		
As per last Balance Sheet	597.83	420.88
Additions during the year	621.41	597.83
Amounts paid during the year	597.83	420.88
Closing Balance	621.41	597.83
iii) Dividend Tax		
As per last Balance Sheet	96.98	69.90
Additions during the year	165.53	102.32
Amounts paid/adjusted during the year	161.70	75.23
Closing Balance	100.81	96.98
iv) Downtime Service Credit-Telecom		
As per last Balance Sheet	2.46	1.77
Additions during the year	0.75	0.69
Amounts adjusted/paid during the year	-	-
Closing Balance	3.21	2.46
v) Guarantee Fee to GOI		
As per last Balance Sheet	18.65	16.28
Additions during the year	-	2.37
Amounts adjusted/paid during the year	18.65	-
Closing Balance	-	18.65
vi) Provision for Corporate Social Responsibility (CSR) Activity		
As per last Balance Sheet	-	-
Additions during the year	15.26	-
Amounts adjusted/paid during the year	-	-
Closing Balance	15.26	-
vii) Provision Others		
As per last Balance Sheet	0.13	-
Additions during the year	1.44	0.13
Amounts adjusted/paid during the year	0.04	-
Closing Balance	1.53	0.13
Total (B)	2801.22	2316.59
Total (A+B)	3154.06	2613.24

Note 2.12 - Tangible assets

(₹ in Crore)

Description	Gross Block				Depreciation/Amortisation					Net Block		
	As at 1st April, 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31st March, 2012	Upto 31-Mar-2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31st March, 2012	As at 31-Mar-2012	As at 31st March, 2011
Land												
a) Freehold	744.55	423.49		(23.03)	1191.07						1191.07	744.55
b) Leasehold	102.07	109.09		(0.42)	211.58	12.07	5.02		(0.86)	17.95	193.63	90.00
Buildings												
a) Sub-Stations & Office	452.90	56.24	0.15	(0.51)	509.50	132.23	16.76	0.01	(4.57)	153.55	355.95	320.67
b) Township	387.30	25.51		(0.93)	413.74	71.65	16.17		(9.96)	97.78	315.96	315.65
c) RLDC	9.87				9.87	1.57	0.33			1.90	7.97	8.30
Temporary Erection	8.61	0.81		0.14	9.28	8.59	0.68			9.27	0.01	0.02
Roads & Bridges	117.88	9.98			127.86	26.45	5.24		(2.28)	33.97	93.89	91.43
Water Supply Drainage & Sewerage	71.54	9.55		(0.08)	81.17	17.72	4.64		(0.37)	22.73	58.44	53.82
Plant & Equipment												
a) Transmission	32018.55	8068.18	0.17	(329.78)	40416.34	7313.89	1688.48	0.05	21.31	8981.01	31435.33	24704.67
b) Substation	15110.70	3498.12	1.40	(256.76)	18864.18	4967.71	733.99	1.26	3.60	5696.84	13167.34	10142.99
c) Unified Load Despatch/ RLDC & Communication	577.76	0.60		(3.64)	582.00	380.38	88.97		3.83	465.52	116.48	197.39
d) Telecom	1154.72	60.49		(9.60)	1224.81	378.61	64.71		(0.23)	443.55	781.26	776.11
Furniture Fixtures	67.20	10.79	0.10	0.08	77.81	30.99	3.99	0.01	0.15	34.83	42.98	36.21
Office equipment	68.15	9.82	0.16	0.40	77.41	30.64	4.33	0.10	0.30	34.57	42.84	37.51
Electronic Data Processing & Word Processing Machines	70.27	14.68	0.18	0.50	84.27	52.72	6.98	0.15	0.83	58.72	25.55	17.55
Vehicles	4.96	0.45	0.15	0.03	5.23	2.46	0.06	0.12	0.11	2.28	2.94	2.50
Construction and Workshop equipment	87.56	14.98		(0.90)	103.44	20.72	4.64		0.02	25.34	78.10	66.84
Electrical Installation	72.47	14.28		0.19	86.56	28.87	3.52			32.39	54.17	43.60
Laboratory Equipments	50.96	5.39		(0.14)	56.49	26.12	2.17		(0.06)	28.35	28.14	24.84
Workshop & Testing Equipments	18.68	2.47		(0.22)	21.37	13.85	0.51			14.36	7.01	4.83
Miscellaneous Assets/ Equipments	0.61	0.01			0.62	0.21	0.02			0.23	0.39	0.40
Grand Total	51197.31	12334.93	2.31	(624.67)	64154.60	13517.45	2651.21	1.70	11.82	16155.14	47999.46	37679.88
Less: Provision for assets discarded					10.47					8.71	1.76	1.76
	51197.31	12334.93	2.31	(624.67)	64144.13	13517.45	2651.21	1.70	11.82	16146.43	47997.70	37678.12
Previous Year	44023.89	7388.71		215.29	51197.31	11465.87	2271.30		219.72	13517.45	37679.88	
Less: Provision for assets discarded					10.47					8.71	1.76	
	44023.89	7388.71		215.29	51186.84	11465.87	2271.30		219.72	13508.74	37678.12	

Further Notes:

- The Company owns 5635 hectare (Previous Year 5377 hectare) of land amounting to ₹ 1401.84 crore (Previous Year ₹ 845.81 crore) which has been classified into freehold ₹ 1190.26 crore (Previous Year ₹ 743.74 crore) and leasehold ₹ 211.58 crore (Previous Year ₹ 102.07 crore) based on available documentation.
- The Company's land in the State of Jammu & Kashmir amounting to ₹ 54.60 crore (Previous Year ₹ 22.91 crore) and in certain other cases (value not ascertainable), the conveyancing of title to the freehold land and execution/registration of lease agreements in favour of the company is pending for completion of legal formalities.
- Freehold land includes ₹ 48.71 crore (previous year ₹ 33.71 crore) in respect of land acquired by the Company for which conveyance deed in favour of the Company is yet to be executed.
- Leasehold land includes ₹ 7.64 crore (previous year ₹ 7.64 crore) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence not amortised
- Consequent upon advance possession of the land measuring 60.00 acres given to Company, provisional payment of ₹ 3.63 crore has been included in freehold land pending determination of market value of land.
- Township buildings includes ₹ 7.27 crore (previous year ₹ 7.27 crore) for 28 flats at Mumbai, for which registration in favour of the company is pending.
- Plant and machinery under substation in fixed assets includes company's share of ₹ 3.80 crore (previous year ₹ 3.80 crore) in common services and facilities of 400 KV substations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.

Note 2.13 - Intangible assets

(₹ in Crore)

Description	Gross Block				Depreciation/Amortisation				Net Block			
	As at 1st April, 2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31st March, 2012	Upto 31-Mar-2011	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31st March, 2012	As at 31-Mar-2012	As at 31st March, 2011
Electronic Data Processing Software	3.29	4.35			7.64	2.39	1.43		(0.08)	3.90	3.74	0.90
Right of Way-Afforestation Expenses	272.30	92.81		(2.26)	367.37	19.31	16.34		(11.40)	47.05	320.32	252.99
Licence Fee		0.05			0.05						0.05	
Total	275.59	97.21		(2.26)	375.06	21.70	17.77		(11.48)	50.95	324.11	253.89
Previous Year	233.93	39.27		(2.39)	275.59	13.20	8.55		0.05	21.70	253.89	

Note 2.14 - Capital work in progress

(₹ in Crore)

Description	As at 1st April, 2011	Additions	Adjustments	Capitalised during the year	As at 31st March, 2012
Land					
Development of land	81.28	15.75	8.78	1.50	86.75
Buildings					
a) Sub-Stations & Office	59.83	64.41	5.31	51.25	67.68
b) Township	58.09	31.05	0.55	24.62	63.97
Temporary erection	0.15	0.66	0.06	0.30	0.45
Roads & Bridges	10.99	10.80	2.00	8.62	11.17
Water Supply Drainage and Sewerage	5.81	10.04	0.99	8.73	6.13
Plant & Equipments (including associated civil works)					
a) Transmission	9280.37	8340.65	503.41	8061.07	9056.54
b) Sub-Station	1686.01	5382.98	10.69	3471.71	3586.59
c) Unified Load Despatch/RLDC & Communication	0.68	11.78	0.01	-	12.45
d) Telecom	21.29	63.11	-	19.20	65.20
Furniture Fixtures	1.11	0.13	0.06	0.85	0.33
Other office equipments	1.87	0.13	0.07	0.05	1.88
Electrical Installations	14.13	10.66	0.07	12.30	12.42
Expenditure pending allocation					
i) Survey Investigation Consultancy & Supervision Charges	225.26	176.98	1.35	4.63	396.26
ii) Difference in Exchange on foreign Loans	-	390.08	158.27	-	231.81
iii) Expenditure during Construction	1879.66	1936.05	1165.33	1.26	2649.12
TOTAL	13326.53	16445.26	1856.95	11666.09	16248.75
Previous Year	10455.28	10567.34	741.47	6954.62	13326.53

Note 2.15 - Intangible assets under development

(₹ in Crore)					
Description	As at 1st April, 2011	Additions	Adjustments	Capitalised during the year	As at 31st March, 2012
Right of Way- Afforestation Charges & Forest Charges	107.50	57.12	0.15	71.39	93.08
Total	107.50	57.12	0.15	71.39	93.08
Previous Year	52.07	84.96	(8.45)	37.98	107.50

Note 2.16 - Construction stores

(₹ in Crore)		
Description	As at 31st March, 2012	As at 31st March, 2011
Towers	3572.68	2627.20
Conductors	4311.27	3450.78
Other Line Materials	1445.24	1183.07
Sub-Station Equipments	3087.93	3411.47
High Voltage Direct Current (HVDC) Equipments	57.86	50.11
Unified Load Despatch & Communication(ULDC) Materials	38.43	19.84
Telecom Materials	8.42	0.40
Steel	0.72	0.54
Others	114.23	5.91
	12636.78	10749.32
Less: Provision for Shortages and obsolete material	0.01	0.01
TOTAL	12636.77	10749.31
Construction Stores include:		
i) Material in transit		
Towers	29.03	379.03
Other Line Materials	-	40.32
Sub-Station Equipments	317.86	1458.47
Total	346.89	1877.82
ii) Material with Contractors		
Towers	3539.39	2321.11
Conductors	4307.28	3201.90
Other Line Materials	1444.13	1048.00
Sub-Station Equipments	2768.13	2227.49
High Voltage Direct Current (HVDC) Equipments	57.03	43.12
Telecom Materials	8.23	1.09
Others	79.54	-
Total	12203.73	8842.71
Grand total	12550.62	10720.53

Further Notes:

Pending reconciliation, materials amounting to ₹ 43.88 crore (previous year ₹ 34.68 crore) in commissioned lines is shown as construction stores lying with contractors.

**Note 2.17 - Non-current investments**

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
LONG TERM		
A. TRADE INVESTMENTS (AT COST)		
I. Equity Instruments-Fully Paid up :-		
Quoted		
PTC India Ltd		
12000006(Previous year 12000006) Shares of ₹ 10/- each	12.00	12.00
{Market Value ₹ 73.68 crore @ 61.40 (NSE) per share(Previous year ₹ 100.08 crore @ 83.40 (NSE) per share)}		
II. Govt.Securities (Unquoted):-		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f.		
1.10.2006 of :		
Andhra Pradesh	54.16	72.21
Arunachal Pradesh	1.57	2.09
Assam	50.34	67.12
Bihar	48.64	64.86
Gujarat	21.01	28.02
Haryana	24.15	32.20
Himachal Pradesh	0.85	1.13
Jammu & Kashmir	48.59	64.79
Kerala	7.23	9.64
Madhya Pradesh	31.22	41.62
Maharashtra	4.04	5.39
Manipur	9.51	12.68
Meghalaya	0.13	0.17
Mizoram	0.01	0.01
Nagaland	4.18	5.57
Punjab	14.08	18.78
Rajasthan	3.27	3.27
Sikkim	3.38	4.51
Tripura	0.27	0.36
Uttar Pradesh	138.44	184.58
Uttaranchal	15.38	20.51
West Bengal	24.15	32.20
Jharkhand	33.45	44.60
	538.05	716.31
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable w.e.f 30.11.2007	10.38	12.69
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable w.e.f 31.03.2008	13.43	16.12
	23.81	28.81
TOTAL (A)	573.86	757.12

Note 2.17 - Non-current investments (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
B. Non-trade investments (Unquoted)		
500 (Previous Year 500) Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Itarsi (₹ 5000/-)		
500 (Previous Year 500) Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Nagpur (₹ 5000/-)		
500 (Previous Year 500) Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Jabalpur (₹ 5000/-)		
Total (B)		
GRAND TOTAL (A+B)	573.86	757.12

Further notes:

1) Aggregate amount of Quoted Investments		
Book value	12.00	12.00
Market Value	73.68	100.08
Aggregate amount of Unquoted Investments		
Book value	561.86	745.12

Note 2.18 - Long-term loans and advances

(Unsecured Considered good unless otherwise stated)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
A) Advances for Capital Expenditure		
i) Secured	9.63	4.84
ii) Unsecured		
a. Against Bank guarantees	4671.52	2422.94
b. Others	447.17	418.80
iii) Unsecured Considered Doubtful	1.14	1.18
	5119.83	2842.92
Less: Provision for Bad & Doubtful Advances	1.14	1.18
	5128.32	2846.58
B) Loans		
i) Employees (including interest accrued)		
Secured	124.21	90.51
Unsecured - Considered Good	5.64	4.40
	129.85	94.91
ii) Long Term Loan (Under securitisation Scheme)	53.99	69.41
iii) Lease Receivables	295.02	417.37
	478.86	581.69
C) Security Deposits	8.03	6.41

**Note 2.18 - Long-term loans and advances (contd...)**

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
D) Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers(Material issued on Loan)	1.26	2.34
Employees	15.73	28.45
Others	4.98	56.08
Balance with Customs Port Trust and other authorities	7.35	13.20
	<u>29.32</u>	<u>100.07</u>
Considered doubtful	7.23	9.28
	36.55	109.35
Less: Provision for bad and doubtful Advances and Claims	<u>7.23</u>	<u>9.28</u>
	29.32	100.07
TOTAL	<u>5644.53</u>	<u>3534.76</u>

Note 2.19 - Current investments

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
A CURRENT MATURITIES OF LONG TERM INVESTMENTS (AT COST)		
TRADE INVESTMENTS		
Govt.Securities (Unquoted):-		
1) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :		
Andhra Pradesh	18.04	18.05
Arunachal Pradesh	0.52	0.52
Assam	16.78	16.78
Bihar	16.22	16.21
Gujarat	7.00	7.00
Haryana	8.04	8.05
Himachal Pradesh	0.28	0.28
Jammu & Kashmir	16.20	16.20
Kerala	2.42	2.41
Madhya Pradesh	10.40	10.41
Maharashtra	1.34	1.35
Manipur	3.18	3.17
Meghalaya	0.04	0.04
Nagaland	1.40	1.39
Punjab	4.70	4.69
Rajasthan	-	1.09
Sikkim	1.12	1.13
Tripura	0.10	0.09
Uttar Pradesh	46.14	46.15
Uttaranchal	5.12	5.13
West Bengal	8.06	8.05
Jharkhand	<u>11.16</u>	<u>11.15</u>
	178.26	179.35

Note 2.19 - Current investments (contd...)

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
2) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable w.e.f 30.11.2007	2.31	2.31
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable w.e.f 31.03.2008	2.69	2.69
B Mutual Funds (Unquoted)	5.00	5.00
Templeton India ultra short Bond Fund	-	3.43
Birla Sunlife Short Term Fund	-	1.50
ICICI Prudential FMP series 54-1 year Plan A *	3.19	3.19
L&T Liquid Super Plan	2.45	-
Tata Fixed Maturity Plan series 40 *	10.09	-
Birla Sunlife Cash plus	0.85	2.08
	16.58	10.19
GRAND TOTAL	199.84	194.54
Further notes:		
Aggregate amount of Unquoted Investments		
Book value	199.84	194.54
* Under Lien and as security against borrowing		

Note 2.20 - Inventories

Description	(₹ in Crore)	
	As at 31st March, 2012	As at 31st March, 2011
(As taken valued and certified by the Management)		
(For mode of valuation refer Note 1.12)		
Loose tools	0.69	0.70
Consumable stores	3.13	2.41
Components Spares & other spare parts:		
Towers	113.07	96.35
Conductors	25.18	22.02
Other Line Materials	96.29	70.53
Sub-Station Equipments/Spares	108.55	91.89
High Voltage Direct Current Equipments/spares	57.56	41.13
Unified Load despatch Centre Spares	2.33	2.69
Telecom Spares	8.02	11.50
Other Stores	26.69	43.39
	441.51	382.61
Less Provision for Shortages	0.26	0.26
TOTAL	441.25	382.35
Inventories includes material in transit		
Other Stores	0.01	-
Total	0.01	-

**Note 2.21 - Trade receivables**

(Unsecured considered good unless otherwise stated)

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
i) Debts Outstanding for a period exceeding Six Months		
Considered Good	188.01	1.91
Considered Doubtful	78.06	78.05
ii) Other debts	<u>2159.06</u>	<u>1199.13</u>
	2425.13	1279.09
Less: Provision for bad & doubtful debts	<u>78.06</u>	<u>78.05</u>
TOTAL	<u>2347.07</u>	<u>1201.04</u>

Note 2.22 - Cash and Bank balances

(₹ in Crore)

Description	As at 31st March, 2012	As at 31st March, 2011
1) Cash and Cash Equivalents		
Balance with banks-		
-In Current Accounts	696.06	390.04
-In term Deposits (FPO proceeds to be utilised for identified projects)	250.00	-
-In other term Deposits	48.86	84.45
-In designated current accounts (to be utilised for Consultancy Assignments)	1153.06	1445.25
Drafts/Cheques in Hand	6.14	1.43
Cash in hand	0.03	0.05
Stamps and Imprest	<u>0.01</u>	<u>0.01</u>
	2154.16	1921.23
2) Other Bank balances		
-In Current Accounts (Unclaimed dividend)	8.64	6.25
-In Current Accounts / Flexi Deposits (Operated and maintained in terms of CERC regulations)	416.59	727.90
-In Term Deposits having maturity over 3 months (FPO proceeds to be utilised for identified projects)	500.00	2121.17
-In other Term Deposits having maturity over 3 months	31.95	29.32
TOTAL	<u>3111.34</u>	<u>4805.87</u>

Note 2.23 - Short-term loans and advances

			(₹ in Crore)	
Description			As at 31st March, 2012	As at 31st March, 2011
A) Loans				
a) Employees including interest accrued				
i) Secured Considered good	30.73			1.33
ii) Unsecured considered good	4.08			47.99
		34.81		49.32
b) Others				
Secured Considered good	-			0.11
Unsecured considered good				
Current maturities of Long Term Advances (Under securitisation Scheme)	15.43			15.43
Current Maturities of Lease Receivables	131.44			174.23
		146.87		239.09
Total(A)			181.68	239.09
B) Advances to related parties				
			17.04	18.02
C) Advances recoverable in cash or in kind or for value to be received (Unsecured Considered good)				
a) Employees				
		24.50		29.14
b) Others				
Contractors & Suppliers (Including Material issued on loan)	12.28			21.18
Balance with Customs Port Trust and other authorities	11.25			11.36
Advance Tax & TDS	2203.34			1637.33
Others	82.87			120.57
		2309.74		1790.44
Total (C)			2334.24	1819.58
Total(A+B+C)			2532.96	2076.69

Note 2.24 - Other current assets

(Unsecured considered good unless otherwise stated)

			(₹ in Crore)	
Description			As at 31st March, 2012	As at 31st March, 2011
a) Unbilled Revenue		537.35		2052.93
b) Interest accrued but not due				
Interest accrued on Investments (Bonds)		35.76		43.55
Interest accrued on Term/Fixed Deposits		42.46		93.34
b) Unamortised Expenses (Deferred Revenue expenses to be written off within a period of 12 months)				
		-		2.41
c) Claims recoverable		8.35		19.73
d) Others		48.14		53.56
			672.06	2265.52
TOTAL			672.06	2265.52

Further notes

Unbilled revenue ₹ 537.35 crore (Previous year ₹ 2052.93) represent amount for which the company is yet to raise bills in view of recognition of revenue as per CERC Tariff norms applicable for 2009-2014.

Note 2.25 - Revenue from operations

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Sales of services		
i) Revenue from Transmission Charges	9336.71	7712.40
Less: Advance Against Depreciation	-	0.96
Add: Revenue Recognised out of AAD	32.29	38.52
Transmission Charges-Short Term Open Access	325.48	221.24
	9694.48	7971.20
ii) System & Market Operation Charges	131.15	166.60
iii) Consultancy Project Management and Supervision Fees	284.70	286.76
iv) Telecom income		
NLD	199.36	172.99
IP-1	9.43	16.84
ISP	1.21	1.06
	210.00	190.89
Less: Inter Divisional Transfer		
NLD	3.53	3.56
IP-1	5.16	-
ISP	0.12	0.13
	8.81	3.69
Total	201.19	187.20
	10311.52	8611.76

Further notes:

The company has recognized transmission income during the year as per the following:

- ₹ 1947.95 crores (previous year ₹ NIL) for which provisional tariff orders have been issued by CERC allowing provisional billing at 85%-95% of the tariff claimed.
- ₹ 6653.56 crore (previous year ₹ 3457.31 crore) for which final tariff orders have been issued by CERC.
- ₹ 301.94 crore (previous year ₹ 4292.65 crore) based on CERC Tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC.
- In terms of CERC Regulation 39, CERC Tariff Regulations, 2009, notified by the CERC, during the year the Company has determined the amount of the Deferred Tax liability (Net) materialised for the period pertaining upto 31.03.2009 by identifying the major changes in the elements of Deferred Tax liability/Asset as recoverable from the beneficiaries and accordingly a sum of ₹ 465.55 crore(Net) has been recognised as sales during the year.

Note 2.26 - Other income

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A) Income from non-current Investments		
i) Dividend Income	1.81	0.03
ii) Interest on Govt. securities	74.88	91.10
B) Other Interests		
Loan to State Govt. in settlement of dues	6.88	8.19
Indian Banks	380.93	202.65
Interest from Advances to contractors	178.90	75.28
Interest on differential between Provisional and Final Tariff by CERC	128.94	118.68
Others	8.25	5.08
	780.59	501.01
C) Others		
Profit on fixed assets Sold	0.10	0.13
Deferred Income (Transferred from Grants-in-aid)	27.29	23.36
Short Term Open Access-Other Charges	25.44	22.86
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	0.81	2.21
Lease Income-State Sector ULDC	7.89	74.02
Surcharge	67.10	6.07
Hire charges for equipments	0.08	0.24
FERV gain	-	78.02
Rebate	0.30	0.11
Provisions written back	40.93	40.24
Miscellaneous income	67.38	76.75
	1017.91	825.02
Less: Income transferred to expenditure during construction-Note 2.32	255.85	164.24
TOTAL	762.06	660.78

Note 2.27 - Employee benefits expense

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Salaries wages allowances & benefits	1100.07	841.73
Contribution to provident and other funds	93.14	154.10
Staff Welfare expenses	92.74	90.27
	1285.95	1086.10
Less: Transferred to Expenditure during Construction-Note 2.32	364.54	300.42
TOTAL	921.41	785.68

**Note 2.28 - Finance costs**

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A) Interest on Loan from		
Indian Banks Financial Institutions & Corporations	314.06	199.70
Foreign Banks and Financial Institutions	145.83	140.09
Secured/Unsecured redeemable Bonds	2697.52	2168.40
Others	31.72	16.05
	3189.13	2524.24
B) Other borrowing costs		
Commitment charges	3.23	4.53
Guarantee Fee	142.97	120.52
Other finance charges	40.42	30.93
	186.62	155.98
C) ERV as adjustment to Borrowing Cost		
ERV as adjustment to Borrowing Cost	940.87	69.85
Less: Transferred to Expenditure during Construction-Note no. 2.32	246.01	0.27
	694.86	69.58
Less: FERV recoverable	610.43	0.71
	84.43	68.87
	3460.18	2749.09
Less: Transferred to Expenditure during Construction-Note no. 2.32	1474.43	1083.33
TOTAL	1985.75	1665.76

Note 2.29 - Depreciation and amortization expense

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Depreciation/amortisation on Tangible Assets	2651.21	2271.30
Amortisation of Intangible assets	17.77	8.55
	2668.98	2279.85
Less: Transferred to Expenditure During Construction-Note no. 2.32	9.04	8.42
	2659.94	2271.43
Less: Depreciation amortised due to FERV adjustment	22.55	(1.49)
Charged To Statement of Profit & Loss	2637.39	2272.92

Note 2.30 - Transmission, Administration and other expenses

			(₹ in Crore)	
Description			For the year ended 31st March, 2012	For the year ended 31st March, 2011
Repair & Maintenance				
Buildings			25.06	17.95
Plant & Machinery				
Sub Station	114.26			106.86
Transmission lines	48.17			34.97
Construction equipment	0.14			0.02
Telecom	23.12			21.67
Others	29.64			19.30
			215.33	182.82
Power charges	83.60			72.73
Less: Recovery from contractors	1.05			0.62
			82.55	72.11
Expenses of Diesel Generating sets			4.30	3.43
Stores consumed			0.10	0.05
Water charges			0.97	1.41
Right of Way charges(Telecom)			4.25	8.28
Patrolling Expenses-Telecom			1.69	0.89
Last Mile connectivity-Telecom			0.12	
Training & Recruitment Expenses	22.34			22.85
Less:Fees for training and application	1.09			1.08
			21.25	21.77
Legal expenses			9.28	4.93
Professional charges(Including TA/DA)			7.20	13.48
Consultancy expenses(Including TA/DA)			17.22	2.97
Communication expenses			10.84	11.79
Travelling & Conv.exp.(excluding foreign travel)	83.61			70.82
Foreign travel	6.92			7.90
			90.53	78.72
Tender expenses	16.16			11.14
Less: Sale of tenders	6.14			3.21
			10.02	7.93
Remuneration to auditors				
Statutory Auditors				
Audit Fees	0.50			0.46
Tax Audit Fees	0.13			0.13
In Other Capacity	0.53			0.63
Out of pocket Expenses	0.58			0.55
			1.74	1.77
Advertisement and publicity			11.01	12.68
Printing and stationery			5.34	6.16
Books Periodicals and Journals			0.93	0.56
EDP hire and other charges			3.11	2.68
Entertainment expenses			1.62	1.67

**Note 2.30 - Transmission, Administration and other expenses (contd...)**

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Brokerage & Commission	0.32	0.21
Research & Development expenses	3.16	0.48
Rent	9.93	7.00
Cost Audit Fees	0.28	0.22
Miscellaneous expenses	35.30	31.38
Horticulture Expenses	6.93	4.75
Security Expenses	61.64	56.51
Hiring of Vehicle	57.83	50.13
Insurance	31.13	17.02
Rates and taxes	7.81	10.23
License Fees to DOT	14.10	13.40
Bandwidth charges dark fibre lease charges (Telecom) etc	13.38	12.58
Expenditure on Corporate Social Responsibility (CSR)	26.97	15.58
Non operating expenses	1.13	0.26
Transit Accomodation Expenses	5.50	4.18
Less : Income from Transit Accomodation	<u>0.66</u>	<u>0.51</u>
	4.84	3.67
Rebate to Customers	117.00	102.75
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)	2.23	4.66
Provisions		
GOI Guarantee Fee	-	2.37
Provision-Others	<u>2.30</u>	<u>1.61</u>
	2.30	3.98
	920.74	788.86
Less:Transferred to Expenditure during Construction-Note no 2.32	<u>97.46</u>	<u>83.88</u>
	823.28	704.98
Deferred revenue Expenses written off	1.79	1.86
Loss on Disposal/Write off of Fixed Assets	1.39	7.68
Total	<u>826.46</u>	<u>714.52</u>
Stores consumption included in repair and maintenance	51.77	39.39

Further Notes:

The Company has allowed rebate against payment received through LC / cheques / RTGS for effecting better and timely recovery of dues from State Power Utilities on consistent basis

Note 2.31 - Prior period items

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Income		
Transmission charges	(17.20)	-
Depreciation written back	3.30	1.25
Deferred Income (Transferred from Grants-in-aid)	5.66	2.19
Lease income-State Sector ULDC	9.97	-
Consultancy Project Management and Supervision Fees	2.97	-
Others	4.24	4.79
	<u>8.94</u>	<u>8.23</u>
Expenditure		
Power charges	-	0.02
Rates and taxes	-	0.57
Depreciation / Ammortisation	6.30	1.12
Depreciation amortised due to FERV	-	3.27
Unspent CSR Expenditure for earlier years	13.22	-
Interest	0.97	-
Employee Remuneration	7.43	-
Others	(5.66)	8.83
	<u>22.26</u>	<u>13.81</u>
Prior period expenditure/(income)(Net)	13.32	5.58
Less: Transferred to Expenditure during Construction -Note no. 2.32	0.41	1.21
Total	<u>12.91</u>	<u>4.37</u>

Note 2.32 - Expenditure during Construction (Net)

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A.Employees Remuneration & Benifits		
Salaries wages allowances and benefits	321.41	241.71
Contribution to provident and other funds	26.46	38.23
Welfare expenses	16.67	20.48
Total(A)	<u>364.54</u>	<u>300.42</u>
B.Other Expenses		
Buildings	1.98	1.93
Others	0.96	1.14
	<u>2.94</u>	<u>3.07</u>
Power charges	3.66	3.03
Less: Recovered from contractors	0.88	0.37
	<u>2.78</u>	<u>2.66</u>
Expenses on Diesel Generating sets	0.68	0.35



Note 2.32 - Expenditure during Construction (Net) (contd...)

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Water charges	0.29	0.27
Training & Recruitment Expenses	0.01	
Legal expenses	1.77	1.97
Professional charges	1.80	2.53
Consultancy expenses	17.44	2.35
Communication expenses	2.20	2.97
Travelling & Conv.exp. (Including Foreign Travel)	29.55	22.16
Tender expenses	9.46	6.42
Less: Income from sale of tenders	5.87	3.16
	3.59	3.26
Payment to Auditors	0.09	0.54
Advertisement and Publicity	0.97	0.60
Printing and stationery	0.58	0.49
EDP hire and other charges	0.11	0.09
Entertainment expenses	0.12	0.15
Power Grid Corporation of India Limited		
Brokerage and commission	0.05	0.04
Rent	3.45	2.31
Miscellaneous expenses	4.32	15.76
Horticulture Expenses	0.48	0.24
Security Expenses	6.49	5.78
Hiring of Vehicles	16.00	14.76
Insurance	0.23	0.13
Rates and taxes	1.11	0.75
Guest House Expenses	0.44	0.67
Less:Income from guest house	0.03	0.02
	0.41	0.65
Sub-total		97.46
Prior Period adjustment (net)		0.41
Total (B)		97.87
C.Depreciation/Amortisation		9.04
D.Finance Costs		
a) Interest on Loans from		
Indian Banks,Financial Institutions and Corporations	60.07	26.08
Foreign Banks and Financial Institutions	20.05	22.29
Secured/Unsecured Redeemable Bonds	1327.87	994.77
	1407.99	1043.14
b) Other borrowing costs		
Commitment charges	2.82	3.68
Guarantee fee	32.32	35.51
Other Finance Charges	31.30	1.00
	66.44	40.19
c) FERV adjustment to borrowing cost	246.01	0.27
Total (D)		1720.44
		1083.60

Note 2.32 - Expenditure during Construction (Net) (contd...)

Description	(₹ in Crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
E. Less: Other Income		
Interest from		
Indian banks	68.42	60.85
Contractors	178.66	74.14
Others	1.04	1.04
	248.12	136.03
Miscellaneous income	7.72	28.03
Hire charges	0.01	0.19
Total (E)	255.85	164.24
GRAND TOTAL (A+B+C+D-E)	1936.04	1313.29

OTHER NOTES

2.33. BASIS OF CONSOLIDATION

1.1 The consolidated financial statements relate to Power Grid Corporation of India Limited (the Company), its Subsidiaries and interest in Joint Venture Companies.

a) Basis of Accounting:

- i) The financial statements of the subsidiary companies and Joint Venture Companies in the consolidation are drawn up to the same reporting date as of the Company.
- ii) The consolidated financial statements have been prepared in accordance with the Accounting Standard (AS-21) 'Consolidated Financial Statements' and Accounting Standard (AS-27) 'Financial Reporting of Interest in Joint Venture of Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles.

b) Principles of Consolidation:

The consolidated financial statements have been prepared as per the following principles:-

- i) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits or losses.
- ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using its proportionate consolidation method of accounting and reporting whereby the company's share of each asset, liability, income and expense of a joint controlled entity is considered as a separate line item after eliminating proportionate share of unrealised profit in accordance with the Accounting Standard (AS-27) 'Financial Reporting of Interest in Joint Venture'.
- iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements except as otherwise stated in the notes to the accounts.

c) Difference in Accounting Policy and Impact thereon

Company has followed CERC rates for providing depreciation on the Fixed Assets. Some Joint Ventures Companies have followed depreciation rates as provided in Schedule XIV of the Companies Act 1956. However impact of difference in accounting policy is not material.

1.2 The Subsidiaries and Joint Venture Companies considered in the financial statements are as follows:-

Name of the Company	Proportion (%) of Share holding as on	Proportion (%) of Share holding as on
	31.03.2012	31.03.2011
Subsidiary Companies		
1. Power System Operation Corporation Limited (POSOCO)	100%	100%
2. Nagapattinam Madhugiri Transmission Company Limited	100%	-
Joint Venture Companies		
Powerlinks Transmission Limited	49%	49%
Torrent PowerGrid Limited	26%	26%
Jaypee PowerGrid Limited	26%	26%
Parbati Koldam Transmission Company Limited	26%	26%
Teestavalley Power Transmission Limited *	26%	26%
North East Transmission Company Limited	26%	26%
National High Power Test Laboratory Private Limited	25%	25%
Energy Efficiency Services Limited	25%	25%

* Financial statements used for consolidation are unaudited.

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or

OTHER NOTES (contd...)

on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The company's share in assets and liabilities as on 31st March 2012 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

	(₹ in crore)	
	31.03.2012	31.03.2011
A. Assets		
• Non Current Assets		
• Fixed Assets	1415.76	1119.93
• Long term loans and advances	37.50	30.64
• Current Assets	166.14	179.78
Total	1619.40	1330.35
B. Equity and Liabilities		
• Shareholders fund	524.14	444.63
• Non current liabilities	942.76	740.08
• Current Liabilities	152.50	145.64
Total	1619.40	1330.35
C. Contingent Liabilities	9.58	0.10
D. Capital Commitments	231.23	305.49
	Current Year	Previous Year
E. Income	164.09	157.88
F. Expenses(Including provision for taxes)	105.67	104.95

1.3 The Company has made further investment of ₹ 10.92 crore (Previous Year ₹ 19.50 crore) in Jaypee Powergrid Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares held by Jaiprakash Power Ventures Limited.

1.4 The Company has made further investment of ₹ 61.89 crore (Previous Year ₹ 7.05 crore) in North East Transmission Company Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance shares held by ONGC Tripura Power Grid Limited, Assam Electrical Generation Corporation Limited & Govt. of Tripura, Govt. of Mizoram & Govt. of Manipur equally.

1.5 During the year company has made investment of ₹ 0.05 crore in Nagapattanam Madhugiri Transmission Company Ltd. The Company has been taken over from PFC Consulting Ltd. vide share purchase agreement dated 29th March, 2012 to carry over the business awarded under tariff based bidding. After the Transfer Nagapattanam Madhugiri Transmission Company Ltd becomes a wholly owned subsidiary Company of Power Grid Corporation of India Ltd.

2.34 Cash equivalent of deemed export benefits availed of ₹ 209.99 crore in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt. of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP project and the same was capitalised in the books of accounts. Thereafter, World Bank had financed both the ESI project and STP project as originally envisaged and they became eligible for deemed export benefits. Consequently, the company has lodged claims with the Customs and Excise Authorities.

During the year, company has recovered deemed export benefits to the extent of ₹ Nil crore (Previous year ₹ 0.78 crore). The cumulative amount received and de-capitalized upto 31st March 2012 is ₹ 12.12 crore (Previous year ₹ 12.12 crore). The company continued to show the balance of ₹ 197.87 crore as at 31st March 2012 (Previous year ₹ 197.87 crore) in capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.

2.35 Out of the proceeds of Follow on Public Offer (FPO) made in Financial Year 2010-11, a sum of ₹ 1371.17 crore (Previous Year ₹ 1600 crore) has been utilised during the year for part financing of capital expenditure on the projects specified for utilization and the balance amount of ₹ 750 crore (Previous year ₹ 2121.17 crore) has been invested in Terms Deposits with Banks.

OTHER NOTES (contd...)

- 2.36 a) Certain balances in Loans and Advances & Trade Payable are subject to confirmation and consequential adjustments, if any.
 b) In the opinion of the management, the value of any of the assets other than fixed assets and non current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.
- 2.37 Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts " is provided as under :

		(₹ in crore)	
Particulars		Year ended 31.03.2012	Year ended 31.03.2011
i)	The amount of revenue recognised on cost plus consultancy contract works	200.88	212.03
ii)	The methods used to determine the contract revenue recognised in the period: 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii)	Cumulative amount of costs incurred on construction contracts	10243.19	9510.18
iv)	Cumulative amount of advance received from customers	12045.80	11078.81
v)	Amount of retention money with customers	0.00	49.58
vi)	Gross amount due from customers for contract works as an asset	13.58	15.38
vii)	Gross amount due to customers for contract works as a liability	1415.10	1845.65

- 2.38 The company has been entrusted with the responsibility of billing collection and disbursement (BCD) of the transmission charges on behalf of all the interstate transmission licensees (ISTS) through the mechanism of the Point of Connection charges (POC) introduced w.e.f. 01-07-2011 which involves billing based on approved drawl/injection of power in place of old mechanism based on Mega Watt allocation of power by Ministry of Power. By this mechanism, revenue of the company will remain unaffected.

Some of the beneficiaries aggrieved by the POC mechanism have preferred appeal before various High Courts of India and continue to make payment as per old system of billing. Due to this, an unrealized amount of ₹ 141.56 crore is included in Trade Receivables. The company has preferred an appeal before the Supreme Court for transferring all the cases in the Delhi High Court and also requested for directing the agitating states to pay full transmission charges as per new methodology pending settlement of the matter.

- 2.39 (i) Foreign Exchange Rate Variation (FERV) loss (to the extent not exceeding the difference between the Interest on foreign currency borrowings and local currency borrowings) has been adjusted to borrowing cost amounting to ₹ 694.86 crore (net of ₹ 246.01 crore FERV loss for the construction projects) {previous year FERV loss of ₹ 74.19 crore (net of ₹ 0.27 crore FERV loss for the construction projects)} towards loan liabilities attributable to fixed assets/CWIP.
- (ii) FERV Loss of ₹ 882.14 crore (previous year FERV loss ₹ 15.71 crore) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.
- (iii) FERV Gain of ₹ Nil crore (previous year FERV gain of ₹ 77.96 crore) has been recognized in the Statement of Profit and Loss in respect of loans contracted on or after 1st April, 2004 in terms of provisions of AS-11 (revised 2003)
- 2.40 FERV Loss of ₹ 610.43 crore (previous year FERV loss ₹ 0.71 crore) has been shown as FERV Recoverable in statement of Profit and Loss.
- 2.41 Accounting of FERV as stated in note no. 2.39 and 2.40 above, has resulted in decrease in profit for the year by ₹ 84.43 crore (previous year increase in profit by ₹ 4.48 crore).
- 2.42 Effect due to change in accounting policies during the year -
- i) In view of option allowed by Ministry of Corporate Affairs vide its notification dated 29.12.2011 on Accounting Standard-11, the Company, during the year, has capitalized the Foreign Exchange Rate Variation (FERV) loss arising on account of settlement/restatement of long term monetary liabilities relating to depreciable capital assets. Consequently, FERV loss, which has hitherto charged to Profit & Loss Account has been adjusted in cost of related Fixed Assets/Capital work-in-progress. As a result, profit before tax for the year ended 31.03.2012 after considering the amount of FERV loss recoverable from beneficiaries as per CERC Tariff Regulations 2009 is higher by ₹ 11.93 crore.
- ii) Intangible Assets –Right of Way (Afforestation expenses) were hitherto amortised over the useful life of related assets. During the year company has changed accounting policy in this regard and now these assets are being amortised following

OTHER NOTES (contd...)

the rates and methodology notified by CERC Tariff Regulation with retrospective effect from 01.04.2009. This has resulted in increase in amortisation for the year and Prior Period amortisation of ₹ 7.62 crore and ₹ 11.40 crore respectively.

- 2.43 Unspent expenditure of ₹ 2.04 crore out of the budget for the year towards corporate social responsibility(CSR) which was hitherto transferred to CSR reserve by appropriating profit is now provided for by way of charge to statement of profit and loss. An amount of ₹ 13.22 crore appropriated to CSR reserve in earlier years has been treated as prior period item .
- 2.44 Borrowing cost capitalised during the year is ₹ 1720.44 Crore (Previous Year ₹ 1083.60 crore)
- 2.45 The guidelines issued by the Department of Public Enterprises (DPE) provide for ceiling of percentage of Performance Related Pay (PRP) payable to executives and non-unionized supervisors within the overall limit of 5% of the year's Profit Before Tax. Provision for PRP in the accounts from financial year 2007-08 onwards are made based on the basis of guidelines issued by DPE. Pending approval of the PRP scheme for non-unionized supervisors, payment are made to executives on provisional basis as per PRP scheme and payment to supervisor is being made in accordance to the old "Performance linked Incentive scheme". Provision net of payment outstanding as on 31.03.2012 is ₹ 224.22 (Previous year ₹ 195.99)
- In respect of Workmen, incentive is being paid as per old "Performance linked incentive scheme".
- 2.46 Disclosures as per Accounting Standards (AS) 15

Defined employee benefit schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution to the fund for the period is ₹ 60.88 crore(previous year ₹ 58.17 crore) recognized as expense and is charged to Statement of Profit and Loss. The obligation of the company is limited to such fixed contribution and to ensure a minimum rate of interest on contributions to the members as specified by GOI. As per report of actuary over all interest earning and cumulative surplus 'is more' than statutory interest payment requirement. Hence, no further provision is considered necessary.

B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 10 lacs. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance sheet date.

C. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance sheet date.

D. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents to superannuated employees. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance sheet date.

The summarised position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status are as under:-

- a) Expenses recognised in Statement of profit and loss.

Description	(₹ in crore)					
	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	18.32	16.68	5.08	4.86	0.68	0.58
Interest cost on benefit obligation	28.83	19.78	10.64	7.10	0.97	0.86
Expected return on plan assets	(28.83)	(21.04)	-	(0.07)	-	-
Net actuarial (gain)/loss recognized in the year	10.08	80.67	21.37	33.98	0.74	-0.02
Expenses recognized in the profit and loss a/c.	28.40	96.09	37.09	45.87	2.39	1.42

OTHER NOTES (contd...)

- b) Actual return on plan assets is ₹ 27.77 crores (previous year ₹ 21.74 crores)
 c) The amount recognized in the Balance Sheet

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 31/03/2012(i)	380.01	359.68	156.91	125.16	13.44	11.43
Fair value of plan assets as at 31/03/2012 (ii)	376.87	314.83	-	-	-	-
Difference (ii) – (i)	(3.14)	(44.85)	(156.91)	(125.16)	(13.44)	(11.43)
Net asset (liability) recognized in the Balance Sheet	(3.14)	(44.85)	(156.91)	(125.16)	(13.44)	(11.43)

- d) Changes in the present value of the defined benefit obligations:

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01.04.2011	339.18	266.06	125.15	82.82	11.40	10.48
Interest cost	28.83	19.78	10.64	7.10	0.97	0.86
Current Service Cost	18.32	16.69	5.08	4.86	0.68	0.62
Benefits paid	(16.63)	(26.35)	(5.33)	(3.60)	(0.35)	(0.50)
Net actuarial (gain)/loss on obligation	10.31	83.49	21.37	33.98	0.74	(0.03)
Present value of the defined benefit obligation as at 31.03.2012	380.01	359.67	156.91	125.16	13.44	11.43

- e) Changes in the fair value of plan assets:

(₹ in crore)

Description	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2011	339.18	267.91
Expected return on plan assets	28.83	21.04
Contribution by employer	25.26	48.67
Benefits paid	(16.63)	(25.60)
Actuarial gain/(loss)	0.23	2.81
Fair value of plan assets as at 31/03/2012	376.87	314.83

- f) During the year the company has provided liability for pension contribution payable as superannuation benefits as per DPE Guidelines amounting to ₹ 33.44 crore (Previous year reversal of ₹ 47.36 crore). The Scheme of superannuation benefits is yet to be finalized.

E. Other Employee Benefits

Provision for Leave encashment amounting to ₹ 65.05 crore (Previous Year ₹ 16.52 crore) for the year has been made on the basis of actuarial valuation at the year end and charged to Statement of Profit and Loss.

Provision for Long Service Award amounting to ₹ 8.67 crores (including for earlier years ₹ 7.43 crore) have been made on the basis of actuarial valuation at the year end.

F. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2012 are as follows:-

(At Purchase Value) (₹ in crore)

		Current Year	Previous Year
i)	State Government Securities	41.92	39.38
ii)	Central Government Securities	64.18	55.53
iii)	Corporate Bonds/Debentures	242.55	203.50
iv)	RBI Special Deposit	5.13	5.13
v)	Other Assets	23.09	10.39
	Total	376.87	313.93

OTHER NOTES (contd...)

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- i) Method used - Projected unit credit (PUC)
- ii) Discount rate - 8.5% (Previous Year 8 %)
- iii) Expected rate of return on assets (Gratuity only) – 8.50 % (Previous Year 8.50%)
- iv) Future salary increase- 6% (Previous Year 5.5%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market. Further the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets, assessed risk of asset management and historical return for plan assets.

H. The Company best estimate of contribution towards gratuity for the financial year 2012-13 is ₹ 22.46 crore (previous year ₹ 9.32 crore)

I. The effect of the percentage point increase/decrease in the medical cost of PRMF will be as under:-

Particulars	(₹ in crore)	
	Increase by	Decrease by
Service and Interest Cost	2.12	3.65
Present value of obligation	14.13	16.74

J. Experience Adjustments

	(₹ in crore)	
	Year ended 31.03.2012	Year ended 31.03.2011
Gratuity		
i) Plan assets – Loss/(Gain)	(0.72)	(2.82)
ii) Obligation- Loss/(Gain)	10.90	81.11
PRMF		
Obligation – Loss/(Gain)	20.86	32.40
ODRM		
Obligation – Loss/(Gain)	0.79	(0.02)

2.47 Segment information:

a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, Power System Operation Assets, ULDC, RLDC, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include long term and short term borrowings, current and non current liabilities and provisions



OTHER NOTES (contd...)

Segment Reporting

(₹ in crore)

	Business Segments													
	Transmission		Consultancy		Telecom		RLDCs		ULDCs		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue:														
Revenue from Operations	9508.63	7838.22	284.70	286.76	201.19	190.89	131.15	164.27	185.85	131.62			10311.52	8611.76
Inter Segment Revenue			(3.05)	12.59	8.81	(3.69)	30.44	7.67			(36.20)	(16.57)		
Net Revenue from Operations	9508.63	7838.22	281.65	299.35	210.00	187.20	161.59	171.94	185.85	131.62	(36.20)	(16.57)	10311.52	8611.76
Segment result	4360.35	3382.29	164.85	152.69	45.77	30.85	51.01	41.95	50.88	122.36			4672.86	3730.14
Unallocated Corporate interest and other income													88.72	118.91
Unallocated corporate expenses, interest and finance charges													71.92	19.76
Profit Before Tax													4689.66	3829.29
Provision for Tax													1386.67	1157.38
Profit after Tax													3302.99	2697.91
Other information:														
Segment Assets	82626.48	65929.04	2941.03	3071.98	817.29	791.75	861.27	1211.82	1009.20	1021.31			88255.27	72025.90
Unallocated Corporate and other assets													5884.72	5636.30
Total Assets													94139.99	77662.20
Segment Liabilities:	61837.00	47802.02	1772.43	2066.72	976.00	708.63	747.76	1093.23	605.22	855.51			65938.41	52526.11
Unallocated Corporate and other liabilities													4618.37	3718.50
Total liabilities													70556.78	56244.61
Depreciation and Amortization	2478.87	2127.31	0.43	0.36	56.02	49.31	20.11	63.81	81.96	32.13			2637.39	2272.92
Capital Expenditure	15838.65	10538.75	0.31	0.23	60.83	24.54	6.87	6.77	60.21	2.12			15966.87	10572.41

d) The operation of the company mainly carried out with in the country and therefore there is no reportable geographical segment.

OTHER NOTES (contd...)

2.48 Related Party Disclosures:-

a) List of Related Parties:-

i) Key Management Personnel

Sh. R.N. Nayak	Chairman and Managing Director (w.e.f. 1 st September, 2011). He ceased to be Director (Operations) w.e.f. 1 st September, 2011
Sh. I.S. Jha	Director (Projects)
Sh. R.T. Agarwal	Director (Finance) w.e.f. 29 th July, 2011
Sh. V.M. Kaul	Director(Personnel) (Superannuated on 31 st March, 2012)
Sh. S.K. Chaturvedi	Chairman and Managing Director (Superannuated on 31 st August, 2011)
Sh. J. Sridharan	Director(Finance) (Superannuated on 30 th April, 2011)

ii) Joint Ventures:-

- i) Powerlinks Transmission Limited
- ii) Torrent Power Grid Limited
- iii) Jaypee Powergrid Limited
- iv) Parbati Koldam Transmission Company Ltd
- v) Teestavalley Power Transmission Limited
- vi) North East Transmission Company Limited
- vii) National High Power Test Laboratory Private Limited
- viii) Energy efficiency Services Limited.

b) Transactions with the related parties at 2.48 (a) above are as follows:

(₹ in crore)		
Particulars	Current year	Previous Year
Transactions during the year for services provided by the company*	50.94	65.34
Amount recoverable from related parties	17.04	18.02
Amount payable to related parties	30.04	17.40
Investment made during the year	72.81	66.71
Dividend Received	44.72	74.79
Deputation of Employees	0.66	Nil

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

c) Remuneration to whole time directors including chairman and managing director is ₹ 2.10 crore previous year ₹ 1.77 crore) and amount of dues outstanding to the company as on 31st March, 2012 are ₹ 0.05 crore (previous year ₹ 0.07 crore).

2.49 Disclosures regarding leases

a) Finance Leases :-

Long Term Loans and Advances and Short Term Loans and Advances include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 “Leases” notified under the Companies Act, 1956. The reconciliation of the lease receivables (as per project cost data submitted to / approved by CERC for tariff fixation) is as under:

(₹ in crore)		
Particulars	Amount as on 31.03.2012	Amount as on 31.03.2011
Gross value of assets acquired and leased at the beginning of the year.	994.06	989.03
Add Adjustment for gross value of assets acquired prior to the beginning of the year.	1.86	5.03
Revised Gross value of the assets at the beginning of the year.	995.92	994.06
Less Capital recovery provided up to the beginning of the year.	390.23	325.51
Add Capital recovery for assets acquired prior to the beginning of the year.	78.98	2.06

OTHER NOTES (contd...)

(₹ in crore)

Particulars	Amount as on 31.03.2012	Amount as on 31.03.2011
Revised Capital recovery provided up to the beginning of the year.	469.21	327.57
Capital recovery outstanding as on 31 st March of last financial year.	526.71	666.49
Less Capital recovery for the current year.	113.24	62.66
Lease receivables	413.47	603.83

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2012 for each of the periods are as under:

(₹ in crore)

Particulars	Amount as on 31.03.2012	Amount as on 31.03.2011
Gross investment in Lease	531.02	819.40
Un-earned Finance Income	117.55	215.57
Present value of Minimum Lease Payment (MLP)	413.47	603.83

The unearned finance income as on 31st March, 2012 is ₹ 117.55 crore (previous year ₹ 215.57 crore).

The value of contractual maturity of such leases as per AS-19 are as under :

(₹ in crore)

Particulars	Gross Investment in Lease		Present Value of MLPs	
	2011-12	2010-11	2011-12	2010-11
Not later than one year	90.67	114.83	59.55	67.31
Later than one year and not later than five years	341.90	459.30	266.40	322.14
Later than five years	98.45	245.27	87.52	214.38
Total	531.02	819.40	413.47	603.83

b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 37.10 crore (Previous Year ₹ 26.67 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 8.14 crore (Previous Year ₹ 6.27 crore) in respect of premises for offices and guest house/transit camps are shown under Rent in Note 2.30 Transmission, Administration and Other expenses.

2.50 The elements considered in calculation of Earning Per Share (Basic and Diluted) are as under:

	Current Year	Previous Year
Net Profit after tax used as numerator (₹ in Crore)	3302.99	2671.91
Weighted average number of equity shares used a denominator	4629725353	4357592057
Earning per share (Basic & Diluted) (in ₹)	7.14	6.13
Face Value per share (in ₹)	10.00	10.00

2.51 In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of transmission activity & telecom activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 & 2006-07 respectively and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. The company has assessed as on the balance sheet date whether there are any indications with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore no formal estimate of recoverable amount has been made. Accordingly, no impairment loss has been provided in the accounts.

2.52 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 42187.30 crore (previous year ₹ 30840.95 crore).

2.53 Contingent Liabilities

1. Claims against the Company not acknowledged as debts in respect of :

(i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company for ₹ 73.15 crore (previous year ₹ 1780.92 crore) seeking enhancement of the contract price,

OTHER NOTES (contd...)

revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources, if any, for settlement of such claims pending resolution.

(ii) Land Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ 1765.09 crore (previous year ₹ 1328.87 crore) has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 11.72 crore (previous year ₹ 52.92 crore) has been estimated.

(iv) Disputed Tax/Sales Tax/Excise Matters

Disputed Income Tax/Sales Tax/Excise Matters are pending before various Appellate Authorities amounting to ₹ 257.86 crore (previous year ₹ 102.57 crore) are disputed by the Company and contested before various Appellate Authorities. Many of these matters are disposed off in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Others

a) Other contingent liabilities amounts to ₹ 92.76 crore (previous year ₹ 107.18 crore)

b) Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

2. Special purpose vehicle (SPV) company namely Nagapattinam Madugiri Transmission Company Ltd. (wholly owned subsidiary) has been taken over to carry over the business awarded under Tariff based bidding. Bank guarantee of ₹ 45.00 crore has been given by the company on behalf of SPV towards performance of the work awarded.

2.54 a) Figures have been rounded off to nearest rupees in crore up to two decimal.

b) Previous year figures have been regrouped / rearranged wherever considered necessary.

For and on behalf of the Board of Directors

(Divya Tandon)
Company Secretary

(R.T Agarwal)
Director (Finance)

(R. N. Nayak)
Chairman & Managing Director

For S.K. Mehta & Co.
Chartered Accountants
Firm Regn No. 000478 N

As per our report of even date
For Chatterjee & Co.
Chartered Accountants
Firm Regn No. 302114 E

For Sagar & Associates
Chartered Accountants
Firm Regn No. 003510 S

(S.K.Mehta)
Partner
Membership No. 010870

(S.K.Chatterjee)
Partner
Membership No. 003124

(V.Vidyasagar Babu)
Partner
Membership No. 027357

Place: New Delhi
Date: 29th May, 2012

Auditors Report on Consolidated Financial Statement

To The Board of Directors

Power Grid Corporation of India Limited

1. We have audited the attached Consolidated Balance Sheet of Power Grid Corporation of India Limited (the Company) and its Subsidiaries and Joint Ventures (collectively referred to as Power Grid Corporation of India Limited Group) as at 31st March, 2012, and also the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 of material misstatements. 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. We did not audit the financial statements of the following Subsidiaries and Joint Ventures of the Company, whose financial statements reflect total assets of ₹ 2508.03 Crore as at 31st March, 2012, the total revenue of ₹ 378.44 Crore and net cash flows amounting to (-) ₹ 343.79 Crore for the year ended 31st March, 2012. These financial statements have been audited (other than an unaudited Joint Venture Company Teestavalley Power Transmission Limited) by other auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of the Subsidiaries and Joint Ventures, is based solely on the reports of the other auditors. The details of the assets, revenues and net cash flows in respect of these Subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:

(₹ in Crore)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
Subsidiaries			
Power System Operation Corporation Limited (POSOCO)	869.12	214.34	(319.48)
Nagapattinam Madhugiri Transmission Company Limited	19.51	NIL	-
Joint Ventures			
Powerlinks Transmission Limited	648.92	146.63	(24.23)
Torrent Power Grid Limited	89.25	14.28	0.54
Jaypee Power Grid Limited	256.02	NIL	(11.13)
Parbati Koldam Transmission Company Limited	75.60	0.02	1.56
Teestavalley Power Transmission Limited	88.49	NIL	(2.17)
North East Transmission Company Limited	421.27	NIL	3.68
National High Power Test Laboratory Private Limited	8.68	NIL	4.28
Energy Efficiency Services Limited	31.17	3.17	3.16
Total	2508.03	378.44	(343.79)

4. We draw attention to Note No.2.25(a) & 2.25(c) regarding provisional recognition of transmission charges.
5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures' of the Companies (Accounting Standards) Rules, 2006.
6. Further to our comments in para 3 & 4 above, we report that on the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Power Grid Corporation of India Ltd. group to the extent received as stated above, we are of the opinion that the said consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

Auditors Report on Consolidated Financial Statement (contd...)

- i) in case of Consolidated Balance Sheet, of the state of affairs of the Power Grid Corporation of India Ltd. Group as at 31st March, 2012;
- ii) in case of Consolidated Statement of Profit & Loss, of the profit for the year ended on that date; and
- iii) in case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S. K. MEHTA & CO.

Chartered Accountants
Firm Registration No.000478N

For CHATTERJEE & CO.

Chartered Accountants
Firm Registration No. 302114E

For SAGAR & ASSOCIATES

Chartered Accountants
Firm Registration No. 003510S

(S.K. Mehta)

Partner
Membership No. 010870

(S.K. Chatterjee)

Partner
Membership No. 003124

(V. Vidyasagar Babu)

Partner
Membership No. 027357

Place : New Delhi

Dated : 29th May, 2012

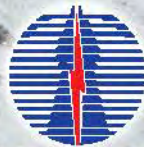


NOTES



1200 kV Tower





पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016, INDIA

EPABX: 011-26560115, 26560193

Corporate Office: Saudamini, Plot No.2, Sector 29, Gurgaon -122001(Haryana), INDIA

EPABX: 0124-2571700-719

Delivering Smart Transmission Solutions...



पावरग्रिड

ANNUAL REPORT 2010-2011



Transmitting the Rhythm of Progress

www.powergridindia.com

Mission

“ Establishment and Operation of Regional and National Power Grids to facilitate transfer of electric power within and across the regions with Reliability, Security and Economy, on sound commercial principles.”

Objectives

The Corporation has set following objectives in line with its Mission and its status as “Central Transmission Utility” to:

- Undertake transmission of electric power through Inter-State transmission system.
- Discharge all functions of planning and coordination relating to Inter-State transmission system with -
 - i. State Transmission Utilities;
 - ii. Central Government;
 - iii. State Governments;
 - iv. Generating companies;
 - v. Regional Power Committees;
 - vi. Authority;
 - vii. Licensees;
 - viii. Any other person notified by the Central Government in this behalf.
- To ensure development of an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres.
- Efficient Operation and Maintenance of Transmission systems.
- Restoring power in quickest possible time in the event of any natural disasters like super cyclone, flood etc. through deployment of Emergency Restoration Systems.
- Provide consultancy services at national and international level in transmission sector based on the in-house expertise developed by the organisation.
- Participate in long distance telecommunication business ventures.
- Ensure principles of Reliability, Security and Economy matched with the rising/desirable expectation of a cleaner, safer, healthier Environment of people, both affected and benefited by its activities.

Values

- ❖ Zeal to excel and zest for change
- ❖ Integrity and fairness in all matters
- ❖ Respect for dignity and potential of individuals
- ❖ Strict adherence to commitments
- ❖ Ensure speed of response
- ❖ Foster learning, creativity and team-work
- ❖ Loyalty and pride in POWERGRID

PowerTel

Diversified into telecommunication to mobilise additional resources to establish much needed National Grid.

- Established Broadband Telecom Network of about 22,000 kms connecting over 110 cities on extensively spread Transmission Infrastructure.
- Only utility in the Country having overhead optic fibre on its Extra High Voltage Transmission Network.
- POWERGRID Telecom Network
 - Sturdy & Secure
 - Free from rodent menace and vandalism.
- Network has multiple self resilient rings for complete redundancy in backbone as well as intra-city access networks.
- To offer Total Solutions and to meet specific needs of the customers.
- Reliability of Telecom Network 99.99%
- Bandwidth capacity available on all the metros & major cities.
- Extend telecom network to serve uneconomic and backward areas for the benefit of the common man.
- Plan to extend network to neighbouring countries for terrestrial SAARC Telecom Grid.
- Possesses National Long Distance (NLD), Internet Service Provider (ISP) Category-A and Infrastructure Provider Category-I (IP-I) Licenses to provide Telecom services in the Country.
- Plan to Introduce other Value Added Services.
 - Video Conferencing
 - Virtual Local Area Network (VLANs)
 - Multi Protocol Label Switching (MPLS) based on VPNs Data Centres.
 - Voice Over Internet Protocol (VOIP)



NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of Power Grid Corporation of India Limited will be held on **Monday, the 19th September, 2011 at 11.00 a.m. at “NDMC Talkatora Indoor Stadium, Talkatora Garden, Park Street, New Delhi - 110 001”** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To note the payment of Interim Dividend and declare Final Dividend for the Financial Year 2010-11.
3. To appoint a Director in place of Shri V. M. Kaul, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rakesh Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix the remuneration of the Auditors for the Financial Year 2011-12.

By order of the Board of Directors


(Divya Tandon)

Company Secretary

Regd. Office:
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi.
Pin:-110 016.

Date: 04.08.2011



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting, i.e., latest by **11.00 a.m. on Saturday, the 17th September, 2011**. Blank proxy form is enclosed.

2. As required by clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri V. M. Kaul and Shri Rakesh Jain, Directors retiring by rotation and seeking re-appointment under Item No. 3 and 4 aforesaid in accordance with applicable provisions of the Articles of Association of the Company as well as those director(s) who have been appointed since the last Annual General Meeting, is also annexed. The tenure of Shri V. M. Kaul is up to 31st March, 2012 and the tenure of Shri Rakesh Jain is as per terms of his appointment by the Government of India.
3. None of the Directors of the Company is any way related with each other.
4. Members are requested to:-
 - (i) Note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - (ii) Bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - (iii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counter at the venue to be exchanged with the attendance slip. Photocopies of Attendance Slip will not be entertained for issuing entry slip for attending Annual General Meeting.
 - (iv) Quote their Folio/Client ID & DP ID Nos. in all correspondence.
 - (v) Note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.
 - (vi) Note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 8th September, 2011 to 19th September, 2011 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on 7th October, 2011.
7. The Board of directors in its meeting held on 8th February, 2011 had declared an interim dividend @ 5% on the paid-up equity share capital of the Company which was paid on 24th February, 2011. Members who have not received or not encashed their dividend warrant may approach Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company, for revalidating the warrant or for obtaining duplicate warrant. The Board had further recommended a Final Dividend @ 12.50% on the paid-up equity share capital of the Company at its meeting held on 24th May, 2011. The dividend, if declared at the Annual General Meeting will be paid on 7th October, 2011 to those Members, whose names appear on the Register of Members of the Company as on 19th September, 2011 in respect of physical shares. However, in respect of shares held in dematerialised form, the dividend will be payable to those persons whose names appear as beneficial owners as at the closure of the business hours on or before 7th September, 2011 as per details to be furnished by the depositories.
8. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatever on the said amount. Members are advised to encash their Dividend warrants immediately on receipt.
9. Members are advised to submit their Electronic Clearing System (ECS) mandates to enable the company to make remittance by means of ECS. Those holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Those holding shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Private Limited, the Registrar & Transfer Agent of the company. Those who have already furnished the ECS Mandate Form to the Company/Depository Participant/Registrar & Transfer Agent with complete details need not send it again.

The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
10. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Transfer Agent along with relevant Share Certificates.

11. Pursuant to Section 619(2) of the Companies Act, 1956 the auditors of the Government Company are to be appointed or reappointed by the Comptroller & Auditor General of India (C&AG) and in terms of Section 224(8)(aa) the remuneration has to be fixed by the company in the Annual General Meeting or in such manner as the Company in General Meeting may determine. The Auditors for the Financial Year 2011-12 are to be appointed by the Comptroller & Auditor General of India (C&AG). Approval of the Members of the Company is required to authorize the Board of Directors of the Company to approve the remuneration of the Statutory Auditors/Joint Statutory Auditors of the Company appointed by C&AG, for the Financial Year 2011-12, as the Board may deem fit. Members are informed that in terms of the authorization by the members to the Board of Directors of the Company, in the last Annual General Meeting of the Company, your Board of Directors approved the remuneration of ₹32.40 lakhs plus applicable taxes for the Statutory Audit and supplementary report under Section 619(3) of the Companies Act, 1956; in addition, ₹2.25 lakhs plus applicable taxes for Statutory Audit of Consolidated Financial Statement as per the requirement of AS-21 & AS-27; and reimbursement of actual travelling and out of pocket expenses, to the three Joint Statutory Auditors for the Financial Year 2010-11.
12. All the documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days (barring Saturday and Sunday), between 11.00 AM to 1.00 PM up to Friday, the 16th September, 2011.
13. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Registrar & Transfer Agents of the Company the prescribed Form (Form 2B in duplicate) of the Companies (Central Government's) General Rules and Forms, 1956. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
14. Annual Listing fee for the year 2011-12 has been paid to the Stock Exchanges wherein shares of the Company are listed.
15. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and bank account to Company's Registrars.
16. Members are requested to notify immediately any change of address, Bank details, etc.:
 - (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
 - (ii) to the Company at its Registered Office or its Registrar & Transfer Agent, Karvy Computershare Private Limited in respect of their physical shares, if any, quoting their folio number.
17. Members desirous of getting any information on any items of business of this meeting are requested to address their queries to the Company Secretary at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.

18. Important Communication to Members:-

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the Form and hand over the same along with Attendance Form at the Registration Counter of venue of Annual General Meeting for registration of Email address for receiving notice/documents including Annual Report to participate in "Green Initiative" to affirm commitment towards future generations.

BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND ALSO OF DIRECTOR(S) APPOINTED SINCE LAST ANNUAL GENERAL MEETING

Directors seeking re-election at the 22nd AGM:

Name	Shri V. M. Kaul	Shri Rakesh Jain
Date of Birth and Age	18 th March, 1952 / 59 years	18 th August, 1957/54 years
Date of Appointment	16 th March, 2009	9 th June, 2009
Qualification	Bachelor of Mechanical Engineering, IIT, Delhi. MBA, IGNOU.	Masters Degree in Physics, Delhi University.
Expertise in specific functional area	Shri V. M. Kaul has over 37 years of work experience primarily in the power sector. He has previously held the position of Executive Director (Human Resource), Executive Director in-charge of Private Investment and Business Development and Corporate Planning. Prior to joining our company Shri Kaul has worked for 23 years in NTPC and handled various multi-disciplinary functions like Contract Management, Project Management, Joint Venture, Quality Assurance and Inspection; five years in Engineers India Limited.	Shri Rakesh Jain, is an officer of Indian Audit & Accounts Service (1981). He is currently Joint Secretary and Financial Adviser (JS&FA) in the Ministry of Power. Before joining Ministry of Power, Shri Jain has held various important positions such as Director General (Accounts, Entitlement, Complaints & Information System); Principal Director (Report States) - Office of Comptroller & Auditor General of India; Accountant General (AG) (Audit), Rajasthan; AG(AE-II) Madhya Pradesh; Principal Director (Commercial Audit) Ranchi and Principal Director of Audit, Embassy of India, Washington, USA.
Directorship held in other Companies (Part-time)	1. Nuclear Power Corporation of India Limited. 2. Powerlinks Transmission Limited.	1. NTPC Limited. 2. NHPC Limited.
Memberships / Chairmanships of Committees in other Companies	Audit Committee – 1. Nuclear Power Corporation of India Limited. 2. Powerlinks Transmission Limited.	Audit Committee – 1. NTPC Limited. 2. NHPC Limited. Shareholders/Investors Grievance Committee - 1. NTPC Limited.
No. of Shares held	7213	NIL

Director appointed since last Annual General Meeting held on 24th September, 2010

Name	Shri R. T. Agarwal
Date of Birth and Age	12 th August, 1956/55 years
Date of Appointment	29 th July, 2011
Qualification	B.Com., Chartered Accountant
Expertise in specific functional area	Shri R. T. Agarwal, has more than 30 years of experience in multifarious Finance & Accounts functions like finalization of Accounts, coordination with Auditors, Taxation, Treasury Functions, Internal Audit, Budgeting, Pay Roll, Concurrence, MIS & Commercial aspects etc both at the Corporate Centre and at Regional Headquarters of POWERGRID. Prior to this, he was Executive Director (Finance) and had played a pivotal role in the successful Follow-on Public Offer of POWERGRID in 2010. Before joining POWERGRID in 1991, he had worked in power major NTPC Ltd. project sites for around 10 years.
Directorship held in other Companies	1. Powerlinks Transmission Limited 2. Power System Operation Corporation Limited 3. Prabati Koldam Transmission Company Limited 4. Energy Efficiency Services Limited
Memberships / Chairmanships of Committees in other Companies	Audit Committee 1. Powerlinks Transmission Limited – Member 2. Power System Operation Corporation Limited – Member 3. Prabati Koldam Transmission Company Limited – Chairman 4. Energy Efficiency Services Limited - Member
No. of Shares held	4056

POWER GRID CORPORATION OF INDIA LIMITED

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.

Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon-122 001, Haryana.

FORM OF PROXY

I/We _____ being a Member/Members of **Power Grid Corporation of India Limited** hereby appoint Mr./Mrs./Miss _____ of _____ in the district of _____ and failing him/her Mr./Mrs./Miss _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the **Twenty Second Annual General Meeting** of the Company to be held on **Monday, the 19th September, 2011 at "NDMC Talkatora Indoor Stadium, Talkatora Garden, Park Street, New Delhi - 110 001" at 11.00 a.m.** and at any adjournment thereof.

Folio / Client ID							
-------------------	--	--	--	--	--	--	--

DP ID Nos.							
------------	--	--	--	--	--	--	--

No. of Shares held							
--------------------	--	--	--	--	--	--	--

Please affix
15 paise
Revenue
Stamp

(Signature of Member)

Note : Proxies in order to be valid must be duly filled in, stamped, signed and deposited at the Registered Office of the Company not less than 48 Hours before the time of commencement of the Meeting.

POWER GRID CORPORATION OF INDIA LIMITED

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.

Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon-122 001, Haryana.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Member/Proxy _____
(First) (Middle) (Surname)

I hereby record my presence at the **Twenty Second Annual General Meeting** of the Company to be held on **Monday, the 19th September, 2011 at 11.00 a.m** at **"NDMC Talkatora Indoor Stadium, Talkatora Garden, Park Street, New Delhi - 110 001"**.

Folio / Client ID							
-------------------	--	--	--	--	--	--	--

DP ID Nos.							
------------	--	--	--	--	--	--	--

No. of Shares held							
--------------------	--	--	--	--	--	--	--

(Signature of Member/Proxy)

E-COMMUNICATION REGISTRATION FORM

(In terms of circular no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder :

Name of Joint Holder(s) :

Registered Address :

.....

.....

E-mail ID (to be registered) :

I/we shareholder(s) of Power Grid Corporation of India Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail in your records for sending communication through e-mail.

Signature:.....

(First Holder)

Date:

Note: Shareholder(s) are requested to keep the Company/Registrar and Transfer Agent of the Company informed as and when there is any change in the e-mail address.

CONTENTS

Notice	i-viii
Reference Information	2
Letter to Shareholders	3
Directors' Profile	5
List of Senior Executives	7
POWERGRID's Performance	8
Five Years Summary	9
Directors' Report	11
Annexure I - Management Discussion and Analysis	22
Annexure II - Particulars of Employees u/s 217(2A)	37
Annexure III - Particulars Required u/s 217(1)(e)	38
Annexure IV - Comments of C&AG	41
Annexure V - Report on Corporate Governance	42
Annexure VI - Certificate on Corporate Governance	58
Annexure VII - Secretarial Audit Report	59
Revenue Expenditure on Social Overheads	61
Accounting Policies	62
Balance Sheet	66
Profit and Loss Account	67
Schedules	68
Cash Flow Statement	102
Auditors' Report	103
Annexure to Auditors' Report	104
Annual Report of Subsidiary Company	107
Consolidated Financial Statement	143

REFERENCE INFORMATION

<p>Registered Office B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110 016</p>	<p>Company Secretary & Compliance Officer Ms. Divya Tandon</p>
<p>Corporate Office "Saudamini", Plot No. 2, Sector 29, Gurgaon - 122 001 (Haryana)</p>	
<p>For the Financial year under review i.e. 2010-11</p>	
<p>Statutory Auditors</p> <p>1. M/s. A.R. & Co. Chartered Accountants C-1, 2nd Floor, R.D.C., Raj Nagar, Ghaziabad - 201 002. National Capital Region.</p> <p>2. M/s. Umamaheswara Rao & Co. Chartered Accountants Flat No. 5-H, 'D' Block, 8-3-324, Krishna Apartments, Yellareddyguda Lane, Ameerpet 'X' Roads, Hyderabad - 500 073.</p> <p>3. M/s. S R I Associates Chartered Accountants 41, BB Ganguly Street, Kolkata - 700 012.</p>	<p>Cost Auditors</p> <p>1. Sh. Jugal Kishore Puri, Cost Accountant, K-19, NDSE Part II, New Delhi – 110 049.</p> <p>2. M/s. Chandra Wadhwa & Co., Cost Accountants, 204, Krishna House, 4805/24, Bharat Ram Road, Darya Ganj, New Delhi – 110 002.</p> <p>3. M/s. Mani & Co., Cost Accountants, Ashoka, 111, Southern Avenue, Kolkata-700 029.</p>
<p>Registrar & Share Transfer Agent Karvy Computershare Private Limited Plot No.: 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081 Ph. : 040-23420815 to 824 Fax : 040-23420814 Email : einward.ris@karvy.com Website: www.karvycomputershare.com</p> <p>Shares Listed at: National Stock Exchange of India Limited Bombay Stock Exchange Limited</p> <p>Depositories: National Securities Depository Limited Central Depository Services (India) Limited</p>	<p>Bankers Indian Overseas Bank Bank of Baroda State Bank of Patiala Canara Bank State Bank of India Punjab National Bank Union Bank of India State Bank of Hyderabad HDFC Bank Ltd ICICI Bank Ltd Central Bank of India Dena Bank IDBI Bank Bank of India Indian Bank Jammu & Kashmir Bank Ltd Oriental Bank of Commerce State Bank of Travancore Allahabad Bank State Bank of Bikaner & Jaipur State Bank of Mysore Vijaya Bank</p>

LETTER TO SHAREHOLDERS



Dear Shareholders,

It gives me immense pleasure to communicate with you on the occasion of the Twenty Second Annual General Meeting, scheduled on 19th September, 2011. Friends, during the year the Indian economy has posted a further recovery improving the Country's Gross Domestic Product (GDP) to 8.5 per cent in 2010-11 from 8 per cent during last fiscal. To ensure the envisaged GDP growth, Power Sector needs to grow at a rate higher than that of GDP. Therefore, continued focus on investments on Power sector is essential.

You are aware that the Follow-on-Public Offer (FPO) of divestment of 10% of Govt. equity (420,884,123 shares) and issue of 10% fresh capital (420,884,123 shares) in November, 2010 of your Company received huge

response from both domestic & Foreign Institutional Investors. The Issue was oversubscribed nearly 15 times. Post FPO, the holding of Government of India is 69.42%.

I am happy to inform that your company has achieved an impressive performance in fiscal 2010-11 on various fronts. On the financial front, your Company's Gross Turnover recorded ₹9099.80 crore, an increase of 21.27% compared to the previous Fiscal 2009-10. Similarly, Profit after Tax during the year increased to ₹2696.89 Crore from ₹ 2040.94 Crore in Fiscal 2009-10, registering a growth of 32.14%. Our Gross Fixed Assets as on 31st March, 2011 are valued at ₹ 50,351.78 Crore as against ₹ 43,202.28 crore in last fiscal. In fact your Company's Gross Fixed Asset have grown about 74% during last five years. Further, Board of Directors of your company accorded investment approval for 25 new transmission projects at a total estimated cost of about ₹ 21,150 Crore during financial year 2010-11.

On the operational front, as on 31st March, 2011, your company owns and operates a transmission network of about 82,355 ckt kms of inter-State transmission lines, 135 nos. of EHV & HVDC substations with transformation capacity of about 93,050 MVA and wheels about 50% of total power generated in the Country. Transmission system availability of 99.80%, best ever so far, was achieved in the history of the Company and projects worth about ₹7,313 Crore were commissioned during the year.

Under RGGVY, during this fiscal, your Company created infrastructure for electrification of 4710 un-electrified villages against a target of 3500 villages, an achievement of 135%. Service connections to about 10.60 Lakh BPL households were also provided as against a target of 7 Lakh, an achievement of about 150%.

The Inter-regional transmission capacity of your Company has been enhanced to 23,800 MW with the commissioning of Rourkela-Raigarh 400kV D/c transmission line in July 2011.

The business development opportunities continued to receive focussed attention both in the domestic and international market. During 2010-11, your Company earned revenue of ₹299.35 Crore towards consultancy fee from its various ongoing assignments as compared to ₹ 269.17 Crore in last fiscal. The telecom segment also registered a revenue of ₹187.20 crore as compared to ₹157.72 Crore in last fiscal.

On the subsidiary company set up by your Company for Independent system operation viz. Power System Operation Corporation Ltd (POSOCO), POWERGRID has transferred the movable assets and liabilities to POSOCO w.e.f. 1st October, 2010. POSOCO is now fully functional and has started billing the constituents for fees and charges from 1st October, 2010 in terms of CERC Regulations on Fees and Charges of Regional Load Despatch Centre.

Friends, POWERGRID, the Central Transmission Utility (CTU) of the Country is playing a pivotal role in Inter-State Transmission network planning and development both at regional and national level as well as its implementation. A number of inter-state grid strengthening schemes as well as inter-regional strengthening scheme have been identified by CTU for implementation. As CTU, your Company is also mandated to provide Short / Medium-term Open Access (STOA/MTOA) and Long-term Access(LTA).

As you are aware, Non-discriminatory Open Access is the key for development of a successful Competitive Electricity Market. Short-Term Open Access in inter-State transmission has been successfully implemented. During the year, more than

19,900 transactions were approved under open access, involving about 55,000 MUs of energy.

Towards sustainable development, as CTU, your Company has focused for integration of emerging technologies like 1200kV UHVAC, ± 800 kV HVDC, FACTS, Smart Grid etc. into transmission sector development, which are first of its kind in the Country.

As part of Corporate Social Responsibility (CSR), your Company is making contributions to the society at large, wherein activities for Socio-Economic development of weaker sections have been taken up. 1% of PAT of the company of the preceding year is now earmarked as non lapsable budget for CSR activities. During FY 2010-11, ₹ 15.58 crore was spent on the development of infrastructure in nearby villages like constructing class room, library, computer room for schools, primary health centre, drinking & sanitation facility, check dam, drainage, roads, community centre, etc. These facilities were created with the objective of long lasting value and have multiplier effect on improving the standard and quality of life of people.

Your Company has been ranked as 8th Fastest-Growing Asian Companies and 18th Fastest-Growing Global Companies in the Platts Top 250 Global Energy Company rankings for the year 2010. Company has also featured in the Forbes Global 2000 list.

A major development in the transmission sector is that tariff based competitive bidding has been effective for transmission projects w.e.f. 06th January, 2011. Competitive bidding, however, is not applicable for transmission projects requiring upgradation/strengthening of existing transmission lines and associated sub-stations and also not for projects for which Bulk Power Transmission Agreement/Transmission Service Agreement (BPTA/TSA) have been signed upto 05.01.2011. I wish to share with you that POWERGRID had already signed BPTAs for nine nos. of High Capacity Power Transmission Corridors which have a tentative cost estimate of about ₹58000 crore, to be executed progressively through XII Plan and for a no. of other projects.

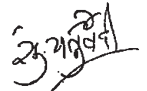
Exemptions have also been extended by Ministry of Power in July, 2011 from competitive bidding route for first two experimental works for 1200 kV UHVAC line; works to cater an urgent situation or any requirement in compressed time schedule by CTU/State transmission Utility (STU), as decided by Central Govt. on a case to case basis; for intra-state transmission projects by STUs for further 2 years beyond 6th Jan, 2011.

Lastly, I wish to share with you that I shall be demitting the office on 31st August, 2011 upon attaining superannuation. Shri R. N. Nayak, Director (Operations) of your Company at present, shall be taking over charge as Chairman and Managing Director from 1st September, 2011 in terms of Govt. Order, to take the Company forward.

I am confident that with the support of dedicated and committed workforce and continued support of esteemed shareholders, POWERGRID will continue to excel and discharge its responsibilities, enhancing value to stakeholders.

With best wishes,

Yours sincerely,



(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi

Date: 10.08.2011

DIRECTORS' PROFILE



SHRI S. K. CHATURVEDI
Chairman & Managing Director

Shri S. K. Chaturvedi, aged 60 years, is the Chairman & Managing Director of our Company. He is a First Class First Graduate and Post Graduate in Science from University of Lucknow. He holds a Post Graduate Diploma in Personnel Management & IR and is a seasoned HR professional with varied experience of more than 30 years in the area of Human Resource Management, Industrial Relations and Organisational Development. He has also worked with Steel Authority of India Ltd., NTPC Ltd., POWERGRID (for more than thirteen years in POWERGRID from August 1991) in various capacities in HR and then joined NHPC Ltd. as Director (Personnel) in October, 2004. A strong votary of human development, Shri Chaturvedi has introduced several new concepts of employee development and was responsible for initiating several progressive HR policies in the organizations he has served. Shri Chaturvedi joined POWERGRID as Chairman & Managing Director on 01.08.2008.

SHRI R.N.NAYAK
Director (Operations)



Shri R.N.Nayak, aged 55 years, is the Director (Operations) of our Company. He is a first class Bachelor of Electrical Engineering from REC Rourkela and holds an M.Tech(Electrical) from IIT Kharagpur. Shri Nayak has over 33 years of work experience, primarily in the power sector. He has worked for more than 19 years in POWERGRID and handled various multi-disciplinary functions like Engineering, Load Despatch & Communication, Contract Management, Quality Assurance and Inspection; Telecom and Human Resources. He has previously held the positions of Executive Director (Engineering & QA&I); Executive Director (Human Resource), Executive Director (R&D) in POWERGRID. Prior to joining POWERGRID in 1990, he has worked for about 7 years in NTPC and had a stint with SAIL. He has introduced many new technologies in the Indian Power Sector such as ± 800 KV HVDC and 1200 KV AC UHV. He has also published and presented a large number of technical papers in various reputed International/National journals/conferences. Considering his contribution to power sector, he has been awarded P.M. Ahluwalia Award; is a Senior Member of IEEE and has been honored with Fellow

of the Indian National Academy of Engineering (INAE) in Electrical Engineering Field. He was appointed as a Director on our Board in May, 2009. In terms of the GOI Order dt. 22nd July, 2011 Shri R. N. Nayak would be taking over as Chairman and Managing Director from Shri S. K. Chaturvedi w.e.f. 1st September, 2011.

SHRI V. M. KAUL
Director (Personnel)



Shri V. M. Kaul aged 59 years, is the Director (Personnel) of our Company. He is a first class Bachelor of Mechanical Engineering from IIT, Delhi with MBA Degree from IGNOU. Shri Kaul has over 37 years of work experience primarily in the power sector. He has previously held the position of Executive Director (Human Resource), Executive Director in-charge of Private Investment and Business Development and Corporate Planning. Prior to joining our company Shri Kaul has worked for 23 years in NTPC and handled various multi-disciplinary functions like Contract Management, Project Management, Joint Venture, Quality Assurance and Inspection; five years in Engineers India Limited. He was appointed as a Director on our Board in March, 2009.

SHRI I.S.JHA
Director (Projects)



Shri I.S.Jha, aged 52 years, is Director (Projects) of our Company. He is an Electrical Engineer from NIT, Jamshedpur and a well known Electrical Power System Professional. Prior to this assignment he has successfully served as Executive Director (Engineering) in the company. He has also worked as Executive Director - Corporate Monitoring Group and held the position of Executive Director of North Eastern Region. Apart from these functions he was a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He has published numerous articles, technical papers in the field of power system in various international and National Conferences/Symposia. He was appointed as a Director on our Board in September, 2009.

SHRI R. T. AGARWAL
Director (Finance)



Shri R. T. Agarwal, aged 55 years, is Director (Finance) of our Company. Prior to this, he was Executive Director (Finance). A Chartered Accountant by profession, Shri Agarwal has more than 30 years of experience in multifarious Finance & Accounts functions like finalization of Accounts, coordination with Auditors, Taxation, Treasury Functions, Internal Audit, Budgeting, Pay Roll, Concurrence, MIS & Commercial aspects etc. both at the Corporate Centre and at Regional Headquarters of POWERGRID. As ED (Finance), he had played a pivotal role in the successful Follow-on Public Offer of POWERGRID in 2010. Before joining POWERGRID in 1991, he had worked in power major NTPC Ltd. project sites for around 10 years. He was appointed as a Director on our Board in July, 2011.

Dr. M. RAVI KANTH
Government Nominee



Dr. M. Ravi Kanth, aged 50 years, is a government nominee Director of our Company. He is M.A (Eco.) and L.L.B. He is also an M.B.A from Melbourne, Australia. Shri Kanth is an officer of Indian Administrative Service (RR) (1986). He is currently Joint Secretary (Transmission) in the Ministry of Power. Prior to that, Dr. M. Ravi Kanth was working as C.M.D, National Handicapped

Finance and Development Corporation, Ministry of Social Justice & Empowerment. He has held various important positions in Government both at the State and Central level. He was appointed as a Director on our Board in December, 2009.

SHRI RAKESH JAIN
Government Nominee



Shri Rakesh Jain, aged 54 years, is a government nominee Director of our Company. He holds Masters Degree in Physics from Delhi University. He is an officer of Indian Audit & Accounts Service (1981). He is currently Joint Secretary and Financial Adviser (JS&FA) in the Ministry of Power. He is a Government nominee Director on the Board of Directors of NTPC Ltd. and NHPC Ltd. Before joining Ministry of Power, Shri Jain has held various important positions such as Director General (Accounts, Entitlement, Complaints & Information System); Principal Director (Report States) – Office of Comptroller & Auditor General of India; Accountant General (AG) (Audit), Rajasthan; AG(AE-II) Madhya Pradesh; Principal Director (Commercial Audit) Ranchi and Principal Director of Audit, Embassy of India, Washington, USA. He was appointed as a Director on our Board in June, 2009.

SHRI PARVEZ HYATT
Chief Vigilance Officer



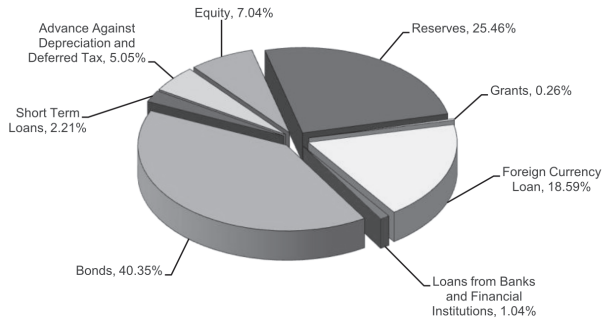
Shri Parvez Hayat, aged 52 years, is the Chief Vigilance Officer of our Company. He is an IPS Officer of Jharkhand Cadre of the 1984 Batch. He is a post graduate in Modern History and holds a Law degree from Delhi University. He has over 23 years of work experience. He worked in various capacities in both State and Central Govt. such as S.P/Sr.S.P of five Districts of Bihar/Jharkhand; PS to the Union Minister of Home Affairs, Govt. of India, Delhi; Commandant Staff (Operations) Directorate General of ITBP, MHA, GOI, Delhi, subsequently in State of Jharkhand as DIG of Palamu Range & DIG (Crime Branch) at State Police Hqs., Ranchi. Later on central deputation as Asstt. Director General, Central Economic Intelligence Bureau, Ministry of Finance; IGP (Police Modernization & Trg.), Govt. of Jharkhand; picked up his next promotion as ADG (Police Mod. & Trg.) in the month of September, 2010. He assumed charge of office of Chief Vigilance Officer in February, 2011.

LIST OF SENIOR EXECUTIVES (BELOW BOARD LEVEL) AND REGIONAL /RLDC HEADS

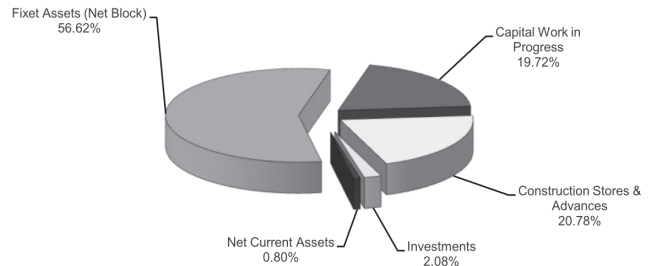
Sl. No	Name (S/Sh)	Empno	Designation /Department / Region
1	Dr. S. K. Agarwal	00075	ED(Technology Development), CC
2	Arun Kumar	00077	ED(Commercial), CC
3	Ashwani Jain	00095	ED(Telecom), CC
4	Pankaj Kumar	00105	ED(ERP & IT), CC
5	Y. K. Sehgal	00122	ED(Engg-SEF & Cost Engg), CC
6	Mahender Singh	00184	ED(BDD), CC
7	B. Mishra	00189	ED(CP), CC
8	V. C. Jagannathan	00301	ED(F&A), CC
9	T. K. Wali	00396	ED(CS), CC
10	I. R. Kidwai	00454	ED(HR), CC
11	T. S. P. Rao	00934	ED(Law), CC
12	Anjana Dhar	01330	ED(International Business), CC
13	B. S. Pandey	10026	ED(Engg-HVDC, QA&I), CC
14	Sanjeev Singh	10040	ED(OS), CC
15	N. S. Sodha	10053	ED(LD&C), CC
16	Oommen Chandy	10872	ED(Engg-TL & SS), CC
17	Rajendra Singh	50861	ED(HRD), CC
18	R. K. Singh	11044	ED(Projects), NR-I
19	S. Singh	20049	ED(I/C Region), NR-I
20	S. C. Singh	40081	ED(I/C Region), NR-II
21	B. Sharma	10031	ED(I/C Region), ER-I
22	Ravi P. Singh	10044	ED(I/C Region), ER-II
23	S Sen	10871	ED(I/c NE-N/W IC-I Project), NER
24	K. K. Chaudhury	50008	ED(I/C Region), NER
25	V. Sekhar	20107	ED(I/C Region), SR-I
26	Bharat Bhushan	20006	ED(I/C Region), SR-II
27	D. K. Valecha	10027	ED(I/C Region), WR-I
28	D. S. Singh	10057	ED(I/C Region), WR-II
On deputation to Other Organizations			
29	Kaushal K. Agrawal	00182	ED(On deputation to CEA)
30	R. Bahri	00097	ED(On deputation to PKTC Ltd.)
31	M. Krishna Kumar	00129	ED(On deputation to NETC Ltd.)
32	R. P. Sasmal	10945	ED(On deputation to TVPTL)
33	Prabhakar Singh	20003	ED(On deputation to Jaypee POWERGRID)
Power System Operation Corporation Limited - Subsidiary Company			
34	S. K. Soonee	45003	CEO(POSOCO)
35	P Pentayya	25011	GM(ERLDC)
36	T. S. Singh	50022	AGM(NERLDC)
37	V. V. Sharma	00392	GM(NRLDC)
38	P. R. Raghuram	30025	GM(SRLDC)
39	U. K. Verma	16373	GM(WRLDC)

POWERGRID'S PERFORMANCE

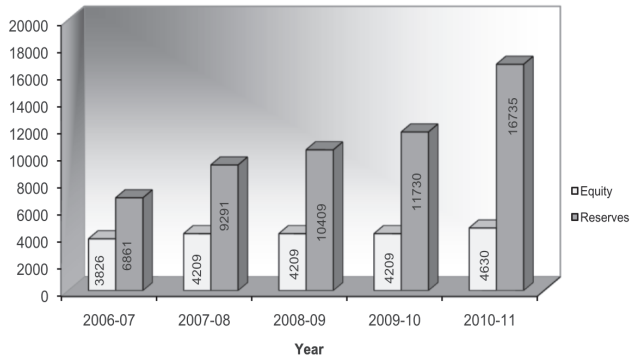
Sources of Funds (%) 2010-11



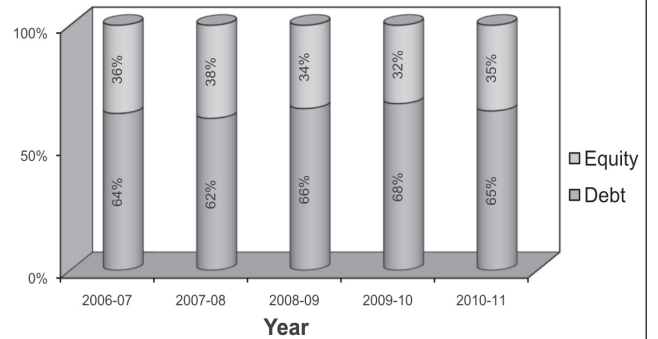
Application of Funds (%) 2010-11



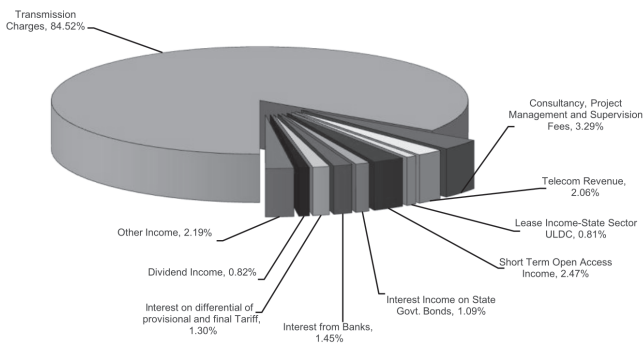
EQUITY AND RESERVES



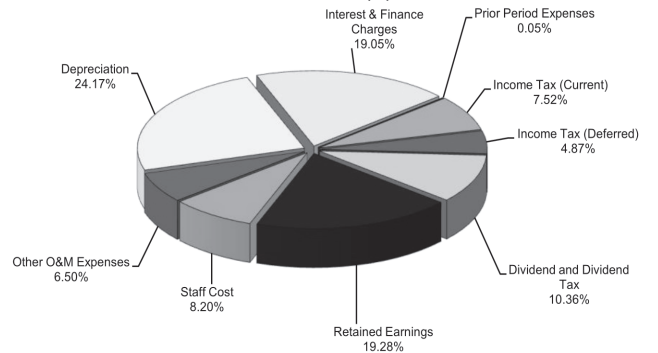
Debt Equity Ratio (%)



INCOME BREAK-UP (%) 2010-11



Distribution of Revenue (%) 2010-11



FIVE YEARS SUMMARY

(₹ in crore)

OPERATING RESULTS

	2010-11	2009-10	2008-09	2007-08	2006-07
(A). EARNED FROM :					
Transmission Charges	7690.64	6576.38	5282.84	4188.52	3248.00
Consultancy Revenue	299.35	269.17	215.90	250.04	226.00
Telecom Revenue	187.20	157.72	149.83	123.53	77.10
Short Term Open Access Income	211.51	124.18	41.42	52.73	38.75
Other Income	711.10	376.13	448.73	466.71	507.30
Total Earnings	9099.80	7503.58	6138.72	5081.53	4097.15
(B). PAID & PROVIDED FOR :					
Employees Remuneration & Benefits	745.89	726.70	643.88	519.06	338.88
Transmission Expenses	269.49	244.91	199.61	171.55	164.44
Administration Expenses	309.05	257.56	208.10	162.42	142.05
Other Expenses(Including Prior Period Adj.)	11.48	101.23	74.26	189.51	-9.15
Deferred Revenue Expenditure	1.86	1.78	1.83	5.43	8.19
Provisions	3.98	22.15	46.23	3.83	2.74
Total Expenditure(Excluding Depreciation & Interest)	1341.75	1354.33	1173.91	1051.80	647.15
Profit before Depreciation & Interest	7758.05	6149.25	4964.81	4029.73	3450.00
Depreciation	2199.39	1979.69	1093.97	959.65	827.58
Interest & Finance Charges	1733.93	1543.24	1642.27	1339.55	1140.42
Net Profit after Interest & Depreciation but before Tax	3824.73	2626.32	2228.57	1730.53	1482.00
Provision for tax (MAT)	684.61	421.91	478.60	197.11	134.09
Fringe Benefit Tax	-	-1.50	14.60	10.50	8.72
Net Profit after MAT and FBT	3140.12	2205.91	1735.37	1522.92	1339.19
Deferred Tax	443.23	164.97	44.76	74.45	109.82
Profit after Deferred Tax	2696.89	2040.94	1690.61	1448.47	1229.37
Dividend	810.23	631.34	505.08	505.08	368.82

Note: Previous Year figures have been regrouped/ rearrange wherever necessary

FINANCIAL POSITION

(₹ in crore)

(A) WHAT THE COMPANY OWNED:

	2010-11	2009-10	2008-09	2007-08	2006-07
Gross Fixed Assets	50351.78	43202.28	40319.33	35417.14	29014.63
Less: Depreciation	13127.80	11141.02	9190.89	8061.94	7198.56
Net Fixed Assets	37223.98	32061.26	31128.44	27355.20	21816.07
Capital Work in Progress	12963.68	10242.37	6533.43	5305.41	6068.85
Construction Stores	10749.25	7433.44	4694.19	2618.39	2708.41
Construction Advances	2911.66	2746.37	2058.38	834.29	663.13
Investments	1365.05	1453.22	1592.83	1736.22	1967.00
Current Assets ,Loans & Advances	10517.13	9627.32	8312.92	5376.78	3509.72
TOTAL (A)	75730.75	63563.98	54320.19	43226.29	36733.18

(B). WHAT THE COMPANY OWED:

Borrowings From:					
- Govt. of India	-	-	-	-	49.53
- Financial Institutions	338.95	420.44	511.19	602.84	643.27
- Foreign Loans	12221.55	11129.52	10248.83	7006.16	6135.66
- Bonds	26528.10	21171.83	16409.57	13257.81	10999.54
- Other Loans	1794.17	1695.00	1295.84	1396.67	1497.50
Total Loans	40882.77	34416.79	28465.43	22263.48	19325.50
Current Liabilities & Provisions	9989.27	10092.89	8313.19	5024.98	4835.16
Deferred Tax Liability	1146.74	703.51	538.54	493.78	419.33
Advance against Depreciation	2176.07	2213.63	2159.59	1697.07	1201.17
TOTAL (B)	54194.85	47426.82	39476.75	29479.31	25781.16

(C).NET WORTH OF THE COMPANY

REPRESENTED BY :

(i) Equity capital(including Deposit)	4629.73	4208.84	4208.84	4208.84	3826.22
ii) Free Reserves and Surplus	16724.05	11708.23	10414.75	9298.53	6874.21
iii)Less:Misc.Exp.to the extent not written off	2.41	3.56	5.50	7.19	12.86
TOTAL (C)	21351.37	15913.51	14618.09	13500.18	10687.57

(D).COMMITTED RESERVES & LIABILITIES

i) Grants in Aid	171.31	198.82	225.35	246.80	264.45
ii) LDC Development Fund	-	16.44	-	-	-
iii) CSR Activities Reserve	13.22	8.39	-	-	-
TOTAL (D)	184.53	223.65	225.35	246.80	264.45
TOTAL (B+C+D)	75730.75	63563.98	54320.19	43226.29	36733.18
CAPITAL EMPLOYED (Net Fixed Assets+Net Current Assets)	34429.03	28678.55	28430.04	25516.15	18870.13

(E) RATIOS

Net Profit to Capital Employed(%)	7.83	7.12	5.95	5.68	6.51
Net Profit to Net Worth(%)	12.63	12.83	11.57	10.73	11.50
Net Worth per Rupee of Paid-up Capital (in ₹)	4.61	3.78	3.47	3.21	2.79
Debt/Equity Ratio	65:35	68:32	66:34	62:38	64:36
Liquidity Ratio	0.79:1	0.74:1	0.75:1	0.75:1	0.54:1
Earning per Share (Diluted EPS) (₹ per Share)	6.19	4.85	4.02	3.60	3.28
Book Value per share(₹ per share)	46.12	37.81	34.73	32.08	28.22
Capital Expenditure (₹ in Crore)	12005	10617	8167	6656	6383

(F) OTHER IMPORTANT INFORMATION

Length of Transmission Lines (CKT)	82355	75290	71500	67000	59461
No. of Substations	135	124	120	111	104
No. of Employees	9775	9162	8214	7645	7427
Transmission Network availability (%)	99.80%	99.77%	99.55%	99.65%	99.20%
Power Transmitted on POWERGRID Network (in MU)	400596	363723	334013	328709	298937

Note: Previous Year figures have been regrouped/ rearrange wherever necessary

DIRECTORS' REPORT

Dear Shareholders,
Ladies & Gentlemen,

I am privileged to present, on behalf of the Board of Directors, the 22nd Annual Report on the business and operations of your Company for the financial year ended on 31st March 2011 together with the Audited Statements of Accounts, Auditors' Report and Review of the Accounts by the Comptroller & Auditor General of India for the review period.

I am happy to share with you that your Company has excelled in all areas of its operations achieving significant milestones such as exceeding budget utilization target, meeting overall targets under Memorandum of Understanding (MoU) with Ministry of Power, Government of India, timely commissioning of projects, etc. Based on the overall performance, your Company is poised to get "Excellent" rating for FY 2010-11 as well, continuing the track record of achieving the highest rating since signing of its first MoU in FY 1993-94.

Your Company has been conferred with 'MoU Excellence Award' for FY 2008-09 by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India for being the top performer in the Energy Sector. The Company has also been bestowed with the 'Scope Award for Excellence and Outstanding Contribution to the Public Sector Management (2008-09) - Large Scale PSE Category'. Both the awards were presented to POWERGRID by our Hon'ble Prime Minister in a ceremony held on December 15, 2010.

Your Company has been ranked as 8th overall in the Fastest-Growing Asian Companies and 18th as Fastest-Growing Global Companies in the "Platts Top 250 Global Energy Company rankings" for the year 2010. Your Company has also featured in the "Forbes Global 2000" list.

Performance highlights of your Company during FY 2010-11 are briefly mentioned here to give an overview of accomplishments in all fronts:

- ❖ Made an investment of ₹ 12,005 Crore during the year, an increase of about 13% over the investment made in last year (₹ 10,617 Crore).
- ❖ On the project implementation front, added about 6,760 ckm of transmission lines, 11 new sub-stations and transformation capacity of about 9,500 MVA.
- ❖ Assets worth ₹ 7,313 Crore are declared under commercial operation.
- ❖ Investment approval for 25 new transmission projects worth about ₹ 21,150 Crore was accorded by the Board. This includes the project of international importance, "Cross country grid Interconnection between India and Bangladesh".
- ❖ Transmission system availability of 99.80% was achieved, highest so far in the history of the Company. There was no major grid disturbance in any part of the country during the year and grids were operated smoothly.
- ❖ Inter-Regional power transfer capacity addition of 1,600 MW was achieved during the year with the commissioning of Barh – Balia 400 kV Double circuit (Quad) line, enhancing inter-regional capacity of National Grid to 22,400 MW.
- ❖ Under consultancy business, a total of 45 new orders with estimated project cost of about ₹ 600 Crore received, and in this financial year, revenue of ₹ 299.35 Crore is earned from Consultancy business as compared to ₹ 269 Crore earned during previous year.
- ❖ Financial Performance

(Figures in ₹ Crore, except per share data)

Description	2010-11	2009-10	Y-o-Y Growth
Income			
Transmission Charges	7,691	6,576	16.95%
Consultancy	299	269	11.15%
Telecom	187	158	18.35%
Short Term Open Access Income	212	124	69.60%
Other Income	711	376	89.10%
Total Income	9,100	7,504	21.27%
Profit After Tax (PAT)	2,697	2,041	32.14%
Earnings per Share (₹)	6.19	4.85	27.63%
Book Value per Share (₹)	46.12	37.81	21.98%
Gross Fixed Assets	50,352	43,202	16.55%
Debt	40,883	34,417	18.64%
Net Worth	21,351	15,914	34.16%
Debt Equity Ratio	65:35	68:32	
Capitalisation	7,313	3,610	102.58%



OPERATIONAL EXCELLENCE

Your Company, with its strong in-house expertise in all specialised areas of power transmission business, has carved a niche for itself amongst the largest transmission utilities in the world. Today, your Company wheels about 50% of total power generated in the country through its transmission network. As on 31st March, 2011, your Company owns & operates a transmission network of **82,355** ckm of transmission lines, **135** nos. of EHV & HVDC substations and transformation capacity of about **93,050 MVA**.

During FY 2010-11, **transmission system availability of 99.80%** was achieved for our transmission network. Besides, number of trippings per line was also contained at 1.27 against MoU target of 2.5 under “Excellent” category. Maintaining such high availability was possible through deployment of state-of-the-art Operation & Maintenance techniques at par with international standards.

Your Company follows state-of-the-art preventive maintenance. Equipment health is assessed periodically using “Condition Assessment Techniques”. Maintenance activities are planned well in-advance and an “Annual Maintenance Plan” is chalked out for every asset through live line or shut down as per technical feasibility. Your Company also employs state-of-the-art “Emergency Restoration System” for restoration of collapsed transmission lines, due to natural calamities or otherwise, in shortest possible time. Replacement of aged assets has also been taken up as per prevalent CERC tariff regulations.

O&M activities of your Company are ISO certified. Systems and procedures are in place and being upgraded periodically to keep abreast with the latest technology. Formats for documentation on schedule & procedures have been standardized for all assets. All substations and line offices can access these documents through Company’s web-portal. Periodic reviews are also conducted at regional level as well as at Substations and Line offices to evaluate implementation of the systems and procedures.

Presently, about 30 sub-stations of POWERGRID are operated remotely and many new sub-stations are being designed for remote operation. For further improvement in operational efficiency, “**National Transmission Asset Management Centre**” is being established to control & operate most of the sub-stations remotely and establishment of “Maintenance Service Hub” facility has commenced, which caters to the maintenance need of a group of sub-stations rather than placing staff in each sub-station. This will not only help in optimal utilisation of manpower & resources but also reduce the response time in case of faults & breakdowns.

Options are also being explored for use of Robots in transmission lines’ inspection besides aerial patrolling of transmission lines using helicopters, to optimise manpower requirement/ time management for line patrolling and improve efficiency in maintaining them.

PROJECT IMPLEMENTATION

Transmission projects are planned, implemented, monitored and controlled through Integrated Project Management and Control System, which has been developed matching with the organization structure, effective working, flow of information and feed back. Project implementation activities involves total project review and monitoring including Standardisation of Designs, Project Review Meetings at regular intervals through video conferencing, pre-emptive measures and advance actions on various project linked activities such as land acquisition, state-of-the-art survey techniques and soil investigations, tender activities, funding tie-up, etc. in parallel with project investment approval process.

During FY 2010-11, transmission projects worth **₹ 7,313 Crore** were commissioned as compared to **₹ 3,610 Crore** for the previous year. Your Company has commissioned about **6,760 ckm** of transmission lines, **11 new sub-stations** and transformation capacity of about **9,500 MVA**. These additions to the Company’s network have helped in improving power supply situation in various regional grids leading to improved system reliability and better grid stability to meet the total all time high peak demand of 111GW & 811BU of energy in 2010-11.

Presently, transmission projects of about **₹ 93,000 Crore** are under various stages of implementation and are progressing well matching with commissioning schedule of generation projects in the country. This includes **25 new transmission projects** approved by the Board of Directors in FY 2010-11 at an estimated cost of about **₹ 21,150 Crore** comprising of about **8,000 ckm** of transmission lines & 5200 Km of fibre optic network, **23 nos.** sub-stations and transformation capacity of about **32,000 MVA**. Major ongoing projects are, Transmission System associated with generation projects like Subansiri & Kameng HEPs (which includes 2000 km, ±800 kV HVDC bipole link), DVC & Maithon Right Bank project, Sasan, Mundra & Krishnapatnam Ultra Mega Power Projects, Pallatana GBPP, Bongaigaon TPS, Transmission system for transfer of power from Bhutan to NR/WR, Interconnection between Indian & Bangladesh power grids, Development of High Capacity Transmission corridor for phase-I IPPs in the State of Odisha, Transmission system for IPP Generation Projects in the State of Sikkim & Chhattisgarh, etc. and System Strengthening schemes in Northern, Eastern, Western & Southern Regions etc. Your Company has an impeccable track record of **not bottling up of even a single Mega Watt of power from central sector generation projects for want of inter-State transmission system**.

Accelerated growth path of your Company during XI plan can be demonstrated from the following table, which shows a phenomenal built up of about 30% capacity of Company’s present network in last four years only w.r.t. the capacity as built in last many years.

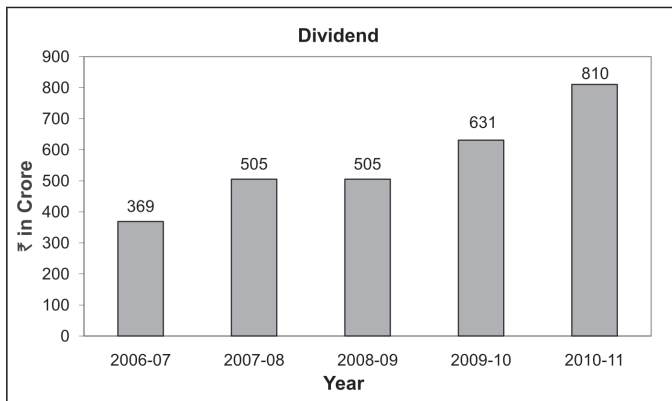
Parameter	As on the beginning of XI Plan	As on the end of FY 2010-11	Addition during first four years of XI Plan
Transmission network (ckm)	59,461	82,355	22,894
Sub-stations (Nos)	104	135	31
Transformation Capacity (MVA)	59,415	93,050	33,635

FINANCIAL MANAGEMENT

Your Company exhibited an impressive financial performance during FY 2010-11, earning a net profit of ₹ **2,697 Crore**, thereby registering a highest ever rise of **32%** as compared to previous year's profit of ₹ 2,041 Crore. Turnover of the Company stands at ₹ **9,100 Crore** from ₹ 7,504 Crore during FY 2009-10, i.e. up by **21%**. Gross Asset Base has been enhanced to ₹ **50,352 Crore** from ₹ 43,202 Crore in FY 2009-10.

Dividend Payout

In FY 2010-11, your Company registered Earnings per Share (EPS) of ₹ **6.19** as compared to ₹ 4.85 in previous fiscal. Your Board of Directors have recommended a final **dividend of ₹ 1.25 per share** for the year 2010-11, in addition to an interim dividend of ₹ 0.50 per share paid in February, 2011. The total



The requisite funds were mobilised from domestic market, proceeds of loans from multilateral funding agencies, namely, The World Bank and Asian Development Bank, besides internal resources of approx. ₹ 4,000 Crore (including FPO proceeds).

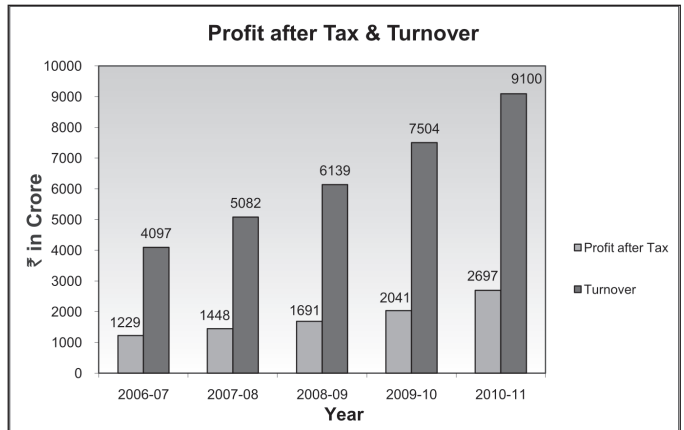
Directors' Responsibility Statement

As required u/s 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors have taken proper and sufficient care in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a going concern basis.

XI Plan Investment programme

For development of inter-State transmission system, an investment of about ₹ **55,000 Crore** has been planned by your Company during XI Plan which includes further development in National Grid by adding inter-regional transmission systems, system strengthening schemes, transmission system to facilitate evacuation of power from generation projects under central sector and Ultra Mega Power Projects (UMPPs). Stepping towards realising the target, your Company has already made a capital investment of about ₹ **37,445 Crore** during the four (4) years' period of XI plan for implementation of various projects.

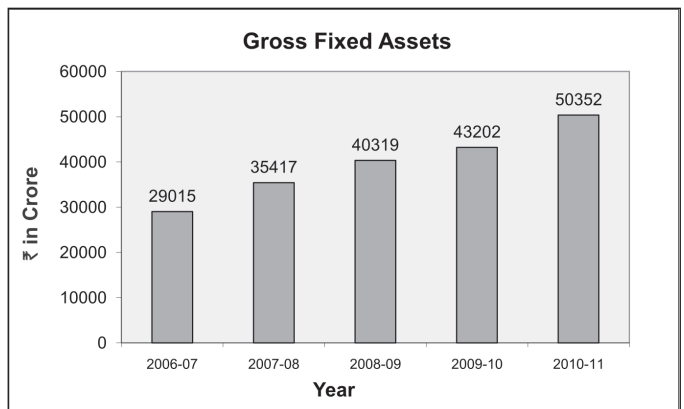


dividend paid for the year is ₹ 1.75 per share as against ₹ 1.50 per share paid last financial year. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend pay-out for the year amounts to ₹ **810.23 Crore** representing 30% of profit after tax for the year.

Your Directors believe that strategic diversification into synergic business would lead to increase in shareholders' value. Therefore, focussed attention is being given for expanding the telecom and consultancy businesses for further improvement in financial performance.

Capital investment and fund mobilisation

Your Company made an investment of ₹ **12,005 Crore** during FY 2010-11 for implementation of various ongoing projects.



Your Company has an excellent credit rating with financial institutions, thereby, is placed in a comfortable position in terms of resource mobilisation. The Company, as such, does not envisage any problem in mobilizing the resources for meeting the planned investment during last year of XI plan period. Loan requirement is planned to be met through borrowings from multilateral funding agencies (The World Bank and Asian Development Bank), Supplier's credit and from domestic sources on the basis of requirement. Your Company being rated AAA by CRISIL, does not foresee any problem in mobilizing the required resources from domestic market at competitive rates.

Going Public

Company's Follow-on-Public Offer (FPO) of divestment of 10% of Govt. equity (420,884,123 shares) and issue of 10% fresh capital (420,884,123 shares) in November, 2010 received huge response both from domestic & foreign institutional investors; and was oversubscribed by almost 15 times. FPO subscription opened on 9th November 2010 and closed for QIBs on 11th November 2010 and on 12th November 2010 for others. The issue price was fixed at ₹ 90 per share and a discount of 5% was offered for retail investors and employees. Post-issue, holding of Government of India is **69.42%**, while the balance **30.58%** is held by public. Out of ₹ **3,721 Crore** raised from fresh issue of shares under FPO, ₹ 1,600 Crore has been spent during the FY 2010-11 on capital expenditure of identified projects. The funds garnered through FPO shall help the Company for part financing of projects during XI and XII plan.

COMMERCIAL PERFORMANCE

Your Company's performance on commercial front is highly satisfactory, especially in terms of realisation of transmission charges. During the year 2010-11, current realisation stood at about ₹ **7,192 Crore**, the highest so far, against ₹ 6,570 Crore realised last year. Post-securitisation, outstanding dues (beyond 90 days of billing) stands at 'nil' as on March 31, 2011. The present LC coverage is about ₹ **567 Crore** which is equivalent to 115% of average monthly billing.

During the year, a total of 222 petitions of transmission projects involving transmission charges of ₹ 2,957 Crore were filed with CERC for Tariff period 2009-14. It includes filing of advance petitions, for the assets whose DOCO are anticipated till June, 2011.

As per CERC Regulation on Sharing of Inter-State Transmission charges and losses, 2010, your Company, as CTU, has been mandated to perform Billing, Collection and Disbursement (BCD) on behalf of all the inter-State Transmission Service licensees. In view of this, new Transmission Service Agreement, Revenue Sharing Agreement & BCD procedures after incorporating comments from designated inter-State Customers and inter-State Transmission System licensees were drafted and submitted to CERC for approval. Several workshops have been conducted across all the regions with the State Transmission Utilities and DISCOMs for their institutional building for new billing, collection and disbursement mechanism.

DEVELOPMENT OF NATIONAL GRID

Your Company is taking adequate measures for strengthening/ establishing the inter-State and inter-regional links for enhancing the capacity of National Grid in a time bound manner so as to ensure optimal utilization of uneven distribution of energy resources. Inter-Regional capacity addition of **1,600 MW** was achieved during the year with the commissioning of Barh-Balia 400 kV Double circuit (Quad) line in June, 2010. **By 31st March 2011, National Grid with inter-regional power transfer capacity of about 22,400 MW has been established**, placing it among one of the largest synchronous grid in the world with installed generation capacity of about 1,17,000 MW. Currently, substantial power is being exchanged across the regional grids and the capacity of this National Grid is planned to be enhanced to about 28,000 MW by the end of XI Plan with the expectation of generation capacity addition as programmed.

GRID MANAGEMENT

Development of National Grid through reliable and stable operation of regional power grids has been a priority area for your Company. The Company is facilitating power evacuation from Central Sector Generating Stations through its strong and robust transmission network and it is a matter of great pride that evacuation constraint has not been generally faced by any Central Sector Generating Station during the year.

Grid Management is carried out through a hierarchical control philosophy using Supervisory Control and Data Acquisition, SCADA. Considering the increased complexity of grid operation of such a large network of the country, the facilities at all the five Regional Load Despatch Centers and National Load Despatch Centre are being upgraded continuously through deployment of latest technology. Your Company's effective grid management measures & techniques are not only paying rich dividends but also restricted minimal grid disturbances besides improvement in vital grid parameters, improved data availability, visibility and transparency. This is very well demonstrated since **Indian Power Grids have not experienced any major grid disturbance during more than last eight years**. Even minor grid disturbances in regional grids have come down significantly.

All these measures have also led to increase in inter-regional power exchanges on real-time basis and helped in meeting more demand of energy deficit regions, thereby improving overall economy of the country. During FY 2010-11, about **56,700 Million Units (MUs)** of inter-regional energy transfer was facilitated across the country as compared to about 52,000 MUs during FY 2009-10. The frequency remained within the prescribed IEGC band (49.5 – 50.2 Hz) for most of the period.

On behalf of various State Power utilities and other players in the regional pool, POWERGRID, through its RLDCs, facilitated settlement of UI charges to the tune of ₹ **10,357 Crore** in FY 2010-11.

Power System Operation Corporation Limited (POSOCO), a 100% subsidiary of your Company which was set up to look after Grid Management function in line with Gol directive, has started commercial operation from 1st October, 2010.

Open Access in Inter-State transmission:

In order to promote development of competitive electricity market, Short Term Open Access (STOA) in inter-State transmission was successfully implemented since 2004.

Under STOA, about **19,900 transactions** were approved during the year involving more than **55,000 MUs** of energy. Since introduction of STOA in May, 2004, cumulatively more than 73,600 bilateral transactions have taken place and about 218 Billion Units (BUs) have been exchanged. Around hundred captive power plants across the country have also availed the benefit of STOA.

Being the nodal agency for grant of Long Term Access (LTA) to private producers, your Company has undertaken development of high capacity transmission corridors for evacuation of large quantum of power from various IPP generation projects. LTA has been granted for about 90,000 MW to 135 nos. of IPP projects. Development of transmission system for IPPs generation projects was a major concern especially due to non-finalisation of beneficiaries and firm commissioning schedule of generation projects by the generating companies. Taking the lead role, your Company organized various meetings with power generation developers, CEA, Ministry of Power and took up the case with CERC actively thereby achieving timely development of transmission systems for IPPs. Nine High Capacity Power Transmission Corridors have been finalized for meeting evacuation requirement of IPPs coming up in the State of Jharkhand, Odisha, Chattisgarh, Madhya Pradesh, Andhra Pradesh and Tamil Nadu at an estimated cost of about **₹ 58,000 Crore**, for which regulatory approval was accorded by CERC in May, 2010. Implementation of these corridors has been taken up by your Company in a phased manner matching with progress of generation projects. This shall go a long way in integrated development of transmission system in the country.

QUALITY – A WAY OF LIFE

Your Company aims to provide quality services to its valued customers, and in order to do so, quality improvement measures/techniques are being adopted at every stage right from conceptualisation of project till commissioning and subsequently during its operation. Besides, the areas requiring improvement are identified and immediately addressed. Your Company's Quality Management System (QMS) is built upon the philosophy of Prevention, i.e. Quality Assurance rather than Detection while final product inspection. This system covers Design, Engineering, Procurement, Construction, Operation and Maintenance activities for AC & HVDC transmission systems, SCADA, EMS & Communication projects.

During the year, **Quality Management System** of your Company was reviewed and based on evaluation of implementation of the latest systems and procedures, the revised certification was accorded. Your Company is certified with **Integrated Management System** as per **Publicly Available Specification, PAS 99:2006** integrating requirement of ISO 9001:2008 (Quality), ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Occupational Health & Safety Management System). All the establishments of your Company were also audited for **Social Accountability System, SA 8000:2008**.

TECHNOLOGY DEVELOPMENT

Conserving Right-of-Way (RoW), minimizing impact on natural resources, coordinated development of cost effective transmission corridor, flexibility in upgradation of transfer capacity of lines matching with power transfer requirement are major areas of concerns in development of transmission network in the country. In order to address these issues effectively and to ensure development of efficient, coordinated and economical inter-State transmission system, the Company has undertaken several technological innovations.

For efficient utilisation of precious RoW, the Company is deploying state-of-the-art technologies such as high temperature low sag Conductors, series compensation including Thyristor Control, Multi Circuits, Compact & Tall Towers, High Surge Impedance Loading Lines, etc. For effective grid operation, high-tech O&M practices such as hotline maintenance, live line washing of insulators, use of emergency restoration system, large scale automation of sub-stations, etc. are being adopted.

Your Company gives priority to research activities with potential for societal, environmental & national benefits by application of advance technologies and finding solutions to gear up for future challenges. After commissioning & operating 765 kV UHV AC & ± 500 kV HVDC transmission system, POWERGRID is now working on next higher transmission voltages of **1200 kV UHVAC & ± 800 kV HVDC Systems** to achieve efficient utilization of RoW and increased power transfer capability for transfer of bulk power over long distances.

The **1200kV UHV AC technology** is being developed by your Company for the first time in the world. This is one of the unique R&D projects in public-private partnership model. Development of 1200kV UHVAC technology has already been initiated by establishment of a Test Station (at Bina in the State of Madhya Pradesh), which is under progress as a collaborative effort with 34 indigenous equipment manufacturers who are partners in this development process. The objective of the project is development and establishment of 1200kV voltage level in the country with concerted co-ordination among technical experts for finalization of technical parameters, field testing, and trial operation etc. and extend support to equipment manufacturers for indigenous development of 1200kV system equipment. This endeavour shall not only benefit Indian Power sector but also Indian manufacturers who would emerge as world leader for 1200kV class equipment. With the introduction of Ultra High Voltage in the transmission system, in addition to enhanced power transfer capability of the line, it will help in reduction of transmission losses and minimise Right of Way requirement.

Implementation of **+/- 800 kV, 6000 MW HVDC Bi-pole** of length around 2000 Km from North Eastern region (Biswanath Chariali in the State of Assam) to Northern Region (Agra in the State of Uttar Pradesh) is under construction. This shall facilitate high quantum of power transfer. Once implemented, this shall be the longest +/- 800kV HVDC line.

Your Company is taking leadership initiative for implementation of **Smart Grid Technology** in the country. In this direction, your Company has implemented Smart Grid Pilot Project using WAMS in Northern Region Grid, for the first time in India. **"India Smart**

Grid Task Force", being headed by Shri Sam Pitroda, Adviser to Hon'ble Prime Minister on Public Information Infrastructure & Innovations, is a nodal point for Government's activities related to Smart Grid. Secretariat of this prestigious forum is now being operated by your Company.

High Temperature Superconducting cable provides unique solution of large amount of power transmission at lower voltage. In order to study the preliminary feasibility of developing the use of **superconducting technology** in transmission, an experimental superconducting AC line parallel to existing transmission line of 220kV at Gurgaon Gas Insulated Substation (GIS) is being explored.

Lightning mapping of the system is very useful in optimizing lightning protection design and real time operation & maintenance of transmission lines. Pollution mapping helps in optimal insulation design and maintenance of transmission lines. Considering huge transmission expansion plan, POWERGRID has initiated pollution mapping of Northern Region in association with CPRI, Bangalore and lightning mapping in North-Eastern Region.

National High Power Test Laboratory Pvt. Ltd. (NHPTL), a Joint Venture Company of POWERGRID, NTPC, NHPC and DVC has been created in May, 2009 for establishment of a fully independent, professionally managed, international class, **"On Line High Power Short Circuit Test Facility"** in India which shall provide a full range of short circuit test facilities for electrical equipment manufacturing industry and power utilities.

Green initiatives

Major reason for continuous degradation of earth's climate and environment may be attributed to emission of billions of tons of greenhouse and other potent gases in atmosphere due to mankind's heavy dependence on fossil fuel for many of its daily needs. As Indian population is increasing and economy is growing at large pace, demand for power will increase manifold. It is well established fact that growth brings with it the risk of environmental problems, and unless significant energy conservation measures and large scale use of eco-friendly measures are undertaken, necessitating huge investments to protect the environment.

Transmission projects can play a significant role in harnessing clean/green power through innovative and challenging initiatives. Accordingly, POWERGRID, being a responsive organisation, is constructing $\pm 800\text{kV}$ HVDC high capacity transmission system for transfer of about 6,000 MW of power from hydro projects in North-Eastern Region to far away beneficiaries in Northern & Western Regions. The expected environmental benefits are:

- Will reduce CO_2 emissions by replacing thermal generation at load centres of Northern & Western Regions by transmitting about 6,000 MW of clean/green hydro power generated in phases in the remote and under developed North-Eastern Region of the country with negligible environment impact.
- Otherwise, the Northern & Western Regions of the country, which are deficit in energy, would set up equivalent coal fired thermal power plants. It is envisaged that about 257 million tons of CO_2 emission would be reduced during the 30 year lifecycle of the HVDC transmission system.

It is heartening to note that our sincere efforts towards environment protection has started bearing fruits in terms of the appreciation and awards POWERGRID had received during the last three years.

BUSINESS DEVELOPMENT & CONSULTANCY

Your Company has acquired in-house expertise at par with global standards in the field of Planning, Design, Engineering, Load Despatch and Communication, Telecommunication, Contracts, Finance and Project Management. Utilising this expertise, consultancy is being offered at national & international level.

The Company has emerged as a strong player in transmission sector in South Asia, Middle-east Asia & African countries and is providing consultancy services in United Arab Emirates (UAE), Nigeria and Bangladesh. Your Company has been keenly participating in projects funded by ADB, The World Bank, and other foreign organizations in various countries like Vietnam, China, Kenya, Ethiopia, Uzbekistan, Afghanistan & Bangladesh.

Throughout the year, business development opportunities continued to receive focussed attention and thrust across the entire value chain of the power sector. During the year 2010-11, your Company has bagged 45 new assignments having project cost of about ₹ 600 Crore. Your Company has earned revenue of about ₹ **299.35 Crore** during FY 2010-11 as consultancy fee from its various ongoing assignments against ₹ 269 Crore earned last year.

Further, your Company is playing an active role in preparing a roadmap for developing SAARC market for electricity on a regional basis to develop a cross country power-grid, harnessing each other's capacities and resources in order to address the growing energy need in the region. Presently, various interconnections exist between **India & Nepal** and between **India & Bhutan**. For evacuation of power from various upcoming HEPs in Bhutan, Punatsangchhu-I HEP (in Bhutan) – Alipurduar (in India) 400 kV D/c line between Bhutan & India is under implementation and expected to be completed by 2015. Further, an asynchronous interconnection between **India & Bangladesh** through 500 MW HVDC back-to-back terminal along with Bheramara (Bangladesh) - Baharampur (India) 400kV D/C line is under implementation and expected to be completed by 2013. In addition, an interconnection between **India and Sri Lanka** through HVDC bipole link including submarine cable for sea portion is being finalised. Further, for bulk transfer of power, interconnection between India and Nepal through 400 kV Dhalkebar (in Nepal) - Muzaffarpur (in India) D/C transmission line is under finalisation.

TELECOM BUSINESS

In order to shore up its revenue base, POWERGRID spotted the opportunity of convergence between transmission & telecom, and entered into telecom business to leverage its country wide transmission infrastructure. Your Company is currently managing

about **25,000 km** of telecom network connecting all metros, major cities & towns, which has been maintained at an availability of **99.98%**.

It is our constant endeavour to provide a robust highway of telecommunication at affordable cost with ultra modern and eco-friendly implementation techniques. The Company is one of the few telecom players with marked presence in remote areas and has acquired Infrastructure Provider Category-I (IP-I), Internet Service Provider (ISP) Category 'A' and National Long Distance (NLD) licenses to provide a variety of services.

During 2010-11, telecom business earned revenue of **about ₹ 187.20 Crore** for the Company. Revenue realization to the tune of **99%** of total sales was achieved during the year. The telecom business registered a Profit before Tax of **₹ 29.73 Crore** for the financial year ended 31st March 2011; and Order Book rose to about **₹ 650 Crore** in FY 2010-11 from **₹ 410 Crore** in previous year (i.e. up by 58%) despite a general slowdown experienced by Telecom industry due to intense price wars.

Your Company is one of the implementing agencies for the prestigious **National Knowledge Network project** at a project cost of **₹ 6,000 Crore**. The project envisages a gigantic 3 layer Telecom network of all knowledge centres across the country such as IITs, IISc, etc. on high speed connectivity. In this, your Company has bagged a contract of **₹ 900 Crore** to be realised over a period of 10 years, out of which advance of **₹ 384 Crore** was received during FY 2010-11.

With the focus now shifting more towards rural connectivity, POWERGRID's role in telecom becomes even more significant as it has presence in rural & remote areas of the country by way of its Power Transmission network. Considering an ever increasing base of transmission towers across the country with a present base of about 1,50,000 towers including remote/ rural areas, a business model of leasing transmission towers for placing telecom antennas has been formulated to generate additional business. In the first phase, tower space has been leased out in 3 States of J&K, HP & Punjab for installation of Telecom Antennas and for other States, it is under process. Your Company has made synergic tie-ups with multiple service providers for spreading out of its Point of Presence to more than 2200 nodes on Pan-India basis. Company is also venturing into Multi-protocol Label Switching services as a value addition to its Dense Wavelength Division Multiplexing / Synchronous Digital Hierarchy based Point to Point Telecom Network and has ventured into Data Center business for in-house requirement. This indeed is a major leap in achieving strategic network expansion by which your Company has strengthened its capabilities to reach and cater even remotely placed segments particularly small towns and villages.

In recognition of its sturdy and reliable Telecom Infrastructure and its Telecom services, your Company has been conferred with **"Emerging Telecom Infrastructure Provider Award"** by INFOCOM CMAI National Telecom Awards, 2010.

CONTRIBUTION IN DISTRIBUTION REFORMS

To derive benefit of additions in generation & transmission by end consumers, Govt. of India has launched Accelerated Power Development & Reforms Programme (APDRP) and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), which are aimed at bringing qualitative improvement in sub-transmission and distribution sector and expected to achieve reduction of AT&C losses.

Your Company is playing a significant role in carrying forward the distribution reforms through undertaking APDRP works on behalf of Govt. of India in various parts of the country. Most of these schemes have been commissioned/ are nearing completion.

Under RGGVY, your Company has been assigned the job for execution of rural electrification works in 68 districts in the country covering about 72,800 villages. During the year, POWERGRID created infrastructure for electrification in **4710 un-electrified villages** against a target of 3500 villages, achievement of about 135%. Service connections were provided to **about 10.60 Lakh BPL** households against a target of 7 Lakh, achievement of over 150%. *Cumulatively, till March, 2011, infrastructure has been created for electrification of 55,445 villages. Further, service connection to about 26.79 Lakh BPL households has also been released under RGGVY.*

E-GOVERNANCE

In line with international practices, your Company has taken up an initiative to deploy Enterprise Wide IT System, which will facilitate operation of different business processes in an integrated manner and to achieve optimal use of resources. This includes, rolling-out of Enterprise Resource Planning (ERP) system across the organization along with establishment of state-of-the-art Data Centre, Communication Network and Disaster Recovery Site which shall be completed progressively in next two to three years.

In addition, the Company has also taken various steps to improve upon IT security envisaging potential increase in IT dependence in day to day operations. Your Company has been assigned the task for establishing "CERT-Transmission", a forum of all State transmission utilities of the country, to address IT security and required timely response at the time of crisis.

SUSTAINABLE DEVELOPMENT

As we all know, electricity has become a necessity in our day to day life and it plays the pivotal role in economic development of the country. While, it's use in one hand has sharply benefited the quality of life, on the other hand it's generation has raised several social, environmental, economical and political issues, which need to be understood in its right perspective and addressed accordingly. Though transmission projects are non polluting, your Company has developed a detailed corporate strategy document **"Environmental and Social Policy and Procedures (ESPP)"** in 1998 and upgraded it from time to time through wide consultations with social bodies, local communities, Govt. agencies, etc. in line with International best practices. The policy outlines the Company's approach and commitment to deal with environmental and social issues, relating to transmission projects, and lays out management procedures and protocols to address the same. The policy is applauded by the multilateral funding agencies like The World Bank & ADB and the Company applies the same for all projects across the country.

Your Company is the first Power Company in India, which has come out with the Sustainability Report in March, 2010 and is



giving shape to sustainability reporting process so as to establish a procedure for information disclosure and communication to stakeholders. Sustainability reporting benefits the Company in the long run by establishing a system of measuring, monitoring and reporting environmental and social performance.

The pioneering technologies like 1200kV UHV AC & ± 800 kV HVDC being undertaken by your Company will enable transfer of large quantum of power over single corridor upon implementation and further minimise the environmental and social impact.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has earmarked one percent (1%) of Profit After Tax (PAT) for the preceding year as non lapsable budget for CSR activities. During FY 2010-11, a major portion of CSR budget was spent on different thrust areas like education, health, infrastructure development, games & sports etc. Being of long lasting value, these facilities have played a pivotal role in improving the standard and quality of life of local people around our establishments. The efforts made by your Company have been applauded and earned the goodwill of the local inhabitants.

Your Company sponsored ten students, who were meritorious but under privileged for taking coaching for preparation of IIT-JEE entrance exam-2011 in "Utkarsh Super-30, Delhi Centre", as a part of Corporate Social Responsibility. It is heartening to know that six out of ten students got into IITs and rest four students qualified for other reputed engineering institutes.

Public Distribution Shops in the villages of Rajavur, Senganadipudur & Karupusampudur were constructed and handed over to the Block Development Officer, Udumalpet which benefitted nearly 900 local villagers. Further, 15 desktop computer systems were handed over to the Principal of the Deaf Enabled Foundation in Hyderabad. 118 nos. of solar street lamps were handed over to District Administration of Raichur for the benefit of Umalipannur, Duganur, Katakunur and Malkapur villages of Raichur district and a 250 kVA DG was provided to District Hospital of Leh.

PEOPLE, OUR PRIME MOVERS

Development of Human Capital

Your Company strongly believes that human capital is the most vital asset of the organization and accordingly, its policies are focused on development of human resource through skill upgradation, career enhancement, job enrichment & job rotation.

Your Company has developed in-house Online Training Need Assessment (TNA) System through which individual TNA of 8,300 employees were captured. The findings of TNA were corroborated & discussed with Focus Group at Regional and Corporate level for identification and alignment with organizational requirements before finalisation of Learner's Planner for 2011-12.

For overall competency enhancement of employees in synchronization with business needs, environment and individual development plan, 49,831 mandays of training was imparted to the employees during FY 2010-11. In addition, induction training was provided to 143 Executive Trainees, 316 Supervisor Trainees and 340 Workmen Trainees during the year. Training has also been imparted to the employees of State power utilities and other utilities within the country and overseas.

MoUs have been signed with MDI, Gurgaon, Jamia Millia Islamia, New Delhi, Amity International Business School & Birla Institute of Management Technology, Noida, which will enable organizations to leverage each others capability and resources in area of pedagogy, training, research and innovation in systems, process etc. Further, your Company has tie-up with Foundation of Innovation and Technology Transfer of IIT, Delhi for conducting certification programmes for operation & maintenance of transmission system and telecom.

Considering the growing needs of the organization, a number of initiatives have been taken up with high priority accorded for Training & Development.

During the year, POWERGRID has inducted **979 personnel** at various levels viz., Executives, Supervisors, Workmen in different areas through Open Advertisement on All India basis and Campus Selection from reputed Engineering and Management Institutes for executives, and for non-executives through Employment Exchange and local advertisement at regional level.

For mutual benefit in the area of Power Transmission Line Construction, your Company has initiated capacity building programmes and overall skill development in the country with the help of Transmission Line (TL) construction contractors under Public Private Partnership mode. A Memorandum of Understanding was signed with some of the TL Construction Contractors for training of unemployed youth in the field of TL construction jobs. Short term training courses were also offered in Power Transmission Line Tower Erection and Power Transmission Line Stringing works. Accreditation to these courses are being accorded by Directorate General of Employment and Training (DGET), Ministry of Labour & Employment under Modular Employable Skills of Skill Development Initiative Scheme and these courses have been included in the list of Modular Employable Skills courses approved by National Council for Vocational Training (NCVT). Candidates, after successfully passing the examination conducted by Assessing Bodies appointed by DGET, shall be provided certificate by NCVT, Govt. of India.

For augmenting the Capacity Building initiatives, "**Transmission Line Management Institute**" has been established at Misa along with extension Centre at Salakati in Assam.

Knowledge Map and Knowledge Matrices of your company have been prepared along with its business verticals. This has helped the organization to identify the present knowledge assets in relation to corporate strategy and identify sources for bridging the knowledge gap. This has enabled your Company to figure out where knowledge, expertise and experiences reside in our people, documents, processes, systems and systemic routines. It is the first document of its type in Indian Power Industry.

Your Company has been bestowed with numerous awards in various categories. The major HR related awards bagged this year are "**Training Excellence Gold Award**" by Greentech Foundation for its hallmark performance in area of Training and Development, "**Best HR Strategy in Line with Business Award**" and "**Award for Excellence in Training**" by Asia's Best Employer Brand Awards

2010 at Singapore; "**Amity HR Excellence Award**" for Best Environment friendly and Employees Safety practices; "**Award for Talent Management**" under 5th Employer Branding Awards 2010-11 by Employer Branding Institute and "**Organization with Innovative HR Practices**" under Global HR Excellence Awards 2010-11; "**HR Excellence Award for PSU Sector for Innovative HR Practices**" under Talent Leadership and HR Awards (for excellence in Human Resource Development) presented by Star News; "**India Shining Star CSR Award**" in the Power Sector instituted by Wockhardt Foundation, Mumbai.

Employee welfare

During the year, the Industrial Relations scenario in the Corporation has been cordial and no man days were lost.

An effective work culture has been established in the organization through empowerment, transparency, decentralization, and practice of participative management.

The Company also holds open sessions, chaired by the CMD and all the functional Directors, for eliciting views/suggestions of the employees concerning the overall development & growth prospects of the organization.

Your Company believes in participation of all the employees down upto workmen level for meeting the objectives of the company. In your Company, POWERGRID National Bipartite Committee (PNBC), a joint consultative forum comprising of management and workmen representatives exists, which provides a platform for addressing issues related to the workmen cadre at the national level including the signing of three long term wage agreements. The forum is associated with the decision making process in policy formulation concerning larger issues of workmen category. The forum has also been instrumental in communicating the company's vision, business plans, core values and important business developments. Besides, regional level issues pertaining to workmen are dealt through regional forum of PNBC called PRBC (POWERGRID Regional Bipartite Committee). Your company was amongst the first few companies to implement wage revision (w.e.f. 1st January, 2007) for workmen & supervisors, this year.

Citizen's Charter

Your Company has formulated its Citizen's Charter providing a visible front of its objectives, mission, commitments, terms of service and its obligation to various stakeholders. Information about its schemes, policies, project plans of the Corporation and issues of general interest to stakeholders is available in the offices. This information is also available on Company's web site.

IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company is committed to ensure the implementation of Rajbhasha policy and has made all efforts to ensure use of Hindi as laid out in the Rajbhasha Annual Plan of the Government of India. To promote the use of Official language, various activities like "Annuvad Abhayaas Karyakram", training for use of computer in Hindi applications are organized to enhance the working knowledge. In addition, lectures on various topics by eminent Hindi scholars are arranged on regular basis to change the mindset of the employees.

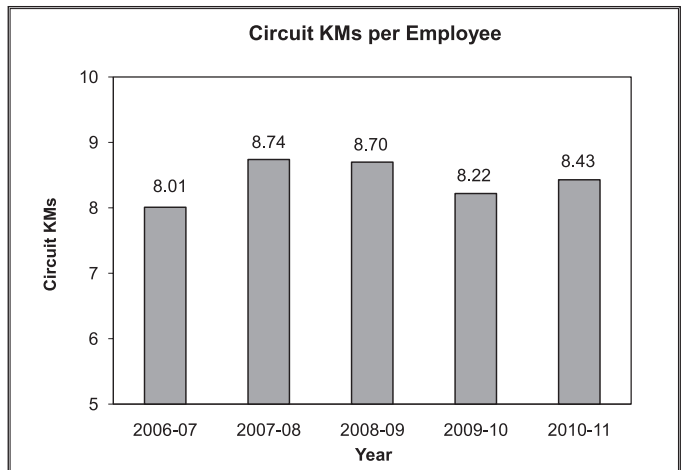
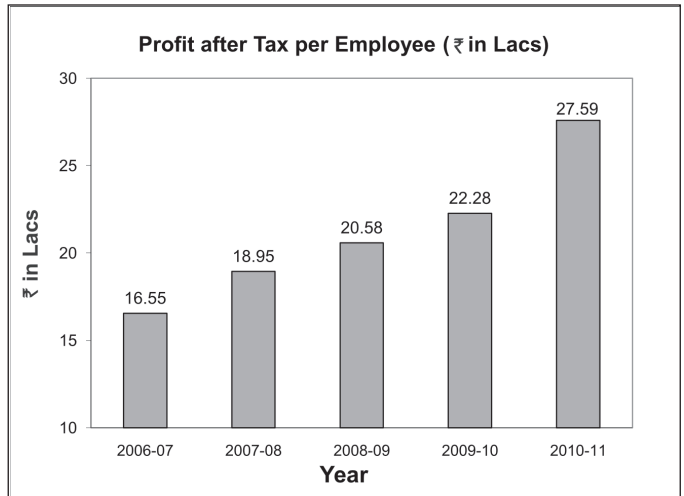
Your Company maintains one of the best libraries in public sector wherein books, popular/ literary magazines and newspapers in Hindi are available. Every year, "Akhil Bhartiya Rajbhasha Sammelan", "Kavi Sammelan", "Drama", and competitions in Hindi writing etc. are also organized.

Attractive incentive schemes for employees have also been instituted for official working in Hindi and to contribute articles/ write ups for in-house magazines.

The effort made by your Company has been applauded in many forums. As a result of the excellent work being done by your Company in the field of Rajbhasha implementation, the Company has been conferred with "NTPC Rajbhasha shield for the year 2009-10" and "Rajbhasha Shiromani" shield. The Company's in-house magazine "Grid Darpan" has bagged "Rajbhasha Grih Patrika Samman" during the year.

CORPORATE IMAGE THROUGH COMMUNICATION MANAGEMENT

This year, your Company launched the desired publicity campaign wherein the key strengths and expertise of the Company was presented to potential investors. Print and electronic media, TV & radio commercials, outdoor hoardings and investor road



shows were held for publicity campaign. This has equally contributed to the mega success of the Follow-on-Public Offer of the Company.

Your Company launched advertisement campaigns in leading business magazines to pitch the consultancy business to SEBs, IPPs and other potential clients. Your Company also participated in a number of Exhibitions and Conferences including the “World Energy Congress” held in Montreal, Canada so as to maximize brand exposure and to explore business opportunities. Your Company successfully organised the GRIDTECH 2011 exhibition and international conference in which about 120 exhibitors showcased their state-of-the-art products in the field of transmission, distribution and grid management.

Internal communications play a key role in enabling employees across the company to understand and embrace the Company’s mission, goals and strategies. Monthly newsletters, house journals, wall magazines are published & widely circulated to apprise the employees of the developments, achievements & events, viewpoints of management and also give a platform to employees to participate and take pride of their Company. The media centre link of your Company’s website was also revamped as Communication Lounge with new features such as media coverage, PR kit, industrial photography, query form etc.

Your company maintained cordial relations with the media so as to effectively deliver key messages to target audiences. In order to ensure that the Company’s perspective on any given issue is reflected in the media, regular press releases were issued and press conferences were conducted along with interviews of top management were regularly published in leading publications/ journals & electronic media.

VIGILANCE - transparency

Governed by the principles of good Corporate Governance, the Company strives to be accountable to the nation by being as transparent as possible about its operations; and the year gone by was another such year for Company’s renewed commitment to transparency. During the year, a large number of systems improvements were undertaken by the Company to plug loopholes in the system and emphasis was laid on the awareness process in the Company.

Training was imparted to employees on ‘Ethics and Vigilance Matters’ through various preventive vigilance workshops, in which 440 non-vigilance executives were imparted training. Vigilance executives were also sent on training to various organizations like CBI and the National Institute of Criminology and Forensic Science, besides participating in training programmes organized at Corporate Centre. In addition, vigilance executives were also sent on foreign training at RIPA International, London.

Your Company also conducts process online inspections in which critical works are inspected at the initial stage of execution by the vigilance executives for shortcomings, if any. A large number of inspections have been conducted both by Vigilance executives as well as by the Chief Technical Examiner’s Organisation (CTE). On the basis of these inspections, adequate cost compensation was affected for not conforming to technical specifications, wherever applicable. Besides this, a considerable number of CTE paras were also settled during the year.

The Vigilance Awareness Period was organized from 25th October to 1st November, 2010 as per the directives of the Central Vigilance Commission. The pledge was administered to all employees across the Country. During the week, various competitions were organized for the employees and their family members. Billboard and banners were put up at public places in order to generate publicity against corruption. Street plays and road shows were also organized. During this period, debate competitions on topics related to vigilance were also organized at various schools. The week concluded with the release of the in-house journal ‘Candour’ at the valedictory functions wherein prizes were also distributed.

To spread awareness amongst employees and to prevent violation of the Contract Rules, bulk SMS service was inaugurated during the occasion of the Vigilance Awareness Period and sent to all employees in order to educate them on vigilance matters. Bulk SMS on the Conduct, Discipline & Appeal (CDA) Rules are being sent to all the employees every month.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the issues in the Directors’ Report, some issues have been brought out in report on Management Discussion and Analysis placed at **Annexure-I** to this Report.

PARTICULARS OF EMPLOYEES

The particulars of employees of the Corporation who were in receipt of remuneration in excess of the limit prescribed under Section 217 (2A) of the Companies Act, 1956 is given in **Annexure-II** to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per requirements of disclosures under Section 217(1) (e) of Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, is given in **Annexure-III** to this Report.

COMPTROLLER AND AUDITOR GENERAL’S COMMENTS

Comments on the Accounts for the year ended 31st March, 2011 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 are given in **Annexure-IV** to this report.

CORPORATE GOVERNANCE

A Report on the Corporate Governance **Annexure-V**, forming part of this Report, together with the Certificate thereon is given in **Annexure-VI** to this Report.

Your Company has got its Secretarial Compliance Audit conducted for the financial year ended 31st March, 2011 from M/s. Sanjay Grover & Associates, Practising Company Secretary. Their Report forms part of this Annual Report. (**Annexure-VII**)

STATUTORY AUDITORS OF THE COMPANY

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s A.R. & Co., M/s Umamaheswara Rao & Co., M/s S R I Associates were appointed as Joint Statutory Auditors for the financial year 2010-11.

COST AUDITORS OF THE COMPANY

POWERGRID had appointed the following Cost Auditors under Section 233B of the Companies Act, 1956 for the Financial Year 2010-11:

Sh. Jugal Kishore Puri, Cost Accountant	-	NR-I, NR-II & SR-II
M/s. Chandra Wadhwa & Co, Cost Accountants	-	WR-I, WR-II & SR-I
M/s. Mani & Co., Cost Accountants	-	ER-I, ER-II & NER

The due date for filing Cost Audit Reports for the financial year 2010-11 with the Cost Audit Branch, Ministry of Corporate Affairs is September 30, 2011 and the same will be filed with the Cost Audit Branch within the stipulated time.

POWERGRID'S BOARD

During the year, the tenure of four non-official Part-time Directors - Dr. P. K. Shetty, Dr. A. S. Narag, Shri Anil K. Agarwal and Shri F. A. Vandrevale came to an end, who were appointed for a period of three years with effect from July 10, 2007 to July 9, 2010 and accordingly, they ceased to be Directors of POWERGRID. However, they were reappointed by GoI vide order dated October 19, 2010 w.e.f. July 10, 2010 for a period of one year. The tenure of two non-official Part-time Directors Shri Ashok Khanna and Shri S.C.Tripathi came to an end on April 24, 2011 and they ceased to be Directors. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri Ashok Khanna and Shri S.C.Tripathi, during their association with POWERGRID. Shri J. Sridharan, Director (Finance) superannuated on April 30, 2011 and ceased to be Director on the Board of POWERGRID. The Board also wishes to place on record its deep appreciation and gratitude for the invaluable contribution and unstinted support to the Company given by Shri J. Sridharan during his tenure as Director (Finance).

Further, the tenure of four non-official Part-time Directors - Dr. P. K. Shetty, Dr. A. S. Narag, Shri Anil K. Agarwal and Shri F. A. Vandrevale came to an end on July 9, 2011 and they ceased to be Directors. The tenure of Mrs. Sarita Prasad, non official part time Director came to an end on August 3, 2011. The Board wishes to place on record its deep appreciation for the valuable services rendered by Dr. P. K. Shetty; Dr. A. S. Narag; Shri Anil K. Agarwal; Shri F. A. Vandrevale; Shri Ashok Khanna; Shri S. C. Tripathi; and Mrs. Sarita Prasad.

Shri R. T. Agarwal taken the charge of Director (Finance) with effect from July 29, 2011.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 read with Article 31(c) (iii) of the Articles of Association of the Company, Shri V. M. Kaul, Director and Shri Rakesh Jain, Director shall retire by rotation at the Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

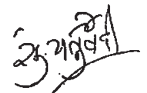
The Board of Directors, with deep sense of appreciation, acknowledges the guidance and co-operation received from Govt. of India, particularly Ministry of Power, Ministry of Finance, Ministry of Home Affairs, Ministry of External Affairs, Ministry of Statistics and Programme Implementation, Ministry of Environment & Forests, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, Central Electricity Authority, Planning Commission, Department of Public Enterprises, Regional Power Committees, and other concerned Govt. departments/agencies at the Central and State level as well as the Securities and Exchange Board of India, National Stock Exchange of India Ltd., and Bombay Stock Exchange Ltd., without whose active support, the achievements by the Corporation during the year under review would not have been possible.

Board's special appreciation and thanks are due to our valued customers, various State power utilities and other clients, who have awarded various consultancy works and reposed faith in Company's capability to handle them. The Board also appreciates the contribution of contractors, vendors and consultants for successful implementation of various projects by the Company.

The Directors take this opportunity to thank the Principal Director of Commercial Audit and Ex-Officio Member Audit Board-III for the cooperation during the year. Directors also acknowledge the valuable suggestions and guidance received from the Statutory Auditors during the Audit of Accounts of the Company for the year under review. The Board also conveys its sincere thanks to various national/international financial institutions/ banks/ credit rating agencies for their timely assistance, continued trust and confidence reposed by them on POWERGRID.

We have achieved a great deal this year and none of it would have been possible without the skills and dedication of each member of POWERGRID family at all levels. I would like to thank the Executive team for its strong leadership and all our employees for their commitment and enthusiasm to achieve our aim to be the world's premier transmission network utility.

For and on behalf of the Board of Directors



(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi

Date: 04.08.2011

Management Discussion and Analysis

Economic outlook

The Growth rate of the Country's Gross Domestic Product¹ posted a further recovery of 8.5 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10 and from 6.7 per cent during 2008-09. The growth shows that the Country emerged rapidly from the economic slowdown caused by the global financial crisis of 2007-09. To ensure the envisaged GDP growth, Power Sector needs to grow at a rate higher than that of GDP. Therefore, continued focus on investments on Power sector is essential.

Sectoral outlook

The 11th Plan had originally envisaged a capacity addition of 78,700 MW. The revised mid term appraisal target for total capacity addition is now 62,374 MW, which is about three times the capacity addition that took place in the 10th Plan. In terms of capacity addition, the revised targets of Centre and States for the Eleventh Plan are as under:

Revised Targets for Capacity addition during Eleventh Plan

(in MW)

Sector	Commissioned till 31st Dec., 2009	Likely in the remaining period	Total with high degree of certainty	With best efforts
Central	4,990	16,232	21,222	4,530
State	9,112	12,243	21,355	1,130
Private	4,990	14,808	19,797	6,930
All-India	19,092	43,282	62,374	12,590

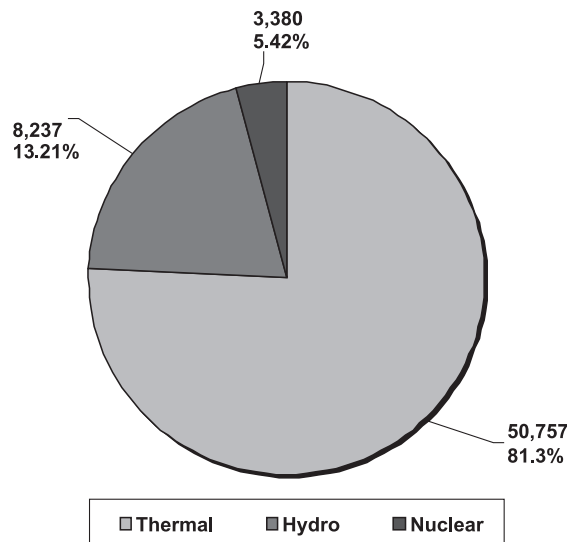
Source: document on Mid-Term Appraisal of the eleventh Five Year Plan. Planning Commission, GoI

The revised targets of Capacity addition during Eleventh Plan, Source wise are as under:

(in MW)

Sector	Hydro	Thermal	Nuclear	Total
Central	2,922	14,920	3,380	21,222 (34 %)
State	2,854	18,501	-	21,355 (34 %)
Private	2,461	17,336	-	19,797 (32 %)
Total	8,237	50,757	3,380	62,374 (100 %)

Source: document on Mid-Term Appraisal of the eleventh Five Year Plan. Planning Commission, GoI



The capacity addition till 31st March, 2010 was 22,301.70 MW². Further to that during the financial year 2010-11, the Capacity addition achieved is 12,160.50MW³.

¹ at factor cost at constant prices

² Source: document on Mid-Term Appraisal of the eleventh Five Year Plan. Planning Commission, GoI

³ Source: CEA website- www.cea.nic.in

The Installed Generation Capacity as on 30-06-2011 is as under:

All India	Thermal				Nuclear	Hydro (Renewable)	RES @ (MNRE)	Grand Total
	Coal	Gas	Diesel	Total				
MW	96743.38	17706.35	1199.75	115649.48	4780.00	38106.40	18454.52	176990.40
%age	54.7	10.0	0.7	65.3	2.7	21.5	10.4	100.00

@ based on data as on 31.01.2011.

Source :CEA website- www.cea.nic.in

The scenario of power generation by power utilities during 2010-11 in the thermal, nuclear, and hydro has been as under:

Power Generation by Utilities (Billion KWh)			April-December		Growth (per cent)
	2008-09	2009-10	2009-10	2010-11	
Power Generation	723.79	771.17	571.573	597.290	4.50
i) Hydroelectric*	113.08	106.680	83.360	90.145	8.14
ii) Thermal	590.01	640.876	469.694	483.932	3.03
iii) Nuclear	14.8	18.636	13.408	17.849	33.12
iv) Bhutan Import	5.9	5.358	5.111	5.364	4.96

* Excludes generation from hydro stations up to 25 MW

Source: Economic Survey 2010-11

Good monsoon and improved availability of water moderated demand as well as supply of power. While the agricultural requirement of power reduced; however, there were some developments which adversely affected growth in thermal generation e.g. reserve shut down, scheduling of generation from costlier liquid fuel and gas based plants, commissioning of stabilization of some of the new thermal power stations, unscheduled/ extended planned maintenance of some of the thermal units, shortage of domestic /imported coal.

Electricity Generation Target/Achievement for the year 2011-12 is as under:

	Hydro	Thermal	Nuclear	Bhutan (Imp)	Total
Target (MU)	112050.00	712234.00	25130.00	5586.00	855000.00
Achievement up to June,11 (MU)	32265.14	176250.85	7894.8	814.65	217225.44

Source :CEA website- www.cea.nic.in

Growth of Transmission Sector as on 30.06.2011 is as under:

	Central Sector	State Sector	JV/Pvt.	Total
Transmission Lines (ckm.)				
765kV	4617	409	-	5026
400kV	72059	31493	5884	109436
220kV	10448	125092	425	135965
±500kV HVDC Lines (ckm)	5948	1504	1472	8924
Sub Station: (MVA)				
765kV	4500	0	-	4500
400kV	67340	66522	630	134492
220kV	5856	201365	1440	208661
±500kV HVDC Converter/BTB Stn. Converter Terminal (MW)	9500		1700	11200

Source :CEA website- www.cea.nic.in

The All India Village Electrification as on 31.03.2011 is 537947 (90.6%) as against 497950 as on 31.03.2010(83.9%).

Power supply position 2011-12 (JUNE, 11)*

Region	Energy (MU) Requirement	Deficit %	Peak Demand (MW)	Deficit %
Northern	23,676	-3.6	37,651	-8.2
Western	22,424	-7.9	37,392	-12.5
Southern	19,507	-4.5	31,301	-6.1
Eastern	7,665	-4.0	13,414	-5.5
North Eastern	911	-11.3	1,758	-11.0
All India	74,183	-5.3	121,516	-8.7

* Provisional

Source : CEA website- www.cea.nic.in

POWERGRID - the company

POWERGRID is a “Navratna” Company for more than three years now. The Navratna status provides us with powers to undertake new transmission projects of any amount without Government approval.

POWERGRID is also entrusted with role of Central Transmission Utility (“CTU”) by GoI. In this role, the Company operates as one of the chief agencies responsible for the planning and development of the country’s nationwide power transmission network, including interstate networks. As CTU we are required to:

- (a) undertake transmission of electricity through the inter-state transmission system;
- (b) discharge all functions of planning and co-ordination relating to inter-state transmission systems, with certain specified authorities and stakeholders;
- (c) ensure development of an efficient, coordinated and economical system of inter-state transmission lines for smooth flow of electricity from generating stations to load centres; and
- (d) provide non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges and to any consumer on payment of transmission charges and a surcharge thereon in accordance with the Electricity Act.

In line with above, POWERGRID, the CTU is playing a pivotal role in Inter-State Transmission network planning and development at regional and national level. The network is developed based on the National Electricity Plan in coordination with all concerned agencies. Nine nos. high capacity transmission corridors mainly comprising of 765kV D/C and ± 800 kV 6000MW HVDC lines are being developed across the country to enhance the transmission capacity of the National grid and facilitate transfer of power from various generation complex to bulk load centres in particular and development of competitive electricity market in general. Regulatory approval for implementation of above corridors also obtained by CTU. In addition, a number of grid strengthening schemes including inter-regional strengthening have been identified by CTU for implementation. Above schemes shall facilitate enhancement of ISTS as well as inter-regional capacity. Further, to encourage the capacity addition programme, CTU has been a catalyst in introduction of connectivity, Short / Medium-term Open Access (STOA/MTOA) and Long-term Access (LTA) mechanisms. CTU in its role towards providing connectivity and Medium-term Open Access(MTOA), Long-term Access (LTA), has already granted LTA to 135 applicants and connectivity to 39 IPP applicants with total capacity of about 155,000MW including MTOA.

Considering the need for sustainable development, CTU has imparted focus towards integration of emerging technologies like 1200kV UHVAC, ± 800 kV 6000MW HVDC, FACTS, Smart Grid etc. into transmission development, which are first of its kind in the country.

Towards development of transmission infrastructure through tariff based competitive bidding process, CTU is also playing key role. CTU has already identified transmission schemes worth ₹ 10,000 Cr. which are being implemented through tariff based competitive bidding process. CTU is providing technical inputs in Standard Bidding Document (SBD), finalisation of implementation schedule of transmission system to be implemented through tariff based bidding in coordination with CEA.

CTU during operation stage is also carrying out Billing, Collection and Disbursement of ISTS transmission charges besides signing of TSA (Transmission Service Agreement) and RSA (Revenue Sharing Agreement) with the ISTS users.

A major development in the transmission sector is that tariff based competitive bidding has been effective for transmission projects w.e.f. 06th January, 2011. Competitive bidding, however, is not applicable for transmission projects requiring upgradation/strengthening of existing transmission lines and associated sub-stations and also not for projects for which Bulk Power Transmission Agreement/Transmission Service Agreement (BPTA/TSA) have been signed upto 05.01.2011. POWERGRID had already signed BPTAs for nine nos. of High Capacity Power Transmission Corridors which have a tentative cost estimate of about ₹58000 crore, to be executed progressively through XII Plan and for a no. of other projects.

Exemptions have also been extended by Ministry of Power in July, 2011 from competitive bidding route for first two experimental works for 1200 kV UHVAC line; works to cater an urgent situation or any requirement in compressed time schedule by CTU/State transmission Utility (STU), as decided by Central Govt. on a case to case basis; for intra-state transmission projects by STUs for further 2 years beyond 6th Jan, 2011.

Growth in Transmission:

Keeping in view the large incremental capacity addition requirements of the current Plan and to fulfill the macro objective of Power sector, POWERGRID is oriented towards implementation of generation evacuation schemes, strengthening of regional grids, development of an integrated National Grid with flexibility for power transfer from one region to another. POWERGRID has, till 31st March, 2011:

- Established Transmission Network of 82,355 Circuit kms. of Extra High Voltage Transmission Lines, 135 nos. of EHVAC & HVDC sub-stations with a total transformation capacity of 93,050 MVA.
- Inter-regional power transfer capacity of about 22,400 MW¹,
- Maintained the transmission system availability at 99.80% at par with the International utilities.
- Wheeled about 50% of the total power generated in the Country through its transmission network.

¹ With the commissioning of Rourkela-Raigarh 400kV D/c transmission line in July, 2011, the Inter-regional transmission capacity of your Company has been enhanced to 23,800 MW.

POWERGRID's commitment towards furtherance of National Grid

During the year, the Company has added transmission network of 4766 Circuit Kms. and 11 EHV AC Sub-stations and transformation capacity of 5010 MVA. The target and achievement of POWERGRID in project implementation during the year 2010-11 have been as under:

Works	Target to achieve (Excellent rating as per MOU)	Achievement	Percentage
Foundation (Nos.)	14000	14627	104.48
Tower Erection (Nos.)	13000	13086	100.66
Stringing (in cKms.)	7500	7044	93.92
Transmission Lines ready for commissioning (in cKms.)	7500	4766	63.55*
Transformation Capacity addition (MVA)/ready for commissioning	5640	5010	88.83

*Shortfall on account of RoW problem / delay in Forest Clearances.

The company has undertaken development of certain transmission lines with private parties, in public-private Joint Ventures. The detail in this regard has been provided later in the discussion. The commercial and operational performance and project implementation are in the Directors' Report.

Resolving Right-of-Way Constraints and Construction Challenges

POWERGRID is implementing various projects relating to development of inter-State transmission system, system strengthening schemes, transmission system for evacuation of power from generation projects under Central Sector and Ultra Mega Power Projects (UMPPs) including many projects under consultancy assignments. This entails multi-dimensional challenges relating mainly to accessibility, construction, feasibility, technical restrictions, conservation of environment and right-of-way etc. POWERGRID, apart from using modern techniques for route alignment and optimization of line length of transmission lines, vendor development, etc. has taken various measures to resolve constraints which inter-alia includes following:

- **Development of 765kV D/c transmission line**

Recognizing the requirement of bulk power transfer coupled with issues in getting Right-of-Way for construction of transmission line, focus has been imparted towards increasing the power transfer capacity of the transmission corridor. Towards this, POWERGRID has developed high capacity 765kV double circuit transmission corridor first time in India utilizing almost same Right-of-Way as that of 765kV single circuit line. This shall facilitate enhancing the power transfer capacity of the corridor by almost double than that of 765kV single circuit corridor. Such type of high capacity corridors are being developed by POWERGRID as part of transmission system of IPPs in Chhattisgarh, Orissa, Jharkhand, etc.

- **Development of 400kV Multi circuit transmission line**

In areas where there are serious Right-of-Way constraint for laying a number of 400kV transmission lines, multi-circuit towers are being provided so that two nos. 400kV double circuit lines can run on a single tower. It has resulted into reduction in Right-of-Way requirement as well as minimized the impact of flora and fauna. Such type of multi-circuit lines are being developed as part of transmission system of IPP Projects in Sikkim, Chhattisgarh, DVC projects, WRSS-V, Kudankulam, Vellur-I Transmission System, etc.

- **Providing training to enhance availability of skilled manpower for construction**

To achieve target set for Transmission Sector, availability of adequate trained and skilled manpower is essential. POWERGRID, as part of Corporate Social Responsibility and capacity building initiative, had undertaken training 1000 workmen approximately for tower erection and transmission line stringing activities. The first batch of 58 participants have been imparted training and the second batch of 56 participants are undergoing training.

- **Sustainable Development**

- a) **Green Initiative:**

As a responsible organization, POWERGRID utilizes its technological resources to optimize route alignment for its transmission line with particular emphasis on avoidance of Forest, National Park / Wildlife Sanctuaries and other ecologically sensitive areas and due to its efforts, substantial reduction in the involvement of forest has been achieved.

During the Financial Year 2010-11, POWERGRID has obtained "in-principle" approval from MoEF for approx. 1033 hectare of forest land for line 400 kV Parvati-Amritsar, Chamera - Jalandhar, Koderma- Biharsharif, Maithan-Ranchi, Korba-Birsingpur, Lower Subansiri-Biswanath Chariali & 765 kV Seoni-Wardha T/L, etc. and final approval for 244 hectare of forest land after complying with the stipulated conditions of in-principle approval for lines like 220 kV Rajera-Chamera III, 400 kV Koderma-Biharsharif, Korba-Raipur, Raipur-Wardha, etc.

The process of obtaining forest clearance has become lengthier/complex due to circular of Ministry of Environment and Forest (MoEF), requiring written consent of concerned Gram Sabha under the Forest Rights Act, (FRA) 2006 for all the proposals for diversion of forest land. POWERGRID sought exemption for transmission project from the ambit of FRA, 2006 from MoEF, since transmission line are linear project and are drawn substantially high above the ground avoiding possible encounter with such sensitive habitat/tribal areas. Such exemption, if granted shall go a long way in facilitating implementation of transmission projects on scheduled date.

b) Land availability for Sub-stations:

To mitigate scantiness of Land, particularly in suburbs of cities, POWERGRID has undertaken establishment of Gas Insulated Sub-stations (GIS) in place of conventional Sub-stations. Presently, there exists three numbers of GIS Sub-stations and about nine numbers of GIS Sub-stations are under execution.

Operational Efficiency through Technology absorption

- Replacement of conventional porcelain insulators with polymer insulators in polluted stretches have considerably reduced pollution related trippings and resulted in smooth operation of Northern Grid in foggy winters of 2010-11.
- POWERGRID has implemented Smart Grid Pilot Project first time in India using WAMS (Wide Area Measurement Technology) with successful commissioning of 8 numbers of Phasor Measurement Units (PMUs) in Northern Region. New Time Synchronized PMU data is helping Grid Management in Northern Region by providing deeper insight into the System, increasing loadability of lines, flow control on power corridors. Further, implementation of Smart Grid WAMS Project in WR, ER, SR and NER as part of Pilot Project are under various stages of implementation.
- POWERGRID has taken substantive initiative to modernize its infrastructure and services by introduction of remote operation of good number of substations for more effective utilization of our manpower and efficiency in operation.

Managing exigency:

Department of Telecommunication (DoT) decided to allocate Microwave Frequencies to Broadband Wireless Access Services. POWERGRID was advised to release the 2.3-2.5 GHz frequency band used for ULDC Project. This challenge was accepted by POWERGRID and now fibre optic based Communication Network of 9614 kms covering NR, ER, SR & NER regions is under implementation after due approval of all stakeholders.

Adequate coverage for Assets and Loss of Profit:

POWERGRID is in advanced stage of procuring Mega/Large Risk Policy from external Insurance agency(ies). This policy would cover inter alia sub-station equipment in switchyard area along with control room building for all sub-stations (AC & HVDC) for material losses due to machinery breakdown, earthquake etc. and also Loss of Profit due to Fire and Machinery Damage. Earlier, the Insurance policy from external agency was taken for all HVDC Bi-pole & back to back Stations, 765 kV AC Substations, TCSC, FSC, SVC, GIS etc. and assets of 400kV and below AC sub-stations were covered under the Self Insurance Scheme (SIS) for fire and allied perils without machinery breakdown.

Some Major Risks and Mitigation:

Some of the risks involved in execution of our projects and their mitigation generally are:

a) Synchronization Risk with generation projects:- There could be always a gap in the commissioning of generation units with the transmission system and there might be delays in the materialisation of some of the generation projects.

To mitigate the same, the IPPs are signing Bulk Power Transmission Agreement (BPTA) with POWERGRID to share and bear the applicable transmission charges as decided by CERC from the scheduled date of commissioning of respective generating units, corresponding to the capacity of power contracted from the said generation project through open access, irrespective of their actual date of commissioning. Subsequently, when the beneficiaries are firmed up, applicable transmission charges and other charges are to be payable by the concerned beneficiary from the date of signing of the agreement by POWERGRID with the concerned beneficiary.

b) RoW & Forest Clearance Risk:- Our Projects may get affected in case there is any delay in obtaining the Right of Way (RoW) for transmission lines; and Forest Clearance from MoEF under Forest Conservation Act for the passage of transmission line passing through forest area.

MOEF clearance is required for the involvement of the Forest. However, considering experience of POWERGRID in dealing with the Forest clearance, POWERGRID envisage overall risk to be moderate. However, in case there is any risk relating to RoW or forest clearance, this may affect the related projects. Further, the transmission projects are out of the purview of Environment (Protection) Act 1986 except in some notified areas.

c) Revenue Realization Risk:- There may be realization of tariff lesser than what is anticipated due to non-acceptance of project cost by CERC and Changes in tariff norms by CERC.

The revenue generation is estimated in line with CERC guidelines and is expected to be approved by CERC. However it can be confirmed only after final hearing is done and an order is passed.

d) Credit Risk:- In the past for many years till financial year 2010-11, we were getting about 100% of our billing within the same month. However, during the financial year 2011-12, certain states like Delhi, Tamil Nadu, Bihar and some North Eastern states are availing 60 days grace period for clearing the dues as allowed under CERC regulations. Further, Delhi, Daman & Diu, certain NER states continue to default beyond 60 days for which appropriate action such as regulation notices and vigorous persuasion is being undertaken.

Integrated Management Policy:

POWERGRID is committed to:

- establish and maintain an efficient and effective “National Grid” with due regard to time, cost, technology and value addition,
- sustainable development through conservation of natural resources and adopting environment friendly technology on principles of Avoidance, Minimization and Mitigation,
- ensure safe, occupational hazard free and healthy work environment,

to the satisfaction of stakeholders in all areas of its activities and shall endeavor to improve continually its management systems and practices in conformity to legal and regulatory provisions.

Internal Control

POWERGRID has a comprehensive Internal control mechanism to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. POWERGRID has updated its Internal Audit Manual in consultation with M/s Deloitte Haskins & Sells. The implementation of the same is in progress. Audit Plan in respect of Internal Audit and Physical Verification for the Financial Year 2011-12 has been finalized with in-house Audit Department and experienced firms of Chartered Accountants.

As on 31st March, 2011, the Company had an Audit Committee in place as per Clause 49 of the Listing Agreement which had three independent Directors and one Non-Executive Director.

Risk Management Procedure

POWERGRID has developed ‘Enterprise Risk Management Framework’ and ‘Internal Control Framework in accordance with Clause 49 of the listing agreement with consultancy services provided by M/s KPMG. These frameworks have been approved by POWERGRID Board and for implementation of the same, training of manpower/ workshops at the Regions are underway. General Manager (Corporate Planning) has been appointed as Chief Risk Officer of the Company. The framework will be operationalised w.e.f. 01.09.2011. This Policy will complement other specific risk management programs, policies and tools already in use within POWERGRID.

Financial Discussion and Analysis

Comparison of Fiscal 2011 to Fiscal 2010

Your Company’s total income in Fiscal 2011 was ₹ 9099.80 crore, which represented an increase of 21.27% over the total income of ₹ 7503.58 crore in Fiscal 2010. In Fiscal 2011, transmission and transmission-related activities constituted 86.84% of our total income, with the balance coming from our consultancy, telecommunication business and other incomes.

Income

Revenue from Operations

	(₹ in crore)	
Revenue from Operations	Fiscal 2011	Fiscal 2010
Revenue from transmission charges	7690.64	6576.38
Transmission income from short term open access	211.51	124.18
Consultancy fees	299.35	269.17
Revenue from telecom	187.20	157.72
Total	8388.70	7127.45

The revenue was higher in Fiscal 2011 as compared to Fiscal 2010 mainly on account of full year impact of transmission assets worth ₹ 3609.82 crore commissioned during fiscal 2010 and the commissioning of new transmission assets worth ₹ 7313.00 crore during fiscal 2011 including the major projects Barh Transmission System, Kudankullam Transmission System, Western Region System Strengthening – II. The projects commissioned in Fiscal 2011 have generated revenue from the date of commercial operation during the year.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Tariff norms

Our charges for transmission customers are governed by tariff norms determined by the Central Electricity Regulatory Commission ("CERC") pursuant to central government tariff policy and legislation. As per the Tariff Policy issued by Gol on 6th January, 2006, Central Electricity Regulatory Commission (CERC) shall be guided by the Tariff Policy while specifying the terms and conditions for the determination of tariff. The CERC has vide its notification dated 19th January, 2009 notified the tariff regulations applicable for the tariff Block 2009-14. Under the tariff regulations applicable for the tariff Block 2009-14, we are permitted to charge our customers transmission charges for recovery of annual fixed cost ("AFC") consisting of components - return on equity, interest on outstanding debt, depreciation, operation & maintenance expenditure and interest on working capital.

Earlier, tariff norms allowed us to recover income tax as pass through and this was in addition to the return on equity. From the tariff Block 2009-2014, the Return on equity shall be computed on pre-tax basis by grossing up the base rate of return on equity of 15.5% at the tax rate applicable to the Company. In case of projects commissioned on or after 1st April, 2009, an additional return on Equity of 0.5% will be allowed if such projects are completed within the timeline specified under the CERC tariff regulations for the Block 2009-14.

The repayment of loan capital for the year of the tariff period 2009-14 is deemed to be equal to the depreciation allowed for that year. Despite any moratorium period availed by your Company, the repayment of loan is considered for tariff from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

For interest on working capital, the working capital amount is calculated as - (i) consisting of receivables equivalent to two months of fixed cost; (ii) maintenance spares @ 15% of operation and maintenance expenses; and (iii) operation and maintenance expenses for one month. Rate of interest on working capital for the year is on normative basis and is equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the transmission system, is declared under commercial operation, whose date of commercial operation falls on or before 30.06.2010; and SBI Base rate plus 350 basis points as on 01.07.2010 or on 1st April of the year in which the transmission system, is declared under commercial operation, whichever is later whose date of commercial operation falls between the period 01.07.2010 to 31.07.2014;

Recovery of transmission charge and incentive is permitted to your company on the achievement of the operational norms as under:-

Under the tariff norms prescribed by CERC for the tariff Block 2009-2014, we are also provided with an incentive if the availability of our transmission network is above 98% in respect of alternating current systems, above 95% in respect of HVDC back-to-back Stations systems and above 92% in respect of HVDC bi-pole links and penalized if the availability of our network is below 98%, 95% or 92%, respectively. The Availability Incentives are now linked with monthly transmission charges as against being linked to equity in the block of 2004-09.

The tariff norms prescribed by CERC for the tariff Block 2009-2014 prescribe that the Transmission charges corresponding to any plant capacity for which a beneficiary has not been identified and contracted shall be paid by the concerned generating company.

Foreign Exchange Rate Variation:

Your company under the tariff regulations for the block 2009-14 has an option to hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system, in part or full and recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year.

If hedging of the foreign exchange exposure is not undertaken, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year is permissible provided it is not attributable to the generating company or the transmission licensee or its suppliers or contractors. During the financial year 2010-11, no hedging for foreign exchange exposure has been undertaken by your company.

CERC has notified on 2nd May 2011 and made effective from that date, the first amendment to Terms & Conditions of Tariff Regulations 2009-14, wherein the Commission may consider in its discretion to grant provisional tariff upto 95% of the annual fixed cost of the project claimed in the application, subject to adjustment of transmission charge after the final order has been issued.

CERC has issued terms and conditions of Tariff (Second amendment) Regulations, 2011 on 21.06.2011 through which inter alia, grossing up of Income Tax in the RoE as per the extant rate of MAT in the respective years of current Tariff Block of 2009-14 has been allowed instead of earlier provision of its truing up during the next Tariff Block. Accordingly, arrears on this account have been billed.

The Tariff Policy, 2006 inter alia states that the transmission pricing should be sensitive to distance, direction and quantum of power flow. The Regulations on Sharing of Inter-State Transmission Charges & Losses, 2010 notified on 15.06.2010, factors distance & direction sensitivity in transmission charges and losses besides quantum of power flow, in line with the Tariff policy. The regulations came into force from 01.07.2011. While the existing system of pricing for Inter State Transmission System is based on Regional postage stamp mechanism, which apportions the Annual Fixed Charges of transmission assets prorated to their allocated inter-state MW capacity, under the new pricing mechanism, generation and demand zones comprising of electrically and geographically contiguous nodes have been identified and the charges (henceforth called point of connection charges) are allocated on the basis of use of the ISTS, determined through analysis of power-flows. In this model, user of ISTS (called as DICs

(Designated ISTS Customers)) would be liable to pay transmission access charges directly to the transmission utility. Inter State Generating entities and demand customers connected to ISTS are DICs. CERC has notified NLDC (National Load Dispatch Centre) as Implementing Agency (IA) for computation of PoC charges, which are to be approved by CERC .

As per these regulations, POWERGRID, as CTU, has been mandated to perform the activity of Billing, Collection and Disbursement (BCD) on behalf of all the ISTS licensees.

In this regard, TSA (Transmission Service Agreement), RSA (Revenue Service agreement) and BCD (Billing, Collection and Disbursement) procedures have been approved by CERC on 29.04.2011. The signing of TSA/RSA with the DICs on all India basis is under progress. With the implementation of these Regulations, method of sharing of Transmission Charges among the beneficiaries shall change, though the Annual Tariff of POWERGRID remains the same. However, its sharing among various DICs shall undergo a change.

CERC has issued orders for POSOCO portion of ULDC scheme as per CERC (Fees and charges of Regional Load Dispatch Centres and other related matters) Regulations, 2009 for the period 2009-14. The billing is being done by POSOCO for their portion.

The billing for POWERGRID portion, is provisionally being done as per the existing CERC orders for 2004-09 period after giving effect to the reduction in the asset value transferred to POSOCO. The Regulation for Non-POSOCO assets are being framed by CERC. Thereafter, POWERGRID would be filing application to CERC for tariff for 2009-14 period.

The Regulations on CERC (Grant of Connectivity, Long Term Access & Medium Term Open Access in inter-State Transmission and related matters), which facilitates in providing transmission products of different varieties and ensuring level playing field among different categories of market players have been made effective from 01.01.2010 along with the standardized procedures. The CERC vide its order dt. 31.05.2010 has granted regulatory approval to the proposal of POWERGRID for the following nine nos. of High Capacity Power Transmission Corridors which have a tentative cost estimates of about ₹58000 crore:

- 1 HCPTC – I (Transmission System Associated with Phase-I Generation Projects in Orissa)
- 2 HCPTC – II (Transmission System Associated with IPP projects in Jharkhand)
- 3 HCPTC – III (Transmission System Associated with IPP projects in Sikkim)
- 4 HCPTC – IV (Transmission System Associated with IPP projects in Bilaspur complex, Chattisgarh & IPPs in Madhya Pradesh)
- 5 HCPTC – V (Transmission System Associated with IPP projects in Chattisgarh)
- 6 HCPTC – VI (Transmission System Associated with IPP projects in Krishnapatnam Area, Andhra Pradesh)
- 7 HCPTC – VII (Transmission System Associated with IPP projects in Tuticorin Area, Tamil Nadu)
- 8 HCPTC – VIII (Transmission System Associated with IPP projects in Srikakulam Area, Andhra Pradesh)
- 9 HCPTC – IX (Transmission System Associated with IPP projects in Southern Region for transfer of power to other regions).

These transmission corridors mainly comprises high technology 765kV AC and ± 800 kV 6000MW/ ± 600 kV 4000MW HVDC system. This approval has been given in the context of the provisions of Tariff Policy notified in 2006 which stipulated that prior agreement with the users would not be a precondition for network expansion and the transmission utilities should undertake network expansion after identifying the requirements in consonance with the National Electricity Plan and in consultation with the stakeholders, and taking up the execution after due regulatory approvals. Your Board has granted investment approvals to some of the schemes under the said corridors.

The Regulations on 'Grant of Regulatory Approval for execution of inter-State Transmission Scheme to Central Transmission Utility' notified on 31.05.2010, streamlines the procedure for according regulatory approval to Central Transmission Utility for network expansion in consonance with the National Electricity Plan which stipulates that prior agreement with the beneficiaries would not be a pre-condition for network expansion.

Short Term Open Access

One of the goals of the Electricity Act, 2003 is to provide electricity generators and users with open access to electric power transmission systems on a non-discriminatory basis, when capacity is available and such access will not disrupt regular fixed charge access or network operation. Our portion of revenue from the short term open access charge is transmission charges for providing access to the Transmission System and the same is accounted for as revenue from operations. Your Company's Transmission income from short term open access (STOA) was ₹ 211.51 crore in Fiscal 2011, an increase of 70.33% over Transmission income from short term open access of ₹ 124.18 crore in Fiscal 2010. The increase in income in STOA is on account of increase in volume in Bilateral STOA Transactions/Collective Transactions; revision in the rate of transmission charges by CERC with effect from 15-06-2009 from 03 Paise/06 Paise/09 Paise Per Unit to 08 Paise/16 Paise/24 Paise Per Unit for Intra-Region, Adjacent Regions, through one or more region transactions in STOA Bilateral, respectively; and increase in Transmission Charge rate for Collective Transactions through Power Exchanges from 03 Paise/Unit to 10 Paise/Unit for each point of injection and each point of drawal.

Revenue from Other Services

Your company also earns revenue from consultancy (including for project management and supervision services) and from our telecommunication business. Our consultancy income mainly consists of fees from the RGGVY, the execution of transmission- and communication system-related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries. There has been an increase in consultancy revenue from ₹ 269.17 crore in Fiscal 2010 to ₹ 299.35 crore in Fiscal 2011, an increase of 11.21%.

The revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines. The Telecom revenue grew by 18.69 % in Fiscal 2011 to ₹ 187.20 crore from ₹ 157.72 crore in Fiscal 2010.

Provisions Written Back

The provisions written back were ₹ 40.22 crore in Fiscal 2011, as against ₹ 0.21 crore in Fiscal 2010. The major item included is ₹34.46 crore being write back for provision for doubtful recovery of dues on actual recovery.

Other Income

Your company's other income was ₹ 670.88 crore in Fiscal 2011, an increase of 78.46% over the other income of ₹ 375.92 crore in Fiscal 2010.

(₹ in Crore)

Other Income	Fiscal 2011	Fiscal 2010
Dividend on trade investments	74.82	24.37
Interest income – bonds and long term advances	99.30	116.41
Interest income – banks	131.58	39.58
Interest income – others	123.04	23.98
Profit on sale of fixed assets	0.13	1.13
Deferred income (transfers from grants in aid)	20.26	26.53
Operational charges in respect of short term open access	12.99	25.19
Transfer from insurance reserves on a/c of loss of fixed assets	2.21	0.34
Lease income from state sector ULDC upgrades	74.02	56.45
Surcharge on late payment from customers	6.07	7.95
FERV gain	78.67	4.69
Miscellaneous income	47.79	49.30
Total Other Income	670.88	375.92

The other income increased mainly because there had been increase in dividend from Joint Ventures, interest income from investments in Banks, because in the Fiscal 2011 there was interest earning on the unutilized proceeds of FPO. Higher amount of interest was realized from beneficiaries on arrears and dues. There is decrease in interest income on tax free bonds on account of repayment of bonds. Besides, there is increase in Lease income from State-sector ULDC upgrades due to receipt of arrears.

Expenditures

Your company's total expenditures were ₹ 5270.70 crore in Fiscal 2011, an increase of 10.24% over the total expenditures of ₹ 4780.99 crore in Fiscal 2010. The total expenditures as a percentage of total income were 57.92% in Fiscal 2011 compared to 63.72% in Fiscal 2010.

Employees' Remuneration and Benefits

Employees' remuneration and benefits expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and welfare expenses.

Your company had 9,775 employees on our payroll as of March 31, 2011, compared to 9,162 employees as of March 31, 2010. Employees' remuneration and other benefits increased by 2.64% to ₹ 745.89Crore in Fiscal 2011 from ₹ 726.70Crore in Fiscal 2010. The increase is due to increase in the number of employees, increase in Dearness Allowance, and implementation of pay revision for supervisors and workmen.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses consist primarily of costs of the repair and maintenance of buildings, plant and machinery and power charges. Other items in this category include expenditures for travel, security, vehicle hire charges, insurance, rent rates and taxes on our properties.

Transmission, administration and other expenses increased by 15.41% to ₹ 585.65 crore in Fiscal 2011 from ₹507.43 crore in Fiscal 2010. The increase is on account of the capitalization of transmission assets worth ₹ 7313 crore in Fiscal 2011 as certain expenses that were earlier being capitalized during the construction of the project are now treated as an operating expense subsequent to the commissioning of the project. The increase is also due to lesser amount transferred to Incidental Expenditure during Construction (refer Note 15 of schedule 28 : Notes to Accounts).

Depreciation

Ministry of Corporate Affairs vide General Circular No. 31/2011 dt. 31st May, 2011 clarified that "since the rates of depreciation and methodology notified under Electricity Act, 2003 are inconsistent with the rates given in Schedule XIV of the Act and the former being special Act, the former shall prevail over rates notified under Schedule XIV of the Companies Act by virtue of section 616(c) of the Companies Act." In accordance with the Tariff Policy dt. 06.01.2006 of Govt. of India, CERC, as part of tariff norms applicable for the block 2009-14, has notified specified depreciation rates in first 12 years of operation of transmission assets and thereafter amortization of residual value over the residual life. Accordingly, depreciation on the transmission assets for the year has been provided as per rates and methodology notified under CERC Regulations.

Your company's depreciation increased by about 11.10% to ₹ 2199.39 crore in Fiscal 2011 from 1979.69 crore in Fiscal 2010. The increase was mainly because of the commissioning of new transmission assets worth ₹ 7313.00 crore and full-year impact in Fiscal 2011 of transmission assets ₹ 3609.82 crore which were commissioned during Fiscal 2010.

Currently, the technical life of each depreciable asset class as prescribed by CERC is as follows:

- transmission lines – 35 years
- substations – 25 years

We depreciate the assets of our consultancy and telecom businesses on the straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

ULDC assets other than assets identified to be transferred to Power System Operation Corporation are depreciated @ 6.67% per annum as determined by CERC for levelled tariff.

Interest and Finance Charges

Interest and finance charges increased by 12.36% to ₹ 1733.93 crore in Fiscal 2011 from ₹ 1543.24 crore in Fiscal 2010. The increase was mainly because of increase of interest on foreign currency loans due to increase in LIBOR from 0.44% as on 31.03.2010 to 0.46% as on 31.03.2011 and commissioning of new Transmission Assets worth ₹ 7313.00 crore which were earlier capitalized but now treated as operating expenditure.

These charges include rebates to state power utilities amounting to ₹102.78crore on account of prompt payment and guarantee fees of ₹ 84.83 crore (net of IEDC) payable to the Gol for giving guarantees to the lenders of our foreign currency loans.

Deferred Revenue Expenditure Written Off

Deferred revenue expenditure written off increased by 4.49% to ₹ 1.86 crore in Fiscal 2011 from ₹ 1.78 crore in Fiscal 2010. The amortization has been done in line with accounting policy 12.

Profit before Tax

Your company's profit before tax in Fiscal 2011 was ₹ 3824.73 crore, an increase of 45.63% over our profit before tax of ₹ 2626.32 crore in Fiscal 2010.

Provision for Tax

In Fiscal 2011, we provided for ₹ 684.61 crore of Minimum Alternate Tax, compared to ₹ 421.91 crore in Fiscal 2010. The increase was primarily due to increase in PBT and increase in MAT rate in fiscal 2011.

Provision for deferred tax is made in respect of temporary differences mainly on account of higher depreciation rates available under income tax provisions.

Profit after Tax

Your company's Profit after Tax in Fiscal 2011 was ₹ 2696.89 crore, an increase of 32.14 % over our Profit after Tax of ₹ 2040.94 crore in Fiscal 2010.

LIQUIDITY AND CAPITAL RESOURCES

Your company depends on both internal and external sources of liquidity to provide working capital and to fund capital requirements. Historically, the capital expenditures have been funded with internally generated funds, grants and equity contributions by the Government and debt financing. As at March 31, 2011, your Company had cash and cash equivalents of ₹ 3680.06 crore. As at March 31, 2011, we also had unutilized Bank Guarantees of approximately ₹ 74.15 crore for capital requirements and committed and undrawn cash credit facilities of approximately ₹ 300 crore ("cash credit") towards our working capital facilities.

Cash Flows

(₹ in crore)

Description	Year ended March 31, 2011	Year ended March 31, 2010
Net cash from operating activities	5687.94	6619.17
Net cash (used in) investment activities	(13331.03)	(9660.86)
Net cash from financing activities	8045.51	3890.45
Cash and cash equivalents at the end of the year	3680.06	3277.64

Net Cash from Operating Activities

Your company's net cash flows from operating activities are principally used to service long-term debt, for capital expenditures, for investments and for dividends.

The net cash from operating activities was ₹ 5687.94 crore in Fiscal 2011 as against ₹6619.17 crore in Fiscal 2010. Changes in current assets and liabilities that had a current period cash flow impact of decrease in working capital of ₹ 1665.48 crore, primarily from an increase in trade and other receivables and decrease in other liabilities on transfer of certain liabilities to POSOCO.

Net Cash (used in) Investment Activities

Your company's net cash used in investing activities was ₹ 13331.03 crore in Fiscal 2011 as against ₹ 9660.86 crore in Fiscal 2010. This reflected expenditures on fixed assets and capital work-in-progress as well as construction stores and advances paid to contractors for capital expenditure of ₹ 13567.48 crore, investment in joint ventures/subsidiaries of ₹ 97.23 crore and receipt of interest and dividend income of ₹174.12 crore.



Net Cash from Financing Activities

In Fiscal 2011, your company's net cash flow from financing activities was ₹ 8045.51 crore as against ₹ 3890.45 crore in Fiscal 2010. Your Company made Follow on Public Offer & allotted 420,884,123 fresh equity shares of face value of ₹ 10/- each at a premium of ₹ 80/- each (₹ 75.50/- each for retail investors) thereby raised ₹ 3712.90 crore (net of issue expenses). Your company raised ₹ 8056.63 crore of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. In addition, short term loan of ₹ 1450 crore was also raised. The company repaid ₹ 3041.02 crore of borrowings (including short term borrowing of ₹ 1250 crore) and paid interest and finance charges of ₹ 1451.30 crore. In the Fiscal 2011, we paid dividends of ₹ 652.39 crore comprising final dividend for Fiscal 2010 and an interim dividend for Fiscal 2011. The dividend for the financial year 2010-11 (including proposed final dividend @12.5%) is ₹ 810.23 crore. The dividend payout works to 30.04% of PAT.

Capital Expenditures

Your company's capital expenditures are primarily for the installation of new transmission capacity and the expansion of existing capacity. Our capital expenditure in Fiscal 2011 and Fiscal 2010, were ₹ 12,005 crore and ₹ 10,617 crore, respectively. Capital expenditure budget for Fiscal 2012 has been approved for ₹ 17,700 crore. Your company's capital expenditure budgets are subject to modification as a result of a variety of factors, changes to expansion plans and similar other factors.

Return on Equity

The return on equity that we were generally permitted in Fiscal 2011 on transmission assets under our tariffs has been 15.5%. Our actual Return on Equity from period to period across our entire business is 12.63% as against 12.83% in Fiscal 2010. This is mainly due to: (i) locking of equity funds in capital work-in-progress as per CERC norms, (ii) increase in net worth by raising funds through FPO which will yield return after gestation period, (iii) the SEB bonds, that we hold under the One Time Settlement, earn a maximum tax free return of 8.5% per annum.

Selected Balance Sheet Items

Fixed Assets

Your company's total fixed assets after depreciation were ₹ 37,223.98 crore and ₹ 32,061.26 crore as at March 31, 2011 and March 31, 2010, respectively. Our fixed assets consist of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment; buildings; land; office equipment; fixtures; and motor vehicles. Fixed assets value (Net Block) increased by 16.10% in Fiscal 2011 as compared to Fiscal 2010. These increases are mainly due to the commissioning of new transmission assets.

Capital Work-in-Progress and Construction Stores and Advances

Your company's capital work-in-progress was ₹ 12,963.68 crore and ₹ 10,242.37 crore, as at March 31, 2011 and 2010, respectively. The cost of materials consumed, erection charges and other expenses incurred for the implementation of projects are shown on the balance sheet as capital work-in-progress, pending capitalization of the completed project. The change in this amount is due to capitalization of a number of transmission projects on commissioning of these projects and due to undertaking of new transmission projects. Construction stores and advances were ₹ 13,660.91 crore and ₹ 10,179.81 crore as at March 31, 2011 and 2010, respectively. These amounts represent capital expenditure on the new as well as ongoing transmission projects. The increase in these amounts is mainly due to the undertaking of new transmission projects.

Investments

Your company's investments mainly consist of bonds issued by the SEBs as part of the One Time Settlement. We have also invested ₹ 12 crore in equity shares of PTC India Limited; ₹ 229.32 crore in Powerlinks Transmission Limited, the joint venture between us and The Tata Power Company Limited through which the Tala Transmission Project was constructed; ₹ 23.40 crore in Torrent Power Grid Limited; ₹ 65.00 crore in Jaypee Powergrid Limited; ₹ 21.49 crore in Parbati Koldam Transmission Company Limited; ₹ 20.33 crore in Teestavalley Power Transmission Limited; ₹ 30.15 crore in North East Transmission Company Ltd.; ₹ 0.62 crore in Energy Efficiency Services Ltd.; ₹ 2.63 crore in National High Power Test Laboratory Private Ltd; ₹ 30.64 crore in Power System Operation Corporation Ltd., a subsidiary of our Company. Our total investments were ₹ 1365.05 crore and ₹ 1453.22 crore as at March 31, 2011 and 2010, respectively.

Loans and Advances

Your company's total loans and advances as at March 31, 2011 and 2010, respectively, were ₹ 2793.98 crore and ₹ 3302.40 crore. Loan and Advances includes ₹ 49.04 crore (including interest of ₹ 0.34 crore charged on estimated base) advanced to POSOCO for day to day operations pending realization of dues by POSOCO. Loans and advances include advances under the One Time Settlement amounting to ₹ 84.84 crore in respect of DESU/DVB, a Delhi utility, loans to employees, lease receivables (representing certain capital expenditures made by the Company in respect of the state sector ULDCs of all five Regions, for which the constituents of those Regions are reimbursing the Company on a finance lease basis), loans and advances to contractors, advance income tax, TDS and other deposits with tax authorities. The decrease in loans and advances from Fiscal 2010 to Fiscal 2011 was principally due to transfer of RLDCs/NLDC to POSOCO resulting in decrease in amount recoverable from the Constituents on account of UI charges.

Other Current Assets

Our other current assets as at March 31, 2011 and 2010 respectively, were ₹ 499.49 crore and ₹ 487.52 crore. Other current assets mainly include interest accrued on investments under the One Time Settlement and interest accrued on term deposits. Other current assets increased by 2.46% in Fiscal 2011 as compared to Fiscal 2010 due to increase in interest accrued on term/ fixed deposit.

Inventories

Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value. The costs of inventories were ₹ 381.51 crore, as at March 31, 2011. Our inventories consists of transmission line items such as tower parts, conductors, insulators and other items, and substation items such as transformers, circuit breakers, ICTs and other items. The cost of our inventories increased in Fiscal 2011 as compared with Fiscal 2010, on account of your company continuing to expand the transmission network and capitalization of new projects.

Sundry Debtors

Sundry debtors consist mainly of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Our sundry debtors amounts as on March 31, 2011 and 2010 were ₹ 3162.09 crore and ₹ 2214.86 crore, respectively. Sundry debtors increased by 42.77% in Fiscal 2011 as compared to Fiscal 2010. The increase from Fiscal 2010 to Fiscal 2011 was mainly due to revenue recognition for existing projects as per new tariff norms notified CERC for the Block 2009-14, whereas billing was done as per tariff notified under 2004 of norms (refer note no. 14 of schedule 28: Notes on Accounts); and also due to time lags between the provision and accounting of transmission services on certain new projects on accrual basis and the formal notification by CERC of the tariffs relating to those projects in Fiscal 2010.

Substantially, all of our receivables are covered by Letters of Credit pursuant to the One Time Settlement Scheme, following which we have no material debt collection problems.

The comparison of actuals with Financial MOU targets is given below:-

MOU Parameters	MOU 2010-11	Actual 2010-11
Gross Sales (₹ crore)	7890	8389
Gross Margin (₹ crore)	6880	7764
Net Profit/Net worth (%)*	9.43%	12.53%
Gross Margin/Gross Block	13.20%	15.42%
Gross Profit/Capital Employed (%)	10.98%	14.74%
PBDIT/Total employment (₹ in lakhs)	66.15	79.43
Inventory/Gross Block (%)	1.00%	0.76%
Added value/Gross Sales (%)	36.43%	47.55%

* For MoU, grant in aid is included in Net worth

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. A significant part of our external funding has been through long-term foreign currency loans from multilateral agencies such as the World Bank and the Asian Development Bank, with our performance under such loans guaranteed by the GoI.

The following table sets forth, by currency, our outstanding debt and the periods during which debt amounts mature or payment is otherwise due. Currency conversions are as of 31st March, 2011:

(₹ in Crore)

Description	2011-12	2012-13	2013-14	2014-15	BEYOND 2014-15	TOTAL
Rupee Loans						
Bonds	1241.99	1540.11	1924.70	2430.87	19390.43	26528.10
Other Domestic Loans	182.31	177.31	118.18	103.37	101.96	683.13
Foreign Currency Loans						
US\$	527.86	598.37	754.43	858.27	8703.61	11442.54
EUR	24.09	25.05	26.04	7.78	81.45	164.41
SEK	18.99	18.99	18.99	18.99	37.99	113.95
CHF	136.33	136.33	68.16	-	-	340.82
JPY	9.99	9.99	9.99	9.99	119.86	159.82
TOTAL :	2141.56	2506.15	2920.49	3429.27	28435.30	39432.77

Secured Loans

Your company's secured loans as at March 31, 2011 and 2010 were ₹ 36,325.07 crore and ₹ 31,345.78 crore, respectively. Secured loans include amounts raised from our private placement of bonds, term loans from banks, loans from the International Bank for Reconstruction and Development, Asian Development Bank and Bank of India. Due to the increased investment in new projects during the last year, our borrowings have increased substantially.

Most of the secured loans have been secured by floating charges on the moveable and immoveable properties of the Company. The following table presents the secured debt as at 31st March, 2011:

Description	Amount (₹ in crore)	% of total secured debt
Bonds denominated in Rupees	26528.10	73.03
Other Loans and Advances From Banks and Financial Institutions: Denominated in Foreign Currency*	9128.85	25.13



Description	Amount (₹ in crore)	% of total secured debt
Denominated in Rupees	668.12	1.84
Total	36325.07	100.00

*Loans guaranteed by the Government were ₹11481.10crore.

Unsecured Loans

Our unsecured loans as at March 31, 2011 and 2010 were ₹ 4557.70 crore and ₹ 3071.01 crore, respectively. Unsecured loans mainly include loans from foreign financial institutions such as the European Investment Bank, Kreditanstalt für Wiederaufbau in Germany and Scandinavia Enskilda Bank in Sweden and term loans from the Power Finance Corporation and short term loans from Banks.

The following table presents our unsecured debt as at March 31, 2011:

Description	Amount (₹ in crore)	% of total unsecured debt
Bonds denominated in Rupees	-	-
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	3092.70	67.86
Denominated in Rupees	1465	32.14
Total	4557.70	100.00

*Loans guaranteed by the Government were ₹ 2637.92crore.

Advance Against Depreciation (AAD)

Advance against depreciation is a component of tariff that we were permitted to charge under CERC regulations for the Block 2004-09, to cover shortfall in respect of depreciation in a year on assets, for repayment of debts. This AAD was restricted considering a 10-year loan repayment schedule. AAD was accounted for as an advance until the tenure of the loan. Subsequent to repayment of the loan, AAD was transferred to income on a pro-rata basis for the remaining useful life of the asset, the useful life of the asset governed by CERC regulations. AAD has been done away with in the tariff block 2009-2014 and depreciation rate have been reworked. Due to change in these tariff norms and the depreciation rates w.e.f. 01.04.2010, the outstanding AAD has been taken to transmission income after 12 years from the date of commercial operation. (Refer Schedule 3 & accounting policy no.13.1.4.2.)

Current Liabilities

Your company's current liabilities as at 31st March, 2011 were ₹ 7113.81 crore. The current liabilities include sundry creditors, advances from customers, security deposits, retention money withheld by us and other liabilities.

Current liabilities were 6.82% lower at March 31, 2011 compared to March 31, 2010. The decrease is mainly due to liabilities to some of the beneficiaries on account of UI dues which have been accounted for in earlier year have now been transferred to POSOCO, subsidiary of POWERGRID. Sundry Creditors during the year increased by about 28.75% due to increase in liabilities for Capital expenditure, Retention money and advances for Consultancy Contracts. These fluctuations are also due to the commissioning of particular projects at different times of the year in different fiscal years. When projects are commissioned, the liabilities relating to them are capitalized. If commissioning occurs in the early part of a fiscal year, the related liabilities are usually paid before the end of the fiscal year. In fiscal years when current liabilities are higher, there tends to be more projects commissioned toward the end of the fiscal year, whose related liabilities have not been paid by the end of the fiscal year. Variations in the amounts of advances received under consultancy contracts also result in current liability fluctuations.

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as at March 31, 2011 and 2010:

(₹ in Crore)

Contingent Liabilities Description	As at 31st March, 2011	As at 31st March, 2010
Claims against the Company not acknowledged as debt in respect of:		
Arbitration / Court Cases	2245.45	1828.09
Land / Crop/Tree Compensation cases	917.03	503.42
Service Tax	-	1099.62
Others	52.92	167.69
Disputed Tax Demands-Income Tax	5.97	4.36
Disputed Tax Demands-Service Tax	-	66.48
Disputed Tax Demands-Others	96.60	123.84
Continuity Bonds with Custom Authorities	1183.82	969.92
Others-Service Tax	-	1656.93
Others	53.29	47.34
Total	4555.08	6467.69

Contingent liabilities decreased by 29.57% in Fiscal 2011 compared to Fiscal 2010. The decrease was mainly due to cessation of contingent liability on Service Tax by Deptt of Revenue, Ministry of Finance vide Notification No. 45/2011-Service Tax dt. 20.07.2010

BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES and SUBSIDIARY:

A) Powerlinks Transmission Limited (POWERLINKS)

Main Objective and Capital Structure

POWERGRID and TATA POWER are the Joint Venture Partners in this Joint Venture Company and hold 49% and 51% equity, respectively. This was POWERGRID's first public - private partnership in Power Transmission. The Company was incorporated to undertake the implementation of Transmission Lines associated with Tala HEP, East-North interconnector and Northern Region Transmission System from Siliguri in West Bengal via Bihar to Uttar Pradesh. The project is under commercial operation since 1st September, 2006. As on 31.03.2011, POWERLINKS has Authorized share capital of ₹4,83,60,00,000/- and paid-up capital of ₹4,68,00,00,000/- out of which POWERGRID holds Shares of ₹229.32crore and TATA POWER hold shares of ₹238.68crore. POWERLINKS successfully commissioned the project in August, 2006. POWERLINKS has given a dividend of 21 % for Fiscal 2011.

Financial Highlights of the Company:

Particulars	Fiscal 2011		Fiscal 2010	
			(₹ in crore)	
POWERGRID's investment in Equity	229.32		229.32	
Gross Income	306.75		313.97	
Profit after Tax	105.68		108.09	
Earning per Share*	2.26		2.31	

*Face value per Share is ₹10/- each.

B) JAYPEE POWERGRID Limited (JPL)

Main Objective and Capital Structure

The main objective of the Company is to implement a transmission system to evacuate power to be generated by 1000 MW Karcham Wangtoo Hydro Electric Power Project in Kinnaur District in Himachal Pradesh. The power under the system is to be evacuated from Wangtoo to Abdullapur. As on 31.03.2011, JPL has Authorized share capital of ₹ 300 crore and paid-up capital of ₹ 250 crore divided into 25,00,00,000 equity shares of ₹10 each, POWERGRID equity being ₹ 65.00 crore. Jaiprakash Power Ventures Limited and POWERGRID individually hold 74% and 26%, respectively as on 31.03.2011. The Company has got the Transmission Licence in October, 2007. Since the project is under implementation, there is no operating profit.

C) Torrent Powergrid Limited (TPL)

Main Objective and Capital Structure

The main objective of the Company was to establish transmission system associated with 1100MW Gas Based project (Sugen) Generation Station of Torrent Power Ltd. (TPL) at Akhakhol in Surat District of Gujarat. POWERGRID and Torrent Power Ltd. are the Joint Venture Partners in this Company and hold 26% and 74% equity, respectively, POWERGRID equity being ₹ 23.40 crore. As on 31.03.2011, TPL has Authorized share capital of ₹125 crore and paid-up capital of ₹ 90 crore. The Company got the Transmission License in May 2007. The final phase of the project has been completed in March, 2011.

Financial Highlights of the Company:

Particulars	Fiscal 2011		Fiscal 2010	
			(₹ in crore)	
POWERGRID's investment in Equity	23.40		23.40	
Gross Income	23.07		2.98	
Profit after Tax	3.75		0.98	
Earning per Share*	0.42		0.16	

*Face value per Share is ₹10/- each.

D) Parbati Koldam Transmission Company Limited (PKTCL)

POWERGRID entered into a Joint Venture Agreement on 23rd November, 2007 with Reliance Energy Limited (REL) now Reliance Infra, for implementation of transmission lines associated with Parbati-II (800 MW) HEP and Koldam (800 MW) HEP. The Company named 'Parbati Koldam Transmission Company Limited' existing with POWERGRID to take up implementation of Parbati and Koldam Transmission systems through Joint venture route was converted to JVC. As on 31.03.2011, PKTL has Authorized share capital of ₹ 331 crore and paid-up capital of ₹ 82.63 crores. The Company has got the Transmission License in September, 2008. During the year 2010-11, Loan Agreements for the project were signed with PFC & REC. As the project is under implementation, there is no operating profit.

- E) Teestavalley Power Transmission Limited (TPTL)**
POWERGRID entered into a Joint Venture Agreement with Teesta Urja Limited on 23rd November, 2007 on 26% equity -POWERGRID and 74% equity Teesta Urja Limited (TUL) for implementation of transmission lines of Teesta-III to Kishanganj sub-station (Karandighi) 400kV D/C line associated with 1200 MW Teesta-III Hydro Electric Power Project. As on 31.03.2011, TPTL has Authorized share capital of ₹ 120 crore and paid-up capital of ₹ 78.21 crores. The Company has got the Transmission Licence in Fiscal 2009. As the project is under implementation, there is no operating profit.
- F) North East Transmission Company Limited (NETC)**
POWERGRID entered into a Joint Venture Agreement in February, 2009 with ONGC Tripura Power Project Company Ltd. (OTPC), Government of Tripura, Manipur, Mizoram, Assam Electricity Grid Corporation Ltd. and Meghalaya for establishment of Transmission Line of 400kV D/C Palatana Bongaigoan Transmission Project associated with 726 MW Palatana Gas base Power Project in the state of Tripura. The Joint Venture Company is named 'North East Transmission Company Limited'. OTPC, the generating Company is a joint venture of ONGC Ltd., Government of Tripura and Infrastructure Leasing & Finance Services Ltd., (IL&FS Ltd.). The Company has got the Transmission Licence in Fiscal 2009. As on 31.03.2011, NETC has Authorized capital of ₹ 600 crore and paid-up share capital of ₹ 120.97 crore. Construction work of the project is under progress. Upto 31.03.2011 ₹793.52 crore has been incurred towards capital expenditure. Since the project is under implementation, there is no operating profit.
- G) National High Power Test Laboratory Private Limited (NHPTLPL)**
POWERGRID entered into a Joint Venture Agreement in April, 2009 with equal participation with NTPC Ltd., NHPC Ltd. and Damodar Valley Corporation for setting up an On-line High Power Test Laboratory for short circuit test facility in the country. The Joint Venture Company is named 'National High Power Test Laboratory Private Limited'. As on 31.03.2011, the company has Authorized share capital of ₹ 30 crore and paid-up capital of ₹ 10.50 crore. Since the project is under implementation, there is no operating profit.
- H) Energy Efficiency Services Limited (EESL)**
POWERGRID entered into a Joint Venture Agreement in November, 2009 with equal participation with NTPC Ltd., Power Finance Corporation Ltd. and Rural Electrification Corporation Ltd. The JV Company will promote measures of Energy efficiency, Energy Conservation and Climate Change. The Joint Venture Company is named 'Energy Efficiency Services Limited'. As on 31.03.2011, the Company has Authorized Share Capital of ₹ 190 crore and paid up capital of ₹ 2.5 crore.
- I) Power System Operation Corporation Limited (POSOCO)**
Power System Operation Corporation Ltd (POSOCO) was incorporated as a wholly owned subsidiary of POWERGRID on 20.03.2009. POSOCO, is responsible for Independent System Operation. The Certificate of Commencement of Business of the Company has been obtained on 23rd March, 2010. The agreements for transfer of movable assets and liabilities to POSOCO were executed on 16.03.2011, and POWERGRID has transferred movable assets and liabilities to POSOCO w.e.f. 1st October, 2010. As on 31.03.2011, POSOCO has Authorized Share Capital of ₹ 200 crore and paid-up capital of ₹ 30.64 crore. The purchase consideration has been worked out as per details given below:

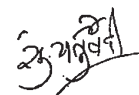
Description	₹ in Crore
Net Block	75.95
CWIP and Construction Stores & Advances	0.60
Net Current Assets	25.13
Total	101.68
Less: Grant in Aid	5.06
LDC Development Fund	25.72
Net Amount receivable	70.90

POSOCO has issued shares of ₹ 30.59 crore and taken over loan liabilities of ₹ 40.31 crore towards Purchase Consideration. Operations of POSOCO for the six months ended 31.03.2011 have resulted in turnover of ₹ 115.71 crore and Profit after Tax of ₹ 11.21 crore.

Cautionary Statement

Statement in the Management Discussion and Analysis and Directors' Report describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of the Board of Directors



(S. K. Chaturvedi)
Chairman & Managing Director

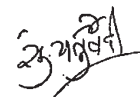
**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF
THE COMPANIES ACT, 1956 FOR THE YEAR 2010-11**

Sl. No	Name	Designation & Nature of duties	Qualification	Remuneration (Rs)	Experience (Years)	Date of commencement of Employment (In Powergrid)	Age (years)	Last Employment held
	Employed for part of the year							
1	U.C. Saxena	Manager	Dip.in Electrical Engg.	1324046	27	16-Aug-91	60	NTPC
2	S K Nagpal	DGM	B E (Electrical)	1672156	37	19-Nov-91	60	NHPC
3	Tirth Ram Sharma	Sr.Sup(HR)-SG - HR Admn.	Matric	1794310	39	19-Nov-91	60	NHPC
4	Mansa	Sr.Atttd.(W4) - Atttd.	NIL	1014257	33	19-Nov-91	60	NHPC
5	Rajinder Prasad	Sr.Skp.Gr.I - Store duty	Matric	2007747	39	19-Nov-91	60	NHPC
6	S K Datta	Executive Director	B.E.(Civil)	2300032	36	16-Aug-91	60	NTPC
7	V.N.R.Nair	Manager	Dip (Engg.)	1514673	27	16-Aug-91	60	NTPC
8	K.Krishna Kumar	AGM	MSc.Engg.(Elect.)	2985448	32	16-Aug-91	60	NTPC
9	R.Thyagarajan	Chief Manager	LEE, Dip (Engg.)	2477187	39	16-Aug-91	60	NTPC
10	Domnik Baby	Sr. Asst. Gr.-I	B.A.	1056979	34	19-Nov-91	60	NHPC
11	K.K.Roy	AGM	B.Sc.Engg. (Mechanical)	2735696	33	16-Aug-91	60	NTPC
12	S.Prasad	AGM	B.Sc.Engg. (Civil)	2292783	35	14-Nov-91	60	NEEPCO
13	B.S.Mehra	DGM	B.A.,LLB.,PGDIR	2970339	28	01-Jan-91	60	NTPC
14	P.Sreeramulu	GM	Bcom., CA	3220486	36	16-Aug-91	60	NTPC
15	G.S.Sarkar	GM	B.E.(Elect.)	2943739	36	16-Aug-91	60	NTPC
16	D V Sharma	Chief Manager	Dip.in Electrical Engg.	1668352	35	19-Nov-91	60	NHPC
17	R.G.Yadav	Executive Director	B.E.(Mech.), MBA(Fin.)	2566742	37	16-Aug-91	60	NTPC

Notes:

- 1) Remuneration includes Salary, Allowances, Leave encashment, Leave travel concession, Payment for Subsidised leased accommodations, reimbursement of medical expenses to employees and employer's contribution to Provident fund and other funds. In addition, employees are entitled to Gratuity/Group Insurance in accordance with Company's rules.
- 2) None of the Employees listed above is related to any of the Directors of the Company.
- 3) Remuneration mentioned above is inclusive of retirement/ separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

For and on behalf of the Board of Directors



(S. K. Chaturvedi)
Chairman & Managing Director

Place: New Delhi
Date: 04.08.2011

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1999 read with Section 217(1)(e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken and on hand:

It has been the endeavour of POWERGRID to make all out efforts for conservation of energy in all its projects - right from the planning stage, to the execution stage and throughout the O&M period. Before finalizing the transmission schemes, various alternatives/ technologies for power transfer are examined and one of the major criteria for selection of transmission system/ technology is lower losses. In fact, POWERGRID has adopted higher voltage levels like 765kV AC, ± 500 kV HVDC, ± 800 kV HVDC and 1200kV AC in its transmission systems for bulk power transfer across various regions which result in lower losses in the system.

At design stage of the transmission system, optimization of various parameters is done so that losses in the transmission system are optimized. The conductors are selected after detailed optimization studies which consider reduction of line losses as one of the primary criteria. The bus bar materials and the clamps and connectors are chosen meeting stringent international requirements so that losses are optimized. During evaluation of transformer & shunt reactor packages, equipment with minimum losses is given weightage. In case of HVDC system also, the selection of parameters of filter components, Thyristor Valves, Converter Transformer etc. is done in such a way that overall losses are minimized even under worst condition of system operating parameters. Further, in case of transmission hardware, the material with lower losses is specified. Parameters and types of various other equipments are also chosen in a manner that the losses are optimized. Thus, energy conservation measures are taken by POWERGRID at every step so as to develop an efficient and low-loss transmission network.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of Energy:

As stated above, POWERGRID undertakes energy conservation measures by means of reduction of losses in its transmission schemes right from planning to execution stage.

B. RESEARCH AND DEVELOPMENT

1 & 2 It has been POWERGRID's endeavour to pursue the research and development efforts in the field of new technologies in transmission system to remain at par with international standards. Also, realizing the need for conservation of Right-of-Way and future requirement of development of high capacity transmission system to meet the future power requirement, POWERGRID is actively pursuing seamless integration of new and efficient technologies in Indian power Grid to create environment-friendly transmission system. POWERGRID has been according special emphasis on adoption of new technologies available around the globe for improving the quality of power supply, reduction of losses, optimum utilization of the available transmission assets, conservation of environment and optimizing upon the cost of delivered power. The company is working in collaboration with International/National research institutions, academic institutions and manufacturers, and is thus enhancing its in-house capabilities for design and engineering of state-of-the-art transmission systems.

Specific Areas in which R&D has been carried out by the company and benefits derived thereby are given below:

Completed Projects:

1. Completed In-house Design and optimization studies for 765kV D/C transmission line
2. Completed in-house design of 20 no. towers for transmission lines which included 6 no. towers for 765 kV D/C transmission lines.
3. Completed in-house design of approx. 400 nos. tower foundations for transmission lines upto 765kV including 50 nos of pile foundations.
4. Completed testing of 4 no. of towers for 1200 kV AC transmission lines and 2 nos. of towers for 765 kV D/C transmission lines.
5. Indigenous development of 6 conductor manufacturers for ACSR Moose Conductor
6. Implementation of High Surge Impedance Loading (HSIL) Line.
7. Design of Narrow based Multi-circuit tower was completed.
8. Upgrading of short circuit current capacity of existing equipments e.g. circuit breakers, CTs etc. from 40 kA to 50/63 kA.
9. Control switching of circuit breaker for bus reactor to reduce the switching over voltages
10. Development of multi-channel Dynamic Contact Resistance Measurement (DCRM) technique to reduce the testing time 800kV circuit breaker.

Ongoing projects

1. For development of 1200kV UHVAC Super grid, 1200 KV UHVAC test station is being established at POWERGRID substation at Bina, MP with joint efforts of POWERGRID, Indian Equipment Manufacturers and CPRI. This will facilitate the Indian Equipment Manufacturers to test their 1200 kV class equipment being developed by them. Successful testing will lead to indigenization of 1200 kV class equipment resulting in reduction in project costs.
2. High Capacity, ± 800 kV, 6000 MW HVDC multi terminal system for long distance power transfer over 2000 km. from NER/ER to NR.
3. Re-conductoring of existing 400kV D/c Purnea-Siliguri line with high temperature endurance conductor to enhance the capacity of the transmission corridor by about two times.
4. Development of in-house foundation and tower designs for use in on-going transmission line projects.
5. Development of 4 more additional Indigenous vendors for 400kV Composite Insulators
6. Design of Highest River crossing tower across Haldia (Height being 245 meters).
7. For efficient Grid management, continuous upgradation of the load dispatch centres through technologies like Intelligent Grid comprising Wide area monitoring, adoptive islanding, Voltage Security Assessment, Dynamic Security Assessment.
8. Several existing Substations in different Regions are being augmented for remote operation from nearby Substations so as to reduce the operation cost.
9. Development of GIS in association with Indian manufacturers
10. Measurement of synchro phasors for wide area monitoring and protection of National Grid
11. Indigenous Development of SF₆ gas filled Current Transformer with BHEL.
12. Implementation of Controlled Switching schemes of circuit breakers for 400kV transmission lines.
13. Engineering Data Integration on GIS Platform.
14. Collection of lightning data for assessment of lightning activity using lightning detection system. Lightning sensors shall be installed in the line in North Eastern Region. Lightning detection system shall detect lightning activities as well as intensity of lightning in the transmission lines or in the vicinity of lines. The data will be used in failure analysis and selection of transmission line parameters & planning
15. Pollution mapping of Northern Region is being initiated along with CPRI to facilitate selection of appropriate type of the insulator to minimize the probability of occurrence of pollution flashover in lines
16. Development of Indigenous vendors for 765kV Transformers, Reactors, Circuit Breaker, Current Transformer and Wave Trap

Technology Absorption :

1. For route selection, length optimisation and estimation of BOQ for transmission lines, POWERGRID has employed modern Survey techniques.
2. Substation Automation with IEC 61850 protocol is being adopted for all new Substations of POWERGRID. This would result in savings in operational cost and increased operational and maintenance efficiency.
3. As a step towards National grid, 765kV AC and ± 500 kV HVDC technology has been implemented in our country. Now, 765kV AC D/c, ± 800 kV HVDC and 1200kV UHVAC technologies are being implemented for bulk power transfer across the country.
4. For maximum utilization of existing infrastructure, application of Series compensation including TCSC has been adopted on EHV lines.
5. In special areas, compact towers like pole towers, delta configuration towers and narrow based towers which reduce the space occupied by the tower base, are being used. Also tall towers and multi-circuit towers are being used for conservation of scarce right-of-way.
6. Use of metallic return in HVDC system has been adopted.
7. Special insulators like polymer composite insulators have been adopted in transmission lines in polluted areas.
8. High temperature conductors like INVAR have been adopted for increasing the transfer capacity of transmission corridors.
9. GIS technology at 400kV and 765kV level has been adopted in substations where space constraints exist.
10. Multi-level beams have been used in GIS and AIS substations with multi-ckt. lines to optimize line corridor areas near substation
11. On line transformer monitoring techniques for monitoring of critical parameters of power transformers.

C. CONSERVATION OF LAND AND ENVIRONMENTAL CONCERNS

For the ground return mode of operation of HVDC Bipolar Transmission system, electrode stations are being used up to now, which require approx. 150 acre of land (75 acre for each terminal of Bipolar system) at electrode site. The land for these electrode stations have to be selected keeping in view that there are no metallic buried objects i.e. metallic oil and gas pipe line, metallic pipes, railway line, telephone lines using metallic wires, electrical operated water pump sets etc within a radius of about 8 to 10 km from the centre of the proposed site of the earth electrode station. Since the inverter Terminal is generally located near the load centres, the cost of land acquisition is very high.

Further, the electrode line of the HVDC Terminal also requires its right of way which creates the constraint in land usage. Even after taking full care in land selection for locating earth electrode station, there is still a big element of uncertainty about the proper functionality of the earth electrode station and may result into undesirable surface currents leading to unacceptably high step and touch potential around the electrode site and it has been reported in the ground return operation of a number of HVDC system all over the world.

Major future HVDC link are proposed to evacuate bulk power from Chhattisgarh area. Because of geographical location and the deep soil resistivity profile of the area, the performance of HVDC monopolar ground current operation might be a cause of concern. Selecting suitable land for electrode station in this area fulfilling the technical requirements of high Ground Return Currents in monopolar operation of HVDC shall be difficult.

For future ± 800 KV / ± 600 KV projects, the usage of third return conductor on the same tower carrying the line conductor, instead of having a ground electrode as return path has been adopted. Apart from eliminating the element of uncertainty about the proper functionality of the earth electrode station, the usage of third conductor as a return path will result in conservation of land required for conventional electrode station. It will avoid a separate electrode line and corresponding right of way related to the electrode line resulting in further land conservation.

In place of conventional AIS substations, most of the EHVAC substations are being established as GIS which have about 25% land requirement, thus resulting in land conservation.

For protecting the environment, double circuit and multi-circuit high transmission towers are being used in forest areas, which have higher power intensity over the same corridor, thus optimising right-of-way and resulting in reduced tree cutting. Also, use of D/c lines in place of two no. S/c lines even at 765kV level has been adopted to conserve right-of-way.

FOREIGN EXCHANGE EARNINGS AND OUTGO

		₹ in Crore
Foreign Exchange Earnings		
(i)	Interest	0.01
(ii)	Consultancy Fee	19.37
	Total	19.38
Foreign Exchange outgo		
(i)	Capital goods and Spare Parts	1823.31
(ii)	Professional and Consultancy Fee	1.76
(iii)	Interest	153.19
(iv)	Others	9.36
	Total	1987.62

For and on behalf of the Board of Directors

(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi
Date: 04.08.2011

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER GRID CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2011

The preparation of financial statements of Power Grid Corporation of India Limited for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 May 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Power Grid Corporation of India Limited for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(M.K. Biswas)

**Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi**

**Place: New Delhi
Dated: 08 June 2011**

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

1. THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in a Company. It is a system by which business corporations are directed and controlled. POWERGRID believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POWERGRID's Governance process is focused towards its mission of "establishment and operation of Regional and National Power Grids to facilitate transfer of power within and across the regions with Reliability, Security and Economy on sound commercial principles" based on the well established practices in engineering & design, contracts, project management, finance etc. which are being followed in letter and spirit and are being continually improved upon.

The Corporate Governance of POWERGRID is geared by the following:

- (i) To meet the short term, medium term & long term objectives and specific targets set every year by the Government of India and the persons at the helm of its affairs, i.e. the Board, by empowering people at the most appropriate levels keeping the job profile/functions in view.
- (ii) To respond to the challenges and the emerging opportunities and to play a pivotal role in the economic development of the country.

The corporate governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are proceeded ahead after approval of the Board.

POWERGRID is a "NAVRATNA PSE" since May, 2008. The NAVRATNA status has provided the Company more flexibility and autonomy in terms of making investments and operational decisions. Now, the Board of Directors of POWERGRID are the approving Authority to incur capital expenditure on purchase of new items or for replacement without any monetary ceiling. The ceiling on equity investment to establish joint ventures and wholly owned subsidiaries in India or abroad is 15% of the networth of the Company in one project limited to ₹1000 crore. The overall ceiling on such investment in all projects put together is 30% of the net worth of the Company.

The Board of Directors comprises of Chairman and Managing Director, Functional Directors, Govt. Nominee Directors and Non Official Part Time Directors. The rights and obligations of the employees are delineated in the policy Manuals published and the amendments are notified from time to time. The powers of the internal participants i.e. top executives and below are laid down in the well established and practised "Delegation of Powers". POWERGRID has also prepared and implemented "Works and Procurement Policy and Procedure for Pre-award and Post-award Stages" with a view to making the policies and procedures more systematic, transparent and easy to administer with major thrust on expeditious and decentralized decision making coupled with accountability and responsibility. The Board has also constituted several Committees viz. Audit Committee, Committee for Award of Contracts relating to RE, APDRP and other Deposit Works, Committee on Investment on Projects, Committee for Bonds, Shareholders'/Investors' Grievance Committee, Committee on Award of Contracts, etc. to have better and more focused attention. Advisory Boards of eminent persons are in place for Environment and Social Policy and Procedures, R&D and for Telecom to advise POWERGRID on critical issues/consensus building in these areas.

Management Discussion and Analysis is Annexed to Directors' Report.

The compliance of the company with the conditions of the Corporate Governance and the disclosure requirements in that regard are given below:

2. Board of Directors:

2.1 Size of the Board

POWERGRID is a Government Company within the meaning of Section 617 of the Companies Act, 1956 and the President of India presently holds 69.42% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors rests with the President of India.

In terms of Articles of Association of the Company, the strength of our Board shall not be less than four Directors or more than eighteen Directors. These Directors may be either whole-time Directors or part-time Directors.

2.2 Composition of the Board

As on 31st March, 2011, the Board comprised fourteen Directors out of which five were whole-time Directors including the Chairman & Managing Director, two Government nominees and seven Independent Directors.

The equity shares of the Company were listed on 5th October, 2007 with NSE and BSE. Clause 49 I (A) of the Listing Agreement

with Stock Exchanges, stipulates that half of the Board members of your Company should be Independent Directors. For the period 1st April, 2010 to 31st March, 2011 the requirement of independent Directors as per this clause was met.

2.3 Age Limit and Tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time Directors is 60 years.

The Chairman & Managing Director and other whole-time Directors are appointed for a period of five years from the date of taking over of charge or till the date of superannuation of the incumbent or till further orders from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

The tenure of Directors as on 31st March, 2011 was as follows:

Details of Directors	Name	Date of Joining on the Board	Date of superannuation/ completion of Tenure
Category (Functional/ Official/ Non-official)	Designation		
1. Whole Time Directors	Chairman & Managing Director	Shri S. K. Chaturvedi	01.08.2008
	Director (Finance)	Shri J. Sridharan	21.12.2005
	Director (Personnel)	Shri V.M. Kaul	16.03.2009
	Director (Operations)	Shri R.N. Nayak [§]	16.05.2009
	Director(Projects)	Shri I.S.Jha	01.09.2009
2. Govt. Nominees Part – time Directors	JS (Trans.) Ministry of Power	Dr. M. Ravi Kanth	11.12.2009
	JS &FA, Ministry of Power	Shri Rakesh Jain	9.06.2009
3. Non-official Part-time Directors	Non-official Part-time Director (Independent)	Shri F.A. Vandrevale*	10.07.2007
		Shri Anil K. Agarwal*	
		Dr. A.S. Narag*	
		Dr. P.K. Shetty*	
		Shri S.C. Tripathi	25.04.2008
		Shri Ashok Khanna	
	Smt. Sarita Prasad	04.08.2008	03.08.2011

* The tenure of these Non-official Part-time Directors came to an end on 09.07.2010 and they were reappointed vide Govt. order dated 19.10.2010 w.e.f.10.07.2010 for a period of one year. The tenure of Non-official Part-time Directors so extended came to an end on 09.07.2011.

§ Shri R. N. Nayak presently, Director (Operations) shall be taking over charge as Chairman and Managing Director w.e.f. 1st September, 2011, in terms of Govt. Order dt. 22nd July 2011.

@ Shri R.T. Agarwal assumed the charge of Director (Finance) w.e.f. 29th July 2011 in terms of Govt. Order dt. 29th July, 2011.

2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are normally held at the Registered Office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. Senior management is also invited to the Board meetings to provide additional input to the items being discussed by the Board.

During the financial year ended 31st March, 2011 sixteen Board meetings were held on 15th April, 25th May, 2nd July, 6th August, 10th September, two meetings on 20th October, 22nd October, 7th November, 13th November, 23rd November and 13th December, of the year 2010, and 7th January, 8th February, 8th March and 15th March, of the year 2011. The maximum interval between any two meetings during this period was 39 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship / committee membership (viz. Audit Committee and Shareholders'/Investors' Grievance Committee as per Clause 49 I (C) – Explanation – 2) held by them during the year 2010-11 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 24.09.10)	No. of other Director ship held on 31.03.11	No. of Other Committee Membership held on 31.03.11	
					Chairman	Member
Whole Time Directors						
Shri S. K. Chaturvedi Chairman & Managing Director	16	16	Yes	8	NIL	NIL
Shri J. Sridharan, Director (Finance)	16	15	Yes	2	NIL	1
Shri V. M. Kaul, Director (Personnel)	16	16	Yes	2	NIL	2
Shri R. N. Nayak, Director (Operations)	16	16	Yes	2	NIL	NIL
Shri I. S. Jha, Director (Projects)	16	16	Yes	2	NIL	NIL
Non-executive Directors (Government Nominees)						
Dr. M. Ravi Kanth Jt. Secy., Ministry of Power	16	14	Yes	NIL	NIL	NIL
Shri Rakesh Jain Jt. Secy., Ministry of Power	16	15	Yes	4	2	3
Independent Directors						
Dr. P. K. Shetty	14	14	N.A.	NIL	NIL	NIL
Dr. A. S. Narag	14	14	N.A.	NIL	NIL	1
Shri Anil K. Agarwal	14	6	N.A.	3	1	1
Shri F. A. Vandrevala	14	8	N.A.	1	NIL	NIL
Shri S. C. Tripathi	16	15	Yes	7	1	6
Dr. Ashok Khanna	16	14	Yes	7	NIL	2
Smt. Sarita Prasad	16	15	No	NIL	NIL	2

Board meetings held on 6th Aug., and 10th Sept, 2010 have not been accounted for tenure of Dr. P. K. Shetty, Dr. A. S. Narag, Shri F. A. Vandrevala and Shri Anil K. Agarwal, Directors who were appointed as Director vide MOP Order dt. 19.10.2010 with retrospective effect from 10.07.10.

None of the Directors of the company are in any way related with each other.

2.5 Information to be placed before the Board of Directors, inter alia, includes:

The Board has complete access to any information with the Company. The information regularly supplied to the Board includes:

1. Annual operating plans and budgets and any updates.
2. Annual Accounts, Directors' Report, etc.
3. Quarterly results of the company.
4. Minutes of meetings of audit committee and other committees of the Board including minutes of Subsidiary Company.
5. Major Investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances, etc.
6. Award of large Contracts.
7. Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
8. Monthly Report on Commercial Status of the Company.
9. Report on the status of various ongoing projects/Scheme and Budget Utilization.

10. Report on the O&M Review.
11. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, etc.
12. Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer etc.
13. Short-Term investment of surplus funds.
14. Other materially important information.

Post meeting follow-up system:

The Governance process in the Company include an effective post-meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and the Board Committee(s).

3. Committees of the Board of Directors

The Board has constituted the following Committees:

- i) Audit Committee
- ii) Shareholders'/Investors' Grievance Committee
- iii) Committee for Transfer/Split/Rematerialisation/Dematerialization, etc. of Shares
- iv) Committee for Award of Contracts relating to RE, APDRP and other Deposit Works
- v) Committee on Investment on Projects
- vi) Committee for Bonds
- vii) Committee on Award of Contracts
- viii) Remuneration Committee.

3.1 Audit Committee:

As on 31st March, 2011, the Audit Committee comprised the following Directors:

- (i) Shri S. C. Tripathi, Non-official Part-time Director – Member & Chairman
- (ii) Dr. Ashok Khanna, Non-official Part-time Director – Member
- (iii) Mrs. Sarita Prasad, Non-official Part-time Director – Member
- (iv) Shri Rakesh Jain, JS&FA, MOP – Member

On completion of tenure of Shri S.C Tripathi and Dr. Ashok khanna, Independent Directors, the Audit Committee was reconstituted as under:

- (i) Shri Rakesh Jain, JS&FA, MOP – Member & Chairman
- (ii) Dr. M. Ravi Kanth, Jt. Secy., MOP – Member
- (iii) Mrs. Sarita Prasad, Non-official Part-time Director – Member

Further, on completion of tenure of Mrs. Sarita Prasad, Non-official Part-time Director on 03.08.2011, the Audit Committee comprises following directors:

- (i) Shri Rakesh Jain, JS&FA, MOP - Member & Chairman
- (ii) Dr. M. Ravi Kanth, Jt. Secy., MOP – Member
- (iii) Shri V. M. Kaul, Director (Personnel) – Member

The Company Secretary is the Secretary of the Committee.

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, the Companies Act, 1956 and the provisions of the Listing Agreement.

Meetings of Audit Committee

The Audit Committee meets at least four times in a year and not more than four months have elapsed between two meetings in that year. The quorum for the Audit Committee meetings is either two members or one third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent members present.

Powers of Audit Committee

The powers of the Audit Committee include the following:

1. To investigate any activity within its terms of reference.
2. To seek information on and from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To protect whistle blowers.
6. To consider other matters as referred by the Board.

Role of Audit Committee

The role of the audit committee includes the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Fixation of audit fees to be paid to statutory auditors appointed by Comptroller & Auditor General under the Companies Act and approval for payment with respect to any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors and / or auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. To review the follow up action on the audit observations of the Comptroller & Auditor General audit.
14. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
15. Provide an open avenue of communication between the independent auditor, internal auditor and the Board.
16. Review all related party transactions in our Company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.

Explanation: The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, issued by the Institute of Chartered Accountants of India.
17. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
18. Consider and review the following with the independent auditor and the management:
 - a. The adequacy of internal controls including computerized information system controls and security; and
 - b. Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
19. Consider and review the following with the management, internal auditor and the independent auditor:
 - a. Significant findings during the year, including the status of previous audit recommendations; and
 - b. Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

In line with the provisions of Articles of Association of POWERGRID, the whole-time Functional Directors of the Company including Director (Finance) referred to as CFO are appointed by the Administrative Ministry through Public Enterprise Selection Board.

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions submitted by management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the chief internal auditor.
6. Certification/declaration of financial statements by the Chief Executive Officer/Chief Finance Officer.

Composition of Audit Committee during the FY. 2010-11:

The composition of Audit Committee during the financial year 2010-11 was as under:

- i) From April, 2010 to June, 2010 the following directors were members on the Audit Committee:

Shri F. A.Vandrevala, Director	Member & Chairman	Non-official Part-time Director
Shri Anil K. Agarwal, Director	Member	Non-official Part-time Director
Shri Rakesh Jain, JS&FA, MOP	Member	Non-Executive Director
Dr. A.S. Narag, Director	Member	Non-official Part-time Director

Note: On completion of tenure / of Shri F. A. Vandrevala, Shri Anil K. Agarwal and Dr. A. S. Narag on 09.07.2010, the Audit Committee was reconstituted in July 2010.

- ii) From July, 2010 the following directors were members on the Audit Committee:

Shri S. C. Tripathi, Director	Member & Chairman	Non-official Part-time Director
Dr. Ashok Khanna, Director	Member	Non-official Part-time Director
Shri Rakesh Jain, JS&FA, MOP	Member	Non-Executive Director
Smt. Sarita Prasad, Director	Member	Non-official Part-time Director

Attendance:

During the financial year ended 31st March, 2011, six meetings of the Audit committee were held on 15th April, 25th May, 6th August, 10th September and 20th October of the year 2010, and 8th February, 2011.

Attendance at Audit Committee Meetings during the Financial Year 2010-11:

Name	Audit Committee Meeting held during the tenure	
	Held	Attended
Shri F. A.Vandrevala, Director	2	2
Shri Anil K. Agarwal, Director	2	2
Shri Rakesh Jain, JS&FA, MOP	6	6
Dr. A.S. Narag, Director	2	2
Shri S. C. Tripathi, Director	4	4
Dr. Ashok Khanna, Director	4	4
Smt. Sarita Prasad, Director	4	3

3.2 Shareholders'/ Investors' Grievance Committee.

The Company has constituted Shareholders'/Investors' Grievance Committee in line with the provisions of the Listing Agreement.

Scope of the Committee

The scope of the Committee shall be to specifically look into the redressal of shareholders' and investors' grievances/complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc.

Composition

As on 31st March, 2011 the Committee comprised the following Directors:

- i) Shri Anil K. Agarwal, Non-official Part-time Director – Chairman
- ii) Dr. A. S. Narag, Non-official Part-time Director – Member
- iii) Dr. M. Ravi Kanth, Jt. Secy., MOP – Member
- iv) Shri J. Sridharan, Director (Finance) – Member
- v) Smt. Sarita Prasad, Non-official Part-time Director- Member.

On completion of tenure of Independent Directors, the Shareholders'/ Investors' Grievance Committee has been reconstituted in August, 2011. At present, the Shareholders'/ Investors' Grievance Committee comprises the following Directors:

- i) Shri V. M. Kaul, Director (Personnel) – Chairman
- ii) Dr. M. Ravi Kanth, Jt. Secy., MOP – Member
- iii) Shri I. S. Jha, Director (Projects) – Member

The Company Secretary is the Secretary of the Committee.

Two meetings of the Shareholders'/Investors' Grievance Committee were held during the financial year 2010-11 on 31st January, 2011 and 31st March, 2011, respectively.

Attendance at Shareholders'/Investors' Grievance Committee meeting during the Financial Year 2010-11:

Name	Shareholders'/Investors' Grievance Committee Meeting held during the tenure	
	Held	Attended
Shri Anil K. Agarwal, Director	2	1
Shri J. Sridharan, Director (Finance)	2	2
Dr. A.S. Narag, Director	2	2
Dr. M. Ravi Kanth, Jt. Secy., MOP	2	NIL
Smt. Sarita Prasad, Director	2	2

Name and designation of Compliance Officer

Ms. Divya Tandon, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.

Investor Grievances

During the financial year ending 31st March, 2011, the Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediment. The details of the complaints received during the year are as under:

S.No.	Description	Opening Balance	Received	Attended	Pending
1	Non receipt of refund orders	0	11325	11325	0
2	Non receipt of dividend warrants	0	98	98	0
3	SEBI	0	1617	1613	4
4	Stock Exchange	0	181	181	0
5	Advocate Notices	0	29	25	4
6	Consumer Forum/Court cases	0	1	1	0
	Total	0	13251	13243	8

Investor complaints pending as on March 31, 2011 have been subsequently attended.

Shares lying in Share Escrow Account

In pursuance of Clause 5A(g) of the Listing Agreement, it is disclosed that :

- In respect of your Company's IPO, the aggregate number of shareholders as on 01.04.2010 were 228 and the outstanding shares in the suspense account lying as on 31.03.2011 were 44260 shares.
- In respect of FPO, the aggregate number of shareholders as on 01.04.2011 were 67 and the outstanding shares in the suspense account lying as on 31.03.2011 were 14207 shares.
- 42 shareholders had approached the Company for transfer of 8413 shares from suspense account during the year 2010-11 in respect of IPO and we have transferred 6378 shares related to 32 shareholders during the year.
- 83 shareholders had approached the Company for transfer of 18979 shares from suspense account during the year 2010-11 in respect of FPO and we have transferred 14568 shares related to 65 shareholders during the year.

The voting rights on the shares in demat suspense account shall remain frozen till the rightful owner of such shares claims the shares. These shares are lying in the demat form in a Pool Account with the Registrars i.e. M/s Karvy Computershare Pvt. Ltd. and the benefits accrued on them are being properly accounted for.

3.3 Committee for Transfer/Split/Rematerialization/Dematerialization of Shares

The Company has constituted a Committee of Directors for Transfer/ Split/ Rematerialisation/ Dematerialization etc. and other related issues. As on 31.03.2011, the Committee comprised the following Directors as members:

- Director (Finance)
- Director (Projects) and
- Director (Personnel)

As on March 31, 2011 shares transfer request of 219 Nos. of equity shares was pending. Share Transfers effected during the year have been well within the time prescribed by the Stock Exchanges.

3.4 Committee for Award of Contracts relating to RE, APDRP and other Deposit Works

This Committee of Directors was constituted to conduct RGGVY Programme of Govt. of India. The power of this committee is to award the contracts relating to RE, APDRP and other Deposit Works for more than ₹ 30 Cr. and up to ₹ 100 Cr. As on March 31, 2011 the Committee comprised the following members:

- i) CMD – Chairman
- ii) Director (Finance) – Member
- iii) Director (Projects) – Member
- iv) Director (Personnel) – Member, and
- v) Director (Operations) – Member

3.5 Committee on Investment on Projects

The Board has constituted this Committee of Directors to consider and examine the Investment proposals before seeking investment sanction from the Board. As on March 31, 2011, the Committee comprised the following members:

- i) Director (Operations) – Chairman
- ii) Director (Finance) – Member
- iii) Director (Projects) – Member
- iv) Shri Anil K. Agarwal – Member
- v) Shri F. A. Vandrevala – Member
- vi) Shri Rakesh Jain – Member
- vii) Dr. M. Ravi Kanth – Member

On completion of tenure of Shri Anil K. Agarwal and Shri F. A. Vandrevala Independent Directors on 09.07.2011, the Committee on Investment on Projects presently comprises the following Directors:

- i) Director (Operations) – Chairman
- ii) Director (Finance) – Member
- iii) Director (Projects) – Member
- iv) Shri Rakesh Jain – Member
- v) Dr. M. Ravi Kanth – Member

3.6 Committee for Bonds

The Board of Directors of the Company has constituted a Committee of Directors to consider and approve allotment, transfer, transmission, splitting and consolidation of POWERGRID Bonds/Allotment Letters and other matters relating to the Bonds including appointment of Merchant Bankers, Registrar to the Issue etc. As on March 31, 2011, the Committee for Bonds comprised the following members:

- i) CMD – Chairman
- ii) Director (Finance) – Member
- iii) Director (Operations) – Member
- iv) Director (Projects) – Member

3.7 Committee on Award of Contracts

This Committee of Directors has been constituted for approval of award of contracts of value more than ₹ 30 Cr. but not exceeding ₹ 100 Cr. As on March 31, 2011, the following Directors were members of the Committee:

- i) Shri S.K.Chaturvedi, CMD – Chairman
- ii) Shri R.N. Nayak, Director (Operations) – Member
- iii) Shri I.S.Jha, Director (Projects) – Member
- iv) Shri J. Sridharan, Director (Finance) – Member
- v) Shri Ashok Khanna, Non-official Part-time Director – Member
- vi) Dr. M. Ravi Kanth, Joint Secretary, MOP – Member

On completion of tenure of Shri Ashok Khanna, Non-official Part-time Director on 24.04.2011, the Committee on Award of Contracts was reconstituted as under:

- i) Shri S.K.Chaturvedi, CMD – Chairman
- ii) Shri R.N. Nayak, Director (Operations) – Member
- iii) Shri I.S.Jha, Director (Projects) – Member
- iv) Dr. M. Ravi Kanth, Joint Secretary, MOP – Member
- v) Dr A. S. Narag, Non-official Part-time Director - Member

Further, on completion of tenure of Dr. A. S. Narag, Non-official Part-time Director on 09.07.2011, the Committee on Award of Contract comprises following directors:

- i) Shri S.K.Chaturvedi, CMD – Chairman
- ii) Shri R.N. Nayak, Director (Operations) – Member
- iii) Shri I.S.Jha, Director (Projects) – Member
- iv) Dr. M. Ravi Kanth, Joint Secretary, MOP – Member

Remuneration of Directors

Our Company, being a Government Company, the appointment, tenure and remuneration of Directors is decided by the President of India. Remuneration paid to Chairman & Managing Director and Functional Directors during the Year 2010-11 was as per terms and conditions of their appointment. Independent Directors are paid only sitting fees per Board / Committee meeting attended {rate fixed by the Board within the ceiling fixed under the Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 read with the Section 310 of the Companies Act, 1956} and in accordance with the Government Guidelines for attending the Board Meeting as well as Committee Meetings.

The remuneration paid to the Whole time Directors during the year 2010-11 is as under:

S No.	Directors	Designation	Salary (in ₹)	Benefits (in ₹)	Bonus / Commission (in ₹)	Performance Linked Incentive (in ₹)	Total (in ₹)
1.	Shri S.K. Chaturvedi	Chairman & Managing -Director	13,94,013	8,64,840	-	14,46,232	37,05,085
2.	Shri J. Sridharan	Director (Finance)	13,72,972	8,29,206	-	16,11,127	38,13,305
3.	Shri V. M. Kaul	Director (Personnel)	12,87,148	14,18,667	-	9,01,397	36,07,212
4.	Shri R. N. Nayak	Director (Operations)	12,77,853	7,66,282	-	8,65,445	29,09,580
5.	Shri I. S. Jha	Director (Projects)	12,65,707	16,07,906	-	8,50,484	37,24,097

The Government nominee Directors on the POWERGRID's Board do not draw any remuneration/ sitting fee for attending Board/ Committee meetings from the Company. The Independent Directors were paid sitting fee of ₹ 20,000/- for attending each Board/ Committee Meetings.

Details of Payment made towards sitting fee to Independent Directors during the year 2010-11 are given below:

(₹ in lacs.)

Name of Non-official Part-time Directors	Sitting Fees		Total (₹)\$
	Board Meeting (₹)	Committee of Board of Directors Meeting (₹)	
Dr. P. K. Shetty	2.80	0.40	3.20
Dr. A. S. Narag	2.80	1.60	4.40
Shri Anil K. Agarwal	1.20	1.20	2.40
Shri F. A. Vandrevala	1.60	0.80	2.40
Shri S.C. Tripathi*	3.00	1.20	4.20
Shri Ashok Khanna	2.80	3.80	6.60
Smt. Sarita Prasad*	3.00	1.40	4.40

\$Gross Amount before TDS

*In addition, honorarium of ₹ 20,000 each was paid to Smt. Sarita Prasad and Shri S. C. Tripathi for R&D Advisory Committee Meeting.

As on 31.03.2011 the Directors' Shareholding was as under:

S.No.	Name of Directors	No. of Equity Shares Held	
		As a Nominee of the President of India	Individual Capacity
1	Shri S. K. Chaturvedi	-	-
2	Shri J. Sridharan	-	5000
3	Shri V. M. Kaul	-	7213
4	Shri R. N. Nayak	-	11721
5	Shri I. S. Jha	-	2998
6	Shri Rakesh Jain	-	-
7	Dr. M. Ravi Kanth	-	-
8	Dr. P. K. Shetty	-	216
9	Dr. A. S. Narag	-	3136
10	Shri Anil K. Agarwal	-	-
11	Shri F. A. Vandrevala	-	-
12	Shri S. C. Tripathi	-	-
13	Shri Ashok Khanna	-	-
14	Ms. Sarita Prasad	-	-

4. General Body Meetings:

Date, time and location, where the last three Annual General Meetings were held, are as under:

Year	Date	Time	Venue	Special Resolution
2007-08	18th September, 2008	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110 010	NIL
2008-09	9th September, 2009	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110 010	NIL
2009-10	24th September, 2010	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110 010	NIL

Resolutions passed through Postal Ballot

1. Ordinary Resolution to increase the borrowing power/limit of the company from ₹ 50,000 crore to ₹ 80,000 crore was passed. Notice dated 25th March, 2010, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and said resolution was approved by the shareholders on 17th May during the financial year 2010-11. Ms. Savitajyoti, Practicing Company Secretary, was appointed as scrutinizer for conduct of Postal Ballot. The details of the voting are as under:

Sl. No.	Description	No. of Shareholders	No. of Shares	No. of Votes	Result
Resolution: Enhancement of Borrowing Limits from ₹50,000 Crore to ₹80,000 Crore.					
1.	Votes in favour	18286	3675482103	3675482103	Approved by requisite majority.
2.	Votes against	884	7587744	7587744	
3.	Invalid Votes	152	214045	214045	

2. Ordinary Resolution to transfer of movable assets of RLDCs and NLDC to Power System Operation Corporation was passed. Notice dated 19th April, 2010, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and said resolution was approved by the shareholders on 16th June, 2010. Ms. Savitajyoti, Practicing Company Secretary, was appointed as scrutinizer for conduct of Postal Ballot. The details of the voting are as under:

Sl. No.	Description	No. of Shareholders	No. of Shares	No. of Votes	Result
Resolution: Transfer of movable assets of Regional Load Despatch Centers (RLDCs) and National Load Despatch Center (NLDC) to Power System Operation Corporation Limited (Book value of ₹ 184.78 Crore as on 31.03.2009)					
1.	Votes in favour	15359	3678876791	3678876791	Approved by requisite majority.
2.	Votes against	723	210485	210485	
3.	Invalid Votes	138	39694	39694	

3. Special Resolution was passed for issuance of shares under Follow on Public Offer (FPO) by POWERGRID for 84,17,68,246 equity shares of face value of ₹ 10 each constituting 20% of existing paid up capital comprising-
- Fresh issue of 420,884,123 equity shares (10% of existing paid up capital); and
 - Offer for sale (Disinvestment) of 420,884,123 equity shares (10% of existing paid up capital by Selling Shareholder i.e. President of India).

Notice dated 27th August, 2010, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and said resolution was approved by the shareholders on 8th October, 2010. Ms. Savita Jyoti, Practicing Company Secretary was appointed as scrutinizer for conduct of Postal Ballot. The details of the voting are as under:

S.No.	Description	No. of Shareholders	No. of Shares	No. of Votes	Result
1	Votes in favour	7,703	3677172427	36771724270	Carried with requisite majority.
2	Votes against	250	417492	4174920	
3	Invalid Votes	433	102142	1021420	

5. Disclosures

- The transactions with related parties contain (i) payment to Companies under Joint Venture Agreement and on account of contracts for works/services, (ii) remuneration to key management personnel and (iii) equity contribution to subsidiaries, which are not in the nature of potential conflicts of interest of the Company at large. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.
- The CEO & ED (Finance)* of the Company have certified to the Board, the specified matters, as required under Clause 49 V of the Listing Agreement.

* Shri R. T. Agarwal, ED (Finance) has taken the charge of Director (Finance) w.e.f. 29.07.2011.

- (iii) POWERGRID do not have any material non listed Indian Subsidiary Company.
- (iv) POWERGRID has developed Enterprise Risk Management Framework and Internal Control Framework for CEO/CFO Certification. General Manager (Corporate Planning) has been appointed as Chief Risk Officer of the Company.
- (v) There are no material individual transactions with related parties which are not in the normal course of business.
- (vi) There are no material individual transactions with related parties or others, which are on an arm's length basis.
- (vii) The Company has complied with the requirements of the Listing Agreement with Stock Exchanges as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the year.
- (viii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the financial year 2010-11 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (ix) The Company has adopted all suggested items to be included in the Report of Corporate Governance. Information on adoption (and compliance) / Non-adoption of the non-mandatory requirements is given at Annexure-I to the Corporate Governance Report.

6. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site.

Information and latest updates and announcements made by the Company can be accessed at Company's website: www.powergridindia.com including the following:

Quarterly /Half-Yearly /Annual Financial Results

Shareholding Pattern

Corporate disclosures made from time to time to Stock Exchanges

Quarterly Results

Newspapers	Date of Publication of Financial Results for the Quarter ended			
	30.06.2010	30.09.2010	31.12.2010	31.03.2011
Economic Times/TOI/Hindustan Times/Mint/Financial Express (English)	07.08.2010	20.10.2010	09.02.2011	25.05.2011
Hindustan/Business Bhaskar/Dainik Jagran (Hindi)	08.08.2010	21.10.2010	10.02.2011	26.05.2011

These Results are also displayed at Company's website www.powergridindia.com

7. Code of Conduct

The Board of Directors have laid down two separate Code of Conduct – one for Board Members and another for Senior Management Personnel in alignment with Company's Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. The said code has been renamed and amended in pursuance of Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. Now, the name of the Code is 'Code of Business Conduct and Ethics for Board members' and 'Code of Business and Ethics for Senior Management Personnel'. A copy of the Codes of Conduct is available at the website of the Company.

Declaration required under Clause 49 of the Listing Agreement

All the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31st, 2011.

Sd/-

New Delhi

Date: 04.05.2011

(S.K.Chaturvedi)

Chairman & Managing Director

8. Code of Insider Trading

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, POWERGRID Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this code, Insiders (i.e. Designated Employees) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities beyond limits specified, permission of Compliance Officer is required. All Directors/Officers/Designated Employees

are also required to disclose related information periodically as defined in the Code. Company Secretary has been designated as Compliance Officer for this Code.

9. Shareholders' Information

i) Annual General Meeting

Date : 19th September, 2011

Time : 11.00 a.m.

Venue : NDMC Talkatora Indoor Stadium, Talkatora Garden, Park Street, New Delhi – 110 001.

ii) Financial Year

The Company's Financial Year is from 1st April to 31st March.

iii) Book Closure

The Register of Member and Share Transfer Books of the Company will remain closed from 8th September, 2011 to 19th September, 2011 (both days inclusive).

iv) Payment of dividend

The Board of Directors of the Company have recommended payment of a final Dividend of 12.50% (₹ 1.25 per share) for the financial year ended 31st March, 2011 in addition, an Interim Dividend of 5% (₹ 0.50 per share) was paid on 24th February, 2011. (Dividend paid in the Previous Year was ₹ 631.34 Crore).

v) Dividend History

Year	Total Paid-up Capital as on 31st March of the Year (₹ in Crore)	Total Amount of Dividend Paid for the Financial Year (₹ in Crore)	Date of AGM in which dividend was declared	Date of Payment of Final Dividend
2005-06	3584.63	302.68	03.08.2006	23.08.2006
2006-07	3787.41	368.82	14.08.2007	24.08.2007
2007-08	4208.84	505.08	18.09.2008	03.10.2008
2008-09	4208.84	505.08	09.09.2009	29.09.2009
2009-10	4208.84	631.34	24.09.2010	19.10.2010
2010-11	4629.73	231.51*	08.02.2011**	24.02.2011#

* Amount of Interim Dividend

** Date of Board Meeting

Date of Payment of Interim Dividend

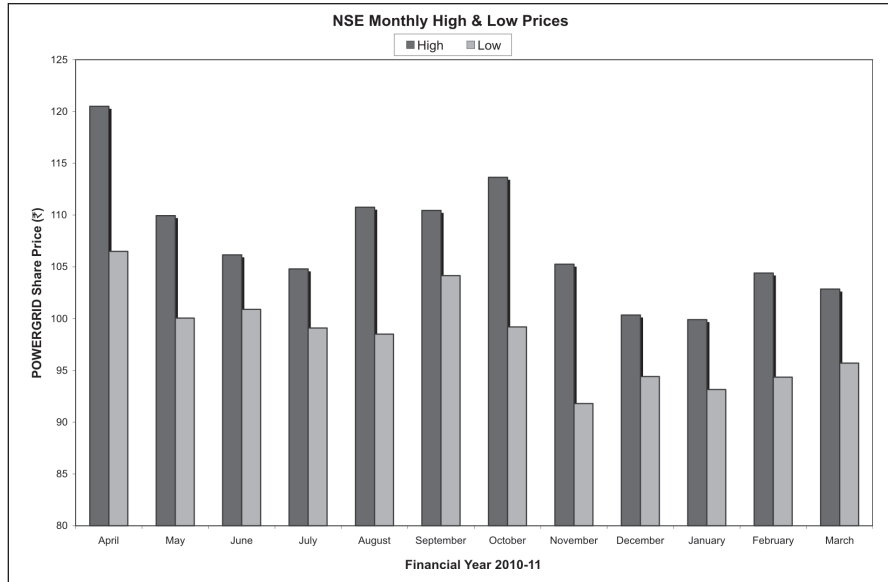
vi) Listing on Stock Exchange

POWERGRID equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Scrip Code : POWERGRID EQ	Scrip Code: 532898
Stock Code: ISIN – INE752E01010	

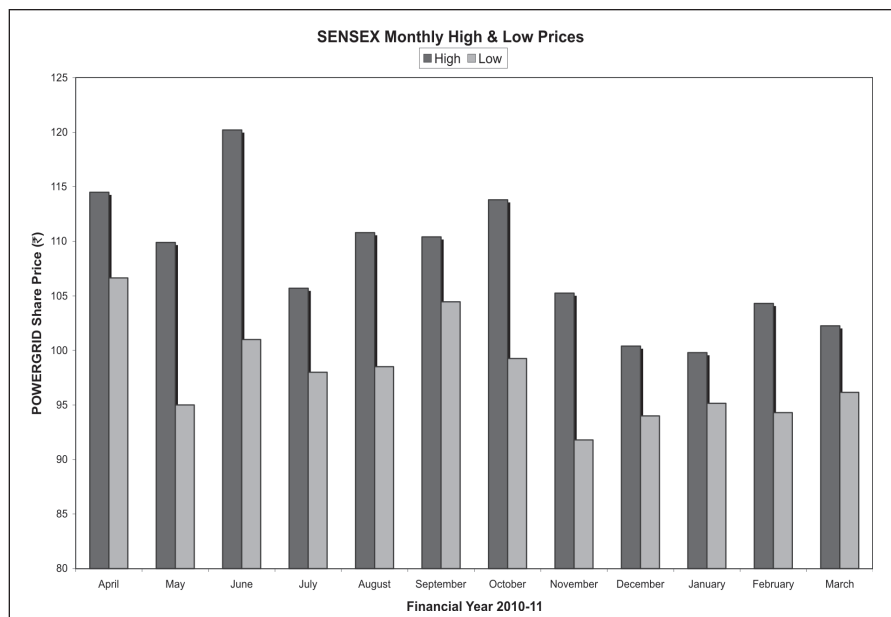
vii) Market Price Data - NSE

	High (₹)	Low (₹)
April, 2010	120.5	106.5
May, 2010	109.95	100.05
June, 2010	106.15	100.9
July, 2010	104.8	99.1
August, 2010	110.75	98.5
September, 2010	110.45	104.15
October, 2010	113.65	99.2
November, 2010	105.25	91.8
December, 2010	100.35	94.4
January, 2011	99.9	93.15
February, 2011	104.4	94.35
March, 2011	102.85	95.7

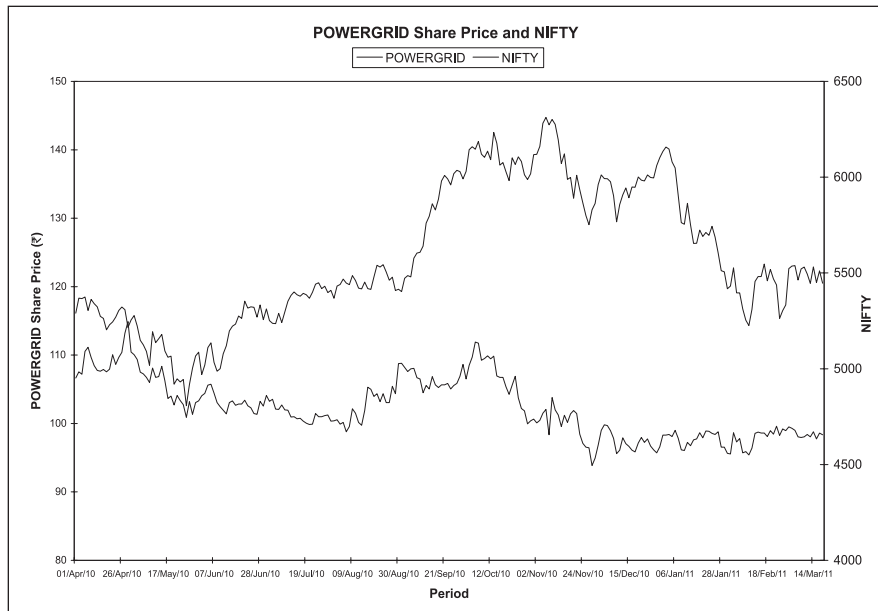
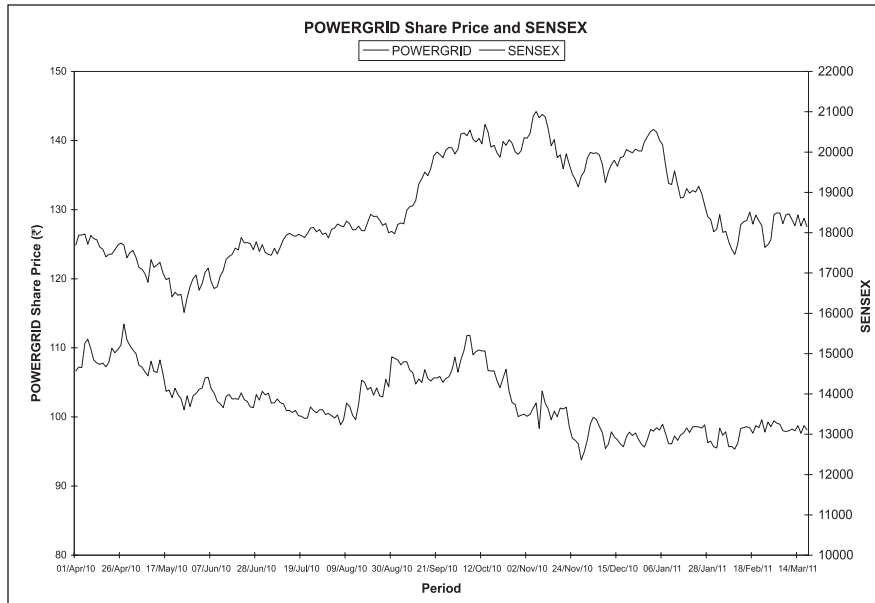


viii) Market Price Data - BSE

	High (₹)	Low (₹)
April, 2010	114.5	106.65
May, 2010	109.9	95
June, 2010	120.2	101
July, 2010	105.7	98
August, 2010	110.8	98.5
September, 2010	110.4	104.45
October, 2010	113.8	99.25
November, 2010	105.25	91.8
December, 2010	100.4	94
January, 2011	99.8	95.15
February, 2011	104.3	94.3
March, 2011	102.25	96.15



ix) Performance in comparison to indices BSE SENSEX, NSE NIFTY and POWERGRID



x) Registrar and Transfer Agents.

EQUITY SHARES

Kary Computershare Pvt. Ltd.
 Plot No.: 17 to 24, Vittalrao Nagar,
 Madhapur, Hyderabad - 500 081
 Ph: 040-2340815 to 824
 Fax:- 040-23420814
 E-mail: einward.ris@karvy.com

BONDS

MCS Limited,
 F-65, Okhla Industrial Area,
 Phase-I, New Delhi- 110 020.
 Ph: 011-41406148/49/51
 Telefax.: 011-41406148
 E-mail : admin@mcsdel.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of Transfer, etc. Share transfers are approved by Committee of the Board for Allotment and Post Allotment activities of POWERGRID's Securities.

Pursuant to clause 47-C of the Listing Agreement with Stock Exchange, certificate on half-yearly basis confirming due compliance of shares transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.

xii) Share Transfer System

Shares held by different categories of shareholders and according to the size of the holdings as on 31st March, 2011 are given below:

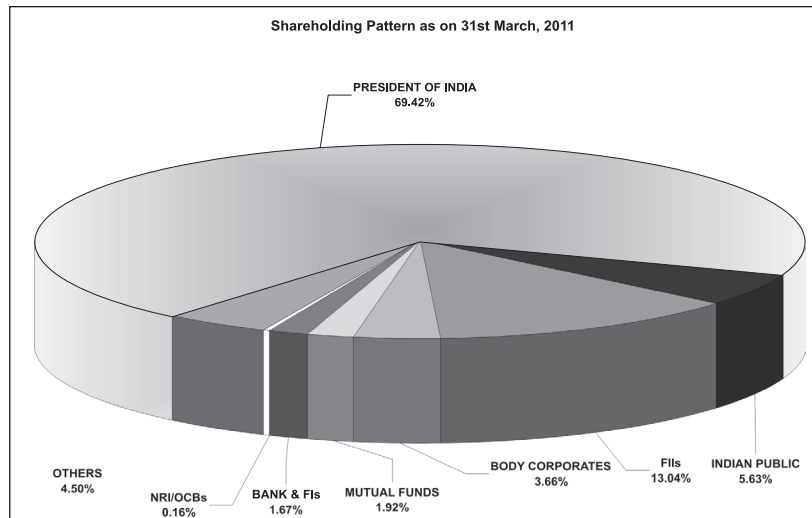
According to Size

a. Distribution of shareholding according to size, % of holding as on 31st March, 2011:

Category	Cases	% of Cases	Amount	% Amount
upto 1 - 5000	1080214	93.06	1812251740.00	3.91
5001 - 10000	59578	5.13	405715300.00	0.88
10001 - 20000	12217	1.05	175008770.00	0.38
20001 - 30000	3058	0.26	76365200.00	0.16
30001 - 40000	1352	0.12	48091580.00	0.10
40001 - 50000	1017	0.09	47145840.00	0.10
50001 - 100000	1622	0.14	116173910.00	0.25
100001 & ABOVE	1671	0.15	43616501190.00	94.22
Total:	1160729	100.00	46297253530.00	100.00

b. Shareholding pattern as on 31st March, 2011

S.No	Category	Total Shares	% To Equity
1	PRESIDENT OF INDIA	3214024212	69.42
2	PROMOTERS	0	0.00
3	INDIAN PUBLIC	260407532	5.63
4	FIs	603909711	13.04
5	BODIES CORPORATE	169655580	3.66
6	MUTUAL FUNDS	89002240	1.92
7	BANKS & FI	77520695	1.67
8	NRI/OCBs	7237835	0.16
9	Others	207967548	4.50
	Total	4629725353	100.00



c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on 31st March, 2011 are given below:

Sno	Name of the shareholder	Shares	% Equity	Category
1	PRESIDENT OF INDIA	3112754412	67.23	POI
2	EUROPACIFIC GROWTH FUND	122444336	2.64	FII
3	PRESIDENT OF INDIA	101269800	2.19	POI
4	LIFE INSURANCE CORPORATION OF INDIA	85728622	1.85	INS
5	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	69108536	1.49	LTD
6	AMERICAN FUNDS INSURANCE SERIES INTERNATIONAL FUND	49976640	1.08	FII
7	LIC OF INDIA - MARKET PLUS	48942430	1.06	INS

xiii) Dematerialization of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

No. of shares held in dematerialized and physical mode:

S.No		Number of Holders	Number of Shares	% of total capital issued
1	Physical	8710	42060	0.00
2	Held in dematerialized form in NSDL	810818	4549647366	98.27
3	Held in dematerialized form in CDSL	341201	80035927	1.73
	Total	1160729	4629725353	100.00

The name and addresses of the Depositories are as under:

- National Securities Depository Limited
Trade World, 4th Floor,
Kamala Mills Compound, Senapathi Bapat Marg,
Lower Parel, Mumbai – 400 013.
- Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street, Mumbai – 400 023.

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

xv) Location of POWERGRID Plants

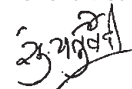
POWERGRID has no plants as it is in the business of Transmission of Power.

xvi) Address for correspondence:

Power Grid Corporation of India Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi – 110 016.

	Telephone No.	Fax No.
Registered Office	011-26560112, 26560121, 26564812, 26564892	011-26601081
Investor Services Department	0124-2571897	0124-2571897
E-mail ID	investors@powergridindia.com	
Public Spokesperson Shri V.M. Kaul, Director (Personnel)	0124-2571901-02	0124-2571903
E-mail ID	vmkaul@powergridindia.com	
Company Secretary Ms. Divya Tandon	0124-2571968	0124-2571969
E-mail ID	dtandon@powergridindia.com	

For and on behalf of the Board of Directors



(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi
Date: 04.08.2011

Non-Mandatory Requirements

1. **The Board:** The Company is headed by an executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, not exceeding a period of nine years on the Board of POWERGRID.
2. **Remuneration Committee:** POWERGRID constituted Remuneration Committee for deciding the performance related pay in terms of the DPE directive. The performance related pay of POWERGRID employees and full time Directors has been decided by the Remuneration Committee during the Financial Year 2010-11.
3. **Shareholder Rights:** The financial results for the half year ended 30th September, 2010 were published in Economics Times and Times of India dated 20th October, 2010 and also put up on website. Separate half year report has, however, not been sent to each household of shareholders. Significant events have been disclosed on the Company website: www.powergridindia.com.
4. **Audit qualifications:** The financial statement for the year 2010-11 has no audit qualifications.
5. **Training of Board Members:** A presentation on various issues were given to the Directors, including:
Sustainability Reporting in POWERGRID;
Long Term Open Access;
Telecom Business;
Other notifications issued by the CERC from time to time, etc.
6. **Whistle Blower Policy:** The Company has separate Vigilance Department which deals with fraud or suspected fraud involving employees/representatives of suppliers, contractors, consultants, service provider or any other party doing business with POWERGRID. Whistle Blower Policy has been approved by the Board of Directors and implemented in July, 2011.

ANNEXURE-VI TO THE DIRECTORS' REPORT

Certificate on Corporate Governance

To
The Members,
Power Grid Corporation of India Limited

I have examined the compliance of conditions of corporate governance by Power Grid Corporation of India Limited, for the year ended on 31st March, 2011 as stipulated in the Clause 49 of the Listing Agreement in respect of Equity Shares of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanation given to us, I certify that except the composition of the Board of Directors, particularly with regard to the original appointment and cessation of office of directors liable to retire by rotation, by the President of India instead of by the general meeting as indicated in paragraph 2.3 of Report on Corporate Governance, the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 02.08.2011


(T.V. NARAYNASWAMY)
COMPANY SECRETARY

Secretarial Audit Report

The Board of Directors Power Grid Corporation of India Limited New Delhi

We have examined the registers, records and documents of Power Grid Corporation of India Limited (hereinafter referred to as "the Company") for the financial year ended on March 31, 2011 according to the provisions of-

- The Companies Act, 1956 ("the Act") and the Rules made thereunder;
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
 - The regulations as contained in Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000 (FEMA Regulations).
1. Based on our examination and verification of the registers, records and documents produced before us and according to the information and explanations given to us by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company during the audit period covering the financial year ended on 2010-2011 has complied with the provisions of the Act and the Rules made thereunder and the Memorandum and Articles of Association of the Company, with regard to:
 - i. maintenance of various statutory registers and documents and making necessary entries therein;
 - ii. closure of the Register of Members;
 - iii. forms, returns, documents and resolutions required to be filed with the Registrar of Companies, NCT of Delhi & Haryana, Stock Exchanges and the Central Government;
 - iv. service of documents by the Company on its Members, Bond holders, Bond Trustees;
 - v. notice of the Board meetings and Committee meetings of Directors;
 - vi. the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - vii. the 21st Annual General Meeting held on September 24, 2010;
 - viii. minutes of proceedings of General Meetings (including Postal Ballot under Section 192A of the Act thereof) and of Board and its Committees;
 - ix. approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
 - x. constitution of the Board of Directors / Committee(s) of Directors and appointment, retirement of Directors;
 - xi. payment of remuneration to the Directors including the Managing Director and Whole-time Directors;
 - xii. appointment and remuneration of Auditors and Cost Auditors;
 - xiii. transfers and transmission of the Company's shares, issue and allotment of shares under public offer (FPO) and bonds and issue and delivery of original and duplicate certificates of shares and bonds;
 - xiv. payment of interest on bonds and redemption of bonds;
 - xv. declaration and payment of dividend;
 - xvi. borrowings and registration of charges;
 - xvii. investment of the Company's funds including loans and investments;
 - xviii. form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
 - xix. contracts, common seal, registered office and publication of name of the Company;
 2. We further report that:
 - i. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
 - ii. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
 - iii. The Company has obtained all necessary approvals under the various provisions of the Act, wherever applicable;
 - iv. During the period of Audit, there was no prosecution initiated against or show cause notice received by the Company, its Directors and Offices under the provisions of the Act, SEBI Act, FEMA Regulations and Listing Agreement(s).



3. We further report that :

- i. The Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
- ii. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
- iii. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
- iv. The Company has complied with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 including the provisions for issue and allotment of securities (i.e. equity shares under fast track method) as required under the Regulations.
- v. The Company has complied with the provisions of Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000.

**For SANJAY GROVER & ASSOCIATES
COMPANY SECRETARIES**

Sd/-

SANJAY GROVER

FCS No.4223

C.P No.3850

Date : June 17, 2011

Place : New Delhi

REVENUE EXPENDITURE ON SOCIAL OVERHEADS

(₹ in crore)

	For the year ended 31st March,2011	For the year ended 31st March,2010
Township		
a) Depreciation	17.14	14.00
b) Repair & Maintenance	9.67	8.88
c) Others	8.82	7.13
	35.63	30.01
Educational & School Facilities	22.68	19.15
Medical Facilities	63.51	41.22
Subsidised Transport	1.98	1.89
Social & Cultural Activities	16.01	11.18
Corporate Social Responsibility (CSR) activities	15.58	4.29
Total	155.39	107.74
Less: Recoveries	4.64	3.39
Net	150.75	104.35

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with generally accepted accounting principles and applicable Accounting Standards in India.

2. RESERVES AND SURPLUS

2.1 Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except valve halls of HVDC Bi-pole, HVDC equipments, SVC substations and series compensators) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.

2.2 LDC Development fund shall be created in respect of charges collected on account of return on equity, interest on loan, depreciation and other income of the Regional Load Despatch Centre and National Load Despatch Centre such as registration fee, application fee, short-term open access charges etc. The fund shall be utilized for loan repayment, servicing the capital raised in the form of interest and dividend payment, meeting stipulated equity portion in asset creation and margin money for raising loan from the financial institutions and funding R&D projects.

2.3 In accordance with the scheme of earmarking 1% of net profits of the preceding financial year towards Corporate Social Responsibility (CSR), unutilized money during an year shall be credited to CSR reserves. Any expenditure above 1% of the preceding year shall be adjusted against such reserve.

3. GRANTS-IN-AID

3.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

3.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the profit and loss account over the useful period of life and in proportion to which depreciation on these assets is provided.

4. FIXED ASSETS

4.1 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.

4.2 In the case of commissioned assets, deposit works/cost-plus contracts where final settlement of bills with contractors is yet to be affected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.

4.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/assessments.

4.4 Transmission system assets are considered 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

4.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

4.6 Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.

4.7 Insurance spares, other than mentioned in 4.9 below, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the residual useful life of the related plant & machinery.

4.8 Mandatory spares, other than mentioned in 4.9 below, in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard.

4.9 Items of Insurance / Mandatory spares, covered under 4.7 & 4.8 above, are charged to revenue, if the year of purchase and consumption is same.

5. CAPITAL WORK IN PROGRESS (CWIP)

5.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till capitalization.

5.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

5.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 5.2 above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule .

- 5.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.
- 5.5 Unsettled liability for price variation/ exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.
- 6. INTANGIBLE ASSETS**
- 6.1 The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for use.
- 6.2 Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized over the useful life of related assets.
- 7. CONSTRUCTION STORES**
- 7.1 Construction stores are valued at cost.
- 8. BORROWING COST**
- 8.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.
- 8.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.
- 8.3 Foreign exchange rate variation (FERV) (Unfavorable) on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is treated as borrowing cost.
- 9. TRANSACTIONS IN FOREIGN CURRENCY**
- 9.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates of exchange ruling on the date of the Balance Sheet.
- 9.2 FERV (except the amount considered as 'borrowing cost' under para 8.3 above) arising on transactions contracted prior to April 1, 2004 is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets. For the transactions contracted on or after April 1, 2004, the same is charged to profit & loss account irrespective of whether the project is under construction or operation.
- 9.3 FERV (excluding FERV during construction period for the transaction contracted on or after 1st April, 2004), accounted for as per policy no 8.3 & 9.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central Electricity Regulatory Commission (CERC) norms w.e.f 1st April, 2004 or Date of Commercial Operation (DOCO) which ever is later.
- The above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:
- FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognized as income/expense in profit and loss account in the same proportion in which FERV is apportioned between carrying cost of fixed assets and profit and loss account.
 - FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'
 - FERV recoverable/payable adjusted in profit and loss referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'
 - 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
 - The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding credit/debit to the debtors.
- 9.4 FERV upto the date of commercial operation in respect of transactions contracted on or after 1st April, 2004, is included in the capital cost for the purpose of tariff. Such FERV and transmission charges received thereon are accounted for as under:
- Such FERV is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'.
 - Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c'.
 - Balance 10% is adjusted against the transmission charges over the tenure of respective loan.
- 9.5 FERV in respect of current assets is taken to Profit & Loss a/c.

10. INVESTMENTS

- 10.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- 10.2 Long term investments are carried at cost less provisions, if any, for permanent diminution in the value of such investments.

11. INVENTORIES

- 11.1. Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value.
- 11.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
- 11.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
- 11.4 Surplus materials, as determined by the management, are held for intended use and are included in the inventory.

12. DEFERRED REVENUE EXPENDITURE

- 12.1 Deferred revenue expenditure created up to March 31, 2003 (prior to the date AS-26 became mandatory) are amortized over a period of 5 years from the year of commercial operation/earning of revenue.
- 12.2 Expenditure, except the cost of equipment capitalized, incurred for activating the last mile connectivity of major telecom links are amortized over the period of agreement with the customer.

13. REVENUE RECOGNITION

- 13.1.1 Transmission Income is accounted for based on tariff orders notified by CERC. In case of transmission projects where tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. In such cases, the shortage/excess, if any, is adjusted based on issuance of final notification of tariff orders by CERC. Transmission Income in respect of additional capital expenditure after the date of commercial operation is accounted based on actual expenditure incurred on year to year basis.
- 13.1.2. Income from short term open access is accounted for on the basis of regulations notified by CERC.
- 13.1.3. The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional power committees and in accordance with the norms notified / approved by CERC.

13.1.4. ADVANCE AGAINST DEPRECIATION

- 13.1.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.
- 13.1.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after 12 years from the end of the financial year in which the asset was commissioned, to the extent of difference between charge of depreciation and recovery of depreciation as tariff component.
- 13.1.5 Surcharge recoverable from debtors and liquidated damages / warranty claims / interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.
- 13.1.6 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 13.1.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 13.1.8 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:
 - a. 10% on issue of Notice Inviting Tender for execution
 - b. 5% on Award of Contracts for execution
 - c. Balance 85% on the basis of actual progress of work including supplies
- 13.1.9 Application Fees received on account of LTOA Charges is accounted for as and when received in accordance with CERC Guidelines.
- 13.2.1 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 13.2.2 Dividend income including interim dividend is recognized in the year of declaration.

14. LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 14.1 State sector unified load dispatch centre (ULDC) assets leased to the SEBs are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under Loans & Advances. Wherever grant in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.
- 14.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levelled tariff notified/to be notified by CERC.
- 14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenor of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

15. DEPRECIATION

15.1.1 Depreciation is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation is charged at the rates mentioned below:

a) Computers & Peripherals	30%
b) Mobile Phones	33.33%
c) Software	33.33%

15.1.2 ULDC assets other than assets transferred to Power System Operation Corporation Limited are depreciated @ 6.67% per annum as determined by CERC for levelized tariff.

15.1.3 Depreciation on assets transferred to Power System Operation Corporation Limited is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of RLDC Fee and Charges.

15.1.4 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

15.1.5 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

15.1.6 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.

15.1.7 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing ₹5000/- or less, or where the written down value is ₹5000/- or less as at the beginning of the year, are charged off to revenue.

15.1.8 Assets costing upto ₹5,000/- are fully depreciated in the year of acquisition.

15.2.1 Leasehold Land, other than acquired on perpetual lease, is depreciated over the tenure of the lease or 25 years whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.

15.2.2 In the case of assets of National Thermal Power Corporation Limited (NTPC), National Hydro-Electric Power Corporation Limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

16. EXPENDITURE

16.1 Pre-paid/prior-period items up to ₹1,00,000/- are accounted for to natural heads of account.

16.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.

16.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred.

17. IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-à-vis recoverable amount thereof and impairment loss, if any, is recognised in the profit & loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

18. EMPLOYEE BENEFITS

18.1 The liability for retirement benefits of employees in respect of Gratuity, which is ascertained annually on actuarial valuation at the year end, is provided and funded separately.

18.2 The liabilities for compensated absence (both for Earned & Half Pay Leave), leave encashment, post retirement medical benefits & Settlement Allowance to employees are ascertained annually on actuarial valuation at the year end and provided for.

19. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the schedule of contingent liability on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.



Balance Sheet As At 31st March, 2011

(₹ in crore)

	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	01	4629.73	4208.84
Reserves and Surplus	02	<u>16737.27</u>	<u>11733.06</u>
		21367.00	15941.90
Deferred Revenue			
Advance Against Depreciation (AAD)	03	2176.07	2213.63
Grants in Aid	04	<u>171.31</u>	<u>198.82</u>
		2347.38	2412.45
Loan Funds			
Secured Loans	05A	36325.07	31345.78
Unsecured Loans	05B	<u>4557.70</u>	<u>3071.01</u>
		40882.77	34416.79
Deferred Tax liability(Net)			
Less: Recoverable		<u>5135.98</u>	<u>4686.53</u>
		<u>3989.24</u>	<u>3983.02</u>
		1146.74	703.51
TOTAL		<u>65743.89</u>	<u>53474.65</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	06	50351.78	43202.28
Less: Depreciation		<u>13127.80</u>	<u>11141.02</u>
Net Block		<u>37223.98</u>	<u>32061.26</u>
Capital Work-in-Progress	07	12963.68	10242.37
Construction Stores and Advances	08	<u>13660.91</u>	<u>10179.81</u>
		63848.57	52483.44
Investments			
	09		1365.05
Current Assets, Loans & Advances			
Inventories	10	381.51	344.90
Sundry Debtors	11	3162.09	2214.86
Cash and Bank Balances	12	3680.06	3277.64
Other Current Assets	13	499.49	487.52
Loans and Advances	14	<u>2793.98</u>	<u>3302.40</u>
		10517.13	9627.32
Less: Current Liabilities & Provisions			
Current Liabilities	15	7113.81	7634.60
Provisions	16	<u>2875.46</u>	<u>2458.29</u>
		<u>9989.27</u>	<u>10092.89</u>
Net Current Assets		527.86	-465.57
Miscellaneous Expenditure (to the extent not written off or adjusted)	17	2.41	3.56
TOTAL		<u>65743.89</u>	<u>53474.65</u>
Contingent Liabilities	18	4555.08	6467.69
Notes on accounts	28		

Schedules 1 to 28 and Accounting Policies form an integral part of Accounts

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(R.T.Agarwal)
Executive Director (Finance)

(V.M. Kaul)
Director (Personnel)

(S. K. Chaturvedi)
Chairman & Managing Director

As per our report of even date

For A.R. & Co.
Chartered Accountants
Firm Regn No.002744C
(Prabuddha Gupta)
Partner
Membership No.400189

For S R I Associates
Chartered Accountants
Firm Regn No.305109E
(I. Pasha)
Partner
Membership No.013280

For Umamaheswara Rao & Co.
Chartered Accountants
Firm Regn No. 004453S
(A. Siva Prasad)
Partner
Membership No.213675

Place : New Delhi.
Dated : 24th May, 2011.

Profit and Loss Account for the year ended 31st March, 2011

(₹ in crore)

	Schedule No.	For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Revenue from Operations	19	8388.70	7127.45
Provisions written back	20	40.22	0.21
Other Income	21	670.88	375.92
TOTAL		9099.80	7503.58
EXPENDITURE			
Employees' Remuneration & Benefits	22	745.89	726.70
Transmission Administration and Other Expenses	23	585.65	507.43
Depreciation	06	2199.39	1979.69
Provisions	24	3.98	22.15
Interest and Finance Charges	25	1733.93	1543.24
Deferred Revenue Expenditure written Off		1.86	1.78
TOTAL		5270.70	4780.99
Profit for the year before tax and Prior period Adjustments		3829.10	2722.59
Less: Prior Period Expenditure/(Income) (Net)	26	4.37	96.27
Profit Before Tax		3824.73	2626.32
Less: Provision for Taxation			
-Current Year		680.02	430.34
-Earlier Years		4.59	-8.43
		684.61	421.91
Fringe Benefit Tax			
-Current Year		-	-
-Earlier Years		-	-1.50
			-1.50
Profit after Current Tax		3140.12	2205.91
Less: Provision for Deferred Tax- Total Deferred tax Liability		449.45	225.02
Less: Recoverable from beneficiaries for arrears of earlier years		6.22	60.05
		443.23	164.97
Profit after Tax		2696.89	2040.94
Add: Balance of Profit brought forward		24.33	46.92
Add: Bond Redemption Reserve Written Back		255.81	166.19
Add: Withdrawal from STOA Reserve		141.25	81.97
Total Amount Available for Appropriation		3118.28	2336.02
Appropriation			
Interim Dividend Paid		231.51	210.46
Corporate Dividend Tax Paid		38.45	35.77
Proposed Final Dividend		578.72	420.88
Provision for Corporate Dividend Tax		93.88	69.90
Transfer to Self Insurance Reserve		42.53	37.75
Transfer to Bonds Redemption Reserve		780.77	630.13
Transfer to STOA Reserve		141.25	81.97
Transfer to LDC development Reserve		15.16	16.44
Transfer to CSR Activities Reserve		4.83	8.39
Transfer to General Reserve		1150.00	800.00
Balance of Profit carried over to Balance Sheet		41.18	24.33
		3118.28	2336.02
Earning per Share-Basic & Diluted [In ₹ per share]		6.19	4.85
Face value of ₹10/- each			
Incidental Expenditure During Construction	27		
Notes on Accounts	28		
Schedules 1 to 28 and Accounting Policies form an integral part of Accounts			

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(R.T.Agarwal)
Executive Director (Finance)

(V.M.Kaul)
Director (Personnel)

(S. K. Chaturvedi)
Chairman & Managing Director

As per our report of even date

For A.R. & Co.
Chartered Accountants
Firm Regn No.002744C

(Prabuddha Gupta)
Partner
Membership No.400189

For S R I Associates
Chartered Accountants
Firm Regn No.305109E

(I. Pasha)
Partner
Membership No.013280

For Umamaheswara Rao & Co.
Chartered Accountants
Firm Regn No. 004453S

(A. Siva Prasad)
Partner
Membership No.213675

Place : New Delhi.
Dated : 24th May, 2011.

Schedule 01 - Share Capital

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
AUTHORISED		
10,00,00,00,000 (Previous year 10,00,00,00,000) equity shares of ₹10/- each	10000.00	10000.00
ISSUED SUBSCRIBED AND PAID-UP		
4,62,97,25,353 (Previous Year 4,20,88,41,230) equity shares of ₹10/- each fully paid up. Of the above 1,81,25,29,500 (Previous Year 1,81,25,29,500) equity Shares have been allotted as fully paid up pursuant to Govt. of India notification without payment being received in cash.	4629.73	4208.84
TOTAL	4629.73	4208.84

Schedule 02 - Reserves and Surplus

Description	(₹ in crore)			
	As at 1st April, 2010	Additions During the year	Deductions/Adjustments During the year	As at 31st March, 2011
Share Premium	1583.14	3300.29	8.28	4875.15
Self Insurance Reserve				
Through Appropriation of Profit	165.00	42.53	-	207.53
Through Charge to Profit & Loss account	68.41	-	2.21	66.20
STOA Reserve	-	141.25	141.25	-
LDC development Fund	16.44	23.48	39.92	-
CSR Activities Reserve	8.39	4.83	-	13.22
Bonds Redemption Reserve	2043.08	780.77	255.81	2568.04
General Reserve	7824.27	1150.00	8.32	8965.95
	11708.73	5443.15	455.79	16696.09
Balance in Profit & Loss Account	24.33			41.18
TOTAL	11733.06			16737.27

Schedule 03 - Advance Against Depreciation (Deferred Revenue)

Description	(₹ in crore)			
	As at 1st April, 2010	Additions During the Year	Reversals/ Adjustments during the year	As at 31st March, 2011
Advance Against Depreciation	2213.63	0.96	38.52	2176.07
TOTAL	2213.63	0.96	38.52	2176.07
Previous Year	2159.59	62.97	8.93	2213.63

Schedule 04 - Grants in Aid (Deferred Revenue)

Description	(₹ in crore)			
	As at 1st April, 2010	Additions During the year	Deductions/ Adjustments During the year	As at 31st March,2011
Grants in aid	198.82		27.51*	171.31
	198.82		27.51	171.31
Previous Year	225.35		26.53	198.82

* Includes ₹5.06 Crore transferred to POSOCO and ₹2.19 crore in Schedule 26

Schedule 05A- Secured loans

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
LOANS THROUGH BONDS		
BONDS VI SERIES		
13% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1000/-each redeemable at par in 10(ten) equal annual installments w.e.f 6th December, 2002. Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Gandhar Stage-I Transmission System.	10.00	20.00
BONDS VIII SERIES		
10.35% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1000/-each redeemable at par in 10(Ten) equal annual instalments w.e.f. 27th April, 2005. Secured by floating charge over the Fixed Assets of the Corporation.	8.00	10.00
BONDS IX SERIES		
12.25% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1,00,000/- each redeemable at par in 10(Ten) equal annual instalments w.e.f. 22nd August, 2003. Secured by way of Registered Bond Trust Deed on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and Sub-stations of parts of NJTL system.	115.30	172.95
BONDS X SERIES		
10.90% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹12 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 21.06.2004. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-I, Farakka & Chamera Transmission system.	317.30	380.76
BONDS XI SERIES		
9.80% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹3 crore each consisting of 12 STRPPs of ₹25 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 07-12-2005. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta, Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahabad, LILO of Singrauli-Kanpur and Allahabad Sub-station.	271.50	316.75
BONDS XII SERIES		
9.70% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 28.03.2006. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System.	92.25	107.62



Schedule 05A- Secured loans (contd...)

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
BONDS XIII SERIES		
8.63% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 31.07.2006.	472.50	540.00
Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System.		
BONDS XIV SERIES		
6.10% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of ₹1.5 crore each consisting of 12 STRPP's of ₹12.50 Lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f. 17.07.2004.	291.25	349.50
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the Company.		
BONDS XV SERIES		
6.68% Taxable, Secured, Non-Cumulative, Non-convertible Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 23.02.2008.	600.00	675.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XVI SERIES		
7.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.00 crore each consisting of 10 STRPP's of ₹10.00 lakh each redeemable at par in 10 (Ten) equal annual installments w.e.f. 18.02.2009.	525.00	600.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XVII SERIES		
7.39% Taxable, Secured, Redeemable, Non-convertible, Non-cumulative Bonds of ₹1.00 Crore each consisting of 10 STRPP's of ₹10.00 lakh each redeemable at par in 10(ten) equal annual installments w.e.f 22.09.2009.	800.00	900.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XVIII SERIES		
8.15% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 09.03.2010.	832.50	915.75

Schedule 05A- Secured loans (contd...)

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XIX SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 24.07.2010.	453.75	495.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XX SERIES		
8.93% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.09.2010.	1375.00	1500.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXI SERIES		
8.73% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (Twelve) equal annual installments w.e.f. 11.10.2010.	467.50	510.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXII SERIES		
8.68% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.12.2010.	632.50	690.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXIII SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 09.02.2011.	281.87	307.50
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		

Schedule 05A- Secured loans (contd...)

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
BONDS XXIV SERIES		
9.95% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 26.03.2011.	732.88	799.50
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXV SERIES		
10.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 12.06.2011.	1065.00	1065.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXVI SERIES		
9.30% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.03.2012.	999.00	999.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXVII SERIES		
9.47% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 31.03.2012.	705.00	705.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXVIII SERIES		
9.33% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 15.12.2012	2400.00	2400.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXIX SERIES		
9.20% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 12.03.2013.	1297.50	1297.50

Schedule 05A- Secured loans (contd...)

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXX SERIES		
8.80% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 29.09.2013.	2332.50	2332.50
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXXI SERIES		
8.90% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 25.02.2014.	2047.50	2047.50
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXXII SERIES		
8.84% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 29.03.2014.	1035.00	1035.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXXIII SERIES		
8.64% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 08.07.2014.	2880.00	-
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXXIV SERIES		
8.84% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 21.10.2014.	3487.50	-
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
	26528.10	21171.83

Schedule 05A- Secured loans (contd...)

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
Term Loans from Banks/ Financial Institutions		
Secured by a floating charge on the fixed assets of the Company		
Indian Overseas Bank	20.00	30.00
Corporation Bank	25.00	35.00
Punjab National Bank-Loan-I	40.00	60.00
Punjab National Bank-Loan-II	125.00	150.00
Oriental Bank of Commerce	104.17	125.00
Life Insurance Corporation of India-II	300.88	365.78
Life Insurance Corporation of India-III	<u>23.07</u>	<u>29.66</u>
	638.12	795.44
ICICI Bank Ltd.		
Secured by first pari passu charge over the assets of the Company	30.00	45.00
Bank of India, Cayman Islands		
Secured by a Floating charge on the immovable properties of the company	285.66	312.48
Loan from Asian Development Bank , Philippines (Guaranteed by Govt. of India)		
ADB-I	418.44	504.78
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-II	925.69	987.16
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-III	1630.02	1591.40
Secured by pari passu interest in the liens created on the assets as security for the debts.		
	<u>2974.15</u>	<u>3083.34</u>
Loan from International Bank for Reconstruction and Development, USA (Guaranteed by Govt. of India)		
PSDP I	292.97	372.31
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyaachal and Rihand Transmission system.		
PSDP-II	1577.59	1696.96
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-III	1792.02	1759.58
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-IV	2206.46	2108.84
Secured by pari passu interest in the liens created on the assets as security for the debts.		
	<u>5869.04</u>	<u>5937.69</u>
	9796.97	10173.95
Total Secured Loans	36325.07	31345.78
Due for repayment/redemption within one year	1940.93	1593.19

Schedule 05B- Unsecured Loans

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Loans in Indian Currency		
Short Term Loans from Banks		
Bank of Baroda	500.00	950.00
HDFC Bank Ltd.	400.00	300.00
Union Bank of India	<u>550.00</u>	
	1450.00	<u>1250.00</u>
Term Loans		
Power Finance Corporation Limited	<u>15.00</u>	<u>25.00</u>
	1465.00	1275.00
Loans in Foreign Currency		
From Foreign Banks & Financial Institutions		
Loans Guaranteed by Govt of India		
a. Natixis Banque (Formerly Credit National), France	112.56	115.30
b. Japan International Cooperation Agency (Formerly Japan Bank for International Cooperation), Japan	159.81	151.73
c. European Investment Bank, Luxembourg	<u>55.77</u>	69.59
	328.14	<u>336.62</u>
To be secured		
(Pending creation of security by way of pari passu interest in the liens created on the assets as security for the debts)		
a) ADB-IV	692.01	115.38
b) ADB-V	155.66	11.78
c) PSDP-IV (Addl.)	1208.51	747.00
d) PSDP-V	<u>253.60</u>	<u>54.81</u>
	2309.78	<u>928.97</u>
Others		
Kreditanstalt fur Wiederaufbau, Germany	340.82	413.71
Skandinaviska Enskilda Banken AB(publ), Sweden	<u>113.96</u>	<u>116.71</u>
	454.78	<u>530.42</u>
	<u>3092.70</u>	<u>1796.01</u>
	3092.70	1796.01
Total Unsecured Loans	4557.70	3071.01
Due for repayment/redemption within one year	1650.63	1427.20



Schedule 06 - Fixed Assets

(₹ in crore)

Description	Gross Block			Depreciation				Net Block		
	As at 1st April, 2010	Additions during the year	Adjustments during the year	As at 31st March, 2011	As at 1st April, 2010	Additions during the Year	Adjustments during the year	As at 31st March, 2011	As at 31st March, 2010	
Land										
a) Freehold	442.33	288.40	(13.01)	743.74	-	-	-	-	743.74	442.33
b) Leasehold	94.23	6.14	(1.70)	102.07	5.96	3.77	(2.34)	12.07	90.00	88.27
Buildings										
a) Sub-Stations & Office	432.18	20.44	10.38	442.24	117.78	15.75	1.57	131.96	310.28	314.40
b) Township	360.41	26.00	(0.84)	387.25	59.98	11.87	0.21	71.64	315.61	300.43
Temporary Erection	7.91	0.69	0.10	8.50	7.09	0.69	(0.72)	8.50		0.82
Roads & Bridges	112.73	4.81	(0.34)	117.88	19.45	7.02	0.02	26.45	91.43	93.28
Water Supply	65.35	6.12	(0.04)	71.51	14.93	2.79	-	17.72	53.79	50.42
Drainage & Sewerage										
Plant & Machinery										
a) Transmission Lines	26702.79	4481.20	(9.34)	31193.33	5738.18	1405.32	14.24	7129.26	24064.07	20964.61
b) Substation	12708.64	2374.46	(23.61)	15106.71	4365.98	610.92	9.20	4967.70	10139.01	8342.66
c) ULDC	718.96	3.26	243.16	479.06	315.70	53.95	185.93	183.72	295.34	403.26
d) Telecom links	918.28	72.12	(12.63)	1003.03	300.33	57.97	(0.29)	358.59	644.44	617.95
Constn.and	75.42	12.08	(0.05)	87.55	16.79	3.93	0.01	20.71	66.84	58.63
Workshop equipment										
Electrical Installation	66.74	4.90	(0.76)	72.40	25.73	3.11	-	28.84	43.56	41.01
Vehicles	4.71	0.02	0.07	4.66	2.19	0.26	0.06	2.39	2.27	2.52
Furniture Fixtures & Office equipment	122.87	11.33	8.89	125.31	49.02	12.15	3.07	58.10	67.21	73.85
EDP/WP Machines	63.00	6.23	5.84	63.39	47.03	5.70	4.03	48.70	14.69	15.97
Miscellaneous Assets/ Equipments	66.84	2.96	(0.08)	69.88	37.91	2.46	0.26	40.11	29.77	28.93
Capital Exp. on Assets not owned by the Company	16.19	0.11	7.87	8.43	12.60	0.02	4.19	8.43	-	3.59
Intangible Assets										
Afforestation Charges	231.90	38.01	(2.39)	272.30	12.00	7.36	0.05	19.31	252.99	219.90
Softwares	1.77	1.24	-	3.01	1.12	1.19	-	2.31	0.70	0.65
Grand Total	43213.25	7360.52	211.52	50362.25	11149.77	2206.23	219.49	13136.51	37225.74	32063.48
Less: Provisions for assets discarded				<u>10.47</u>				<u>8.71</u>	<u>1.76</u>	
				50351.78				13127.80	37223.98	
Previous Year	40326.14	3418.15	531.04	43213.25	9196.58	1986.10	32.91	11149.77	32063.48	
Less: Provisions for assets discarded				<u>10.97</u>				<u>8.75</u>	<u>2.22</u>	
				43202.28				11141.02	32061.26	
Depreciation (Addition during the year)						2206.23			1986.10	
Less: Transferred to Incidental Expenditure During Construction (Schedule 27-C)						8.33			4.94	
						2197.90			1981.16	
Add: Depreciation amortised due to FERV adjustment						1.49			(1.47)	
Charged to Profit & Loss Account						2199.39			1979.69	

Schedule 07 - Capital Work In Progress

Description	(₹ in crore)				
	As at 1st April, 2010	Additions during the year	Adjustments during the year	Capitalised during the year	As at 31st March, 2011
Land					
Development of land	34.22	32.38	11.84	1.71	53.05
Buildings					
a) Sub-Stations & Office	36.84	42.21	1.15	18.08	59.82
b) Township	54.01	28.31	0.37	23.86	58.09
Temporary erection	0.57	(0.19)	0.12	0.10	0.16
Roads & Bridges	8.37	7.38	0.07	4.69	10.99
Water Supply Drainage and Sewerage	6.42	3.68	0.22	4.07	5.81
Plant & Machinery (including associated civil works)					
a) Transmission Lines	6560.92	6988.71	(41.68)	4475.77	9115.54
b) Sub-Station	2149.30	1905.64	17.92	2353.98	1683.04
c) ULDC	5.73	3.17	0.50	3.17	5.23
d) Telecom links	72.29	29.47	44.74	38.13	18.89
Furniture, Fixtures & Other office equipment	6.73	1.33	4.08	1.00	2.98
Electrical installations	12.26	5.40		3.53	14.13
Survey, Investigation, Consultancy & Supervision Charges	52.36	7.42	7.93	3.22	48.63
Difference in Exchange on foreign Loans	(0.02)	11.26	15.00	(3.74)	(0.02)
Capital expenditure on assets not owned by Company	1.08	(0.03)	1.05	-	-
Incidental Expenditure during Construction	1191.92	1269.71	673.34	-	1788.29
Intangible Assets					
Afforestation Charges	52.07	84.96	-	37.98	99.05
TOTAL	10245.07	10420.81	736.65	6965.55	12963.68
Previous Year	6536.13	6807.27	329.55	2768.78	10245.07
Less: Provisions for assets discarded					<u>2.70</u>
					<u>10242.37</u>

Schedule 08 - Construction Stores and Advances

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Construction Stores {Including Material in transit/pending issue to contractors and with contractors of ₹10720.53 crore (Previous Year ₹ 7405.42 crore)}		
Towers	2627.20	2267.63
Conductors	3450.79	3001.93
Other Line Materials	1183.07	743.04
Sub-Station Equipments	3411.46	1093.12
HVDC Equipments	50.11	264.89
ULDC Materials	19.78	0.89
Telecom Materials	0.40	2.76
Steel	0.54	0.56
Others	5.91	58.63
	<u>10749.26</u>	<u>7433.45</u>
Less: Provision for Shortages and obsolete material	0.01	0.01
	10749.25	7433.44
Advances for Capital Expenditure		
Secured		
Considered Good	1.07	1.43
Unsecured		
Considered Good		
a. Against Bank guarantees	2422.94	2543.42
b. Others	487.65	201.52
Considered Doubtful	1.18	1.91
	<u>2911.77</u>	<u>2746.85</u>
Less: Provision for Bad & Doubtful Advances	1.18	1.91
	<u>2910.59</u>	<u>2744.94</u>
	2911.66	2746.37
	13660.91	10179.81

Schedule 09 - Investments

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
LONG TERM		
A. TRADE INVESTMENTS		
I. Govt. Securities (Unquoted):-		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :		
Andhra Pradesh	90.26	108.31
Arunachal Pradesh	2.61	3.13
Assam	83.90	100.68
Bihar	81.07	97.28
Gujarat	35.02	42.03
Haryana	40.25	48.30
Himachal Pradesh	1.42	1.70
Jammu & Kashmir	80.99	97.18
Kerala	12.06	14.47
Madhya Pradesh	52.03	62.44
Maharashtra	6.74	8.08
Manipur	15.85	19.02
Meghalaya	0.22	0.26
Mizoram	0.01	0.01
Nagaland	6.97	8.36
Punjab	23.47	28.16
Rajasthan	4.36	6.54
Sikkim	5.63	6.76
Tripura	0.45	0.55
Uttar Pradesh	230.73	276.88
Uttaranchal	25.63	30.76
West Bengal	40.24	48.29
Jharkhand	55.75	66.91
	895.66	1076.10
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017, Interest payable semi-annually, redeemable w.e.f. 30.11.2007	15.00	17.31
15 years 8.5% J&K Govt. Bonds 2018, Interest payable semi-annually, redeemable w.e.f. 31.03.2008	18.81	21.50
	33.81	38.81
II. Equity Shares-Fully Paid up :-		
Quoted		
PTC India Ltd		
120,00,006(Previous year 120,00,006) Shares of ₹10/- each fully paid up.		
{Market Value ₹100.08 crore @ 83.40 (NSE) per share(Previous year ₹134.46 crore @ 112.05 (NSE) per share)}	12.00	12.00

Schedule 09 - Investments (Contd.)

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Unquoted		
Subsidiary Company		
Byrnihat Transmission Co. Ltd.		
NIL (Previous year 50,000) Equity shares of ₹10/- each fully paid up.	-	0.05
Less: Provision for diminution	-	0.01
	-	0.04
Power System Operation Corporation Ltd.		
3,06,40,000(Previous year 50,000) Equity shares of ₹10 each fully paid up	30.64	0.05
Joint Venture Companies		
Torrent Power Grid Ltd.		
234,00,000 (Previous year 234,00,000) Equity Shares of ₹10/- each fully paid up.	23.40	23.40
Powergrid IL &FS Transmission Pvt. Ltd		
NIL (Previous year 25,000) Equity shares of ₹10/- each fully paid up.		0.03
Less: Provision for diminution		0.03
Jaypee Powergrid Ltd.		
6,50,00,000 (Previous year 4,55,00,000)Equity Shares of ₹10/- each fully paid up.	65.00	45.50
Parbati Koldam Transmission Company Ltd.		
2,14,83,800 (Previous year 33,93,000) Equity shares of ₹10/- each fully paid up.	21.49	3.39
Teestavalley Power Transmission Limited		
2,03,33,000 (Previous Year 13,000) Equity shares of ₹10/- each fully paid up.	20.33	0.01
Powerlinks Transmission Ltd		
22,93,20,000 (Previous year 22,93,20,000) Equity shares of ₹10/- each fully paid up	229.32	229.32
North East Transmission Company Ltd.		
3,01,52,453 (Previous year 23,10,10,000) Equity shares of ₹10/- each fully paid up	30.15	23.10
Energy Efficiency Services Ltd		
6,25,000 (Previous year 6,25,000) Equity shares of ₹10/- each fully paid up	0.62	0.62
National High Power Test Laboratory Ltd.		
26,25,000 (Previous year 8,75,000) Equity shares of ₹10/- each fully paid up	2.63	0.88
	423.58	326.31
TOTAL (A)	435.58	338.31
B. Non-trade investments (Unquoted)		
500 Fully paid up shares of ₹10/- each in Employees Co-op Society Limited Itarsi (₹5000/-)		
500 Fully paid up shares of ₹10/- each in EmployeesCo-op Society Limited Nagpur (₹5000/-)		
500 Fully paid up shares of ₹10/- each in Employees Co-op Society Limited Jabalpur (₹5000/-)		
TOTAL (B)		
GRAND TOTAL (A+B)	1365.05	1453.22

Note : 22,93,19,997 shares (Previous year 22,93,19,997) of Powerlinks Transmission Ltd. held by the Company have been pledged as continuous security with consortium of financial institutions against financial assistance obtained by Powerlinks Transmission Ltd.

Schedule 10 - Inventories

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
(Valuation as per Accounting policy No.11)		
Components, Spares & other spare parts		
i) Transmission Inventory		
Towers	96.34	88.42
Conductors	22.03	22.52
Other Line Materials	70.53	54.40
ii) Sub-Station Equipments/Spares	91.89	79.73
iii) HVDC Equipments/spares	41.13	40.70
iv) ULDC Spares	2.69	2.90
v) Telecom Spares	11.50	11.02
vi) Other Stores	42.55	43.55
Consumable stores	2.41	1.00
Loose tools	0.70	0.82
	<u>381.77</u>	<u>345.06</u>
Less Provision for Shortages	0.26	0.16
TOTAL	<u>381.51</u>	<u>344.90</u>

Schedule 11 - Sundry Debtors

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Debts Outstanding for a period exceeding Six Months		
Considered Good	1.91	1.26
Considered Doubtful	78.05	113.89
	<u>79.96</u>	<u>115.15</u>
Other Debts		
Considered Good	3160.18	2213.60
	<u>3240.14</u>	<u>2328.75</u>
Less: Provision for bad & doubtful debts	78.05*	113.89*
TOTAL	<u>3162.09</u>	<u>2214.86</u>

* includes provision of ₹57.79 crore in respect of amount receivable from DESU.

Schedule 12 - Cash and Bank Balances

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Cash, Stamps and Imprest	0.04	0.09
Drafts/Cheques in Hand	1.43	25.58
Remittance in transit		9.35
Balances with scheduled banks-		
-In Current Accounts/Flexi deposit Account	1557.42*	3242.62*
{Including ₹1399.22 crore (Previous year ₹2929.66 crore) lying in designated accounts meant for specific disbursement}		
-In Term Deposits	2121.17	-
TOTAL	<u>3680.06</u>	<u>3277.64</u>

*Includes ₹4.31 crore (Previous year ₹2.96 crore) on account of unclaimed Dividend

Schedule 13 - Other Current Assets

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Interest accrued on:		
Investments (Bonds)	43.55	51.39
Term/Fixed deposits	65.10	21.81
	108.65	73.20
Deferred Income/Expenditure from Foreign Currency Fluctuation (Net)	11.59	56.37
Deferred Foreign Currency Fluctuation Asset/Liability(Net)	328.97	346.80
Others	50.28	20.77
	499.49	497.14
Less: Provisions for Doubtful FERV recoverable	-	9.62
TOTAL	499.49	487.52

Schedule 14 - Loans and Advances

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
a) Loans to		
-Employees [Including interest on employee loan of ₹56.77 crore(Previous year ₹60.31crore)]	136.87	126.06
-Long Term Advances(Under securitisation scheme)	84.84	107.98
-Others	0.89	0.14
	222.60	234.18
b) Lease Receivables(State sector ULDC)	591.60	655.07
c) Advances		
Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers (Including Material issued on loan)	6.76	5.99
Employees	54.70	131.79
Claims recoverable	19.73	12.57
Others	199.25	1135.06
Purchase consideration-Loans recoverable	40.31	
	320.75	1285.41
Less: Provision for bad and doubtful Advances and Claims	9.23	10.72
	311.52	1274.69
Balance with Customs, Port Trust and other authorities	52.83	37.24
Advance Tax & TDS	1615.43	1101.22
	1979.78	2413.15
TOTAL	2793.98	3302.40
Particulars of Loans and Advances		
Secured	73.81	60.61
Unsecured Considered Good	2720.17	3241.79
Considered doubtful	9.23	10.72
	2803.21	3313.12
Less: Provision for Bad & Doubtful Claims	9.23	10.72
TOTAL	2793.98	3302.40
Due from Directors & Officers of the company		
Directors	0.07	0.09
Officers	15.89	24.47
Directors Maximum Amount	0.10	0.15
Officers Maximum Amount	20.84	29.50

Schedule 15 - Current Liabilities

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Sundry Creditors		
For capital expenditure	1640.13	888.12
Other goods and services	196.65	172.50
	1836.78	1060.62
Advance from Customers	2227.34	1886.80
Deposits Retention money from contractors and others.	1950.37	1357.02
Less: Investments held as security	2.05	0.48
	4175.66	3243.34
Investor Education and Protection Fund		
Un-paid (Un-claimed) matured bonds*	0.07	0.06
Unclaimed Dividend *	4.31	2.96
Other Liabilities	179.66	2690.55
Interest Accrued But Not Due On Loans From		
Indian Banks, Financial Institutions & Corporations	21.06	25.92
Foreign Banks & Financial Institutions	30.09	31.29
Secured/Unsecured redeemable Bonds	866.18	579.86
	917.33	637.07
Total	7113.81	7634.60

* No amount is due for payment to Investor Education and Protection Fund

Schedule 16 -Provisions

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Taxation (Including interest on Tax)		
As per last balance sheet	1148.04	1025.32
Additions during the year	680.02	433.66
Amount adjusted during the year	246.08	310.94
	1581.98	1148.04
Employee Benefits		
As per last balance sheet	311.57	308.39
Additions during the year	152.48	40.15
Amounts utilised/paid during the year	119.23	36.97
	344.82	311.57
Transmission incentive, special incentive & PRP		
As per last balance sheet	148.69	81.30
Addition during the year	132.79	78.08
Amount paid/adjusted during the year	90.77	10.69
	190.71	148.69
Provision for Retirement benefit/Wage revision		
As per last balance sheet	342.93	422.53
Additions during the year		169.81
Amounts utilised/paid during the year	278.69	249.41
	64.24	342.93
Proposed Final Dividend		
As per last balance sheet	420.88	294.62
Additions during the year	578.72	420.88
Amounts paid during the year	420.88	294.62
	578.72	420.88
Downtime Service Credit-Telecom		
As per last balance sheet	1.77	-
Additions during the year	0.69	-
	2.46	-
Guarantee Fee to GOI		
As per last balance sheet	16.28	7.59
Additions during the year	2.37	8.69
	18.65	16.28
Dividend Tax		
As per last balance sheet	69.90	50.07
Additions during the year	93.88	69.90
Amounts paid during the year	69.90	50.07
	93.88	69.90
TOTAL	2875.46	2458.29

Schedule 17 - Miscellaneous Expenditure (To the extent not written off or adjusted)

Description	(₹ in crore)			
	As at 1st April, 2010	Additions/ Adjustments during the year	Deductions during the year	As at 31st March, 2011
Deferred Revenue Expenditure	3.56	0.71	1.86	2.41
TOTAL	3.56	0.71	1.86	2.41
Previous Year	5.50	-0.16	1.78	3.56

Schedule 18 - Contingent Liabilities

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Claims against the Company not acknowledged as debt in respect of		
Arbitration / Court Cases	2245.45	1828.09
Land / Crop/Tree Compensation cases	917.03	503.42
Service Tax	-	1099.62
Others	52.92	167.69
Disputed Tax Demands-Income Tax	5.97	4.36
Disputed Tax Demands-Service Tax	-	66.48
Disputed Tax Demands-Others	96.60	123.84
Continuity Bonds with Custom Authorities	1183.82	969.92
Others-Service Tax	-	1656.93
Others	53.29	47.34
Total	4555.08	6467.69

Schedule 19 - Revenue from Operations

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Revenue from Transmission Charges (Refer Note No.14 and 15 of Schedule 28)	7653.08	6630.42
Less: Advance Against Depreciation	0.96	62.97
	7652.12	6567.45
Add: Revenue Recognised out of AAD	38.52	8.93
	7690.64	6576.38
	7690.64	6576.38
Income from Short Term Open Access Consultancy, Project Management and Supervision Fees	211.51	124.18
Revenue from Telecom	299.35	269.17
NLD	172.99	157.69
IP-1	16.84	6.66
ISP	1.06	1.83
	190.89	166.18
Less: Inter Divisional Transfer (Telecom)		
NLD	3.56	3.10
IP-1	-	5.16
ISP	0.13	0.20
	3.69	8.46
TOTAL	8388.70	7127.45

Schedule 20 - Provisions written Back

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Doubtful debts-FBT	34.46	-
Capital work in Progress	2.70	-
Others	3.06	0.21
TOTAL	40.22	0.21

Schedule 21 - Other Income

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Dividend on Trade Investments	74.82	24.37
Interest From		
Govt. Securities		
8.5% Tax Free Bonds	87.64	102.97
Taxable Bonds	3.46	3.93
Loan to State Govt. in settlement of dues from Customers	8.20	9.51
Indian Banks [TDS ₹13.21 crore (Previous year ₹12.46 crore)]	190.63	64.66
Interest From advances to Contractors	75.28	90.68
Interest on differential between provisional and Final Tariff by CERC	118.68	19.69
Others	5.26	4.16
	489.15	295.60
Profit on sale of fixed assets	0.13	1.13
Deferred Income (Transferred from Grants-in-aid)	20.26	26.53
Short Term Open Access-Other Charges	12.99	25.19
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	2.21	0.34
Lease Income-State Sector ULDC	74.02	56.45
Surcharge	6.07	7.95
FERV gain	77.96	475.99
Less: Payable to beneficiaries	-0.71	471.30
	78.67	4.69
Miscellaneous income	75.83	54.50
	834.15	496.75
Less: Income transferred to incidental expenditure during construction-Sch 27(E)	163.27	120.83
TOTAL	670.88	375.92

Schedule 22 - Employees' Remuneration & Benefits

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Salaries, wages, allowances & benefits	807.72	783.23
Contribution to provident and other funds	149.22	81.14
Welfare expenses	86.01	94.89
	1042.95	959.26
Less: Transferred to Incidental Expenditure during Construction-Schedule 27(A)	297.06	232.56
TOTAL	745.89	726.70

Schedule 23 - Transmission, Administration and Other Expenses

(₹ in crore)

Description		For the year ended 31st March, 2011	For the year ended 31st March, 2010
Repair & Maintenance			
Buildings		17.70	20.05
Plant & Machinery			
Sub Station	106.81		94.60
Transmission lines	33.96		36.47
Construction equipment	0.02		0.02
Others	29.86		29.44
		170.65	160.53
System & Market Operation charges		7.79	
Power charges	71.58		65.18
Less: Recovery from contractors	0.62		0.80
		70.96	64.38
Expenses of Diesel Generating sets		3.42	2.84
Stores & spares consumed		0.03	0.03
Water charges		1.25	1.05
Right of Way charges(Telecom)		3.94	4.18
		275.74	253.06
Training & Recruitment expenses	22.30		18.40
Less: Fees for training and application	1.08		0.88
		21.22	17.52
Legal expenses		3.85	4.83
Professional charges		12.21	11.55
Consultancy expenses		0.87	0.68
Communication expenses		11.23	11.36
Travelling & Conveyance Expenses	68.22		63.14
Foreign travel	7.80		6.11
		76.02	69.25
Tender expenses	11.14		8.44
Less: Sale of tenders	3.21		2.01
		7.93	6.43
Remuneration to auditors (Including service Tax)			
Audit Fees	0.36*		0.24
Tax Audit Fees	0.11*		0.07
Quarterly review Fees as per SEBI	0.27*		0.18
Annual review fees as per DOT	0.06*		0.07*
In Other Capacity	0.22*		0.21
Lodging,boarding & travelling expenses	0.57		0.68
Reimbursement of service Tax	0.09		0.08
* Including arrears of ealier year		1.68	1.53

Schedule 23 - Transmission, Administration and Other Expenses (Contd...)

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Advertisement and publicity	12.61	9.83
Printing and stationery	5.97	6.37
Books, Periodicals and Journals	0.53	1.76
EDP hire and other charges	2.47	2.30
Entertainment expenses	1.60	1.56
Brokerage & Commission	0.20	0.18
Research & Development expenses	0.47	0.02
Cost Audit Fees	0.22	0.19
Rent	6.61	6.04
Miscellaneous expenses	27.42	16.43
Horticulture Expenses	4.75	4.19
Security Expenses	55.07	48.38
Hiring of Vehicle	49.88	40.58
Insurance	16.95	11.00
Rates and taxes	20.38	20.24
Bandwidth charges, Dark fibre lease charges (Telecom) etc	9.74	8.01
Expenditure on Corporate Social Responsibility	15.58	4.29
Bad debts/Advances W/f	2.38	-
Non operating expenses	0.26	0.26
Transit Accomodation Expenses	4.18	3.30
Less : Recovery for usage	0.51	0.49
	3.67	2.81
	371.77	307.59
	647.51	560.65
Less: Transferred to Incidental Expenditure during Construction-Sch. 27(B)	68.97	58.18
	578.54	502.47
Loss on Disposal/Write off of Fixed Assets	7.11	4.96
TOTAL	585.65	507.43
Stores & spares consumption included in repair and maintenance	39.34	44.74

Schedule 24 - Provisions

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Doubtful FERV recoverable	-	9.62
GOI Guarantee Fee	2.37	8.69
Others	1.61	3.84
TOTAL	3.98	22.15

Schedule 25- Interest and Finance Charges

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Interest on Loan from		
Indian Banks, Financial Institutions & Corporations	137.06	153.56
Foreign Banks and Financial Institutions	140.09	189.53
Secured/Unsecured redeemable Bonds	2168.40	1560.75
Interest on Land/tree Compensation	-	3.25
Interest u/s 234B & C	-	3.32
Others	15.42	23.41
	2460.97	1933.82
Add: FERV as adjustment to borrowing cost	74.46	3.22
Less: Transferred to Incidental Expenditure during Construction-FERV	0.27	1.05
	74.19	2.17
	2535.16	1935.99
Finance Charges		
Rebate to Customers	102.78	77.68
Commitment charges	4.53	6.92
Guarantee fee	120.34	109.76
Other finance charges	28.26	21.70
	255.91	216.06
	2791.07	2152.05
Less: Transferred to Incidental Expenditure during Construction-Schedule 27 (D)	1057.14	608.81
TOTAL	1733.93	1543.24

Schedule 26 - Prior Period Expenditure/(Income) (Net)

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Income		
Revenue from Telecom	-	0.27
Depreciation written back	1.25	1.10
FERV gain	-	0.93
Grant in aid	2.19	-
Others	4.79	4.20
	8.23	6.50
Expenditure		
Power charges	0.02	0.17
Rates and taxes	0.57	0.46
Depreciation	1.12	0.14
Depreciation amortised due to FERV	3.27	-
Telecom Revenue written back	-	0.05
Others	8.83	104.69
	13.81	105.51
Prior period expenditure/(income) (Net)	5.58	99.01
Less: Transferred to Incidental Expenditure during Construction -Schedule 27	1.21	2.74
TOTAL	4.37	96.27

Schedule 27 Incidental Expenditure During Construction

(₹ in crore)

Description		For the year ended 31st March, 2011	For the year ended 31st March, 2010
A. Employees Remuneration & Benefits			
Salaries, wages, allowances and benefits		238.47	195.03
Contribution to provident and other funds		38.13	18.10
Welfare expenses		20.46	19.43
Total(A)		297.06	232.56
B. Other Expenses			
Repairs and Maintenance			
Buildings	1.93		3.08
Others	<u>1.04</u>		<u>1.17</u>
		2.97	4.25
Power charges	3.03		3.83
Less: Recovered from contractors	<u>0.37</u>		<u>0.44</u>
		2.66	3.39
Expenses of Diesel Generating sets		0.35	0.31
Water charges		0.27	0.20
Legal expenses		1.11	0.42
Professional charges		1.76	1.22
Consultancy expenses		0.31	0.19
Communication expenses		2.90	2.97
Travelling & Conv.exp. (Including Foreign Travel)		21.62	19.91
Tender expenses	6.42		4.48
Less: Income from sale of tenders	<u>3.16</u>		<u>1.91</u>
		3.26	2.57
Payment to Auditors		0.51	0.44
Advertisement and Publicity		0.59	1.37
Printing and stationery		0.44	0.35
EDP hire and other charges		0.09	0.06
Entertainment expenses		0.15	0.10
Brokerage and commission		0.04	0.02
Rent		2.06	1.70
Miscellaneous expenses		5.90	3.19
Horticulture Expenses		0.24	0.27
Security Expenses		5.78	4.30
Hiring of Vehicles		14.75	10.44
Insurance		0.11	0.10
Rates and taxes		0.45	0.15
Bandwidth, Dark fibre, lease charges etc			0.02
Transit Accomodation Expenses	0.67		0.26
Less : Recovery for usage	<u>0.02</u>		<u>0.02</u>
		<u>0.65</u>	0.24
Total(B)		68.97	58.18
Prior Period adjustment (net)		1.21	2.74
Total(B1) (including prior period)		70.18	60.92

Schedule 27 Incidental Expenditure During Construction (Contd...)

(₹ in crore)

Description	For the year ended 31st March, 2011	For the year ended 31st March, 2010
C. Depreciation	8.33	4.94
D. Interest and Finance Charges		
Interest on Loans from		
Foreign Banks and Financial Institutions	22.29	43.97
Secured/Unsecured Redeemable Bonds	994.77	498.40
Add/Less: FERV as adjustment to borrowing cost	0.27	1.05
	1017.33	543.42
Finance Charges		
Commitment charges	3.68	5.73
Guarantee fee	35.51	43.88
Other Finance Charges	0.89	16.83
	40.08	66.44
Total (D)	1057.41	609.86
E. Less: Other Income		
Interest from		
Indian banks	59.05	25.08
Interest From advances to Contractors	75.14	89.97
Others	1.04	0.58
Sub-Total	135.23	115.63
Miscellaneous income	27.85	5.01
Hire charges	0.19	0.19
Total (E)	163.27	120.83
GRAND TOTAL (A+B1+C+D-E)	1269.71	787.45

SCHEDULE 28 : NOTES ON ACCOUNTS

1.
 - a) The company owns 5377 hectare (Previous Year 4703 hectare) of land amounting to ₹845.81 crore (Previous Year ₹536.56 crore) which has been classified into freehold and leasehold based on available documentation.
 - b) The company's land in the State of Jammu & Kashmir amounting to ₹22.91 crore (Previous Year ₹19.89 crore) and in certain other cases (value not ascertainable), the conveyancing of title to the freehold land and execution/registration of lease agreements in favour of the company is pending for completion of legal formalities.
 - c) Freehold land includes ₹33.71 crore (previous year ₹33.71 crore) in respect of land acquired for residential complex at Gurgaon for which conveyance deed in favour of the Company is yet to be executed.
 - d) Leasehold land includes ₹7.64 crore (previous year ₹7.64 crore) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence no depreciation is charged.
2. Township buildings includes ₹7.27 crore (previous year ₹7.27 crore) for 28 flats at Mumbai, for which registration in favour of the company is pending.
3. Plant and machinery under substation in fixed assets (Schedule No 6) includes company's share of ₹3.80 crore (previous year ₹3.80 crore) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.
4. Cash equivalent of deemed export benefits availed of ₹209.99 crore in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP. Thereafter, World Bank had financed both the ESI project and STP as originally envisaged and they became eligible for deemed export benefits. Consequently, the company lodged claims with the Customs and Excise Authorities.
During the year, company recovered deemed export benefits to the extent of ₹0.78 crore (Previous year ₹1.49 crore) and de-capitalized in respective assets. The cumulative amount received and de-capitalized upto 31st March 2011 is ₹12.12 crore (Previous year ₹11.34 crore). The company continued to show the balance of ₹197.87 crore as at 31st March 2011 (Previous year ₹198.65 crore) in capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.
5. Pending reconciliation, materials amounting to ₹34.68 crore (previous year ₹106.33 crore) (included under Construction Stores – schedule 8) in commissioned lines is shown as construction stores lying with contractors.
6. The transmission systems situated in Jammu and Kashmir have been taken over by the Company w.e.f. 1st April, 1993 from National Hydroelectric Power Corporation Ltd. (NHPC) upon mutually agreed terms, pending completion of legal formalities.
7. Hon'ble High Court of Karnataka has declared the Karnataka Special Tax on Entry of Certain Goods Act, 2004 as illegal and directed the concerned authority to refund the amount of Entry Tax collected since inception of the Act. The government of Karnataka has filed a writ petition before divisional bench of Hon'ble Karnataka High Court which has stayed the refund of Entry Tax collected by it. The Company capitalised ₹13.62 crore paid towards entry tax in earlier years. The same will be decapitalised upon final resolution of the issue.
8.
 - a) Balances in Loans and Advances, material with contractors, Sundry Creditors, Advances from customers and Sundry Debtors are subject to confirmation and consequential adjustments, if any.
 - b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
9. During the year, 400 KV Koldam -Nalagarh (D/C QUAD conductor) line along with 400 KV Line Bays at Nalagarh end have become ready for intended use of evacuation of power from Koldam Hydro Electric Project of National Thermal Power Corporation (NTPC) from 01.04.2010. Accordingly the asset was capitalized in accordance with the Accounting Policy No. 4.4 of the Company and net revenue expenditure of ₹22.07 crore (including Depreciation of ₹9.66 crore) has been charged to Profit and loss Account.
The generation unit of Koldam HEP is yet to be commissioned. Clause 3 (12) (c) of the CERC (Terms and Conditions of Tariff) Regulations 2009 applicable for the block period 2009-14 provides for approval of the Date of Commercial Operation (DOCO), prior to the element coming into regular service for evacuation of power. A petition has been filed by the Company before CERC for approval of DOCO w.e.f. 01/04/2010 and the corresponding transmission charges. Pending approval of DOCO and the transmission charges of the asset by CERC no revenue has been recognized during the year.
10. Cash and Bank Balances include ₹38.41 crore (previous year ₹34.53 crore) on account of tax deducted at source on perquisites to employees as per the provisions of the Income Tax Act, 1961, which was deposited in a separate bank account as per Orders of the Hon'ble Calcutta High Court.

NOTES ON ACCOUNTS (Contd...)

11. Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts".

(₹ in crore)

Particulars		Year ended 31.03.2011	Year ended 31.03.2010
i)	The amount of revenue recognised on cost plus consultancy contract works	212.03	204.95
ii)	The methods used to determine the contract revenue recognised in the period: 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii)	Cumulative amount of costs incurred on construction contracts	9510.18	7128.44
iv)	Cumulative amount of advance received from customers	11078.81	8505.61
v)	Amount of retention money with customers	49.58	41.76
vi)	Gross amount due from customers for contract works as an asset	15.38	14.53
vii)	Gross amount due to customers for contract works as a liability	1845.65	1084.25

12. a) The company has been providing for depreciation at the rates notified for the purpose of recovery of tariff, by CERC. MOP has issued tariff policy which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting.
- In accordance with the Tariff Policy, CERC has notified norms for the block period 2009-14 which provides for specified depreciation rates in first 12 years and thereafter amortisation of residual value over the residual life. Accordingly, depreciation on the transmission assets for the year has been provided as per rates and methodology notified under CERC Regulations.
- b) Depreciation charge for the year is lower by ₹64.82 crore (previous year ₹50.69 crore) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956.
13. Effects due to changes in accounting policies during the year
- a) In view of an opinion of the expert advisory committee (EAC) of the Institute of Chartered Accountants of India, capital expenditure on assets not owned by the company, which was hitherto amortized over a period of four years, is now charged off to revenue as and when incurred. The unamortized balance as on 01/04/2010 under Fixed Assets and CWIP Schedule has been written off as prior period expenditure. This has resulted in decrease in profit by ₹3.56 crore (including prior period impact of ₹4.22 crore) with corresponding decrease in CWIP/Fixed Asset. The matter has been referred to EAC for reconsideration.
- b) Leasehold land, which was hitherto depreciated over the tenure of the lease, is now depreciated in 25 years or tenure of the lease whichever is less in accordance with the rate and methodology specified in CERC (Terms & Conditions of Tariff) Regulations, 2009 with retrospective effect from 01/04/2009. This has resulted in decrease in profit by ₹5.21 Crore (including prior period impact of ₹2.10 Crore).
- c) Liabilities for price variation/ exchange rate variation in case of contracts which were hitherto accounted for on acceptance/receipt of claims are now being accounted for on estimated basis as per terms of the contracts. The above change has resulted in increase in liability by ₹191.26 Crore with corresponding increase in CWIP/Fixed Assets. The above has also resulted in decrease in Profit by ₹10.49 crore.
- d) Liquidated damages / warranty claims which were hitherto being accounted for on receipt / certainty of receipt, are now recognized when no significant uncertainty as to measurability and collectability exists. The above has resulted in Decrease in liability by ₹59.70 crore with corresponding decrease in CWIP/Fixed Assets. The above has also resulted in decrease in Profit by ₹2.98 Crore.
- e) CERC Tariff Regulations 2009 for block period 2009-14 provide that tariff for additional capital expenditure incurred after the date of commercial operation shall be allowed based on the projected expenditure. In view of the above, Transmission income in respect of additional capitalization, which was hitherto accounted for on the basis of specific order by the CERC, is now being accounted for on accrual basis based on actual expenditure incurred from year to year after date of commercial operation. This has resulted in increase in transmission income amounting to ₹57.17 crore (including ₹17.47 crore for financial year 2009-10).
- f) The expenditure on Corporate Social Responsibility (CSR) which was, hitherto, incurred / appropriated out of profit to the extent of 0.75% of net profit of the preceding financial year, is now being incurred / appropriated to the extent of 1.00% of such profit. This has resulted in additional expenditure/appropriation of ₹5.10 crore for the year.
- g) Surcharge, which was, hitherto, accounted for on receipt / certainty of receipt, is now being accounted for when no

NOTES ON ACCOUNTS (Contd...)

significant uncertainty as to measurability and collectability exists. The above change has resulted in increase in profit due to accounting of additional surcharge of ₹5.14 crore for the year.

14. In accordance with the CERC Tariff Regulations, 2009

- The Company has billed and recognized transmission income as per tariff orders issued by CERC applicable for the block period 2009-14.
- Where tariff has not been approved under block period 2009-14, in respect of assets commissioned upto 31.03.2009, the Company has billed transmission charges as approved by CERC for the block period 2004-09 as applicable as on 31.03.2009 and recognized revenue as per norms for the block period 2009-14.
- Where tariff has not been approved by CERC under block period 2009-14 in respect of assets commissioned after 01/04/2009, the Company has recognized revenue of ₹1207.39 crore based on Tariff Norms 2009-14 and the same is yet to be billed pending issuance of tariff orders by CERC for which petitions have been filed by the Company. However, CERC has amended the regulation 5 of the principal regulations vide its notification dated 02.05.2011 to the effect that Commission may consider in its discretion to grant provisional tariff upto 95% of the annual fixed cost of the project claimed in the application subject to adjustment after the final tariff order has been issued.
- Pending certification of monthly transmission system availability by the Regional Power Committee (RPC) of some of the regions, transmission incentive of ₹16.14 Crore has been recognized provisionally based on latest month's availability.
- Transmission income of ₹172.79 crore (previous year ₹180.77 crore) has been recognised as income of the year, on issuance of final tariff orders by CERC in respect of provisional recognition of revenue in earlier years.
- The Company has allowed rebate against payment received through LC / cheques / RTGS for effecting better and timely recovery of dues from State Power Utilities on consistent basis.
- The Sundry Debtors - Other Debts in schedule - 11 includes an amount of ₹2152.71 crore (previous year ₹1582.32 Crore) on account of unbilled revenue in view of recognition of revenue as per CERC Tariff Norms applicable for 2009-14.

15. Following the CERC order dated 03/08/2010, wherein the staff of the Commission was directed to prepare and submit draft amendment to the tax rate as per the Finance Act for the relevant year, various formalities for amending regulations including issue of draft amendments inviting comments from the stake holders and holding of public hearing in this respect has been completed but the final amendment is yet to be notified by CERC. Pending notification of the amendments by CERC, Return on Equity (ROE) component of transmission charges amounting to ₹241.52 crore for the year has been recognized by grossing up the ROE using the applicable MAT rate of 19.9305% applicable for the year as against MAT rate of 11.33% applicable for the F.Y. 2008-09 (on the basis of which billing is being made).

Revenue of ₹132.47crore pertaining to F.Y. 2009-10 on account of above using the applicable MAT rate of 16.995% applicable for the year as against MAT rate of 11.33% applicable for the F.Y. 2008-09 (on the basis of which billing is being made). has also been recognised during the year.

The total amount on account of above of ₹373.99 crore is yet to be billed by the Company

16. a) As per order of Ministry of Power, GOI, the moveable assets of RLDCs (System Operation Segment) have been transferred to Power System Operation Corporation Limited (POSOCO) a wholly owned subsidiary w.e.f. 01/10/2010. The purchase consideration has been worked out and settled as per details given below :-

Depreciated Value of moveable assets (Net block)	:	₹	75.95	crore
CWIP and Construction Stores & Advances	:	₹	00.60	crore
Net Current Assets	:	₹	25.13	crore
Total	:	₹	101.68	crore
Less : Grant in Aid	₹	5.06	crore	
LDC Development Fund	₹	25.72	crore	:
Net Amount receivable	:	₹	70.90	crore

POSOCO has issued 3,05,90,000 fully paid equity shares of face value of ₹10/- each (Rupees ten only) amounting to ₹30.59 crore in favour of the Company and taken over loan liabilities of ₹40.31 crore towards Purchase Consideration.

- Loans and Advances includes ₹49.04 Crore (including interest of ₹0.34 Crore charged on estimated bases) advanced to POSOCO for day to day operations pending realisation of dues by POSOCO.

17. During the year company made Follow on Public Offer (FPO) and allotted 420,884,123 fresh equity shares of face value of ₹10 each at a premium of ₹80 each (₹75.50 each for retail investors) and further allotted 420,884,123 equity shares of ₹10 each for a consideration of ₹90 each (₹85.50 each to retail investors) being disinvestment on behalf of President

NOTES ON ACCOUNTS (Contd...)

of India on 23rd November 2010. The company received ₹3721.17 crore through fresh issue of shares including share premium of ₹3300.29 crore and sale proceeds of equity of Government of India amounting to ₹3721.17 crore which was paid to Government of India. Out of the proceeds, a sum of ₹1600 crore has been utilized during the year for part financing of capital expenditure on the projects specified for utilization and the balance amount has been invested as per the investment policy of the company.

Issue expenses of ₹8.28 crore (Net after adjustment of Government of India share of Issue expenses of ₹7.64 crore) has been adjusted against Share Premium account (Schedule -2).

18. a) (i) FERV loss (to the extent not exceeding the difference between the Interest on foreign currency borrowings and local currency borrowings) has been adjusted to borrowing cost amounting to ₹74.19 crore (net of ₹0.27 crore FERV loss for the construction projects) {previous year FERV loss of ₹2.17 crore (net of ₹1.05 crore FERV loss for the construction projects)} towards loan liabilities attributable to fixed assets.
- (ii) FERV Loss of ₹15.71 crore (previous year FERV gain ₹704.85 crore) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.
- (iii) FERV Gain of ₹77.96 crore (previous year FERV gain of ₹475.54 crore) has been recognized in the profit and loss Account in respect of loans contracted on or after 1st April, 2004 in terms of provisions of AS-11 (revised 2003)
- b) Other Income for the year include an amount of ₹0.07 crore being the FERV gain on Current Assets (previous year FERV gain of ₹0.34 crore).
19. FERV Loss of ₹0.71 crore (previous year FERV gain ₹471.30 crore) has been shown as FERV Recoverable and ₹(1.49) crore has been shown as depreciation amortisation (previous year ₹1.47 crore depreciation amortisation) as per Accounting Policy No.9.3 and 9.4.
20. Accounting of FERV as stated in note nos. 18 and 19 above, has resulted in increase in profit for the year by ₹4.48 crore (previous year increase in profit by ₹3.54 crore).
21. Other Income includes ₹20.26 crore (previous year ₹26.53 crore) being the amount transferred from Grants- in- Aid received in respect of Chandrapur HVDC, NER ULDC (for six months ended on 30.09.2010) and Salakati as per Accounting Policy No. 3.1.
22. The company is following AS-15 (revised 2005) 'Employee Benefits'.

Defined employee benefit schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to profit and loss a/c. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. The fair value of the assets of the provident fund including the return on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan.

B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹10 lacs. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis. The additional Gratuity liability provision under wage revision as on 31.03.2010 on enhanced limit from ₹3.5 lacs to ₹10 lacs on account of pay revision due for Supervisors and Workmen amounting to ₹54.88 crore was reversed. After revision of the limit from ₹3.5 lacs to ₹10 lacs during the FY 2010-11, the impact on valuation due to enhanced limit for Supervisors and Workmen is ₹78.32 crore.

C. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

D. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

The summarised position of various defined benefits recognized in the Profit and Loss Account, Balance Sheet and the funded status are as under:-

NOTES ON ACCOUNTS (Contd...)

a) Expenses recognised in profit and loss account

(₹ in crore)

	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	16.14	12.46	4.64	3.13	0.54	0.49
Interest cost on benefit obligation	19.78	12.05	6.79	5.38	0.83	0.65
Expected return on plan assets	-21.02	-13.75	-	-	-	-
Net actuarial (gain)/loss recognized in the year	78.29	-12.94	32.40	5.88	-0.18	1.21
Expenses recognized in the profit and loss a/c.	93.20	81.46	43.83	14.39	1.35	2.33

b) Weighted average rate of return on plan assets during the year is 8.79% (previous year 8.73%)

c) The amount recognized in the Balance Sheet

(₹ in crore)

	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 31/03/2011(i)	338.74	247.25	125.16	84.86	11.29	10.42
Fair value of plan assets as at 31/03/2011 (ii)	293.99	226.79	-	-	-	-
Difference (ii) – (i)	-44.75	-20.46	-125.16	- 84.86	-11.29	-10.42
Net asset (liability) recognized in the Balance Sheet	-44.75	-20.46	-125.16	- 84.86	-11.29	-10.42

d) Changes in the present value of the defined benefit obligations:

(₹ in crore)

	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01/04/2010	247.25	160.71	84.86	71.71	10.42	8.65
Interest cost	19.78	12.05	6.79	5.37	0.83	0.65
Current Service Cost	16.14	96.10	4.64	3.13	0.54	0.49
Benefits paid	-25.55	-9.47	-3.53	-1.24	-0.49	-0.58
Net actuarial (gain)/loss on obligation	81.11	-12.14	32.40	5.89	-0.018	1.21
Present value of the defined benefit obligation as at 31/03/2011	*338.74	247.25	125.16	84.86	11.29	10.42
Less : Liabilities transferred from Powergrid books to POSOCO books for employees transferred on Secondment basis to POSOCO.	-	-	-7.17	-	-0.65	-
Net Present value of the defined benefit obligation as at 31/03/2011 in Powergrid Books	-	-	117.99	-	10.64	-

* The Gratuity scheme is funded by the company and is managed by a separate trust. The present value of the defined benefits obligation as on 31.03.2011 includes the amount of ₹20.47 Crore on account of employees transferred on Secondment basis to POSOCO.

e) Changes in the fair value of plan assets:

(₹ in crore)

Particulars	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2010	247.25	161.71
Expected return on plan assets	21.02	13.75
Contribution by employer	48.45	60.00
Benefits paid	-25.55	-9.47
Actuarial gain/(loss)	2.82	-0.80
Fair value of plan assets as at 31/03/2011	293.99	226.79

f) During the year the company has provided liability towards contribution to the Gratuity Trust of ₹93.84 crore (Previous Year ₹81.23 crore) out of which 2.70 Crore is recoverable from POSOCO, PRMF of ₹37.99 crore (Previous Year ₹13.15 crore) and to ODRB of ₹0.82 crore (Previous Year ₹1.76 crore). Consequent upon settlement of wage revision of workmen & Supervisors, provision of ₹60.22 crore, has been reversed by crediting salary after retaining provision made in the earlier years ₹67.52 crore towards superannuation benefits as per DPE guidelines. The scheme of superannuation benefits is yet to be finalised.

NOTES ON ACCOUNTS (Contd...)

E. Other Employee Benefits

Provision for Leave encashment amounting to ₹16.52 crore (Previous Year ₹4.00 crore) for the year has been made on the basis of actuarial valuation at the year end and charged to Profit and Loss Account.

F. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2011 are as follows:-

(₹ in crore)

	Year	(At Purchase Value)	
		Current Year	Previous Year
i)	State Government Securities	39.38	28.40
ii)	Central Government Securities	55.53	45.29
iii)	Corporate Bonds/Debentures	203.50	158.76
iv)	RBI Special Deposit	5.13	5.13
	Total:-	303.54	237.58

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected unit credit (PUC)
- Discount rate: 8% (Previous Year 7.5%)
- Expected rate of return on assets (Gratuity only): 8.50 % (Previous Year 8.50%)
- Future salary increase: 5.5% (Previous Year 5%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market.

23. Segment Reporting

(₹ in crore)

	Transmission		Consultancy		Telecom		RLDCs *		ULDCs		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue:														
Revenue from Operations	8141.81	6675.84	292.14	277.08	187.92	158.83	144.25	224.69	214.77	137.30			8980.89	7473.74
Inter Segment Revenue					3.69	8.46					-3.69	-8.46		
Net Revenue from Operations	8141.81	6675.84	292.14	277.08	191.61	167.29	144.25	224.69	214.77	137.30	-3.69	-8.46	8980.89	7473.74
Segment result	3384.33	2383.50	165.28	145.55	33.42	6.89	20.19	41.77	122.36	38.15			3725.58	2615.86
Unallocated Corporate interest and other income													118.91	29.84
Unallocated corporate expenses, interest and finance charges													19.76	19.38
Income tax (Net)													1127.84	585.38
Profit after Tax													2696.89	2040.94
Other information:														
Segment Assets	68071.60	55622.60	72.85	127.70	791.75	837.98	136.94	3278.60	1021.31	1035.99			70094.45	60902.87
Unallocated Corporate and other assets													5636.30	2661.11
Total Assets													75730.75	63563.98
Segment Liabilities:	47640.15	38283.79	1116.08	1652.79	708.63	702.39	155.98	3127.14	855.51	901.69			50476.35	44667.80
Unallocated Corporate and other liabilities													3718.50	2660.87
Total liabilities													54194.85	47328.67
Depreciation	2084.71	1835.77	0.35	0.30	49.31	47.07	32.89	62.84	32.13	33.71			2199.39	1979.69

Note : Profit of Telecom segment has been increased by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.

* Transferred to Power System Operation Corporation Ltd. w.e.f. 01.10.2010.

NOTES ON ACCOUNTS (Contd...)

a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, Power System Operation Assets, ULDC, RLDC, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses. Consultancy allowance paid to all the employees has been considered as expense of 'Consultancy Segment'.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include loan liabilities, current liabilities and provisions.

d) The company has transmission projects located within the country and no geographical segment is distinguishable.

24. Related Party Disclosures:-

a) Joint Ventures:-

- i) Powerlinks Transmission Limited
- ii) Torrent Power Grid Limited
- iii) Jaypee Powergrid Limited
- iv) Parbati Koldam Transmission Company Ltd
- v) Teestavalley Power Transmission Limited
- vi) North East Transmission Company Limited
- vii) National High Power Test Laboratory Private Limited
- viii) Energy efficiency Services Limited.

b) Subsidiaries:-

Power System Operation Corporation Limited (POSOCO)

The name of another subsidiary, namely Byrnihat Transmission Company Ltd. has been struck off from the Register and the Company has been dissolved during the year.

25. a) Key Management Personnel

Sh. S.K. Chaturvedi	Chairman and Managing Director
Sh. J. Sridharan	Director (Finance) (Superannuated on 30th April, 2011)
Sh. V.M. Kaul	Director (Personnel)
Sh. R.N.Nayak	Director (Operations)
Sh. I.S.Jha	Director (Projects)
Sh. Rakesh Jain	Director
Dr. M. Ravi Kant	Director
Dr. P.K. Shetty	Director (Retired on 9th July 2010 and re-appointed vide order dated 19th October 2010 w.e.f 10th July, 2010)
Dr. A.S. Narag	Director (Retired on 9th July 2010 and re-appointed vide order dated 19th October 2010 w.e.f 10th July, 2010)
Sh. Anil K. Agarwal	Director (Retired on 9th July 2010 and re-appointed vide order dated 19th October 2010 w.e.f 10th July, 2010)
Sh. F.A. Vanderavala	Director (Retired on 9th July 2010 and re-appointed vide order dated 19th October 2010 w.e.f 10th July, 2010)
Sh. S.C. Tripathi	Director (ceased to be Director w.e.f. 24th April, 2011)
Dr. Ashok Khanna	Director (ceased to be Director w.e.f. 24th April, 2011)
Smt. Sarita Prasad	Director

NOTES ON ACCOUNTS (Contd...)

b) Transactions with the related parties at 24 (a) above are as follows:

(₹ in crore)

Particulars	Current year	Previous Year
Contracts for Works/Services for services received by the Company		
Transactions during the year	Nil	Nil
Amount recoverable from related parties	Nil	Nil
Amount payable to related parties	Nil	Nil
Contracts for Works/Services for services provided by the Company		
Transactions during the year*	65.34	47.32
Amount recoverable from related parties*	18.02	35.35
Dividend Received	74.82	22.93
Deputation of Employees		
Transactions during the year	NIL	NIL
Amount recoverable from the related parties	NIL	NIL

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

c) Transactions with the related parties at 24 (b) above are as follows:

In addition to transactions disclosed at note no. 16, company has paid System and Market Operation and other charges of ₹7.79 Crore and availed a rebate of ₹0.11 Crore. Company has also recovered ₹2.57 Crore from POSOCO towards dark fiber lease charges.

26. Remuneration to whole time directors including chairman and managing director is ₹1.77 crore (previous year ₹1.58 crore) and amount of dues outstanding to the company as on 31st March, 2011 are ₹0.07 crore (previous year ₹0.09 crore). Director's sitting fee ₹0.28 crore (Previous Year ₹0.25 crore) for independent directors.
27. Employees' remuneration and benefits include the following for the directors, including chairman and managing director and excluding arrears paid to ex-directors.

₹ in crore

Particulars	Current Year	Previous year
Salaries and Allowances	1.46	1.29
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	0.08	0.10
Other benefits	0.23	0.19
Directors fees	0.28	0.25

28. In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of ₹780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29th November, 1964 as amended.

29. Disclosures regarding leases

a) Finance Leases :-

Loans and Advances (Schedule 14) include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 "Leases" issued by the Institute of Chartered Accountants of India.

The reconciliation of the lease receivables (as per project cost data submitted to / approved by CERC for tariff fixation) is as under:

₹ in crore

Particulars	Amount as on 31.03.2011	Amount as on 31.03.2010
Gross value of assets acquired and leased at the beginning of the year.	989.03	958.57
Add: Adjustment for gross value of assets acquired prior to the beginning of the year.	5.03	30.45
Revised Gross value of the assets at the beginning of the year.	994.06	989.02
Less: Capital recovery provided up to the beginning of the year.	325.51	266.12
Add: Capital recovery for assets acquired prior to the beginning of the year.	2.06	0.85
Revised Capital recovery provided up to the beginning of the year.	327.57	266.97
Capital recovery outstanding as on 31 st March of last financial year.	666.49	722.05
Less: Capital recovery for the current year.	62.66	58.54
Lease receivables (*)	603.83	663.51

(*) Does not include additional capitalisation which are subject to approval of CERC.

NOTES ON ACCOUNTS (Contd...)

The value of contractual maturity of such leases as per AS-19 are as under :-

₹ in crore

Particulars	Amount as on 31.03.2011	Amount as on 31.03.2010
Gross investment in Lease	819.40	921.26
Un-earned Finance Income	215.57	257.75
Present value of Minimum Lease Payment (MLP)	603.83	663.51

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2011 for each of the periods are as under:

₹ in crore

Particulars	Gross Investment in Lease		Present Value of MLPs	
	2010-11	2009-10	2010-11	2009-10
Not later than one year	114.83	113.33	67.31	62.76
Later than one year and not later than five years	459.30	453.34	322.14	301.17
Later than five years	245.27	354.59	214.38	299.58
Total	819.40	921.26	603.83	663.51

The unearned finance income as on 31st March, 2011 is ₹215.57 crore (previous year ₹257.75 crore).

b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹26.67 crore (Previous Year ₹19.61 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹6.27 crore (Previous Year ₹5.40 crore) in respect of premises for offices and guest house/transit camps are shown under Rent in Schedule-23 – Transmission, Administration and Other expenses.

30. Earning per share calculated in accordance with the provisions of AS-20

	As at 31.03.2011	As at 31.03.2010
Numerator		
Profit after tax as per Profit and Loss Account (Used as Numerator) (₹ in crore)	2696.89	2040.94
Denominator		
Number of equity shares (Face value of ₹10/- each)	4208841230	4208841230
Number of Shares allotted during the year	420884123	NIL
Weighted Average number of equity shares for calculating Basic earning per share	4357592057	4208841230
Weighted Average number of equity shares for calculating Diluted earning per share	4357592057	4208841230
Basic earning per share (₹/ per share) (Face value of ₹10/- each)	6.19	4.85
Diluted earning per share (₹/ per share) (Face value of ₹10/- each)	6.19	4.85

31. During the year the company has provided ₹443.23 crore (previous year ₹164.97 crore) as deferred tax liability.

Major components of deferred tax liabilities and assets are given as under:

₹ in crore

Particulars	As at 31.03.2011	As at 31.03.2010
Deferred Tax Liability		
Towards Fixed Assets (Net) (A)	1195.98	755.31
Deferred Tax Asset		
Income during Construction	45.11	16.91
Provisions	0.15	12.19
Other Miscellaneous	3.98	22.70
Sub Total (B)	49.24	51.80
Net Deferred Tax Liability (A-B)	1146.74	703.51

NOTES ON ACCOUNTS (Contd...)

32. Joint Venture entities:-

Name of the company	Proportion (%) of ownership as on	
	31/03/2011	31/03/2010
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid Limited	26%	26%
Jaypee Powergrid Limited	26%	26%
Parbati Koldam Transmission Company Ltd	26%	26%
Teestavalley Power Transmission Limited	26%	0.02%
North East Transmission Company Limited	24.93%	30.917%
National High Power Test Laboratory Private Limited	25%	25%
Energy Efficiency Services Limited	25%	25%
Powergrid IL&FS Transmission Private Limited*	-	50%

*Notice dated 16.03.2011 pursuant to section 560 (3) of the Companies Act 1956 issued by the Registrar of Companies to the effect that the name of the Company shall be struck off from the Register and the Company shall be dissolved at the expiry of three months unless cause is shown to the contrary.

In addition, the share application money of ₹8.92 crore and ₹24.38 crore given to North East Transmission Company Ltd. and Energy Efficiency Services Limited respectively, has been included in Advance – Others in Schedule no. 14 pending allotment of shares.

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The company's share in assets and liabilities as on 31st March 2011 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

₹ in crore

		Current Year	Previous Year
A.	Assets		
	Long Term Assets	1139.53	918.31
	Investments	10.19	39.33
	Current assets	171.24	170.41
	Profit and Loss A/C	1.32	1.18
	Misc Expenditure	0.48	0.48
	Total	1322.76	1129.70
B.	Liabilities		
	Equity	444.84	394.19
	Long Term Liabilities	778.87	639.27
	Current Liabilities and Provisions	99.05	96.24
	Total	1322.76	1129.70
C.	Contingent Liabilities	0.10	0.13
D.	Capital Commitments	228.89	330.86
E.	Income	157.92	154.68
F.	Expenses(Including provision for taxes)	114.19	102.30

33. In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of transmission activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. Similarly, impairment analysis of telecom assets was carried out during 2006-07 and since the recoverable amount was more than the carrying amount of assets, no impairment loss was recognised. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

34. Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹30612.06 crore (previous year ₹20952.14 crore).

35. No provision has been made for tax demands amounting to ₹102.57 crore (previous year ₹194.68 crore) and other demands (amount not ascertainable), for which appeals / litigation are pending, and the same have been shown as contingent liabilities

NOTES ON ACCOUNTS (Contd...)

under schedule no 18.

36. Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets':

Contingent Liabilities:

- a) Contingent Liabilities as stated in Schedule 18 are dependent upon the outcome of court/appellate authorities/ out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, disposal of appeals.
 - b) Reimbursement of outflow in respect of 'Claims against the Company not acknowledged as debt' and 'Disputed tax demands-Income Tax' (limited to Income Tax on core activity only) as stated in Schedule 18 - Contingent Liability, is dependent on the admittance of petition to be filed with CERC and in remaining cases no reimbursement is expected.
37. a) Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2011.
- b) No payment is due for more than 30 days as at 31st March, 2011 in respect of purchases / services made from small scale/ancillary industries.

38. a) **VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

₹ in crore

	Current Year	Previous Year
i) Capital Goods	1820.36	470.50
ii) Spare Parts	2.95	1.76

b) **EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

₹ in crore

	Current Year	Previous Year
i) Professional and Consultancy fees	1.76	2.05
ii) Interest	153.19	207.66
iii) Others	9.36	26.38

c) **VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :**

₹ in crore

	%	Current Year	%	Previous Year
i) Imported	7.12%	2.85	1.77%	0.79
ii) Indigenous (Including fuel)	92.88%	36.49	98.23%	43.95

d) **EARNINGS IN FOREIGN EXCHANGE**

₹ in crore

	Current Year	Previous Year
Interest	0.01	0.00
Consultancy Fee	19.37	2.37

39. **ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) **REGISTRATION DETAILS :**

Registration No.	L40101DL1989GOI038121
State Code	55
Balance Sheet Date	31 st March 2011

ii) **CAPITAL RAISED DURING THE YEAR**

₹ in crore

Public Issue	420.88
Rights Issue	NIL
Private Placement, pursuant to a contract, for consideration other than cash (Issued to Govt. of India)	NIL
Bonus Issue	NIL

NOTES ON ACCOUNTS (Contd...)**iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

₹ in crore

Total Liabilities	75733.16
Total Assets	75733.16

Sources of funds	
Paid up Capital	4629.73
Reserves and Surplus	16737.27
Secured Loans	36325.07
Unsecured Loans	4557.70
Advance against Depreciation	2176.07
Grants in Aid	171.31
Deferred Tax Liability	1146.74

Application of Funds	
Net Fixed Assets	37223.98
Capital Work-in-Progress (including Construction, Stores and Advances)	26624.59
Investments	1365.05
Net Current Assets	527.86
Miscellaneous Expenditure	2.41

iv) PERFORMANCE OF COMPANY

₹ in crore

Turnover/Income	8388.70
Other Income (including Transfer from Grants in Aid)	711.10
Total expenditure	5270.70
Profit before Tax	3829.10
Profit after MAT and Deferred tax	2696.89
Earning per share (Basic) (₹)	6.19
Dividend Amount	810.23

v) GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICE OF COMPANY

Item code no. : Not Applicable
 Product Description : Transmission, Central Transmission Utility function.

40. a) Figures have been rounded off to nearest rupees in crore.
 b) Previous year figures have been regrouped / rearranged wherever necessary.

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(R.T.Agarwal)
Executive Director (Finance)

(V.M.Kaul)
Director (Personnel)

(S. K. Chaturvedi)
Chairman & Managing Director

As per our report of even date

For A.R. & Co.
Chartered Accountants
Regn No.002744C

For S R I Associates
Chartered Accountants
Regn No.305109E

For Umamaheswara Rao & Co.
Chartered Accountants
Regn No. 004453S

(Prabuddha Gupta)
Partner
Membership No.400189

(I. Pasha)
Partner
Membership No.013280

(A. Siva Prasad)
Partner
Membership No.213675

Place : New Delhi.
Dated : 24th May, 2011.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(₹ in crore)

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	3824.73	2626.32
Adjustment for :		
Depreciation (including prior period)	2199.26	1978.73
Transfer from Grants in Aid	(27.51)	(26.53)
Adjustment against General Reserve	0.00	14.72
Deferred revenue - Advance against Depreciation	(37.56)	54.04
Transfer of LDC Development Fund to Subsidiary Company	(39.92)	0.00
Amortised Expenditure(DRE written off)	(0.71)	1.78
Provisions (Net of Provisions transferred to POSOCO-₹9.62 crore)	(10.56)	13.47
Transfer from Self Insurance Reserve	(2.21)	(0.34)
Net Loss on Disposal / Write off of Fixed Assets	6.98	3.83
Interest and Finance Charges	1659.74	1541.07
Provisions Written Back	(40.22)	(0.21)
FERV gain	(4.48)	(2.52)
Interest earned on bonds/Loans to State Govts.	(99.30)	(116.41)
Dividend received	(74.82)	(24.37)
Operating profit before Working Capital Changes	7353.42	6063.58
Adjustment for :		
(Increase)/Decrease in Trade and other Receivables	(911.39)	(841.99)
(Increase)/Decrease in Inventories	(36.71)	(47.32)
Increase/(Decrease) in Trade payables and other liabilities	(1252.68)	1527.68
(Increase)/Decrease in Other current assets	(64.96)	(24.01)
(Increase)/Decrease in Deferred Income/Expenditure from Foreign Currency	44.78	(439.41)
Fluctuation(Net)		
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	17.83	968.16
(Increase)/Decrease in Loans and Advances	1027.16	(357.68)
Deferred Revenue Expenditure	1.86	0.16
	(1174.11)	785.59
Direct taxes paid	(491.37)	(230.00)
Net Cash from operating activities	5687.94	6619.17
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(401.96)	(147.70)
Capital work in progress	(9685.15)	(6477.72)
Advances for capital expenditure	(3480.37)	(3427.24)
(Increase)/Decrease in Investments - Bonds and others	185.44	186.63
(Increase)/Decrease in investments -JVs and Subsidiaries	(97.23)	(47.06)
Loans & Advances to Subsidiaries	(89.35)	0.00
Lease receivables	63.47	111.45
Interest earned on bonds/Loans to State Govts.	99.30	116.41
Dividend received	74.82	24.37
Net cash used in investing activities	(13331.03)	(9660.86)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares - Capital	420.89	0.00
Proceeds from issue of Shares - Premium	3300.29	0.00
Share Issue Expenses	(8.28)	0.00
Loans raised during the year - Long Term	8135.67	6848.77
Gross loans raised without FERV adjustment ₹8056.63 crore (previous year ₹8023.73 crore)		
Loans repaid during the year - Long Term	(1791.02)	(1392.72)
Loans raised during the year - Short Term	1450.00	1250.00
Loans repaid during the year - Short Term	(1250.00)	(750.00)
Interest and Finance Charges Paid	(1451.30)	(1474.68)
Dividend paid	(652.39)	(505.08)
Dividend Tax paid	(108.35)	(85.84)
Net Cash from Financing Activities	8045.51	3890.45
D. Net change in Cash and Cash equivalents(A+B+C)	402.42	848.76
E. Cash and Cash equivalents(Opening balance)	3277.64	2428.88
F. Cash and Cash equivalents(Closing balance)	3680.06	3277.64

Notes:

Cash and cash equivalents consist of cash in hand and balance with banks and it includes ₹1399.22 crore (previous year ₹2929.66 crore) not available for use by the Company.

Previous year figures have been re-grouped / re-arranged wherever necessary.

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(R.T.Agarwal)
Executive Director (Finance)

(V.M.Kaul)
Director (Personnel)

(S. K. Chaturvedi)
Chairman & Managing Director

As per our report of even date

For A.R. & Co.
Chartered Accountants
Regn No.002744C

(Prabuddha Gupta)
Partner
Membership No.400189

For S R I Associates
Chartered Accountants
Regn No.305109E

(I. Pasha)
Partner
Membership No.013280

For Umamaheswara Rao & Co.
Chartered Accountants
Regn No. 004453S

(A. Siva Prasad)
Partner
Membership No.213675

Place : New Delhi.
Dated : 24th May, 2011.

AUDITORS' REPORT

To,

**The Members,
Power Grid Corporation of India Limited,**

1. We have audited the attached Balance Sheet of Power Grid Corporation of India Ltd. as at March 31, 2011, and the Profit and Loss Account and also the Cash Flow Statement 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 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 mis-statements. 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. 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We draw attention to Note No. 14 (b), (c) and (d) of Schedule 28 – Notes on Accounts regarding provisional recognition of transmission charges.
5. Further to our comments in the annexure referred to in paragraph 4 above, 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 the books.
 - c) The Balance Sheet, Profit and 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 Accounting Standards 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 17.7.2003, 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 a Government Company.
 - f) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on Accounts given in Schedule 28 and Accounting Policies annexed thereto, in so far as these are not inconsistent with the Electricity Act, 2003, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For A.R. & Co.
Chartered Accountants
Firm Regn No.002744C

(Prabuddha Gupta)
Partner
Membership No.400189

For S R I Associates
Chartered Accountants
Firm Regn No.305109E

(I. Pasha)
Partner
Membership No.013280

For Umamaheswara Rao & Co.
Chartered Accountants
Firm Regn No. 004453S

(A. Siva Prasad)
Partner
Membership No.213675

Place : New Delhi.

Dated : 24th May, 2011.

ANNEXURE TO THE AUDITORS' REPORT

RE: POWER GRID CORPORATION OF INDIA LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situation of Fixed Assets.
 - b) The assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled / adjusted in the books of account. In our opinion, frequency of verification is reasonable.
 - c) During the year the company has not disposed off substantial part of its Fixed Assets.
2. a) Physical verification of inventory has been conducted by external agencies during the year, except for the materials lying with contractors. In our opinion frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of the inventory have been properly dealt with in the books of account except material lying with contractors where verification is not undertaken.
3. The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered 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 adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and income from transmission, telecom and consultancy activities. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems except in the matter of closing of contracts.
5. According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act 1956, during the year, to be entered in the register maintained under that section . Accordingly Clause (v) of paragraph 4 of the Order is not applicable.
6. Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58-A, 58-AA and other relevant provisions of Companies Act, 1956, and rules framed thereunder, does not arise.
7. The Company has an Internal Audit system. In our opinion, the scope and coverage of Internal Audit are commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 in respect of Transmission & Telecom Operations 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. a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31.3.2011 for a period of more than six months from the date they became payable.

As informed, the provisions of the Employees State Insurance Act are not applicable to the Company.

Unclaimed bonds of ₹0.07 crore and unclaimed dividend of ₹4.31 crore which has not exceeded the time limit prescribed under Section 205C of the Companies Act, 1956 are lying as liability towards Investor Education & Protection Fund.

- b) According to information and explanation given to us, following disputed demands of income tax / sales tax / customs duty / wealth tax / service tax / excise duty / cess dues have not been deposited:

Particulars	Amount (₹ in crore)	Forum Where Pending
Entry Tax	0.01	Appellate Board, Commercial Tax Department, Madhya Pradesh
Entry Tax	12.44	Dy. Commissioner (Appeals), Commercial Tax Department, Madhya Pradesh
Entry tax	11.40	Joint Commissioner of Commercial Tax (Appeal), Patna
Sales Tax	18.15	Assistant Commissioner, Commercial Tax Department, Madhya Pradesh
Sales Tax	33.89	J&K State Sales Tax Appellate Tribunal

ANNEXURE TO THE AUDITORS' REPORT (Contd...)

Sales Tax	16.09	Dy. Commissioner of Sales Tax (Appeal), Jammu, J&K State
Service Tax	1.57	Commissioner of Central Excise, Patna
Education Cess	0.82	Dehgam Nagar Palika, Dehgam
Diversion Tax (for non-agriculture use of land)	2.23	S D O, Itarsi
Income Tax (TDS) on perquisites	38.41	High Court, Kolkata
Income Tax & Interest	1.13	Commissioner of Income Tax (Appeals), New Delhi.
Income Tax & Interest	4.84	Income Tax Appellate Tribunal, Delhi.

10. The Company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit, and also in the immediately preceding financial year.
11. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi/mutual benefit fund/society. Accordingly, Clause xiii of paragraph 4 of the Order is not applicable.
14. In our opinion, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause xiv of paragraph 4 of the Order is not applicable.
15. As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except in the case of Powerlink Transmission Limited, wherein it has pledged its shares in favour of financial institutions for financial assistance obtained by the said company, as per the terms and conditions of Joint Venture Agreement. In our opinion and to the best of our information and according to explanation given to us, the terms and conditions of share pledge agreement are not, prime facie prejudicial to the interest of the company.
16. In our opinion on an overall basis and according to the information and explanation given to us, the company has applied the term loans for the purpose, they were raised during the year.
17. In our opinion, on an overall basis, and according to the information and explanation given to us, the company has not used the funds raised on short term basis for long term investment.
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 Act during the year.
19. The Company has not issued the debentures during the year.
20. We have verified the end use of money raised by Follow-on Public Offer during the year as stated in the prospectus filed with SEBI, offer document and as disclosed in the note no. 17 of Notes on Accounts to the financial statements.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For A.R. & Co.
Chartered Accountants
Firm Regn No.002744C

Sd/-
(Prabuddha Gupta)
Partner
Membership No.400189

For S R I Associates
Chartered Accountants
Firm Regn No.305109E

Sd/-
(I. Pasha)
Partner
Membership No.013280

For Umamaheswara Rao & Co.
Chartered Accountants
Firm Regn No. 004453S

Sd/-
(A. Siva Prasad)
Partner
Membership No.213675

Place : New Delhi.
Dated : 24th May, 2011.



पावरग्रिड



Power System Operation Corporation Limited - Subsidiary Company

Directors' Report

To,
The Members,

I, on behalf of the Board of Directors, present the Second Directors' Report of Power System Operation Corporation Limited (POSOCO) together with the audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the Financial Year 2010-11.

Your Company was registered on 20th March, 2009 and obtained the Certificate of Commencement of Business on 23rd March, 2010. Employees working in System Operation Dept., NLDC and the RLDCs were transferred from POWERGRID to POSOCO on secondment basis. Government of India vide gazette notification dated 27th September, 2010 notified that, Power System Operation Corporation Limited shall be operating NLDC & RLDCs with effect from 1st October, 2010.

Moveable Assets and Liabilities of the RLDCs and NLDC have been transferred from POWERGRID to POSOCO for a purchase consideration of ₹ 70.90 Crore as on 1st October, 2010.

REVENUE STREAM of POSOCO

CERC notified 'Fee and Charges of Regional Load Despatch Centers and other Related Matters' Regulations on 18th September, 2009. The Regulations have ensured an independent revenue stream and financial autonomy for POSOCO. POSOCO being a knowledge base organization, human resource expenses have been segregated from other O&M charges and have been allowed separately. CERC has passed the orders on the Petitions filed by NLDC and RLDCs in Feb-March, 2011 for the control period 2009-14. Sixty two generators, forty one buyers (load) and seven inter state transmission licensees availing the services of the RLDCs and NLDC shall be paying the charges of the RLDCs and NLDC totaling to ₹ 934 Crores for the control period 2009-14.

FINANCIAL RESULTS

₹ Crore

	2010-11
Turnover	116
Gross Margin	59
Less:	
Depreciation	31
PBIT	28
PBT	27
PAT	11
APPROPRIATIONS	
Proposed Final Dividend	3
Provision for Dividend Tax on proposed final dividend	1
Transfer to LDC Development fund	6

OPERATIONAL HIGHLIGHTS

During the year there was generation capacity addition of 12160 MW with total all India installed capacity of 173626MW.

Total Energy Met (All India basis) in 2010-11 was **811 BUs** representing a 5% increase over last year which was 768 BUs.

Peak Demand Met (All India basis) in 2010-11 was 111 GW representing a 9.6 % increase over last year which was 100.35GW.

Hydro Generation (All India) was 123 BU in 2010-11. It increased by 7% (8.4 BU) over last year.

Inter-Regional Exchange was 56 BU in 2010-11 representing a 7.7 % increase as compared to FY 2009-10, which was 52 BU.

UI billed was ₹10146 Cr in FY 2010-11. There is a 21.8% decrease as compared to FY 2009-10, which was ₹ 12987 Cr.

Frequency remained within the prescribed IEGC band of 49.5 Hz - 50.2Hz for most of the period. For new grid it was 91 % of time within the band and for SR Grid it was 88 % of time within the band. This could be achieved due to tightening of the frequency band as per IEGC Regulation and UI Regulation notified by CERC, due to better generation availability, round the clock monitoring and close vigil by system operator.

Note: All the figures are provisional.

OPERATIONAL FEEDBACK to CEA & CTU

NLDC Rules, 2005 specifies providing operational feedback for National Grid planning to CEA and CTU as one of the functions.

A quarterly feedback on operational constraints faced in Power System Operation is being furnished to CEA and CTU. A feedback by system operator on congestion being experienced and likely congestion in foreseeable future helps planners and policy makers to optimize development of Power System.

MoU for FY 2011-12

POSOCO signed its maiden Memorandum of Understanding (MoU) with POWERGRID for the year 2011-12 as per the regulation of DPE on 25th March, 2011. The MoU includes various targets to be achieved by POSOCO during the FY 2011-12 including financial parameters, dynamic parameters and enterprise specific & efficiency parameters applicable to POSOCO. Keeping in view of the nature of operation of POSOCO, computation of the financial indicators (profit related ratios) and productivity related financial returns have not been taken as the index for evaluation of financial parameters. Instead, size related financial indicators - gross margin, gross sales and gross profit have been shown in targets. The MoU was signed by Sh. S.K. Chaturvedi, Chairman & Managing Director, POWERGRID and Sh. S. K. Soonee, Chief Executive Officer, POSOCO.

The targets set forth include implementation of web-based scheduling software, updating of operating procedures, restoration and black start procedures, settlement of large regulatory pool accounts and open access charges, capacity building of stakeholders and issuance of Renewable Energy Certificates etc.

DECLARATION of PAN INDIA TRANSFER CAPABILITY

Measures to Relieve Congestion in Real Time Operation Regulations, 2009 (notified in December 2009) entrusts the RLDCs and NLDC with the responsibility of assessing transfer capability on various Inter-regional corridors for facilitating inter-state open access. A procedure for implementation of the above was prepared by NLDC and the RLDCs and was approved by the CERC. Monthly transfer capability along with its subsequent revisions is being assessed in a transparent manner. Information regarding this is being maintained on NLDC website and is available for all the stakeholders.

SHORT TERM OPEN ACCESS INCLUDING POWER EXCHANGES

The total no. of transactions under Short Term Open Access during the year 2010-11 were 19883 and the total approved energy was 55.23 BUs. January, 2011 saw a record energy volume of 1428 MU transacted through the Power Exchanges. The total group of buyers & sellers who participated during this month was 1325. The highest volume 69.55MU traded on Power Exchanges in a single day was on 25th September, 2010.

INTRODUCTION of ANCILLARY SERVICES in INDIAN ELECTRICITY MARKET

CERC (Unscheduled Interchange Charges and Related Matters) Regulations, 2009 directed NLDC/ RLDCs to identify Ancillary Services to ensure grid security and safety. In accordance with the above, an approach paper on 'Ancillary Services in Indian Context' was developed by NLDC and RLDCs and comments of the stakeholders were invited. After considering the comments of all the stakeholders and subsequent discussions, a petition for introduction of Frequency Support Ancillary Service (Identified for Immediate Implementation) was filed with the CERC in November 2010.

PARTICIPATION in REGULATORY REFORMS PROCESS

A number of Regulations have been notified by the CERC, which include:-

- Fees and Charges of RLDCs and Other Related Matters Regulation, 2009
- Measures to Relieve Congestion in Real Time Operation Regulations, 2009
- Indian Electricity Grid Code, 2010
- Power Market Regulation, 2010
- Renewable Energy Certificate Mechanism, 2010
- Sharing of Interstate Transmission Charges and Losses, 2010
- Unscheduled Interchange Charges and related matters (Amendment) Regulations 2010
- Regulation of Power Supply Regulation, 2010

The RLDCs and NLDC have been giving feedback and inputs at various stages of formulation of the regulations pertaining to the design and operational aspects. All efforts are being made towards implementing these Regulations in letter and spirit.

LEVERAGING TECHNOLOGY: SYSTEM LOGISTICS

Increased complexity of Power System has necessitated the need for synchronized measurements using wide area measurements (WAMS) technologies. Synchrophasor measurements are provided by PMU (Phasor measurement units) and enable us to understand the dynamic behavior of the Power System. First PMU pilot project has been implemented in Northern Region (NR), in which PMUs have been installed at selected eight substations of the northern regional grid and data from all these locations transferred to Northern Region Load Despatch Centre. It has helped in improving the Power System visualization and grid event analysis. It has also helped in understanding the power system transients. Similar pilot projects are also being implemented in

other regions.

POSOCO has signed an MoU with LD&C department of POWERGRID for replacement and up-gradation of existing SCADA/ EMS and associated IT Infrastructure at all RLDCs and NLDC.

IMPLEMENTING AGENCY for SHARING of INTERSTATE TRANSMISSION CHARGES & LOSSES REGULATION 2010

The CERC Regulation on Sharing of Inter-State Transmission Charges and Losses was notified on 15th June, 2010. The new Transmission Pricing Mechanism is sensitive to distance, direction and quantum of flow as directed in the National Electricity Policy. NLDC has been designated as the Implementing Agency (IA) for the new Pricing Mechanism. Responsibilities of the IA included collection of all India Power System Data from the stakeholders, preparation and validation of network model and deriving the point of connection charges (PoC) results. Based on results submitted by the Implementing Agency, CERC has notified the slab rates for PoC Charges and Losses for the year 2011-2012 applicable from 1st July, 2011. As per the orders issued by CERC, new rates notified by CERC under the new Transmission Pricing Mechanism have also been implemented for the transactions under the short term open access.

RENEWABLE ENERGY CERTIFICATE (REC) MECHANISM

REC is a market based instrument which will accelerate new investments in Renewable Energy Sector and introduce competition in purchase of renewable energy. Under this mechanism, the RE generator can now sell the electricity component locally at the price of conventional electricity and trade the environmental attribute in the form of REC separately. National Load Despatch Centre has been designated Central Agency under CERC's Regulatory Framework.

REC Mechanism was formally launched at Vigyan Bhawan, New Delhi on 18th November '10. The Launch included unveiling of an integrated web portal (www.recregistryindia.in) which grants access to key stakeholders for operating the REC Mechanism.

As on 31st July, 2011, 174 RE Generators have been accredited, 103 RE generators have been registered and 90619 RECs have been issued till date. Four successful REC Trades have taken place so far and 54139 RECs have been redeemed.

PARTICIPATION at INTERNATIONAL FORUMS

POSOCO participated in the CIGRE (International Council on Large Electrical Systems) 2010 Session held at Paris, France in August, 2010. A paper on "Experiences of Multiple Power Exchanges: A Case Study" was also presented during the session by the company.

A five day workshop of the TSO Comparison Group was held at New Delhi in Nov, 2010. The TSO Comparison Group is an International Group of Power System Operators. Its objective is to exchange information on the current and future operating practices for the purpose of benchmarking. Currently twenty two Transmission System Operators (TSOs) from across the world are members. The workshop was attended by thirty one participants from sixteen TSOs from across fourteen countries.

POSOCO participated in the annual Very Large Power Grid Operators (VLPGO) Steering Committee meeting at Madrid, Spain in October, 2010. VLPGO is a group of organizations from various countries across the world, operating power grids of size more than 50,000 MW. Twelve organizations across the globe are members of VLPGO. Participation at the international level in the VLPGO Working Groups, Workshops and Activities has benefited POSOCO by exchange of knowledge, new technology (such as Synchrophasors, Renewables, HVDC, Power System Restoration, Prevention of Blackouts, etc.) and best practices for Power System Operation.

A meeting of the SAARC Expert Group on Electricity was held at Udaipur in January 2011. The agenda for the meeting included consideration of the Road Map for SAARC Market for Electricity (SAME), consideration of the Work Plan in accordance with the TOR of the Expert Group, consideration/ review of revised draft Common Template on Common Aspects of Grid Inter-connection.

FORUM of LOAD DESPATCHERS

FOLD (Forum of Load Despatchers) has been constituted by Forum of Regulators (FOR). NLDC has been designated as secretariat of FOLD. FOLD organized meetings to discuss various issues pertaining to system operation during the year which were attended by the Load despatchers at the state, regional and national level.

LEARNING and DEVELOPMENT ACTIVITIES

An MoU was signed between Jamia Milia Islamia (JMI) and POWERGRID to create a unique Industry Academia association. As a first initiative, the load despatchers of POSOCO will be trained and certified in the state-of-the-art SCADA laboratory of JMI.

POSOCO has taken an initiative for Certification of System Operators by an independent agency as recommended in the report on 'Manpower, Certification and Incentives for System Operation and Ring fencing of Load Despatch Centres' issued by Ministry of Power. A training program has been specifically designed by POSOCO and National Power Training Institute to meet the requirements of Power System Operation. The system operators from National/Regional/State Load Despatch Centres are being

trained at NPTI. The first Certification Exam is likely to be held in Nov, 2011.

POSOCO regularly organizes learning and development programmes for capability enhancement of its employees and stakeholders.

EMPLOYEE ENGAGEMENT INITIATIVES

The first ever Inter RLDC Cultural Meet and Handicraft Exhibition was organized in October, 2010. Eastern Regional Load Despatch Centre went on to win the POWERGRID Inter-Regional Cultural Meet held in November, 2010.

Other initiatives including in-house quizzes, picnics and celebration of National Festivals have been organized regularly throughout 2010-11.

MANAGEMENT DISCUSSIONS and ANALYSIS

In addition to the issues in the Directors Report, some issues have been brought out in report on Management Discussion & Analysis placed at **Annex – I**.

AUDITORS

Arun Singh & Co., Chartered Accountants, New Delhi, were appointed by C&AG as Statutory Auditors of the Company for the year 2010-2011.

AUDITORS' REPORT and COMPTROLLER & AUDITOR GENERAL'S COMMENTS

The Statutory Auditors' Report to the shareholders does not contain any qualifications.

Office of Principal Director of Commercial Audit and Ex-officio Member, Audit Board-III, New Delhi vide letter dated 4th July, 2011 communicated that "On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956." Comments of the Comptroller & Auditor General of India are enclosed at **Annex-II**.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts for the year ended 31st March, 2011 the applicable accounting standards had been followed;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared accounts for year ended 31st March, 2011 on a going concern basis.

PARTICULARS of EMPLOYEES - Sec 217 (2A)

POSOCO mainly comprises the employees of all the 5 RLDCs, NLDC and POSOCO corporate centre of POWERGRID who have been deputed on secondment basis.

Presently POSOCO comprises of 451 employees with 256 executives and 195 non-executives spread across the five Regional Load Despatch Centers at Delhi, Kolkata, Mumbai, Bangalore & Shillong and National Load Despatch Center & POSOCO Corporate Center located at Delhi. The disclosure under Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended has not been made as there is no employee who is drawing remuneration as mentioned in the said rules.

CONSERVATION of ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are enclosed at **Annexure-III**.

CORPORATE GOVERNANCE

A report on the Corporate Governance, forming part of this report, together with the Certificate thereon is given at **Annexure IV** of this Report.

POSOCO's BOARD

During the year few changes took place in the Board of the Company. Consequent upon having demitted the office of Director



(Finance), POWERGRID, on account of superannuation, Shri J. Sridharan, resigned from the Directorship of Power System Operation Corporation Limited w.e.f. 30.04.2011 and Shri R.T. Agarwal (the then Executive Director (Finance), POWERGRID) was appointed as an Additional Director on the Board of Power System Operation Corporation Limited w.e.f. 16.05.2011.

Shri F.A. Vandrevale, independent Director on the Board of POWERGRID, who had been nominated on the Board of Power System Operation Corporation Limited, by POWERGRID also tendered his resignation w.e.f. 10.07.2011 (F/N) upon the completion of his tenure in POWERGRID.

At present, Shri S. K. Chaturvedi, Shri R.N. Nayak and Shri R.T. Agarwal are on the Board of the Company.

ACKNOWLEDGEMENT

The Board extends its sincere thanks to Ministry of Power, DPE, CEA, CERC, Regional Power Committee (s) and other stakeholders for extending their valuable support in operating the power system of the country, discharging the other functions assigned to POSOCO and above all POWERGRID for their patronage and direction.

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED

(S.K. Chaturvedi)
Chairman

Date : 26.07.2011

Place: New Delhi

Management Discussion and Analysis

Formation of POSOCO

Ministry of Power vide its notification dated 27.9.2010 has notified that POSOCO shall operate the five RLDCs and the NLDC w.e.f. 1.10.2010. As per section 28 of the Electricity Act, 2003 RLDCs are Apex bodies to ensure integrated operation in the concerned region. NLDC has been designated as Apex body to ensure integrated operation of National Power System vide Ministry of Power notification dated 2.3.2005. The RLDCs and NLDC are performing tasks of national importance and discharging the statutory functions in a fair, transparent and neutral manner assigned under the Electricity Act, 2003 and NLDC Rules notified by Ministry of Power.

To ensure financial self reliance, RLDC Fee and Charges Regulation has been notified by CERC on 18.9.2010 which governs the revenue stream of POSOCO. The human resource expenses are one of the most important and a major component of the entire expenditure of POSOCO and have been allowed separately in the Regulation. The Regulation facilitates financial autonomy for POSOCO and makes it self sustaining with out any budgetary support.

Employees in POSOCO have been transferred from POWERGRID on secondment basis and HR policies are in line with POWERGRID.

POSOCO is a knowledge based organization. The assets of the RLDCs and NLDC primarily comprise of SCADA and IT systems for operation of the Regional grids and National grid.

Power System Development Fund (PSDF)

CERC has notified the Power System Development Fund Regulations on 04.06.2010. The Power System Development Fund Regulations also provide for a managing committee comprising Head of NLDC, Head of RLDCs and other members as notified by CERC. The secretariat of this Fund is also managed by NLDC.

Financial Discussion and Analysis

Fixed Assets:

Your Company's total fixed assets as on 31st March, 2011 after depreciation were ₹51.14 Crore. The fixed assets consist mainly of SCADA Hardware, Software and other equipments.

Loans and Advances

Your Company's total loans and advances as at 31st March, 2011 were ₹46.49 Crores. This includes loans to employees, others and advance tax amounting to ₹19 Crore.

Other Current Assets

Our other current assets as on 31st March, 2011 were ₹11.90 Crore being the accrued interest on flexi deposits with banks.

Sundry Debtors

Sundry Debtors amounting to ₹90.02 Crore consist mainly of receivables relating to fees & charges of the RLDCs and NLDC which were billed in the last week of March, 2011 after passing the orders by CERC in Feb-march, 2011.

Unsecured loan

Our company's unsecured loans were ₹89.35 crore comprising ₹40.31 Crore due to Power Grid Corporation Of India Ltd the Holding company on account of take over of loan liability in relation to the assets transferred and ₹49.04 crore being the loan taken from POWERGRID for working capital requirements.

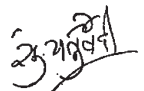
Current liabilities

Your company's current liabilities as at 31st March, 2011 were ₹971.12 Crore comprising mainly on account of designated accounts operated and maintained in terms of CERC Regulations.

Contingent liability

The contingent liability of ₹99.84 lakh is the demand of rent for the office and staff quarters accommodation raised by the WRPC, Mumbai for the financial year 2010-11 which is disputed by the company and company has sought for the transfer of the ownership of office accommodation and residential quarters before the Ministry of Power.

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED



(S.K. Chaturvedi)
Chairman

Date : 26.07.2011
Place: New Delhi

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

1. THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in the Company. It is a system by which business corporations are directed and controlled. POSOCO believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POSOCO's Governance process is focused towards its following mission :

a 'mission critical activity' for uninterrupted, secure, reliable and quality power supply in the country

a 'relentless pursuit' for optimization of precious power generating resources and minimization of inherent system losses

a 'facilitator' for an efficient electricity market

a 'vehicle' for equitable and fair use of the transmission infrastructure in the country

a 'vital link' between the administrators, planners & regulators on one end and physical system on the other end.

The Board has also constituted an Audit Committee to have better and more focused attention on financial matters.

Management Discussion and Analysis is placed at Annex -I to Directors' Report.

The Company has complied with the conditions of the Corporate Governance and the disclosure requirements in that regard are given below:

2. Board of Directors:

2.1 Size of the Board

POSOCO, being the wholly owned subsidiary Company of POWERGRID is a Government Company within the meaning of Section 617 of the Companies Act, 1956. As per Articles of Association, the composition of the Board of Directors shall be as determined by the Hon'ble President / Government of India from time to time.

In terms of Articles of Association of the Company, the strength of our Board shall not be less than three Directors but not more than fifteen Directors. These Directors may be either whole-time Directors or part-time Directors or otherwise.

2.2 Composition of the Board

As on 31st March, 2011, 03 Directors on the Board of POWERGRID (the Holding Company of POSOCO), viz. Shri S.K. Chaturvedi, CMD, POWERGRID, Shri J. Sridharan, Director (Finance), POWERGRID and Shri R.N. Nayak, Director (Operations), POWERGRID and 01 independent Director of POWERGRID, viz. Shri F.A. Vandrevale (in accordance with Article 40(a)(v) of the Articles of Association) were on the Board of Power System Operation Corporation Ltd.

The equity shares of the Company are not listed

2.3 Age Limit and Tenure of Directors

The age limit of the Chairman & and Directors other than Independent Director nominated by POWERGRID is 60 years.

The tenure of Directors as on 31st March, 2011 was as follows:

Name & Designation	Date of Joining on the Board*
Shri S. K. Chaturvedi, Chairman	20.03.2009
Shri J. Sridharan, Director	20.03.2009
Shri R.N. Nayak, Director	29.09.2009
Shri F.A. Vandrevale, Director	20.10.2010

*The Directors on the Board of POWERGRID / Officials, who have been appointed as Directors in POSOCO shall cease to be on the Board of POSOCO on completion of their tenure / superannuation / withdrawal of nomination from POWERGRID.

2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are normally held at the Registered office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. CEO, POSOCO is a special invitee to all Board Meetings.

During the financial year ended 31st March, 2011, five Board meetings were held on 25th May, 26th July, 6th August and 20th October of the year 2010 and 15th March, of the year 2011. The maximum interval between any two meetings during this period was 147 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship / committee membership (viz. Audit Committee and Shareholders' Grievance Committee as per DPE Guidelines) held by them during the year 2010-11 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 23.09.10)	No. of Other Directorship held on 31.03.11	No. of Other Committee Membership held on 31.03.11	
					Chairman	Member
Non executive Directors						
Shri S. K. Chaturvedi Chairman	5	5	Yes	8	NIL	NIL
Shri J. Sridharan, Director (Finance)	5	5	Yes	2	NIL	1
Shri R.N. Nayak Director (Operations)	5	5	Yes	2	NIL	NIL
Shri F. A. Vandrevale #	2	2	N.A.#	1	1.	N.A.

Shri F.A. Vandrevale, an independent Director on POWERGRID Board had been appointed as an Additional Director on the Board of POSOCO on 20.10.10. Earlier, on completion of his tenure as Independent Director of POWERGRID w.e.f. 10.07.10, Shri F.A. Vandrevale had tendered his resignation from the Directorship of the Company w.e.f. 10.07.10. The Audit Committee of POSOCO was formed in the Board Meeting held on 15.03.2011. Hence, the question of compliance of the Clause relating to presence of Chairman of Audit Committee at the AGM (held on 23.09.2010) does not arise.

2.5 Information to be placed the before Board of Directors, inter alia, include:

The Board has complete access to any information with the Company. The information regularly supplied to the Board includes:

- Annual operating plans and budgets and any updates.
- Annual Accounts, Directors' Report, etc.
- Quarterly results of the company.
- Minutes of meetings of Audit Committee.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
- Other materially important information.

3. Committee of the Board of Directors

POSOCO Board has constituted an Audit Committee in its meeting held on 15th March, 2011, comprising the following Directors as members:

Shri F.A. Vandrevale, Part-time Director – Member & Chairman

Shri J. Sridharan, Director – Member

Shri R.N. Nayak, Director – Member

The powers, role, functions, etc. of the Audit Committee are governed by the Companies Act and Government Guidelines. No meeting of the Audit Committee was held during the year ended on 31st March 2011.

4. Compliance Officer

The Company has nominated a Compliance Officer on 16th May, 2011 for implementation of Guidelines on Corporate Governance issued by Department of Public Enterprises.

5. Remuneration of Directors

In the Board meeting of the Company held on 15.03.2011, sitting fee of ₹10,000/- had been approved to be paid to the independent Director nominated on the Board of POSOCO by POWERGRID. Apart from this, no remuneration is paid to any other Director.

6. General Body Meetings:

POSOCO has been set up as a wholly owned subsidiary of POWERGRID in terms of Govt. Directives dt.04.07.2008 for system operations. The Company obtained the Certificate of Commencement of Business on 23.03.2010 and the First Annual General

Meeting of the Company was held on 23.09.2010.

Date, time and location of the above Annual General Meeting was as under:

Year	Date	Time	Venue	Special Resolution
2009-2010	23 rd September, 2010	4.30p.m.	1 st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL

7. Disclosures

- (i) Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.
- (ii) The CEO of the Company has certified the financial statements to the Board.
- (iii) POSOCO do not have any material non listed Indian Subsidiary Company.
- (iv) There are no material individual transactions with related parties which are not in the normal course of business.
- (v) There are no material individual transactions with related parties or others, which are on an arm's length basis.
- (vi) There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the year.
- (vii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the financial year 2010-11 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

8. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site.

Information and latest updates and announcements made by the Company can be accessed at Company's website: <http://posoco.in>.

9. Code of Conduct

The Board of Directors of POWERGRID, the holding Company have laid down two separate Code of Business Conduct and Ethics – one for Board Members and another for Senior Management Personnel . The Senior management of POSOCO is on secondment basis from the holding company, i.e. POWERGRID. Hence, Code of Conduct applicable to POWERGRID is being followed.

10. Shareholders' Information

i) Annual General Meeting

Date : 24th August, 2011
 Time : 10.00 a.m
 Venue : 1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016.

ii) Financial Year

The Company's Financial Year is from 1st April to 31st March.

iii) Payment of dividend

The Board has recommended Dividend @10% for the Financial Year ended 31.03.2011, i.e. ₹ 3.06 crore.

iv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

v) Location of POSOCO Plants

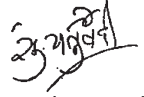
POSOCO has no plants.

vi) Address for correspondence:

Power System Operation Corporation Limited,
 1st Floor, B-9, Qutab Institutional Area,
 Katwaria Sarai,
 New Delhi – 110 016.

	Telephone No.	Fax No.
Registered Office	011-26536832, 26524522	011-26524525, 26536901
website	www.nldc.in	

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED



(S.K. Chaturvedi)
Chairman

Date : 26.07.2011
Place: New Delhi

Non-Mandatory Requirements

1. **The Board:** The Company is headed by a non executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, not exceeding a period of nine years on the Board of POSOCO.
2. **Audit qualifications:** The financial statement for the year 2010-11 has no audit qualifications.
3. **Training of Board Members:** A presentation on the following matters was given to the Directors:
 - Presentation on POSOCO as a whole was provided to the Directors so as to give them an insight into the functioning of the Company.
 - Presentation on issues concerning POSOCO.



Certificate on Corporate Governance

To
The Members,
Power System Operation Corporation Limited

I have examined the compliance of conditions of corporate governance by Power System Operation Corporation Limited, for the year ended on 31st March, 2011 as stipulated in the DPE Guidelines.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that that the Company has complied with the conditions of Corporate Governance except that the Audit Committee constituted on 15th March 2011 met on 16th May 2011 and the company nominated a Compliance Officer on the 16th May 2011 for implementation of the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

(T.V. NARAYNASWAMY)
COMPANY SECRETARY

Date : 25.07.2011
Place: New Delhi

Particulars required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

- A. Conservation of energy
It has been the endeavor of POSOCO to make all out efforts for conservation of energy in all its RLDCs and NLDC. The energy conservation measures are taken by carrying out the energy audit and reduction in energy consumption.
- B. Research and development
It has been the endeavor of POSOCO to pursue the use of latest technology for upgradation of the RLDCs and NLDC. First PMU pilot project has been implemented in Northern Region (NR) to understand the dynamic behaviour of the Power System. It has helped in improving the Power System visualization and grid event analysis. It has also helped in understanding the power system transients.
- C. Foreign exchange earning and outgo
- (₹ in crore)
- | | |
|--|------|
| Foreign exchange earning | NIL |
| Foreign exchange outgo | |
| (i) Repair & maintenance of SCADA-EMS systems of RLDCs | 2.92 |
| (ii) Foreign training | 0.01 |

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED


(S.K. Chaturvedi)
 Chairman

Date : 26.07.2011
Place: New Delhi

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER SYSTEM OPERATION CORPORATION LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2011

The preparation of financial statements of Power System Operation Corporation Limited, New Delhi, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 May 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Power System Operation Corporation Limited, New Delhi, for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(M.K. Biswas)

**Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi**

**Place: New Delhi
Dated: 04 July 2011**

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under historical cost convention and in accordance with generally accepted accounting principles and applicable accounting standards in India.

2. USE OF ESTIMATES

The preparation of the financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized.

3. RESERVES AND SURPLUS

LDC Development fund is created in terms of Central Electricity Regulatory Commission (fees and charges of the Regional Load Despatch Centre and other related matters) Regulations 2009. In terms of 9(2) of the regulations, the charges on account of return on equity, interest on loan, depreciation and other income of the Regional Load Despatch Centres and NLDC such as registration fee, application fee, short term open access charges etc. shall be deposited to the LDC development fund. The funds shall be utilised for loan repayment, servicing the capital raised in the form of interest and dividend payment, meeting stipulated equity portion in asset creation and margin money for raising loan from financial institutions and funding R&D Projects. Any asset created out of the money deposited to the LDC development fund shall not be considered for computation of the return on equity and interest on loan.

4. GRANTS IN AID

4.1 Grants in aid received from Central Govt or other authorities towards capital expenditure for projects, betterment of system operation and specific depreciable assets are shown as "Grants-in-aid" till the utilisation of grant.

4.2 On capitalisation of related assets, grants received for specific depreciable assets are treated as deferred income and recognised in the profit and loss account over the useful period of life and in proportion to which depreciation on these assets is provided.

5. FIXED ASSETS

5.1 Fixed assets are shown at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for intended use.

6. CAPITAL WORK IN PROGRESS

6.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till capitalisation.

6.2 Interest during construction apportioned to capital work in progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP.

7. CONSTRUCTION STORES

Construction stores are valued at cost.

8. BORROWING COST

8.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including, interest, and guarantee fee etc.) are allocated to the projects in proportion to the funds so earmarked.

8.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

9. TRANSACTION IN FOREIGN CURRENCY

9.1 Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates on the date of the balance sheet.

9.2 FERV arising on transactions contracted prior to april 1 2004 is adjusted to carrying cost of capital work-in-progress/

fixed assets in case of capital assets. For transactions contracted on or after 1 april 2004 the same is charged to profit & loss account irrespective of whether the project is under construction or operation

9.3 FERV in respect of current asset is taken to revenue.

10. REVENUE RECOGNITION

System operation and Market operation charges comprising RLDC fees and charges are recognised on the basis of tariff approved by CERC. Human Resource and Operation and maintenance expenses component of tariff are restricted to the actual expenditure. Charges towards projected capital expenditure are restricted to charges based on actual capital expenditure.

Any excess in collection of System Operation and Market Operation charges over the revenue recognised is transferred to the liability to be adjusted on truing up exercise by the CERC after the expiry of the control period.

10.1 Income from Short Term Open Access (STOA) is accounted for on the basis of regulations notified by CERC. Income on account of operating charges, scheduling and system operation charges from Short Term Open Access (STOA) in terms of the Central Regulatory Electricity regulatory Commission (Open Access in Inter State transmission) Regulations 2008 is accounted for as and when the bilateral /collective transactions takes place.

10.2 Non refundable application money from the Short Term Open Access (STOA) is accounted as income on receipt of application along with the fees.

10.3 Transmission charges collected for the disbursement to STUs/CTUs/SEBs/LTOAs from the Short Term Open Access (STOA) are passed on to the respective STUs/CTUs/SEBs/LTOAs . The unpaid amount as at balance sheet date is depicted as liability.

10.4 Supervision Charges

Overhead charges on account of supervision of SCADA AMC are accounted on accrual basis

10.5 Registration fees

One time registration fees of new users and power exchanges is accounted for on accrual basis.

10.6 Liquidated damages/warranty claims and interest on advances to suppliers are accounted for on certainty.

10.7 Bank Interest earned on the fixed deposits lying in unscheduled Interchange Pool Account Fund, Congestion Charge Account, Reactive Energy Charges Account and Inter regional exchange account are credited directly to respective Fund accounts.

10.8 Surcharge is being accounted for when no significant uncertainty as to measurability and collectability exists.

11. DEPRECIATION

11.1 The depreciation has been provided on straight line method at the rates and methodology specified in the norms notified by CERC for the purpose of recovery of RLDC fees and charges. With effect from 01/04/2009 (effective date of CERC Regulations, 2009), useful life has been considered/worked out prospectively based on the unamortized balance of such asset on the basis of the rate of depreciation specified by the CERC.

Mobile Phones have been depreciated at 33.33%

11.2 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life.

11.3 Assets costing ₹.5000 or less or where the written down value is less than ₹.5000 or less at the beginning of the year are charged to revenue.

12. EXPENDITURE

12.1 Pre-paid /prior period items up to ₹.100000/ are accounted to natural heads of accounts.

12.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.

13. IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on "Impairment of Assets" are defined at the balance sheet date with respect to carrying amount vis-à-vis recoverable amount thereof and impairment loss,if any,is recognised in the profit & loss account. Impairment loss,if need to be reversed subsequently,is accounted for in the year of reversal.

14. EMPLOYEE BENEFITS

- 14.1 The liability for retirement benefits of employees in respect of gratuity, which is ascertained annually on actuarial valuation at the year end is provided and funded separately.
- 14.2 The liability for compensated absence (both for earned & half pay leave), leave encashment, post retirement medical benefits & settling allowance to employees are ascertained annually on actuarial valuation at the year end and provided for.

15. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognised for liabilities whose future outcome cannot be ascertained with reasonable estimate. Such contingent liabilities are not recognised but are disclosed in the schedule of contingent liability on the basis of judgement of the management/ independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

16. INCOME TAXES

Income taxes comprise current and deferred taxes. Current income taxes are measured at the amount expected to be paid to the income tax authorities in accordance with Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

17. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

18. CASH FLOW STATEMENT

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

19. INTANGIBLE ASSETS

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for use.



Balance Sheet As At 31st March, 2011

		(₹ in crore)	
	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	01	30.64	0.05
Reserves and Surplus	02	<u>46.28</u>	<u>-</u>
		76.92	0.05
Deferred Revenue			
Grants in Aid	03		2.00
Loan Funds			
Unsecured Loans	04		89.35
TOTAL		<u>168.27</u>	<u>0.05</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	05	276.78	-
Less: Depreciation		<u>225.64</u>	<u>-</u>
Net Block		51.14	-
Capital Work-in-Progress	06	0.69	-
Construction Stores	07	<u>0.06</u>	<u>-</u>
			51.89
Current Assets, Loans & Advances			
Sundry Debtors	08	90.02	-
Cash and Bank Balances	09	994.57	0.05
Other Current Assets	10	11.90	-
Loans and Advances	11	<u>46.49</u>	<u>-</u>
		1142.98	0.05
Less: Current Liabilities & Provisions			
Current Liabilities	12	971.12	1.28
Provisions	13	<u>58.83</u>	<u>-</u>
		<u>1029.95</u>	<u>1.28</u>
Net Current Assets			113.03 (1.23)
Deferred Tax asset			3.35
Profit & Loss Account			-
			1.28
TOTAL		<u>168.27</u>	<u>0.05</u>
Contingent Liabilities & Notes on Accounts	19		

Schedules 1 to 19 and Accounting Policies form an integral part of Accounts

For and on behalf of the Board

(S. K. Soonee)
Chief Executive Officer

(R. T. Agarwal)
Director

(S.K.Chaturvedi)
Chairman

As per our report of even date
For Arun Singh & Co.
Firm Regn. No. 011863N

(Ravi Kapoor)
Partner
M.No.095214

Place : Gurgaon
Dated: 16.05.2011

Profit and Loss account for the year ended 31st March, 2011

(₹ in crore)

	Schedule No.	For the year ended 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Revenue from Operations	14	97.31	-
Other Income	15	18.40	-
TOTAL		115.71	-
EXPENDITURE			
Employees' Remuneration & Benefits	16	36.55	-
Operation, Maintenance and Other Administrative Expenses	17	20.51	1.28
Depreciation	05	30.92	-
Interest and Finance Charges	18	1.32	-
TOTAL		89.30	1.28
Profit Before Tax		26.41	(1.28)
Less: Provision for Taxation		18.55	-
Profit after Current Tax		7.86	(1.28)
Add: Provision for Deferred Tax		3.35	-
Profit after Tax		11.21	(1.28)
Add: Balance of Profit/Deficit brought forward		(1.28)	-
Total Amount Available for Appropriation		9.93	(1.28)
Appropriation			
Proposed Dividend		3.06	-
Provision for Corporate Dividend Tax		0.50	-
Transfer to LDC Development Fund (Refer para No. 5 of Schedule 19 Notes on Accounts)		6.37	-
Balance of Profit/Deficit carried over to Balance Sheet		-	(1.28)
Earning per Share-Basic & Diluted [In ₹.per share]		7.33	(256.04)
Face value of ₹.10/- each			
Contingent Liabilities & Notes on Accounts	19		

Schedules 1 to 19 and Accounting Policies form an integral part of Accounts

For and on behalf of the Board

(S. K. Soonee)
Chief Executive Officer

(R. T. Agarwal)
Director

(S.K.Chaturvedi)
Chairman
As per our report of even date

For Arun Singh & Co.
Chartered Accountants
Firm Regn. No. 011863N

(Ravi Kapoor)
Partner
M.No.095214

Place : Gurgaon
Dated: 16.05.2011

Schedule 01 - Share Capital

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
AUTHORISED		
20,00,00,000 (Previous Year 20,00,00,000) Equity shares of ₹ 10/- each	200.00	200.00
ISSUED SUBSCRIBED AND PAID-UP		
3,06,40,000 equity shares(previous year 50,000) of ₹ 10/- each fully paid up.	30.64	0.05
Of the above		
3,05,90,000 (Previous Year NIL) equity shares of ₹. 10/- each have been allotted as fully paid-up shares, in pursuant of agreement to sell assets without consideration being received in cash		
3,06,40,000 (Previous Year 50,000) equity shares are held by Powergrid Corporation of India Ltd-holding company and its nominees.		
TOTAL	30.64	0.05

Schedule 02 - Reserves & Surplus

(₹ in crore)

Description	As at 1st April, 2010	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2011
LDC development Fund	-	46.28	-	46.28
	-	46.28	-	46.28
TOTAL	-			46.28

Schedule 03 - Grants in aid (Deferred revenue)

(₹ in crore)

Description	As at 1st April, 2010	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2011
Grants in aid	-	5.06	3.06	2.00
	-	5.06	3.06	2.00

Schedule 04 - Unsecured Loans

(₹ in crore)

Description	As at 31st March, 2011	As at 31st March, 2010
Loan from Power Grid Corporation of India Ltd, Holding Company on account of take over of loan liability in relation to the assets transferred.	40.31	-
Other Loan from Power Grid Corporation of India Ltd-Holding Co.	49.04	-
Total	89.35	-
Due for repayment within one year	89.35	-

Schedule 05 - Fixed Assets

(₹ in crore)

Description	Gross Block				Depreciation			Net Block	
	Addition of Assets taken over from POWER GRID as on 01 Oct.2010	Other Additions during the year	Adjustments during the year	As at 31st March, 2011	Accum. Depreciation of Assets taken over from POWER GRID as on 01 Oct.2010	Additions during the Year	Adjustments during the year	As at 31st March, 2011	As at 31st March, 2011
Civil works									
a) RLDCs	9.87	-	-	9.87	1.40	0.17	-	1.57	8.30
b) Township	0.05	-	-	0.05	0.01	-	-	0.01	0.04
Temporary Erection	0.10	0.01	-	0.11	0.09	-	-	0.09	0.02
Water Supply Drainage & Sewerage	0.03	-	-	0.03	-	-	-	-	0.03
Plant & Machinery									
a) RLDCs	2.36	0.14	-	2.50	0.61	0.06	-	0.67	1.83
b) ULDC	242.90	4.47	-	247.37	185.93	29.91	-	215.84	31.53
c) Communication	0.50	0.02	-	0.52	0.16	0.01	-	0.17	0.35
Construction and Workshop equipment	0.01	-	-	0.01	0.01	-	-	0.01	-
Electrical Installation	0.07	-	-	0.07	0.03	-	-	0.03	0.04
Vehicles	0.01	-	-	0.01	-	-	-	-	0.01
Furniture Fixtures & Office equipment	8.78	0.66	0.05	9.39	2.93	0.34	0.01	3.26	6.13
EDP/WP Machines	5.69	0.89	0.09	6.49	3.45	0.40	0.02	3.83	2.66
Intangible Assets	0.22	0.03	-	0.25	0.04	0.03	-	0.07	0.18
Miscellaneous Assets/ Equipment	0.11	-	-	0.11	0.09	-	-	0.09	0.02
Total	270.70	6.22	0.14	276.78	194.75	30.92	0.03	225.64	51.14
Previous Year	-	-	-	-	-	-	-	-	-
						For the year ended 31st March, 2011			
Depreciation (Addition during the year)						30.92			

Schedule 06 - Capital Work In Progress

Description	(₹ in crore)				
	As at 1st April, 2010	Additions during the year	Adjustments	Capitalised during the year	As at 31st March, 2011
Civil Works					
Regional Load Despatch Centre & Office(Incl. civil work)	-	0.19	-	-	0.19
Plant & Machinery (including associated civil works)					
ULDC	-	0.48	-	-	0.48
Incidental Expenditure during Construction	-	0.02	-	-	0.02
TOTAL	<u>-</u>	<u>0.69</u>	<u>-</u>	<u>-</u>	<u>0.69</u>

Schedule 07 - Construction Stores

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Construction Stores {Including Material in transit/pending issue to contractors and with contractors of ₹. 0.06 crore}	0.06	-
	<u>0.06</u>	<u>-</u>

Schedule 08 - Sundry Debtors

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Debts Outstanding for a period exceeding Six Months		
Considered Good	-	-
Considered Doubtful	-	-
Other Debts		
Considered Good	90.02	-
Total	<u>90.02</u>	<u>-</u>

(Debtors are unsecured except to the extent of ₹. NIL(Previous year NIL) including amount due from Power Grid Corporation of India Ltd a company under the same management ₹.3.60 crore. Maximum amount outstanding during the year ₹.7.86 crore.

Schedule 09- Cash and Bank Balances

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Cash, Stamps and Imprest	0.01	-
Balances with scheduled banks-		
- In Current Accounts/Flexi deposit Account	8.40	0.05
- In designated current accounts/Flexi-deposit accounts operated & maintained in terms of CERC regulations (Refer para no. 4 of the schedule 19 Notes on Accounts)	944.84	-
- In L.D.C.Development Account	41.32	-
Total	<u>994.57</u>	<u>0.05</u>

Schedule 10 - Other Current Assets

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Interest accrued on:		
Flexi deposits	11.90	-
	<u>11.90</u>	<u>-</u>

Schedule 11 - Loans and Advances

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
a) Loans to		
-Employees [Including interest on employee loan of ₹ 3.06 crore (Previous Year NIL)]	7.40	-
b) Advances		
Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers	1.14	-
Employees	3.18	-
Others	15.68	-
	<u>20.00</u>	<u>-</u>
Less: Provision for bad and doubtful Advances and Claims	0.05	-
	<u>19.95</u>	<u>-</u>
Deposits with various authorities	0.14	-
Advance Tax & TDS	19.00	-
	<u>39.09</u>	<u>-</u>
TOTAL	46.49	-
Particulars of Loans and Advances		
Secured	3.88	-
Unsecured Considered Good	42.61	-
Considered doubtful	0.05	-
	<u>46.54</u>	<u>-</u>
Less: Provision for Bad & Doubtful Claims	0.05	-
TOTAL	46.49	-
Due from Directors & Officers of the company		
Directors	-	-
Officers	1.39	-
Directors Maximum Amount	-	-
Officers Maximum Amount	1.68	-

Schedule 12 - Current Liabilities

Description	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Sundry Creditors		
Other goods and services	3.40	1.28
	<u>3.40</u>	<u>-</u>
Advance from Customers	7.80	-
Liability on account of Truing up (Refer para No. 11 of Schedule 19 Notes on Accounts)	6.51	-
Deposits Retention money from contractors and others.	8.09	-
	<u>22.40</u>	<u>-</u>
Liabilities in respect of Designated accounts operated and maintained in terms of CERC Regulations (Refer Para no. 4 of the Schedule 19 Notes on accounts)	945.32	-
Total	971.12	1.28

Schedule 13 - Provisions

	(₹ in crore)	
	As at 31st March, 2011	As at 31st March, 2010
Taxation (Including interest on Tax)		
As per last balance sheet	-	-
Additions during the year	18.55	-
Amount adjusted during the year	-	-
	<u>18.55</u>	<u>-</u>
Employee Benefits		
As per last balance sheet	-	-
Additions during the year	24.88	-
Amounts utilised/paid during the year	-	-
	<u>24.88</u>	<u>-</u>
Special incentive & PRP		
As per last balance sheet	-	-
Addition during the year	8.76	-
Amount paid/adjusted during the year	-	-
	<u>8.76</u>	<u>-</u>
Provision for Retirement benefit/Wage revision		
As per last balance sheet	-	-
Additions during the year	3.08	-
Amounts utilised/paid during the year	-	-
	<u>3.08</u>	<u>-</u>
Proposed Final Dividend		
As per last balance sheet	-	-
Additions during the year	3.06	-
Amounts paid during the year	-	-
	<u>3.06</u>	<u>-</u>
Dividend Tax		
As per last balance sheet	-	-
Additions during the year	0.50	-
Amounts paid during the year	-	-
	<u>0.50</u>	<u>-</u>
TOTAL	<u>58.83</u>	<u>-</u>

Schedule 14 - Revenue from Operations

	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Revenue from System and Market Operation	87.58	-
Short Term Open Access-Other Charges	9.73	-
	<u>97.31</u>	<u>-</u>

Schedule 15 - Other Income

	(₹ in crore)	
Description	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Interest From		
Indian Banks	4.70	-
Others	0.16	-
	<u>4.86</u>	<u>-</u>
Supervision Fees	1.39	-
Deferred Income (Transferred from Grants-in-aid)	3.06	-
FERV gain	0.01	-
Registration and STOA application Fee	8.48	-
Other Miscellaneous income	0.60	-
TOTAL	<u>18.40</u>	<u>-</u>

Schedule 16 - Employees' Remuneration & Benefits

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Salaries, wages, allowances & benefits	28.11	-
Contribution to provident and other funds	4.53	-
Welfare expenses	3.91	-
	<u>36.55</u>	<u>-</u>

Schedule 17 - Operation, Maintenance and Other Administrative Expenses

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Repair & Maintenance		
-Buildings	0.21	-
-RLDC,s	9.99	-
-Others	1.09	-
	<u>11.08</u>	<u>-</u>
Power charges	1.08	-
Expenses of Diesel Generating sets	0.02	-
Water charges	0.16	-
Training & Recruitment expenses	0.42	-
Legal expenses	0.05	-
Professional charges	0.12	-
Consultancy expenses	0.01	-
Communication expenses	0.41	-
Travelling & Conveyance Expenses	1.39	-
Foreign travel	0.10	-
	<u>1.49</u>	<u>-</u>
Remuneration to auditors (Including service Tax)		
Audit Fees	0.07	-
Tax Audit Fees	0.02	-
Lodging,boarding & travelling expenses	0.05	-
	<u>0.14</u>	<u>-</u>
Printing and stationery	0.09	-
Books,Periodicals and Journals	0.03	-
EDP hire and other charges	0.19	-
Entertainment expenses	0.06	-
Brokerage & Commission	0.01	-
Loss on disposal/write Off of Fixed assets	0.01	-
Security Expenses	1.00	-
Hiring of Vehicle	0.25	-
Rates and taxes	0.06	-
Bandwidth charges, Dark fibre lease charges (Telecom) etc	2.84	-
Peliminary expenses	-	1.28
Miscellaneous expenses	0.78	-
TOTAL	<u>20.51</u>	<u>1.28</u>

Schedule 18 - Interest and Finance Charges

Description	(₹ in crore)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Interest on Loan from Holding Company	0.97	-
FERV written off	0.09	-
Finance Charges		
Rebate to Customers	0.08	-
Guarantee fee	0.18	-
	<u>0.26</u>	<u>-</u>
TOTAL	<u>1.32</u>	<u>-</u>

SCHEDULE 19 : NOTES ON ACCOUNTS

- 1) Nature Of Operations
The company was incorporated on 20th march 2009 as a wholly owned subsidiary of the Powergrid Corporation of India Limited a Government of the India Enterprise to take over the business of the system operations and market operations, which were carried out by the holding company.
- 2) a) As per order of Ministry of Power, GOI, the moveable assets of RLDCs (System Operation Segment) have been transferred on purchase basis to the company from Powergrid Corporation of India Limited, holding company w.e.f. 01/10/2010. In terms of the agreement to sell assets, the purchase consideration has been worked out and settled as per details given below :-
- | | | | | |
|--|----------|----------|--------------|----------------|
| Depreciated Value of moveable assets (Net block) | : | ₹ | 75.95 | crores |
| CWIP and Construction Stores & Advances | : | ₹ | 00.60 | crores |
| Net Current Assets | : | ₹ | 25.13 | crores |
| Total | : | ₹ | 101.68 | crores |
| Less : Grant in Aid | ₹ | 5.06 | crores | |
| LDC Development Fund | ₹ | 25.72 | crores | |
| Take over of the Loans | ₹ | 40.31 | crores | ₹ 71.09 crores |
| Net Amount payable | : | ₹ | 30.59 | crores |
- b) The company has allotted 3,05,90,000 fully paid equity shares of face value of ₹. 10/- each (Rupees ten only) amounting to ₹. 30.59 crore in favour of the Power grid Corporation of India Limited towards Purchase Consideration. Moveable assets previously owned by Regional Load Despatch Centres (NRLDC, SRLDC, WRLDC, NERLDC, ERLDC) and NLDC of the Power grid corporation of India have been purchased by the company on 01st Oct. 2010, at the net book value. The gross value of the assets as on 01/10/2010 amounting 270.70 Crores and the accumulated depreciation as on 01/10/2010 amounting to ₹. 194.75 Crores have been shown respectively as opening balances taken over in the schedule 4 Fixed Assets.
- c) Pending realisation of dues from the beneficiaries, the working capital needs are met by taking loan from the holding company and is shown as loan from Powergrid amounting to ₹.49.04 Crores(incl. net interest of ₹. 0.27 cr net of TDS of ₹. 0.06 cr). Expenditure on account of Interest,FERV,Employees benefits have been adjusted in the above amount of ₹.49.04 crores
- d) As per the memorandum of understanding consequent upon sale of moveable assets to POSOCO ,all operations and transactions (billing and banking) carried, on or after Oct 1 , 2010 by the RLDCs and NLDC, in the name of holding company are deemed to have been carried on behalf of POSOCO.
- 3) As per the CERC regulations applicable for the transmission business (as applicable to the Holding Company), deferred tax liability upto 31.03.2009 amounting to ₹.19.62 crores (on provisional basis) being the difference between the WDV as per the books and WDV as per the Income Tax is claimable from the beneficiaries whenever materializes. However, CERC regulation applicable for RLDC Fees and Charges does not contain any such provision. Deferred Tax Liability of ₹. 7.22 crores, materialised during the year has not been depicted as recoverable pending filing of petition with CERC. Petition shall be filed with CERC for claiming deferred tax liability (DTL) materialized. Considering that the petition for deferred Tax Liability (DTL) shall be admitted by CERC by the time balance DTL materializes, no provision there of has been made .
- 4) **Unscheduled Interchange Pool Account Fund(UI), Congestion Charge Account, Reactive Energy Charges Account(RE) Inter Regional Exchange Account(IRE) and STOA collection account.**
The central Electricity regulation commission vide following regulations has directed the Regional Load dispatch centres in each region to operate and maintain unscheduled Interchange Pool Account Fund, Congestion Charge Account, Reactive Energy Charges Account.
All payments on account of Unscheduled Interchange charges including Additional Unscheduled Interchange charges levied and interest, if any, received for late payment are credited to the funds called the "Regional Unscheduled Interchange Pool Account Fund", maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity regulatory Commission (Unscheduled Interchange charges and related matters) Regulations, 2009.
All payments on account of congestion charges and interest, if any, received for late payment are credited to the funds called the "Congestion Charge Account", maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations, 2009.

All payments on account of reactive energy pool account are credited to the funds called the “reactive energy account”, maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity Regulatory Commission.

These funds are equally matched with fund balance in the bank accounts in the current and fixed deposit accounts except for difference due to interest accrued and TDS on interest, which are funded on the receipt of the interest and TDS Certificates.

As on 31/03/2011, the total balance in these designated bank accounts were amounting to ₹. 944.84 Crores as against the liability in these funds amounting to ₹. 945.32 Crores. The net difference in the Liability and the designated bank accounts amounting to ₹.0.48 crores on account of the Interest accrued and TDS on interest is subject to reconciliation and consequential adjustments .if any.

5) **LDC Development Fund**

Revenue during the year on account of Depreciation, Interest on Loan, Return on Equity amounting to ₹ 35.26 crore and other income amounting to ₹. 23.66 crore comprising mainly STOA and interest income is required to be deposited in LDC Development Fund in terms of CERC Regulation. The fund is to be utilised towards loan/interest repayment of ₹. 30.52 crore, income tax of ₹.15.20 crore, dividend of ₹ 3.06 Crore and dividend tax of ₹0.50 crore, resulting in net accretion of 9.64 crore to fund.

Transfer to fund has been restricted to ₹. 6.37 crores being the available profit for appropriation due to higher tax liability on account of materialisation of the deferred tax liabilities and under recoveries of O&M and HR Expenses. Balance amounting to ₹.3.27 crore shall be deposited on recovery of deferred tax liability from the beneficiaries(Also Refer para no 3 of the notes) or recovery of O&M and Human Resource Resources expenditure at actual is allowed by CERC, whichever is earlier.

A sum of ₹. 41.32 crore is lying in the designated bank account against the LDC Fund of ₹ 46.28 crore. During the year contribution of ₹. 1.41 crores has been made in the fund account leaving a balance of ₹ 4.96 crore shall be deposited on realisation of dues.

Utilisation of the Fund for payment of the statutory dues for income tax including its methodology and any under recovery of the fees and charges is to be taken up with the CERC and necessary adjustments will be made on virtual certainty.

- 6) The CERC while giving approval under section (4) of the section 28 of the Electricity Act 2003 read with the CERC(Fees and charges of Regional Load despatch Centre and other related matters) Regulations 2009 for the RLDCs charges has noted that at present the system operation is not subject to the service tax.
- 7) Pending reconciliation, materials amounting to ₹. 0.06 Crore (previous year ₹. Nil) (included under Construction Stores – schedule 7) is shown as construction stores lying with contractors.
- 8) a) Balances in Loans and Advances, TDS Certificates Receivables/Recoverable, STOA Advance from customers, Material with contractors, Sundry Creditors, Advances from customers and Sundry Debtors are subject to reconciliation (in case of TDS & STOA advances) and confirmation and consequential adjustments, if any.
- b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- 9) Liabilities include ₹. 2.59 Crore (previous year ₹. Nil) on account of tax deducted at source on perquisites to employees as per the provisions of the Income Tax Act, 1961, which was deposited in a separate bank account by holding company as per Orders of the Hon'ble Calcutta High Court.
- 10) The company is providing for depreciation based on the CERC norms, which is in line with the tariff policy issued by the MOP for the block period 2009-14, which provides that the rates of depreciation as notified by CERC would be applicable for the purpose of tariff as well as accounting.
Depreciation charge for the year is higher by ₹. 22.42 crore (previous year ₹. Nil) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956.
- 11) Excess in collection of System Operation and Market Operation charges over the revenue recognised amounting to ₹. 6.51 crores is transferred to the liability to be adjusted on truing up exercise by the CERC after the expiry of the control period.
Pre Incorporation expenses of ₹. 127.09 Lacs (previous year Nil) has been recognised as income of the year on approval of the tariff orders by CERC, though billing to beneficiaries is yet to be done.
- 12) Provision of ₹.3.08 Crores has been made for post retirement benefits of employees being the balance amount permissible under DPE guidelines for which scheme is yet to be finalised.
- 13) FERV loss of ₹.0.01 crore is recognised in the profit and loss account for the loans contracted after 1 April 2004.
FERV gain of ₹.0.13 crores has been adjusted to the carrying cost of fixed assets.
- 14) Other income includes ₹ 3.06 Crores. Being the amount transferred from Grants-in-aid received in respect of NERLDC

As per accounting policy no 4.1 and 4.2

- 15) The company is following AS-15 (revised 2005) 'Employee Benefits'.
The information under this clause has been provided on estimated basis based on the actuarial valuation taken as a whole for employees of Powergrid Corporation of India Ltd. Including employees of POSOCO.
- All the employees of POSOCO are on secondment basis from its holding company Powergrid Corporation of India Ltd. Above employees shall continue to draw pay and allowances and other facilities as they have been drawing with the POWERGRID and shall be subject to rules and policies as applicable to them in POWERGRID before their transfer to POSOCO except incentives, which shall be protected through special allowance at the rate as would have been admissible as if they were continuing their service with POWERGRID.
 - Liability on account of the Leave encashment, Post Retirements medical plan, Baggage Allowance, Gratuity and superannuation liability is based on allocation of the total actuarial liability for the Power Grid Corporation of India Limited as a whole including the employees of the company on secondment basis as on 31/03/2011 reduced with the liability taken over as on 30/09/2010.
 - Liability on account of the PRP is based on allocation of estimated liability for the Power grid Corporation of the India Limited as a whole including employees of POSOCO, as on 31/03/2011 reduced with the liability taken over as on 30/09/2010.

Defined employee benefit schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust managed by the holding company in the name of Power grid Employees Provident Fund Trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to profit and loss a/c. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. The fair value of the assets of the provident fund including the return on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan.

B. Gratuity

The company has a defined benefit gratuity plan with a separate trust maintained by the holding company in the name of the Power grid Employees Gratuity fund Trust. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹. 10 lacs. The scheme is funded by the company. The liability for the same is recognised on the basis of actuarial valuation on annual basis.

C. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

D. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

E. Other Employee Benefits

Provision for Leave encashment for the year amounting to ₹. 1.66 crore (previous year Nil) for the year upto 31st March 2011 has been made on the basis of actuarial valuation at the year end for the employees transferred on secondment basis to the company from Power grid corporation of India, holding company.

The summarised position of various defined benefits recognized in the Profit and Loss Account, Balance Sheet and the funded status are as under:-

- Expenses recognised in profit and loss account

(₹ in crore)

	GRATUITY	PRMF	ODRB
	Current Year	Current Year	Current Year
Current Service Cost	0.47	0.22	0.01
Interest cost on benefit obligation	0.58	0.31	0.02
Expected return on plan assets	-0.61	-	-
Net actuarial (gain)/loss recognized in the year	2.28	1.58	-
Expenses recognized in the profit and loss a/c.	2.72	2.04	0.03

b) The amount recognized in the Balance Sheet:

(₹ in crore)

	GRATUITY	PRMF	ODRB
	Current Year	Current Year	Current Year
Present value of obligation as at 31/03/2011(i)	20.47	07.17	0.65
Fair value of plan assets as at 31/03/2011 (ii)(*)	20.47	-	-
Difference (i) – (ii)	-	-	-
Net liability recognized in the Balance Sheet	-	07.17	0.65

(*) The fund is maintained with the Powergrid Employees Gratuity Fund Trust. Difference ,if any in the plan assets is shown in the Books of the holding company as a whole for employees of Powergrid Corporation of India Ltd. and employees of Power System Operation Corporation Ltd.

c) Weighted average rate of return on plan assets during the year is 8.79%(Previous Nil)

d) Changes in the present value of the defined benefit obligations:

(₹ in crore)

	GRATUITY	PRMF	ODRB
	Current Year	Current Year	Current Year
Present value of obligation as at 01/10/2010	18.5	5.13	0.62
Interest cost	-0.03	0.31	0.02
Current Service Cost	0.47	0.22	0.01
Benefits paid	-0.75	-0.07	0
Net actuarial (gain)/loss on obligation	2.28	1.58	0
Present value of the defined benefit obligation as at 31/03/2011	20.47	7.17	0.65

F. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2011 are not given in view of that Fund is maintained with Powergrid Employees Gratuity Fund Trust as a whole for employees of Powergrid Corporation of India Ltd and employees of Power System Operation Corporation India Ltd. on secondment basis.

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- i) Method used - Projected unit credit (PUC)
- ii) Discount rate - 8% (Previous Year Nil)
- iii) Expected rate of return on assets (Gratuity only) – 8.50 % (Previous Year Nil)
- iv) Future salary increase- 5.5% (Previous Year Nil)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market.

16) Segment Reporting

The company's principle business is power system and market operation and no other business segment exists other than this. The Company operates within India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment.

17. Related Party Disclosures:-

a) Joint Ventures:-

- i) Powerlinks Transmission Limited
- ii) Torrent Power Grid Limited
- iii) Jaypee Powergrid Limited
- iv) Parbati Koldam Transmission Company Ltd
- v) Teestavalley Power Transmission Limited
- vi) North East Transmission Company Limited
- vii) National High Power Test Laboratory Private Limited
- viii) Energy efficiency Services Limited.

b) Holding Company:-

Power Grid Corporation India Limited

c) Key Management Personnel

i)	Sh. S.K.Chaturvedi	Chairman
ii)	Sh. J.Sridharan	Director (Superannuated on 30.04.2011)
iii)	Sh. R.N. Nayak	Director
iv)	Sh. F.A.Vandervalva	Director (appointed w.e.f. 20.10.2010)

d) Transactions with the holding company are as follows:

In addition to transactions disclosed at note no.2 , company has received system operation charges of ₹.7.67 crores and allowed a rebate of ₹. 0.11 crore. The company has also paid ₹.2.57 crores towards dark fiber lease charges.

e) Director's sitting fee Rs. 10,000 only (Previous Year Rs. Nil) for independent director.

18. Disclosures regarding leases

Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹. 1.59 crore (Previous Year ₹. Nil) towards lease payments, net of recoveries, in respect of premises for residential use of employees.

19. Earning per share calculated in accordance with the provisions of AS-20

	As at 31.03.2011	As at 31.03.2010
Numerator		
Profit / (Loss) after tax as per Profit and Loss Account (Used as Numerator (₹. In crore)	11.21	(1.28)
Denominator		
Number of equity shares (Face value of ₹. 10/- each)	30640000	50000
Number of Shares allotted during the year	30590000	50000
Weighted Average number of equity shares for calculating Basic earning per share	15303096	50000
Weighted Average number of equity shares for calculating Diluted earning per share	15303096	50000
Basic earning per share (₹. / per share) (Face value of ₹. 10/- each)	7.33	(256.04)
Diluted earning per share (₹. / per share) (Face value of ₹. 10/- each)	7.33	(256.04)

20. During the year the company has provided ₹.3.35 crore (previous year ₹. Nil) as deferred tax assets.

Major components of deferred tax assets are given as under:

(₹ in crore)

Particulars	As at 31.03.2011
Deferred Tax Liability (A)	-
Deferred Tax Asset	
Towards Fixed Assets (Net)	0.82
Pre Incorporation expenses	0.33
Employee Benefits-Leave Encashment, Incentive u/s 43B	2.20
Sub Total (B)	3.35
Net Deferred Tax Assets (B-A)	3.35

21) In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of company by evaluation of its cash generating units, was not carried out. No impairment loss was recognized. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

22) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹. Nil crore (previous year ₹. Nil crore).

23) Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets':

Contingent Liabilities:

Demand of Rent for the office and staff quarters accommodation raised by the WREB, Mumbai for the Financial year 2010-11 is ₹.99.84 Lacs ,which is disputed by the company and company has sought for the transfer of the ownership of office accommodation and residential quarters before the Ministry of power.

- 24) a) Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2011.
- b) No payment is due for more than 30 days as at 31st March, 2011 in respect of purchases / services made from small scale/ancillary industries.

25. a) **VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

(₹ in crore)

	Current Year	Previous Year
i) Capital Goods	-	-
ii) Spare Parts	-	-

b) **EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

(₹ in crore)

	Current Year	Previous Year
i) Repair & Maintenance	2.92	-
ii) Foreign Travel	0.01	-
iii) Others		

c) **VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :**

(₹ in crore)

	%	Current Year	%	Previous Year
i) Imported	-	-	-	-
ii) Indigenous (Including fuel)	100%	0.05	-	-

d) **EARNINGS IN FOREIGN EXCHANGE**

(₹ in crore)

	Current Year	Previous Year
Income	Nil	Nil

26. **ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) REGISTRATION DETAILS :

Registration No.	U40105DL2009GOI188682
State Code	055
Balance Sheet Date	31 st March 2011

ii) CAPITAL RAISED DURING THE YEAR

(₹ in crore)

Public Issue	NIL
Rights Issue	NIL
Private Placement, pursuant to a contract, for consideration other than cash (Issued to Powergrid Corporation of India-Holding Co.)	30.59
Bonus Issue	NIL

iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(₹ in crore)

Total Liabilities	1198.22
Total Assets	1198.22

Sources of funds	
Paid up Capital	30.64
Reserves and Surplus	46.28
Secured Loans	-
Unsecured Loans	89.35
Grants in Aid	2.00
Deferred Tax Liability	-

Application of Funds	
Net Fixed Assets	51.14
Capital Work-in-Progress (including Construction, Stores and Advances)	0.75
Investments	-
Net Current Assets	113.03
Deferred Fixed Assets	3.35

iv) PERFORMANCE OF COMPANY

(₹ in crore)

Turnover/Income	97.31
Other Income (including Transfer from Grants in Aid)	18.40
Total expenditure	89.30
Profit before Tax	26.41
Profit after Tax and Deferred tax	11.21
Earning per share (Basic) (₹.)	7.33
Dividend Amount	3.06

v) GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICE OF COMPANY

Item code no. : Not Applicable

Product Description : Operations of National Load Despatch centre(NLDC) and Regional Load Despatch Centres(RLDCs)

- 27.
- Figures have been rounded off to nearest rupees in Crore.
 - Previous year figures have been given, wherever available.
 - Previous year figures have been regrouped / rearranged wherever necessary.

For and on behalf of the Board

(S. K. Soonee)
Chief Executive Officer

(R. T. Agarwal)
Director

(S.K.Chaturvedi)
Chairman

For Arun Singh & Co.
Chartered Accountants
Firm Regn. No. 011863N
(Ravi Kapoor)
Partner
M.No.095214

Place : Gurgaon
Dated: 16.05.2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(₹ in crore)

Particulars	For the year ended 31st March, 2011	For the year ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	26.41	(1.28)
Adjustment for :		
Depreciation	30.92	-
Transfer from Grants in Aid	(3.06)	-
Net Loss on Disposal / Write off of Fixed Assets	0.01	-
Interest and Finance Charges	1.23	-
Un-realised FERV gain	(0.01)	-
FERV written off	0.09	-
Operating profit before Working Capital Changes	55.59	(1.28)
Adjustment for :		
(Increase)/Decrease in Trade and other Receivables	(90.02)	-
Increase/(Decrease) in Trade payables and other liabilities	(1055.94)	1.28
(Increase)/Decrease in Other current assets	29.09	-
(Increase)/Decrease in Loans and Advances	90.16	-
	(1026.71)	1.28
Contribution received for LDC Development Fund	14.19	-
Direct taxes paid	(19.00)	-
Net Cash from operating activities	(975.93)	-
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(6.26)	-
Net cash used in investing activities	(6.26)	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares	-	0.05
Loans raised during the year	49.04	-
Interest and Finance Charges Paid	(1.32)	-
Net Cash from Financing Activities	47.72	0.05
D. Net change in Cash and Cash equivalents(A+B+C)	(934.47)	0.05
E. Cash and Cash equivalents(Opening balance)	0.05	-
F. Cash and Cash equivalents taken over from the Holding Company	1928.99	-
G. Cash and Cash equivalents(Closing balance) (D+E+F)	994.57	0.05

Note:

Cash and cash equivalents consist of cash in hand and balance with banks and includes ₹ 944.84 crore kept in designated bank accounts operated and maintained in terms of CERC Regulations.

The Company has taken over Fixed assets (including CWIP and Construction Stores) of ₹ 76.55 crore, Net Current Assets of ₹ 25.13 crore, Grant in Aid of ₹ 5.06 crore, LDC Development Fund of ₹ 25.72 crore and Loans of ₹ 40.31 crore. The Company has allotted equity shares of ₹30.59 crore to settle net purchase consideration. These transactions have not been reflected as there is no actual cash inflow / outflow.

For and on behalf of the Board

(S. K. Soonee)
Chief Executive Officer

(R.T. Agarwal)
Director

(S. K. Chaturvedi)
Chairman

As per our report of even date

For Arun Singh & Co.
Chartered Accountants
Regn. No. 011863N

(Ravi Kapoor)
Partner
M.No. 095214

Place: Gurgaon.
Date: 16th May, 2011.

AUDITORS' REPORT

To,

**The Members,
Power System Operation Corporation Limited,**

1. We have audited the attached Balance Sheet of Power System Operation Corporation Limited as at March 31, 2011, and the Profit and Loss Account and also the Cash Flow Statement 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 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 misstatements. 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, 1998, certain provisions of the repealed Act, 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 the rules there-under 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the annexure referred to in paragraph 4 above, 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 the books.
 - c) The Balance Sheet, Profit and 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 Accounting Standards 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 17.7.2003, 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 a Government Company.
 - f) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on Accounts given in Schedule 19 and Accounting Policies annexed thereto, in so far as these are not inconsistent with the Electricity Act, 2003, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Arun Singh & Co.
Chartered Accountants
Regn. No. 011863N

(Ravi Kapoor)
Partner
M.No.095214

Place : Gurgaon
Dated: 16.05.2011

ANNEXURE TO THE AUDITORS' REPORT

RE: POWER SYSTEM OPERATION CORPORATION LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

1. a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situation of Fixed Assets.
- b) The assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled /adjusted in the books of account. In our opinion, frequency of verification is reasonable.
- c) During the year the company has not disposed off substantial part of its Fixed Assets.
2. There was no inventory carried by the company. Therefore, clause 4(ii)(a),(b) and (c) of paragraph 4 of the Order is not applicable for the year.
3. a) The Company has not granted any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The Company has taken unsecured Loans from Power grid corporation of India Limited, holding Company amounting to ₹89.35 crores as on 31/03/2011. In our opinion based on the information, prima facie, the rate of interest and other terms and conditions of loans taken by the company are not prejudicial to the interest of the Company. The principal amount and interest amount are yet to be paid pending realization of the RLDCs fees and Charges.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to fixed assets and income from system operation and market operation. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems.
5. According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act 1956, during the year, to be entered in the register maintained under that section. Accordingly Clause (v) of paragraph 4 of the Order is not applicable.
6. Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58-A, 58-AA and other relevant provisions of Companies Act, 1956, and rules framed thereunder, does not arise.
7. The Company has an Internal Audit system. In our opinion, the scope and coverage of Internal Audit are commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956.
9. a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues except some delays with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31.3.2011 for a period of more than six months from the date they became payable.
As informed, the provisions of the Employees State Insurance Act are not applicable to the Company.
- b) According to information and explanation given to us, following disputed income tax / sales tax / customs duty / wealth tax / service tax / excise duty / cess dues have not been deposited

Particulars	Amount (₹ In Crores)	Forum where pending
Income Tax (TDS) on perquisites	2.59 crores	High Court, Kolkatta

10. The company is registered for a period not less than five years. Therefore, clause 4(x) of paragraph 4 of the Order is not applicable for the year.
11. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi/mutual benefit fund/society. Accordingly, Clause xiii of paragraph 4 of the Order is not applicable.

14. In our opinion, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause xiv of paragraph 4 of the Order is not applicable.
15. As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions
16. In our opinion on an overall basis and according to the information and explanation given to us, the company has not obtained any term loans during the year.
17. In our opinion, on an overall basis, and according to the information and explanation given to us, the company has not used the funds raised on short term basis for long term investment.
18. The Company has made allotment of 3,05,90,000 shares to Power Grid Corporation of India Limited, holding company in lieu of the net purchase consideration for the transfer of assets and liabilities at book value as per the order of the Ministry of the power,GOI .The shares have been issued at par and according to the information and explanation given to us, are not prejudicial to the interest of the company.
19. The Company has not issued the debentures during the year.
20. The Company, during the year, has not raised any money by public issue.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Arun Singh & Co.
Chartered Accountants
Regn. No. 011863N
(Ravi Kapoor)
Partner
M.No.095214

Place : Gurgaon
Dated: 16.05.2011



CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with generally accepted accounting principles and applicable Accounting Standards in India.

2. RESERVES AND SURPLUS

2.1 Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except valve halls of HVDC Bi-pole, HVDC equipments, SVC substations and series compensators) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.

2.2 LDC Development fund shall be created in respect of charges collected on account of return on equity, interest on load, depreciation and other income of the Regional Load Dispatch Centre and National Load Dispatch Centre such as registration fee, application fee, short-term open access charges etc. The funds shall be utilized for loan repayment, servicing the capital raised in the form of interest and dividend payment, meeting stipulated equity portion in asset creation and margin money for raising loan from the financial institutions and funding R&D projects.

2.3 In accordance with the scheme of earmarking 1% of net profits of the preceding financial year towards Corporate Social Responsibility (CSR), unutilized money during an year shall be credited to CSR reserves. Any expenditure above 1% of the preceding year shall be adjusted against such reserve.

3. GRANTS-IN-AID

3.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

3.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the profit and loss account over the useful period of life and in proportion to which depreciation on these assets is provided.

4. FIXED ASSETS

4.1 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.

4.2 In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be affected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.

4.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/assessments

4.4 Transmission system assets are considered 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

4.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken,

4.6 Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.

4.7 Insurance spares, other than mentioned in 4.9 below, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the residual useful life of the related plant & machinery.

4.8 Mandatory spares, other than mentioned in 4.9 below, in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard.

4.9 Items of Insurance / Mandatory spares, covered under 4.7 & 4.8 above, are charged to revenue, if the year of purchase and consumption is same.

5. CAPITAL WORK IN PROGRESS (CWIP)

5.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till capitalization.

5.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

5.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 5.2 above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule.

- 5.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.
- 5.5 Unsettled liability for price variation/ exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.
- 6. INTANGIBLE ASSETS**
- 6.1 The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for use.
- 6.2 Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized over the useful life of related assets.
- 7. CONSTRUCTION STORES**
- 7.1 Construction stores are valued at cost.
- 8. BORROWING COST**
- 8.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.
- 8.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.
- 8.3 Foreign exchange rate variation (FERV) (Unfavorable) on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is treated as borrowing cost.
- 9. TRANSACTION IN FOREIGN CURRENCY**
- 9.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates of exchange ruling on the date of the Balance Sheet.
- 9.2 FERV (except the amount considered as 'borrowing cost' under para 8.3 above) arising on transactions contracted prior to April 1, 2004 is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets. For the transactions contracted on or after April 1, 2004, the same is charged to profit & loss account irrespective of whether the project is under construction or operation.
- 9.3 FERV (excluding FERV during construction period for the transaction contracted on or after 1st April, 2004), accounted for as per policy no 8.3 & 9.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central Electricity Regulatory Commission (CERC) norms w.e.f 1st April, 2004 or Date of Commercial Operation (DOCO) which ever is later.
- The above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:
- FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognized as income/expense in profit and loss account in the same proportion in which FERV is apportioned between carrying cost of fixed assets and profit and loss account.
 - FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'
 - FERV recoverable/payable adjusted in profit and loss referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'
 - 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
 - The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding credit/debit to the debtors.
- 9.4 FERV upto the date of commercial operation in respect of transactions contracted on or after 1st April,2004, is included in the capital cost for the purpose of tariff. Such FERV and transmission charges received thereon are accounted for as under:
- Such FERV is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'.
 - Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c'.
 - Balance 10% is adjusted against the transmission charges over the tenure of respective loan.
- 9.5 FERV in respect of current assets is taken to Profit & Loss a/c.

10. INVESTMENTS

- 10.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- 10.2 Long term investments are carried at cost less provisions, if any, for permanent diminution in the value of such investments.

11. INVENTORIES

- 11.1 Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value.
- 11.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
- 11.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
- 11.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.

12. DEFERRED REVENUE EXPENDITURE

- 12.1 Deferred revenue expenditure created up to March 31, 2003 (prior to the date AS-26 became mandatory) are amortized over a period of 5 years from the year of commercial operation/earning of revenue.
- 12.2 Expenditure, except the cost of equipment capitalized, incurred for activating the last mile connectivity of major telecom links are amortized over the period of agreement with the customer.

13. REVENUE RECOGNITION

- 13.1.1 Transmission Income is accounted for based on tariff orders notified by CERC. In case of transmission projects where tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. In such cases, the shortage/excess, if any, is adjusted based on issuance of final notification of tariff orders by CERC. Transmission Income in respect of additional capital expenditure after the date of commercial operation is accounted based on actual expenditure incurred on year to year basis.
- 13.1.2. Income from short term open access is accounted for on the basis of regulations notified by CERC.
- 13.1.3. The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional power committees and in accordance with the norms notified / approved by CERC.

13.1.4. ADVANCE AGAINST DEPRECIATION

- 13.1.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.
- 13.1.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after 12 years from the end of the financial year in which the asset was commissioned, to the extent of difference between charge of depreciation and recovery of depreciation as tariff component.
- 13.1.5 Surcharge recoverable from debtors and liquidated damages / warranty claims / interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.
- 13.1.6 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 13.1.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 13.1.8 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:
 - a. 10% on issue of Notice Inviting Tender for execution
 - b. 5% on Award of Contracts for execution
 - c. Balance 85% on the basis of actual progress of work including supplies
- 13.1.9 Application Fees received on account of LTOA Charges is accounted for as and when received in accordance with CERC Guidelines.
- 13.2.1 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 13.2.2 Dividend income including interim dividend is recognized in the year of declaration.

14. LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 14.1 State sector unified load dispatch centre (ULDC) assets leased to the SEBs are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under Loans & Advances. Wherever grant in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.
- 14.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by CERC.
- 14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenor of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such

amortised amount.

15. DEPRECIATION

15.1.1 Depreciation is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation is charged at the rates mentioned below:

a) Computers & Peripherals	30%
b) Mobile Phones	33.33%
c) Software	33.33%

15.1.2 ULDC assets other than assets transferred to Power System Operation Corporation Limited are depreciated @ 6.67% per annum as determined by CERC for levellized tariff.

15.1.3 Depreciation on assets transferred to Power System Operation Corporation Limited is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of RLDC Fee and Charges.

15.1.4 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

15.1.5 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

15.1.6 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.

15.1.7 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing ₹5000/- or less, or where the written down value is ₹5000/- or less as at the beginning of the year, are charged off to revenue.

15.1.8 Assets costing upto ₹5,000/- are fully depreciated in the year of acquisition.

15.2.1 Leasehold Land, other than acquired on perpetual lease, is depreciated over the tenure of the lease or 25 years whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.

15.2.2 In the case of assets of National thermal power corporation limited (NTPC), National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

16. EXPENDITURE

16.1 Pre-paid/prior-period items up to ₹100000/- are accounted for to natural heads of account.

16.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.

16.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred

17. IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in the profit & loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

18. EMPLOYEE BENEFITS

18.1 The liability for retirement benefits of employees in respect of Gratuity, which is ascertained annually on actuarial valuation at the year end, is provided and funded separately.

18.2 The liabilities for compensated absence (both for Earned & Half Pay Leave), leave encashment, post retirement medical benefits & Settlement Allowance to employees are ascertained annually on actuarial valuation at the year end and provided for.

19. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the schedule of contingent liability on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.



पावरशिड

Consolidated Balance Sheet As At 31st March, 2011

(₹ in crore)

	Schedule No.		As at 31st March, 2011
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	01	4629.73	
Reserves and Surplus	02	<u>16787.85</u>	21417.58
Deferred Revenue			
Advance Against Depreciation (AAD)	03	2224.45	
Grants in Aid	04	<u>173.31</u>	2397.76
Loan Funds			
Secured Loans	05A	37054.75	
Unsecured Loans	05B	<u>4557.70</u>	41612.45
Deferred Tax liability(Net)			
Less: Recoverable		<u>5162.62</u> <u>4018.48</u>	1144.14
TOTAL			66571.93
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	06	51470.86	
Less: Depreciation		<u>13538.87</u>	
Net Block		37931.99	
Capital Work-in-Progress	07	13434.03	
Construction Stores and Advances	08	<u>13660.97</u>	65026.99
Investments			
	09		951.66
Current Assets, Loans & Advances			
Inventories	10	382.35	
Sundry Debtors	11	3270.13	
Cash and Bank Balances	12	4805.87	
Other Current Assets	13	514.83	
Loans and Advances	14	<u>2719.54</u>	
		11692.72	
Less: Current Liabilities & Provisions			
Current Liabilities	15	8132.75	
Provisions	16	<u>2969.10</u>	
		11101.85	
Net Current Assets			590.87
Miscellaneous Expenditure (to the extent not written off or adjusted)	17		2.41
TOTAL			66571.93
Contingent Liabilities	18		4556.18
Notes on accounts	28		
Schedules 1 to 28 and Accounting Policies form an integral part of Accounts			

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(R.T.Agarwal)
Executive Director (Finance)

(V.M.Kaul)
Director (Personnel)

(S. K. Chaturvedi)
Chairman & Managing Director

As per our report of even date

For A.R. & Co.
Chartered Accountants
Firm Regn No.002744C

(Pawan K. Goel)
Partner
M.No.072209

For S R I Associates
Chartered Accountants
Firm Regn No.305109E

(I Pasha)
Partner
M.No. 013280

For Umamaheswara Rao & Co.
Chartered Accountants
Firm Regn No. 004453S

(A Siva Prasad)
Partner
M. No. 213675

Place : New Delhi
Dated : 24th May, 2011

Consolidated Profit and Loss Account for the year ended 31st March, 2011

(₹ in crore)

	Schedule No.	For the year ended 31st March, 2011
INCOME		
Revenue from Operations	19	8611.76
Provisions written back	20	40.24
Other Income	21	621.61
TOTAL		9273.61
EXPENDITURE		
Employees' Remuneration & Benefits	22	785.68
Transmission Administration and Other Expenses	23	600.82
Depreciation	06	2272.92
Provisions	24	3.98
Interest and Finance Charges	25	1774.21
Deferred Revenue Expenditure written Off		2.34
TOTAL		5439.95
Profit for the year before tax and Prior period Adjustments		3833.66
Less: Prior Period Expenditure/(Income) (Net)	26	4.37
Profit Before Tax		3829.29
Less: Provision for Taxation- Current Year		712.23
- Earlier Years		4.59
		716.82
Profit after Current Tax		3112.47
Less: Provision for Deferred Tax-		
Total Deferred tax Liability		451.76
Less: Recoverable from beneficiaries for arrears of earlier years		11.20
		440.56
Profit after Tax		2671.91
Add: Balance of Profit brought forward		32.78
Add: Bond Redemption Reserve Written Back		255.81
Add: Withdrawal from STOA Reserve		141.25
Total Amount Available for Appropriation		3101.75
Appropriation		
Interim Dividend Paid		231.51
Corporate Dividend Tax Paid		43.78
Proposed Final Dividend		578.72
Provision for Corporate Dividend Tax		96.98
Transfer to Self Insurance Reserve		42.53
Transfer to Bonds Redemption Reserve		780.77
Transfer to STOA Reserve		141.25
Transfer to LDC development Reserve		21.53
Transfer to CSR Activities Reserve		4.83
Transfer to General Reserve		1141.11
Balance of Profit carried over to Balance Sheet		18.73
		3101.75
Earning per Share-Basic & Diluted [In ₹ per share]		6.13
Face value of ₹10/- each		
Incidental Expenditure During Construction	27	
Notes on Accounts	28	
Schedules 1 to 28 and Accounting Policies form an integral part of Accounts		

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(R.T.Agarwal)
Executive Director (Finance)

(V.M.Kaul)
Director (Personnel)

(S. K. Chaturvedi)
Chairman & Managing Director

As per our report of even date

For A.R.& Co.
Chartered Accountants
Firm Regn No.002744C

(Pawan K. Goel)
Partner
M.No.072209

For S R I Associates
Chartered Accountants
Firm Regn No.305109E

(I Pasha)
Partner
M.No. 013280

For Umamaheswara Rao & Co.
Chartered Accountants
Firm Regn No. 004453S

(A Siva Prasad)
Partner
M. No. 213675

Place : New Delhi
Dated : 24th May, 2011

Schedule 01 - Share Capital

(₹ in crore)

Description	As at 31st March, 2011
AUTHORISED	
10,00,00,00,000 equity shares of ₹10/- each	10000.00
ISSUED SUBSCRIBED AND PAID-UP	
4,62,97,25,353 equity shares of ₹10/- each fully paid up.	4629.73
Of the above 1,81,25,29,500 equity Shares have been allotted as fully paid up pursuant to Govt. of India notification without payment being received in cash.	
TOTAL	4629.73

Schedule 02 - Reserves and Surplus

(₹ in crore)

Description	As at 1st April, 2010	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2011
Capital Reserve	0.74	-	0.04	0.70
Share Premium	1583.14	3300.29	8.28	4875.15
Self Insurance Reserve				
Through Appropriation of Profit	168.92	42.53	-	211.45
Through Charge to Profit & Loss account	68.41	-	2.21	66.20
STOA Reserve	-	141.25	141.25	-
LDC development Fund	16.44	29.84	-	46.28
CSR Activities Reserve	8.39	4.83	-	13.22
Bonds Redemption Reserve	2043.08	780.77	255.81	2568.04
General Reserve	7855.29	1141.11	8.32	8988.08
	11744.41	5440.62	415.91	16769.12
Balance in Profit & Loss Account	32.78			18.73
TOTAL	11777.19			16787.85

Schedule 03 - Advance Against Depreciation (Deferred Revenue)

(₹ in crore)

Description	As at 1st April, 2010	Additions During the Year	Reversals/ Adjustments during the year	As at 31st March, 2011
Advance Against Depreciation	2262.01	0.96	38.52	2224.45
TOTAL	2262.01	0.96	38.52	2224.45

Schedule 04 - Grants in Aid (Deferred Revenue)

(₹ in crore)

Description	As at 1st April, 2010	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2011
Grants in aid	198.82		25.51	173.31
	198.82		25.51	173.31

Schedule 05A- Secured loans(₹ in crore)
As at 31st
March, 2011**Description****LOANS THROUGH BONDS****BONDS VI SERIES**

13% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1000/-each redeemable at par in 10(ten) equal annual installments w.e.f 6th December, 2002. 10.00

Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Gandhar Stage-I Transmission System.

BONDS VIII SERIES

10.35% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1000/-each redeemable at par in 10(Ten) equal annual instalments w.e.f. 27th April, 2005. 8.00

Secured by floating charge over the Fixed Assets of the Corporation.

BONDS IX SERIES

12.25% Taxable, Secured, Redeemable, Non-cummulative, Non- convertible Bonds of ₹1,00,000/- each redeemable at par in 10(Ten) equal annual instalments w.e.f. 22nd August, 2003. 115.30

Secured by way of Registered Bond Trust Deed on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and Sub-stations of parts of NJTL system.

BONDS X SERIES

10.90% Taxable , Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹12 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 21.06.2004. 317.30

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-I, Farakka & Chamera Transmission system.

BONDS XI SERIES

9.80% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹3 crore each consisting of 12 STRPPs of ₹25 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 07-12-2005. 271.50

Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta, Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahabad, LILo of Singrauli-Kanpur and Allahabad Sub-station.

BONDS XII SERIES

9.70% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 28.03.2006. 92.25

Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System.

BONDS XIII SERIES

8.63% Taxable, Secured, Redeemable, Non-cumulative, Non- convertible Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 31.07.2006. 472.50

Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System.



Schedule 05A- Secured loans (Contd...)

(₹ in crore)
As at 31st
March, 2011

Description

BONDS XIV SERIES

6.10% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of ₹1.5 crore each consisting of 12 STRPP's of ₹12.50 Lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f. 17.07.2004. 291.25

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the Company.

BONDS XV SERIES

6.68% Taxable, Secured, Non-Cumulative, Non-convertible Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 Lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 23.02.2008. 600.00

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XVI SERIES

7.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.00 crore each consisting of 10 STRPP's of ₹10.00 lakh each redeemable at par in 10 (Ten) equal annual installments w.e.f. 18.02.2009. 525.00

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XVII SERIES

7.39% Taxable, Secured, Redeemable, Non-convertible, Non-cumulative Bonds of ₹1.00 Crore each consisting of 10 STRPP's of ₹10.00 lakh each redeemable at par in 10 (ten) equal annual installments w.e.f 22.09.2009 800.00

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XVIII SERIES

8.15% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 09.03.2010. 832.50

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XIX SERIES

9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 24.07.2010. 453.75

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XX SERIES

8.93% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 07.09.2010. 1375.00

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

Schedule 05A- Secured loans (Contd...)

Description	(₹ in crore) As at 31st March,2011
BONDS XXI SERIES	
8.73% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (Twelve) equal annual installments w.e.f. 11.10.2010. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	467.50
BONDS XXII SERIES	
8.68% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 07.12.2010. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	632.50
BONDS XXIII SERIES	
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 09.02.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	281.87
BONDS XXIV SERIES	
9.95% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 26.03.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	732.88
BONDS XXV SERIES	
10.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 12.06.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	1065.00
BONDS XXVI SERIES	
9.30% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 07.03.2012. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	999.00
BONDS XXVII SERIES	
9.47% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 31.03.2012. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	705.00

**Schedule 05A- Secured loans (Contd...)**(₹ in crore)
As at 31st
March, 2011**Description****BONDS XXVIII SERIES**

9.33% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 15.12.2012.

2400.00

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XXIX SERIES

9.20% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 12.03.2013.

1297.50

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XXX SERIES

8.80% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 29.09.2013.

2332.50

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XXXI SERIES

8.90% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 25.02.2014.

2047.50

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XXXII SERIES

8.84% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 29.03.2014.

1035.00

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XXXIII SERIES

8.64% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 08.07.2014.

2880.00

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

BONDS XXXIV SERIES

8.84% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹1.50 crore each consisting of 12 STRPP's of ₹12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 21.10.2014.

3487.50

Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

26528.10

Schedule 05A- Secured loans (Contd...)(₹ in crore)
As at 31st
March, 2011

Description		
Term Loans from Banks/ Financial Institutions		
Secured by a floating charge on the fixed assets of the Company		
Indian Overseas Bank	20.00	
Corporation Bank	25.00	
Punjab National Bank-Loan-I	40.00	
Punjab National Bank-Loan-II	125.00	
Oriental Bank of Commerce	104.17	
Life Insurance Corporation of India-II	300.88	
Life Insurance Corporation of India-III	23.07	
Infrastructure Development Finance Company Ltd	80.98	
International Finance Corporation	107.79	
State Bank of India	69.86	
PFC and Others	375.21	
		1271.96
ICICI Bank Ltd.		
Secured by first pari passu charge over the assets of the Company		
		30.00
Bank of India, Cayman Islands		
Secured by a Floating charge on the immovable properties of the company		
		285.66
Loan from Asian Development Bank , Philippines		
(Guaranteed by Govt. of India)		
ADB-I	514.28	
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-II	925.69	
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-III	1630.02	
Secured by pari passu interest in the liens created on the assets as security for the debts.		
		3069.99
Loan from International Bank for Reconstruction and Development, USA (Guaranteed by Govt. of India)		
PSDP I	292.97	
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyachal and Rihand Transmission system.		
PSDP-II	1577.59	
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-III	1792.02	
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-IV	2206.46	
Secured by pari passu interest in the liens created on the assets as security for the debts.		
		5869.04
Total Secured Loans		10526.65
Due for repayment/redemption within one year		37054.75
		1940.93

Schedule 05B- Unsecured Loans (Contd...)

Description	(₹ in crore)	
	As at 31st March, 2011	
Loans in Indian Currency		
Short Term Loans from Banks		
Bank of Baroda	500.00	
HDFC Bank Ltd.	400.00	
Union Bank of India	550.00	
		1450.00
Term Loans		
Power Finance Corporation Limited		15.00
		1465.00
Loans in Foreign Currency		
From Foreign Banks & Financial Institutions		
Loans Guaranteed by Govt of India		
a. Natixis Banque (Formerly Credit National), France	112.56	
b. Japan International Cooperation Agency (Formerly Japan Bank for International Cooperation), Japan	159.81	
c. European Investment Bank, Luxembourg	55.77	
		328.14
To be secured		
(Pending creation of security by way of pari passu interest in the liens created on the assets as security for the debts)		
a) ADB-IV	692.01	
b) ADB-V	155.66	
c) PSDP-IV (Addl.)	1208.51	
d) PSDP-V	253.60	
		2309.78
Others		
Kreditanstalt fur Wiederaufbau, Germany	340.82	
Skandinaviska Enskilda Banken AB(publ), Sweden	113.96	
		454.78
		3092.70
		3092.70
Total Unsecured Loans		4557.70
Due for repayment/redemption within one year		1650.63

Schedule 06 - Fixed Assets

(₹ in crore)

Description	Gross Block				Depreciation				Net Block	
	As at 1st April, 2010	Additions during the year	Adjustments during the year	As at 31st March, 2011	As at 1st April, 2010	Additions during the Year	Adjustments during the year	As at 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Land										
a) Freehold	442.97	288.57	-13.01	744.55	-	-	-	-	744.55	442.97
b) Leasehold	94.23	6.14	-1.70	102.07	5.96	3.77	-2.34	12.07	90.00	88.27
Buildings										
a) Sub-Stations & Office	452.51	20.64	10.38	462.76	119.28	16.09	1.57	133.80	328.96	333.23
b) Township	360.46	26.00	-0.84	387.30	59.99	11.87	0.21	71.65	315.65	300.47
Temporary Erection	8.01	0.70	0.10	8.61	7.18	0.69	-0.72	8.59	0.02	0.83
Roads & Bridges	112.73	4.81	-0.34	117.88	19.45	7.02	0.02	26.45	91.43	93.28
Water Supply Drainage & Sewerage	65.38	6.12	-0.04	71.54	14.93	2.79	-	17.72	53.82	50.45
Plant & Machinery										
a) Transmission Lines	27472.82	4537.60	-8.13	32018.57	5880.73	1447.63	14.47	7313.88	24704.70	21592.09
b) Substation	12708.64	2378.45	-23.61	15110.70	4365.98	610.93	9.20	4967.71	10142.99	8342.66
c) ULDC	964.72	7.89	243.16	729.45	502.40	83.93	185.93	400.40	329.05	462.32
d) Telecom links	918.28	72.12	-12.63	1003.03	300.33	57.97	-0.29	358.59	644.44	617.95
Constrn.and Workshop equipment	75.43	12.08	-0.05	87.56	16.80	3.93	0.01	20.72	66.84	58.63
Electrical Installation	66.81	4.90	-0.76	72.47	25.76	3.11	-	28.87	43.60	41.05
Vehicles	4.94	0.11	0.09	4.96	2.23	0.31	0.08	2.47	2.49	2.71
Furniture Fixtures & Office equipment	132.16	12.14	8.95	135.35	52.15	12.56	3.08	61.63	73.73	80.02
EDP/WP Machines	69.08	7.28	5.93	70.42	50.59	6.21	4.05	52.75	17.67	18.48
Miscellaneous Assets/ Equipments	67.22	2.96	-0.08	70.26	38.02	2.47	0.26	40.23	30.02	29.20
Capital Exp. on Assets not owned by the Company	16.19	0.11	7.87	8.43	12.60	0.02	4.19	8.43	-	3.59
Intangible Assets										
Afforestation Charges	231.90	38.01	-2.39	272.30	12.00	7.36	0.05	19.31	252.99	219.90
Softwares	1.77	1.26	-	3.03	1.12	1.19	-	2.32	0.72	0.65
Others	-	0.09	-	0.09	-	0.00	-	-	0.09	-
Grand Total	44266.25	7427.98	212.90	51481.33	11487.50	2279.85	219.77	13547.58	37933.75	32778.75

Less: Provisions for assets discarded

10.47

51470.86

8.71

13538.87

1.76

37931.99For the year ended
31st March, 2011Depreciation (Addition during the year) 2279.85Less: Transferred to Incidental Expenditure During Construction(Schedule 27-C) 8.422271.43Add: Depreciation amortised due to FERV adjustment 1.49Charged to Profit & Loss Account 2272.92

Schedule 07 - Capital Work In Progress

(₹ in crore)

Description	As at 1st April, 2010	Additions during the year	Adjustments during the year	Capitalised during the year	As at 31st March, 2011
Land					
Development of land	34.22	32.57	11.84	1.71	53.24
Buildings					
a) Sub-Stations & Office	36.84	42.21	1.15	18.08	59.82
b) Township	54.01	28.31	0.37	23.86	58.09
Temporary erection	0.57	-0.19	0.12	0.10	0.16
Roads & Bridges	8.37	7.38	0.07	4.69	10.99
Water Supply Drainage and Sewerage	6.42	3.68	0.22	4.07	5.81
Plant & Machinery (including associated civil works)					
a) Transmission Lines	6820.78	7170.90	-45.77	4498.63	9538.82
b) Sub-Station	2149.30	1905.64	17.92	2353.98	1683.04
c) ULDC	5.73	3.65	0.50	3.17	5.71
d) Telecom links	72.29	29.47	44.74	38.13	18.89
Furniture, Fixtures & Other office equipment	6.73	1.33	4.08	1.00	2.98
Electrical installations	12.26	5.40		3.53	14.13
Survey, Investigation, Consultancy & Supervision Charges	52.36	8.14	7.93	3.22	49.35
Difference in Exchange on foreign Loans	-0.02	11.26	15.00	-3.74	-0.02
Capital expenditure on assets not owned by Company	1.08	-0.03	1.05		
Incidental Expenditure during Construction	1194.34	1317.62	673.80	4.19	1833.96
Intangible Assets					
Afforestation Charges	52.07	84.96	-	37.98	99.05
TOTAL	10507.35	10652.30	733.02	6992.60	13434.03

Schedule 08 - Construction Stores and Advances

(₹ in crore)

Description	As at 31st March, 2011
Construction Stores {Including Material in transit/pending issue to contractors and with contractors of ₹.10720.53 crore.}	
Towers	2627.20
Conductors	3450.79
Other Line Materials	1183.07
Sub-Station Equipments	3411.46
HVDC Equipments	50.11
ULDC Materials	19.84
Telecom Materials	0.40
Steel	0.54
Others	5.91
	10749.32
Less: Provision for Shortages and obsolete material	0.01
	10749.31
Advances for Capital Expenditure	
Secured	
Considered Good	1.07
Unsecured	
Considered Good	
a. Against Bank guarantees	2422.94
b. Others	487.65
Considered Doubtful	1.18
	2911.77
Less: Provision for Bad & Doubtful Advances	1.18
	2910.59
	2911.66
	13660.97



Schedule 09 - Investments

(₹ in crore)
As at 31st
March,
2011

Description

LONG TERM

A. TRADE INVESTMENTS

I. Govt. Securities (Unquoted):-

a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :

Andhra Pradesh	90.26
Arunachal Pradesh	2.61
Assam	83.90
Bihar	81.07
Gujarat	35.02
Haryana	40.25
Himachal Pradesh	1.42
Jammu & Kashmir	80.99
Kerala	12.06
Madhya Pradesh	52.03
Maharashtra	6.74
Manipur	15.85
Meghalaya	0.22
Mizoram	0.01
Nagaland	6.97
Punjab	23.47
Rajasthan	4.36
Sikkim	5.63
Tripura	0.45
Uttar Pradesh	230.73
Uttaranchal	25.63
West Bengal	40.24
Jharkhand	55.75

895.66

b) Other Bonds:-

15 years 8.5% J&K Govt. Bonds 2017, Interest payable semi-annually, redeemable w.e.f 30.11.2007	15.00
15 years 8.5% J&K Govt. Bonds 2018, Interest payable semi-annually, redeemable w.e.f 31.03.2008	18.81

33.81

II. Equity Shares-Fully Paid up :-

Quoted

PTC India Ltd

120,00,006 Shares of ₹10/- each fully paid up.
{Market Value ₹100.08 crore @ 83.40 (NSE) per share}

12.00

12.00

TOTAL (A)

941.47

B. Non-trade investments (Unquoted)

6500000 units of ₹10each in ICICI Prudential FMP series 54-1 year Plan A	3.18
2624204679 units of ₹11.6461each in Birla Sunlife Short Term Fund	1.50
5528789195 units of ₹12.6610 each in Templeton India ultra short Bond Fund	3.43
5109666 Units of ₹15.66 each in Birla Sunlife Cash Plus	2.08

TOTAL (B)

10.19

GRAND TOTAL (A+B)

951.66

Schedule 10 - Inventories

Description	(₹ in crore)	
	As at 31st March, 2011	
(Valuation as per Accounting policy No.11)		
Components, Spares & other spare parts		
i) Transmission Inventory		
Towers	96.34	
Conductors	22.03	
Other Line Materials	70.53	
ii) Sub-Station Equipments/Spares	91.89	
iii) HVDC Equipments/spares	41.13	
iv) ULDC Spares	2.69	
v) Telecom Spares	11.50	
vi) Other Stores	42.59	
Consumable stores	2.41	
Loose tools	1.50	
	382.61	
Less Provision for Shortages	0.26	
TOTAL		382.35

Schedule 11 - Sundry Debtors

Description	(₹ in crore)	
	As at 31st March, 2011	
Debts Outstanding for a period exceeding Six Months		
Considered Good	18.60	
Considered Doubtful	78.05	
		96.65
Other Debts		
Considered Good		3251.53
		3348.18
Less: Provision for bad & doubtful debts		78.05*
TOTAL		3270.13

* includes provision of ₹57.79 crore in respect of amount receivable from DESU.

Schedule 12 - Cash and Bank Balances

Description	(₹ in crore)	
	As at 31st March, 2011	
Cash, Stamps and Imprest		0.06
Drafts/Cheques in Hand		1.43
Balances with scheduled banks-		
-In Current Accounts/Flexi deposit Account {Including ₹1399.22 crore lying in designated accounts meant for specific disbursal}		1579.61*
-In Term Deposits		3224.77
TOTAL		4805.87

*Includes ₹4.31 crore on account of unclaimed Dividend

Schedule 13 - Other Current Assets

Description	(₹ in crore)	
	As at 31st March, 2011	
Interest accrued on:		
Investments (Bonds)	43.55	
Term/Fixed deposits	80.44	
		123.99
Deferred Income/Expenditure from Foreign Currency Fluctuation (Net)		11.59
Deferred Foreign Currency Fluctuation Asset/Liability (Net)		328.97
Others		50.28
		514.83
Less: Provisions for Doubtful FERV recoverable		
TOTAL		514.83

Schedule 14 - Loans and Advances

Description	(₹ in crore)	
	As at 31st March, 2011	
a) Loans to		
-Employees [Including interest on employee loan of ₹56.77 crores]	144.27	
-Long Term Advances(Under securitisation scheme)	84.84	
-Others	0.89	
		230.00
b) Lease Receivables(State sector ULDC)		591.60
c) Advances		
Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers	22.22	
(Including Material issued on loan)		
Employees	57.88	
Claims recoverable	19.72	
Others	116.87	
	216.69	
Less: Provision for bad and doubtful Advances and Claims	9.28	
	207.41	
Balance with Customs, Port Trust and other authorities	52.97	
Advance Tax & TDS	1637.56	
		1897.94
TOTAL		2719.54
Particulars of Loans and Advances		
Secured		77.69
Unsecured Considered Good		2641.85
Considered doubtful		9.28
		2728.82
Less: Provision for Bad & Doubtful Claims		9.28
TOTAL		2719.54
Due from Directors & Officers of the company		
Directors		0.07
Officers		17.28
Directors Maximum Amount		0.10
Officers Maximum Amount		22.52

Schedule 15 - Current Liabilities

		(₹ in crore)
Description		As at 31st March, 2011
Sundry Creditors		
For capital expenditure	1655.57	
Other goods and services	214.96	
		1870.53
Advance from Customers	2246.73	
Deposits Retention money from contractors and others.	1964.98	
Less: Investments held as security	2.05	
		4209.66
Investor Education and Protection Fund		
Un-paid (Un-claimed) matured bonds*		0.07
Unclaimed Dividend *		4.31
Other Liabilities		1123.41
Interest Accrued But Not Due On Loans From		
Indian Banks, Financial Institutions & Corporations	28.50	
Foreign Banks & Financial Institutions	30.09	
Secured/Unsecured redeemable Bonds	866.18	
		924.77
Total		8132.75

* No amount is due for payment to Investor Education and Protection Fund

Schedule 16 -Provisions

		(₹ in crore)
Description		As at 31st March, 2011
Taxation (Including interest on Tax)		
As per last balance sheet		1148.04
Additions during the year		699.39
Amount adjusted during the year		246.08
		1601.35
Employee Benefits		
As per last balance sheet		311.57
Additions during the year		177.52
Amounts utilised/paid during the year		119.23
		369.86
Transmission incentive, special incentive & PRP		
As per last balance sheet		148.69
Addition during the year		141.55
Amount paid/adjusted during the year		90.77
		199.47
Provision for Retirement benefit/Wage revision		
As per last balance sheet		342.93
Additions during the year		3.58
Amounts utilised/paid during the year		278.69
		67.82
Proposed Final Dividend		
As per last balance sheet		420.88
Additions during the year		597.83
Amounts paid during the year		420.88
		597.83



Schedule 16 -Provisions (Contd...)

Description	(₹ in crore)	
	As at 31st March, 2011	
Downtime Service Credit-Telecom		
As per last balance sheet		1.77
Additions during the year		0.69
		<u>2.46</u>
Guarantee Fee to GOI		
As per last balance sheet		16.28
Additions during the year		2.37
		<u>18.65</u>
Dividend Tax		
As per last balance sheet		69.90
Additions during the year		96.99
Amounts paid during the year		69.90
		<u>98.99</u>
Expenses Payable		
As per last balance sheet		-
Additions during the year		14.67
Amounts paid during the year		-
		<u>14.67</u>
TOTAL		<u>2969.10</u>

Schedule 17 - Miscellaneous Expenditure (To the extent not written off or adjusted)

Description	(₹ in crore)			
	As at 1st April, 2010	Additions/ Adjustments during the year	Deductions during the year	As at 31st March, 2011
Deferred Revenue Expenditure	4.04	0.71	2.34	2.41
TOTAL	<u>4.04</u>	<u>0.71</u>	<u>2.34</u>	<u>2.41</u>

Schedule 18 - Contingent Liabilities

Description	(₹ in crore)	
	As at 31st March, 2011	
Claims against the Company not acknowledged as debt in respect of		
Arbitration / Court Cases		2245.45
Land / Crop/Tree Compensation cases		917.03
Service Tax		-
Others		52.92
Disputed Tax Demands-Income Tax		5.97
Disputed Tax Demands-Service Tax		-
Disputed Tax Demands-Others		96.60
Continuity Bonds with Custom Authorities		1183.82
Others-Service Tax		-
Others		54.39
Total		<u>4556.18</u>

Schedule 19 - Revenue from Operations

Description	(₹ in crore)
	For the year ended 31st March, 2011
Revenue from Transmission Charges (Refer Note No.13 and 14 of Schedule 28)	7879.00
Less: Advance Against Depreciation	0.96
	<u>7878.04</u>
Add: Revenue Recognised out of AAD	38.52
	<u>7916.56</u>
	7916.56
Income from Short Term Open Access	221.24
Consultancy, Project Management and Supervision Fees	286.76
Revenue from Telecom	
NLD	172.99
IP-1	16.84
ISP	1.06
	<u>190.89</u>
Less: Inter Divisional Transfer (Telecom)	
NLD	3.56
IP-1	-
ISP	0.13
	<u>3.69</u>
	187.20
TOTAL	<u>8611.76</u>

Schedule 20 - Provisions written Back

Description	(₹ in crore)
	For the year ended 31st March, 2011
Doubtful debts-FBT	34.46
Capital work in Progress	2.70
Others	3.08
	<u>40.24</u>
TOTAL	<u>40.24</u>

Schedule 21 - Other Income

Description	(₹ in crore)
	For the year ended 31st March, 2011
Dividend on Trade Investments	0.03
Interest From	
Govt. Securities	
8.5% Tax Free Bonds	87.65
Taxable Bonds	3.46
Loan to State Govt. in settlement of dues from Customers	8.20
Indian Banks [TDS ₹13.21 crore]	203.83
Interest From advances to Contractors	75.33
Interest on differential between provisional and Final Tariff by CERC	118.68
Others	5.08
	<u>502.23</u>
Profit on sale of fixed assets	0.13
Deferred Income (Transferred from Grants-in-aid)	23.32

Schedule 21 - Other Income (Contd...)

		(₹ in crore)
Description		For the year ended 31st March, 2011
Short Term Open Access-Other Charges		22.86
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets		2.21
Lease Income-State Sector ULDC		74.02
Surcharge		6.07
FERV gain	77.97	
Less: Payable to beneficiaries	-0.71	
		<u>78.68</u>
Miscellaneous income		77.30
		<u>786.85</u>
Less: Income transferred to incidental expenditure during construction-Sch 27 (E)		165.24
TOTAL		<u>621.61</u>

Schedule 22 - Employees' Remuneration & Benefits

		(₹ in crore)
Description		For the year ended 31st March, 2011
Salaries, wages, allowances & benefits	841.73	
Contribution to provident and other funds	154.10	
Welfare expenses	90.27	
Less: Transferred to Incidental Expenditure during Construction-Schedule 27(A)		<u>1086.10</u>
TOTAL		<u>300.42</u>
		<u>785.68</u>

Schedule 23 - Transmission, Administration and Other Expenses

		(₹ in crore)
Description		For the year ended 31st March, 2011
Repair & Maintenance		
Buildings	17.95	
Plant & Machinery		
Sub Station	116.81	
Transmission lines	34.97	
Construction equipment	0.02	
Others	31.13	
		<u>182.93</u>
System & Market Operation charges		0.65
Power charges	72.73	
Less: Recovery from contractors	0.62	
		<u>72.11</u>
Expenses of Diesel Generating sets		3.43
Stores & spares consumed		0.05
Water charges		1.41
Right of Way charges(Telecom)		<u>8.28</u>
		<u>286.81</u>
Training & Recruitment expenses	22.85	
Less: Fees for training and application	1.08	
		<u>21.77</u>
Legal expenses		4.93
Professional charges		13.39
Consultancy expenses		2.97
Communication expenses		11.79
Travelling & Conveyance Expenses	70.82	
Foreign travel	7.90	
		<u>78.72</u>
Tender expenses	11.14	
Less: Sale of tenders	3.21	
		<u>7.93</u>

Schedule 23 - Transmission, Administration and Other Expenses (Contd...)

Description	(₹ in crore)	
	For the year ended 31st March, 2011	
Remuneration to auditors (Including service Tax)		
Audit Fees	0.46	
Tax Audit Fees	0.13	
Quarterly review Fees as per SEBI	0.27	
Annual review fees as per DOT	0.06*	
In Other Capacity	0.22	
Lodging,boarding & travelling expenses	0.63	
Reimbursement of service Tax	0.09	
* Including arrears of ealier year		1.86
Advertisement and publicity		12.67
Printing and stationery		6.16
Books,Periodicals and Journals		0.56
EDP hire and other charges		2.67
Entertainment expenses		1.66
Brokerage & Commission		0.21
Research & Development expenses		0.47
Cost Audit Fees		0.22
Rent		7.00
Miscellaneous expenses		31.38
Horticulture Expenses		4.75
Security Expenses		56.51
Hiring of Vehicle		50.13
Insurance		17.02
Rates and taxes		20.92
Bandwidth charges, Dark fibre lease charges (Telecom) etc		12.58
Expenditure on Corporate Social Responsibility		15.58
Bad debts/Advances W/f		2.38
Non operating expenses		0.26
Transit Accomodation Expenses	4.18	
Less : Recovery for usage	0.51	
		3.67
		390.20
		677.01
Less: Transferred to Incidental Expenditure during Construction-Sch. 27 (B)		83.88
		593.13
Loss on Disposal/Write off of Fixed Assets		7.68
TOTAL		600.82
Stores & spares consumption included in repair and maintenance		39.34

Schedule 24 - Provisions

Description	(₹ in crore)	
	For the year ended 31st March, 2011	
GOI Guarantee Fee		2.37
Others		1.61
TOTAL		3.98

Schedule 25 - Interest and Finance Charges

		(₹ in crore)
Description		For the year ended 31st March, 2011
Interest on Loans from		
Indian Banks, Financial Institutions & Corporations	199.70	
Foreign Banks and Financial Institutions	140.09	
Secured/Unsecured redeemable Bonds	2168.40	
Interest on Land/tree Compensation	-	
Interest u/s 234B & C	-	
Others	16.05	
	<u>2524.24</u>	
Add: FERV as adjustment to borrowing cost	74.55	
Less: Transferred to Incidental Expenditure during Construction-FERV	<u>0.27</u>	74.28
		2598.52
Finance Charges		
Rebate to Customers		102.75
Commitment charges		4.53
Guarantee fee		120.52
Other finance charges		<u>31.49</u>
		259.29
		<u>2857.81</u>
Less: Transferred to Incidental Expenditure during Construction-Schedule 27 (D)		<u>1083.60</u>
TOTAL		1774.21

Schedule 26 - Prior Period Expenditure/(Income) (Net)

		(₹ in crore)
Description		For the year ended 31st March, 2011
Income		
Revenue from Telecom		-
Depreciation written back		1.25
FERV gain		-
Grant in aid		2.19
Others		<u>4.79</u>
		8.23
Expenditure		
Power charges		0.02
Rates and taxes		0.57
Depreciation		1.12
Depreciation amortised due to FERV		3.27
Telecom Revenue written back		-
Others		<u>8.83</u>
		13.81
Prior period expenditure/(income) (Net)		<u>5.58</u>
Less: Transferred to Incidental Expenditure during Construction		<u>1.21</u>
TOTAL		4.37

Schedule 27 - Incidental Expenditure During Construction

		(₹ in crore)
Description		For the year ended 31st March, 2011
A. Employees Remuneration & Benefits		
Salaries, wages, allowances and benefits		241.67
Contribution to provident and other funds		38.24
Welfare expenses		<u>20.51</u>
Total (A)		300.42

Schedule 27 Incidental Expenditure During Construction (Contd.)

Description	(₹ in crore)	
		For the year ended 31st March, 2011
B.Other Expenses		
Repairs and Maintenance		
Buildings	1.93	
Others	<u>1.14</u>	3.07
Power charges	3.03	
Less: Recovered from contractors	<u>0.37</u>	2.66
Expenses of Diesel Generating sets		0.35
Water charges		0.27
Training & recruitment Expenses		
Legal expenses		1.97
Professional charges		2.53
Consultancy expenses		2.35
Communication expenses		2.97
Travelling & Conv.exp. (Including Foreign Travel)		22.16
Tender expenses	6.42	
Less: Income from sale of tenders	<u>3.16</u>	3.26
Payment to Auditors		0.54
Advertisement and Publicity		0.60
Printing and stationery		0.49
Books,Periodicals and Journals		0.00
EDP hire and other charges		0.09
Entertainment expenses		0.15
Brokerage and commission		0.04
Rent		2.31
Miscellaneous expenses		15.76
Horticulture Expenses		0.24
Security Expenses		5.78
Hiring of Vehicles		14.76
Insurance		0.13
Rates and taxes		0.75
Bandwidth,Dark fibre, lease charges etc		
Transit Accomodation Expenses	0.67	
Less : Recovery for usage	<u>0.02</u>	0.65
Non Operation Expenses		<u>83.88</u>
Total (B)		83.88
Prior Period adjustment (net)		<u>1.21</u>
Total(B1) (including prior period)		85.09
C.Depreciation		8.42
D. Interest and Finance Charges		
Interest on Loans from		
Indian Banks,Financial Institutions and Corporations		
Foreign Banks and Financial Institutions		22.29
Secured/Unsecured Redeemable Bonds		994.77
Add/Less: ERV as adjustment to borrowing cost		<u>0.27</u>
		1017.33
Finance Charges		
Commitment charges		3.68
Guarantee fee		35.51
Other Finance Charges		<u>1.00</u>
Total (D)		40.19
E. Less: Other Income		1057.52
Interest from		
Indian banks		59.56
Interest From advances to Contractors		75.14
Others		<u>1.04</u>
Sub-Total		135.74
Miscellaneous income		28.03
Hire charges		<u>0.19</u>
Total (E)		163.96
GRAND TOTAL (A+B1+C+D-E)		1287.49

SCHEDULE 28- NOTES ON ACCOUNTS

1. BASIS OF CONSOLIDATION

1.1. The consolidated financial statements relate to Power Grid Corporation of India Limited (the Company), its Subsidiaries and interest in Joint Venture Companies.

a) Basis of Accounting:

- i) The financial statements of the subsidiary companies and Joint Venture Companies in the consolidation are drawn up to the same reporting date as of the Company.
- ii) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21- 'Consolidated Financial Statements' and Accounting Standard (AS) -27 'Financial Reporting of Interest in Joint Venture of Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles. As per the transitional provisions of AS-21, comparative figures of previous year have not been presented.

b) Principles of Consolidation:

The consolidated financial statements have been prepared as per the following principles:-

- i) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealised profits or losses.
- ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using its proportionate consolidation method of accounting and reporting whereby the company's share of each asset, liability, income and expense of a joint controlled entity is considered as a separate line item.
- iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements except as otherwise stated in the notes to the accounts.

c) Difference in Accounting Policy and Impact thereon

- i) Company has followed CERC rates for providing depreciation on assets however some Joint Venture Companies have followed rates provided in Schedule XIV of the Companies Act 1956. However impact of such change is not material.
- ii) Company has accounted for LD/ Warranty Claims and Interest on advances to supplies when no significant uncertainty as to measurability and collectability exists, whereas subsidiary company POSOCO has accounted for above items on certainty basis. However impact of such change is not material.

1.2 The Subsidiaries and Joint Venture Companies considered in the financial statements are as follows:-

Name of the Company	Proportion (%) of Share holding as on 31.03.2011
Subsidiary Companies	
Power System Operation Corporation Limited (POSOCO)	100%
Brynihat Transmission Company Limited*	-
Joint Venture Companies	
Powerlinks Transmission Limited	49%
Torrent Power Grid Limited	26%
Jaypee Power Grid Limited ***	26%
Parbati Koldam Transmission Company Limited	26%
Teestavalley Power Transmission Limited	26%
North East Transmission Company Limited	24.93%
National High Power Test Laboratory Private Limited ***	25%
Energy Efficiency Services Limited ***	25%
Powergrid IL&FS Transmission Private Limited**	-

*Name of the subsidiary has been struck off from the Register and the company has been dissolved during the year.

** Notice dated 16.03.2011 pursuant to section 560 (3) of the Companies Act 1956 issued by the Registrar of Companies to the effect that the name of the Company shall be struck off from the Register and the Company shall be dissolved at the expiry of three months unless cause is shown to the contrary.

*** Financial statements used for consolidation are unaudited.

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The company's share in assets and liabilities as on 31st March 2011 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

		₹ in crore
		31/03/2011
A.	Assets	
	• Long Term Assets	1139.53
	• Investments	10.19
	• Current assets	171.24
	• Profit and Loss A/C	1.32
	• Misc Expenditure	0.48
	Total	1322.76
B.	Liabilities	
	• Equity	444.84
	• Long Term Liabilities	778.87
	• Current Liabilities and Provisions	99.05
	Total	1322.76
C.	Contingent Liabilities	0.10
D.	Capital Commitments	228.89
		Current Year
E.	Income	157.92
F.	Expenses(Including provision for taxes)	114.19

- 1.3 Consequent upon transfer of moveable assets on sale basis w.e.f. 01/10/2010, Power System Operation Corporation Limited, a 100% subsidiary has allotted ₹3,05,90,000 fully paid equity shares of face value of ₹10/- each (Rupees ten only) amounting to ₹30.59 crore.
- 1.4 The Company has made further investment of ₹19.50 crore in Jaypee Powergrid Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares held by Jaiprakash Power Ventures Limited.
- 1.5 The Company has made further investment of ₹18.10 crore in Parbati Koldam Transmission Company Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares held by Reliance Infra Limited.
- 1.6 The Company has made further investment of ₹20.32 crore in Teestavalley Power Transmission Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares held by Teesta Urja Limited.
- 1.7 The Company has made further investment of ₹7.05 crore in North East Transmission Company Limited, a Joint Venture Company in which 24.93% shares are held by POWERGRID and balance shares held by ONGC Tripura Power Grid Limited, Assam Electrical Generation Corporation Limited & Govt. of Tripura, Govt. of Mizoram & Govt. of Manipur equally.
- 1.8 The Company has made further investment of ₹1.75 crore in National High Power Test Laboratory Limited, a Joint Venture Company in which 25% shares are held by POWERGRID and balance shares held by NTPC Limited, NHPC Limited & Damodar Valley Corporation Limited equally.
2. a) The company owns 5367 hectare of land amounting to ₹845.81 crore which has been classified into freehold and leasehold based on available documentation.
- b) The company's land in the State of Jammu & Kashmir amounting to ₹22.91 crore and in certain other cases (value not ascertainable), the conveyancing of title to the freehold land and execution/registration of lease agreements in favour of the company is pending for completion of legal formalities.
- c) Freehold land includes ₹33.71 crore in respect of land acquired for residential complex at Gurgaon for which conveyance deed in favour of the Company is yet to be executed.
- d) Leasehold land includes ₹7.64 crore in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence no depreciation is charged.
3. Township buildings includes ₹7.27 crore for 28 flats at Mumbai, for which registration in favour of the company is pending.
4. Plant and machinery under substation in fixed assets (Schedule No 6) includes company's share of ₹3.80 crore in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.
5. Cash equivalent of deemed export benefits availed of ₹209.99 crore in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise

Authorities in accordance with direction from Ministry of Power (Govt of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP. Thereafter, World Bank had financed both the ESI project and STP as originally envisaged and they became eligible for deemed export benefits. Consequently, the company lodged claims with the Customs and Excise Authorities.

During the year, company recovered deemed export benefits to the extent of ₹0.78 crore and de-capitalized in respective assets. The cumulative amount received and de-capitalized upto 31st March 2011 is ₹12.12 crore. The company continued to show the balance of ₹197.87 crore as at 31st March 2011 in capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.

6. Pending reconciliation, materials amounting to ₹34.68 crore (included under stores – schedule 8) in commissioned lines is shown as construction stores lying with contractors.
7. The transmission systems situated in Jammu and Kashmir have been taken over by the Company w.e.f. 1st April,1993 from National Hydroelectric Power Corporation Ltd. (NHPC) upon mutually agreed terms, pending completion of legal formalities.
8. Hon'ble High Court of Karnataka has declared the Karnataka Special Tax on Entry of Certain Goods Act,2004 as illegal and directed the concerned authority to refund the amount of Entry Tax collected since inception of the Act. The government of Karnataka has filed a writ petition before divisional bench of Hon'ble Karnataka High Court which has stayed the refund of Entry Tax collected by it. The Company capitalised ₹13.62 crore paid towards entry tax in earlier years. The same will be decapitalised upon final resolution of the issue.
9.
 - a) Balances in Loans and Advances, material with contractors, Sundry Creditors, Advances from customers and Sundry Debtors are subject to confirmation and consequential adjustments, if any.
 - b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
10. During the year, 400 KV Koldam -Nalagarh (D/C QUAD conductor) line along with 400 KV Line Bays at Nalagarh end have become ready for intended use of evacuation of power from Koldam Hydro Electric Project of National Thermal Power Corporation (NTPC) from 01.04.2010. Accordingly the asset was capitalized in accordance with the Accounting Policy No. 4.4 of the Company and net expenditure of ₹22.07 crore (including Dep of ₹9.66 crore) has been charged to Profit and loss Account.
The generation unit of Koldam HEP is yet to be commissioned. Clause 3 (12) (c) of the CERC (Terms and Conditions of Tariff) Regulations 2009 applicable for the block period 2009-14 provides for approval of the Date of Commercial Operation (DOCO), prior to the element coming into regular service for evacuation of power. A petition has been filed by the Company before CERC for approval of DOCO w.e.f. 01/04/2010 and the corresponding transmission charges. Pending approval of DOCO and the transmission charges of the asset by CERC no revenue has been recognized during the year.
11. Cash and Bank Balances include ₹38.41 crore on account of tax deducted at source on perquisites to employees as per the provisions of the Income Tax Act, 1961, which was deposited in a separate bank account as per Orders of the Hon'ble Calcutta High Court.
12. Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts ".

(₹ in Crore)

Particulars		Year ended 31.03.2011
i)	The amount of revenue recognised on cost plus consultancy contract works	212.03
ii)	The methods used to determine the contract revenue recognised in the period: 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy
iii)	Cumulative amount of costs incurred on construction contracts	9510.18
iv)	Cumulative amount of advance received from customers	11078.81
v)	Amount of retention money with customers	49.58
vi)	Gross amount due from customers for contract works as an asset	15.38
vii)	Gross amount due to customers for contract works as a liability	1845.65

13. a) The company has been providing for depreciation at the rates notified for the purpose of recovery of tariff, by CERC. The issue of charging depreciation at rates different from the rates specified under Companies Act, 1956 has been referred by the Comptroller & Auditor General of India (C&AG) to the Ministry of Power (MOP) and the same is pending for disposal. However, MOP has issued tariff policy which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting.

In accordance with the Tariff Policy, CERC has notified norms for the block period 2009-14 which provides for specified depreciation rates in first 12 years and thereafter amortisation of residual value over the residual life. Accordingly, depreciation on the transmission assets for the year has been provided as per above rates and methodology.

- b) Depreciation charge for the year is lower by ₹42.40 crore as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956.

14. Effects due to changes in accounting policies during the year

- a) In view of an opinion of the expert advisory committee of the Institute of Chartered Accountants of India, capital expenditure on assets not owned by the company, which was hitherto amortized over a period of four years, is now charged off to revenue as and when incurred. The unamortized balance as on 01/04/2010 under Fixed Assets and CWIP Schedule has been written off as prior period expenditure. This has resulted in decrease in profit by ₹3.56 crore (including prior period impact of ₹4.22 crore) with corresponding decrease in CWIP/Fixed Asset. The matter has been referred to EAC for reconsideration.
- b) Leasehold land, which was hitherto depreciated over the tenure of the lease, is now depreciated in 25 years or tenure of the lease whichever is less in accordance with the rate and methodology specified in CERC (Terms & Conditions of Tariff) Regulations, 2009 with retrospective effect from 01/04/2009. This has resulted in decrease in profit by ₹ 5.14 Crore (including prior period impact of ₹2.10 Crore).
- c) Liabilities for price variation/ exchange rate variation in case of contracts which were hitherto accounted for on acceptance/receipt of claims are now being accounted for on estimated basis as per terms of the contracts. The above change has resulted in increase in liability by ₹191.26 Crore with corresponding decrease in CWIP/Fixed Assets. The above has also resulted in decrease in Profit by ₹10.49 crore.
- d) Liquidated damages / warranty claims which were hitherto being accounted for on certainty are now recognized when no significant uncertainty as to measurability and collectability exists. The above has resulted in Decrease in liability by ₹59.70 crore with corresponding decrease in CWIP/Fixed Assets. The above has also resulted in decrease in Profit by ₹2.98 Crore.
- e) The expenditure on Corporate Social Responsibility (CSR) which was, hitherto, incurred / appropriated out of profit to the extent of 0.75% of net profit of the preceding financial year, is now being incurred / appropriated to the extent of 1.00%. This has resulted in additional expenditure/appropriation of ₹5.10 crore for the year.
- f) Surcharge, which was, hitherto, accounted for on receipt / certainty of receipt, is now being accounted for when no significant uncertainty as to measurability and collectability exists. The above change has resulted in increase in profit due to accounting of additional surcharge of ₹5.14 crore for the year.

15. In accordance with the CERC Tariff Regulations 2009

- a) The Company has billed and recognized transmission income as approved by CERC for the block period 2009-14.
- b) Where tariff has not been approved under block period 2009-14, in respect of assets commissioned upto 31.03.2009, the Company has billed transmission charges as approved by CERC for the block period 2004-09 as applicable as on 31.03.2009 and recognized revenue as per norms for the block period 2009-14.
- c) Where tariff has not been approved by CERC under block period 2009-14 in respect of assets commissioned after 01/04/2009, the Company has recognized revenue of ₹1207.39 crore based on Tariff Norms 2009-14 and the same is yet to be billed as the CERC regulations does not provide for the same. However, petitions for these assets have been filed.
- d) Pending certification of monthly transmission system availability by the Regional Power Committee (RPC) of some of the regions, transmission incentive of ₹16.14 Crore has been recognized provisionally based on latest month's availability.
- e) CERC Tariff Regulations 2009 for block period 2009-14 provide that tariff for additional capital expenditure incurred after the date of commercial operation shall be allowed based on the projected expenditure. In view of the above, Transmission income on account of additional capitalization, which was hitherto accounted for on the basis of specific order by the CERC, is now being accounted for on accrual basis based on actual expenditure incurred from year to year after date of commercial operation. This has resulted in increase in transmission income amounting to ₹57.17 crore (including ₹17.47 crore for financial year 2009-10).
- f) Transmission income of ₹172.79 crore (previous year ₹180.77 crore) has been recognised as income of the year on issuance of final tariff orders by CERC in respect of provisional recognition of revenue in earlier years.
- g) The company has allowed to State Power Utilities additional rebate against payment received through cheques and RTGS over and above the permissible rebate for effecting better and timely recovery of dues.
- h) The Sundry debtors - other Debts in schedule – 11 includes an amount of ₹2152.71 crore (previous year ₹1582.32 Crore) on account of unbilled revenue in view of recognition of revenue as per CERC Tariff Norms applicable for 2009-14.

16. Following the CERC order dated 03/08/2010, wherein the staff of the Commission was directed to prepare and submit draft amendment to the tax rate as per the Finance Act for the relevant year, various formalities for amending regulations including issue of draft amendments inviting comments from the stake holders and holding of public hearing in this respect has been completed but the final amendment is yet to be notified by CERC. Pending notification of the amendments by CERC, Return on Equity (ROE) component of transmission charges amounting to ₹241.52 crore for the year has been recognized by grossing up the ROE using the applicable MAT rate of 19.9305% applicable for the year as against MAT rate of 11.33% applicable for the F.Y. 2008-09 (on the basis of which billing is being made).

Revenue of ₹132.47 crore pertaining to F.Y. 2009-10 on account of above using the applicable MAT rate of 16.995% applicable for the year as against MAT rate of 11.33% applicable for the F.Y. 2008-09 (on the basis of which billing is being made). has also been recognised during the year.

The total amount on account of above of ₹373.99 crore is yet to be billed by the Company

17. a) As per order of Ministry of Power, GOI, the moveable assets of RLDCs (System Operation Segment) have been transferred to Power System Operation Corporation Limited (POSOCO) a wholly owned subsidiary w.e.f. 01/10/2010. The purchase consideration has been worked out and settled as per details given below :-

Depreciated Value of moveable assets (Net block)	:	₹	75.95	crore
CWIP and Construction Stores & Advances	:	₹	00.60	crore
Net Current Assets	:	₹	25.13	crore
Total	:	₹	101.68	crore
Less : Grant in Aid	₹	5.06	crore	:
LDC Development Fund	₹	25.72	crore	:
Net Amount receivable	:	₹	70.90	crore

POSOCO has issued 3,05,90,000 fully paid equity shares of face value of ₹10/- each (Rupees ten only) amounting to ₹30.59 crore in favour of the Company and taken over loan liabilities of ₹40.31 crore towards Purchase Consideration.

b) Loans and Advances includes ₹49.04 Crore (including interest of ₹0.34 Crore charged on estimated bases) advanced to POSOCO for day to day operations pending realisation of dues by POSOCO.

18. During the year company made Follow on Public Offer (FPO) and allotted 420,884,123 fresh equity shares of face value of ₹10 each at a premium of ₹80 each (₹75.50 for retail investors) and further allotted 420,884,123 equity shares of ₹10 each for a consideration of ₹90 each (₹85.50 each to retail investors) being disinvestment on behalf of President of India on 23rd November 2010. The company received ₹3721.17 crore through fresh issue of shares including share premium of ₹3300.29 crore and sale proceeds of equity of Government of India amounting to ₹3721.17 crore which was paid to Government of India. Out of the proceeds, a sum of ₹1600 crore has been utilized during the year for part financing of capital expenditure on the projects specified for utilization and the balance amount has been invested as per the investment policy of the company.

Issue expenses of ₹8.28 crore (Net after adjustment of Government of India share of Issue expenses of ₹7.64 crore) has been adjusted against Share Premium account (Schedule -2).

19. a) (i) FERV loss (to the extent not exceeding the difference between the Interest on foreign currency borrowings and local currency borrowings) has been adjusted to borrowing cost amounting to ₹74.20 crore (net of ₹0.27 crore FERV loss for the construction projects) towards loan liabilities attributable to fixed assets.

(ii) FERV Loss of ₹15.58 crore has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.

(iii) FERV Gain of ₹77.96 crore has been recognized in the profit and loss Account in respect of loans contracted on or after 1st April,2004 in terms of provisions of AS-11 (revised 2003)

b) Other Income for the year include an amount of ₹0.07 crore being the FERV gain on Current Assets.

20. FERV Loss of ₹0.71 crore has been shown as FERV Recoverable and ₹ (1.49) crore has been shown as depreciation amortisation as per Accounting Policy No.9.3 and 9.4.

21. Accounting of FERV as stated in note nos. 19 and 20 above, has resulted in increase in profit for the year by ₹4.47 crore.

22. Other Income includes ₹23.23 crore being the amount transferred from Grants- in- Aid received in respect of Chandrapur HVDC, NER ULDC and Salakati as per Accounting Policy No. 3.1.

23. The company is following AS-15 (revised 2005) 'Employee Benefits'.

Defined employee benefit schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to profit and loss a/c. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. The fair value of the assets of the provident fund including the return on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan.

B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹10 lacs. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis. The additional Gratuity liability provision under wage revision as on 31.03.2010 on enhanced limit from ₹3.5 lacs to ₹10 lacs on account of pay revision due for Supervisors and Workmen amounting to ₹54.88 crore was reversed. After revision of the limit from ₹3.5 lacs to ₹10 lacs during the FY 2010-11, the impact on valuation due to enhanced limit for Supervisors and Workmen is ₹78.32 crore.

C. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

D. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

The summarised position of various defined benefits recognized in the Profit and Loss Account, Balance Sheet and the funded status are as under:-

a) Expenses recognised in profit and loss account

	(₹ in crore)		
	GRATUITY Current Year	PRMF Current Year	ODRB Current Year
Current Service Cost	16.68	4.86	0.58
Interest cost on benefit obligation	20.39	7.10	0.86
Expected return on plan assets	-21.65	-0.07	-
Net actuarial (gain)/loss recognized in the year	80.67	33.98	-0.02
Expenses recognized in the profit and loss a/c.	96.09	45.87	1.42

b) The amount recognized in the Balance Sheet

	(₹ in crore)		
	GRATUITY Current Year	PRMF Current Year	ODRB Current Year
Present value of obligation as at 31/03/2011(i)	359.68	125.16	11.43
Fair value of plan assets as at 31/03/2011 (ii)	314.83	-	-
Difference (ii) – (i)	-44.85	-125.16	-11.43
Net asset (liability) recognized in the Balance Sheet	-44.85	-125.16	-11.43

c) Changes in the present value of the defined benefit obligations:

	(₹ in crore)		
	GRATUITY Current Year	PRMF Current Year	ODRB Current Year
Present value of obligation as at 01/04/2010	266.06	82.82	10.48
Interest cost	19.78	7.10	0.86
Current Service Cost	16.69	4.86	0.62
Benefits paid	-26.35	-3.60	-0.50
Net actuarial (gain)/loss on obligation	83.49	33.98	-0.03
Present value of the defined benefit obligation as at 31/03/2011	359.67	125.16	11.43

d) Changes in the fair value of plan assets:

	(₹ in crore)
	GRATUITY Current Year
Fair value of plan assets as at 01/04/2010	267.91
Expected return on plan assets	21.04
Contribution by employer	48.67
Benefits paid	-25.60
Actuarial gain/(loss)	2.81
Fair value of plan assets as at 31/03/2011	314.83

e) During the year the company has provided liability towards contribution to the Gratuity Trust of ₹93.84 crore out of which ₹2.70 Crore is recoverable from POSOCO, PRMF of ₹37.99 crore and to ODRB of ₹0.82 crore. Consequent upon settlement of wage revision of workmen & Supervisor, provision of ₹60.22 crore, has been reversed by crediting salary after retaining provision made in the earlier years ₹67.52 crore towards superannuation benefits as per DPE guidelines. The scheme of superannuation benefits is yet to be finalised.

E. Other Employee Benefits

Provision for Leave encashment amounting to ₹16.52 crore for the year has been made on the basis of actuarial valuation at the year end and charged to Profit and Loss Account.

24. Segment Reporting

	₹ in crore						
	Transmission	Consultancy	Telecom	RLDCs*	ULDCs	Elimination	Total
Revenue:							
Revenue from Operations	8222.74	279.55	185.35	252.29	214.77		9154.70
Inter Segment Revenue			6.26			-6.26	
Net Revenue from Operations	8222.74	279.55	191.61	252.29	214.77	-6.26	9154.70
Segment result	3382.29	152.69	30.85	41.95	122.36		3730.14
Unallocated Corporate interest and other income							118.91
Unallocated corporate expenses, interest and finance charges							19.76
MAT and Deferred Tax (Net)							1157.38
Profit after Tax							2671.91
Other information:							
<u>Segment Assets</u>	68935.58	74.61	791.75	1211.82	1021.31		72035.07
Unallocated Corporate and other assets							5636.30
Total Assets							77671.37
<u>Segment Liabilities:</u>	48589.16	1117.87	708.63	1093.23	855.51		52364.40
<u>Unallocated Corporate and other liabilities</u>							3718.50
<u>Total liabilities</u>							56082.90
<u>Depreciation</u>	2127.31	0.36	49.31	63.81	32.13		2272.92

Note : Profit of Telecom segment has been increased by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.

* Transferred to Power System Operation Corporation Ltd. w.e.f. 01.10.2010.

a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, Power System Operation Assets, ULDC, RLDC, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses. Consultancy allowance paid to all the employees has been considered as expense of 'Consultancy Segment'.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include loan liabilities, current liabilities and provisions.

d) The company has transmission projects located within the country and no geographical segment is distinguishable.

25. Related Party Disclosures:-

a) Joint Ventures:-

- i) Powerlinks Transmission Limited
- ii) Torrent Power Grid Limited
- iii) Jaypee Powergrid Limited
- iv) Parbati Koldam Transmission Company Ltd
- v) Teestavalley Power Transmission Limited
- vi) North East Transmission Company Limited
- vii) National High Power Test Laboratory Private Limited
- viii) Energy efficiency Services Limited.

b) Subsidiaries:-

Power System Operation Corporation Limited (POSOCO)

26. a) Key Management Personnel

Sh. S.K. Chaturvedi	Chairman and Managing Director
Sh. J. Sridharan	Director (Finance) (Superannuated on 30th April, 2011)
Sh. V.M. Kaul	Director (Personnel)
Sh. R.N. Nayak	Director (Operations)
Sh. I.S. Jha	Director (Projects)
Sh. Rakesh Jain	Director
Dr. M. Ravi Kant	Director
Dr. P.K. Shetty	Director (Retired on 9th July 2010 and re-appointed vide order dated 19th October 2010 w.e.f 10th July, 2010)
Dr. A.S. Narag	Director (Retired on 9th July 2010 and re-appointed vide order dated 19th October 2010 w.e.f 10th July, 2010)
Sh. Anil K. Agarwal	Director (Retired on 9th July 2010 and re-appointed vide order dated 19th October 2010 w.e.f 10th July, 2010)
Sh. F.A. Vanderavala	Director (Retired on 9th July 2010 and re-appointed vide order dated 19th October 2010 w.e.f 10th July, 2010)
Sh. S.C. Tripathi	Director (ceased to be Director w.e.f. 24th April, 2011)
Dr. Ashok Khanna	Director (ceased to be Director w.e.f. 24th April, 2011)
Smt. Sarita Prasad	Director

b) Transactions with the related parties at 25 (a) above are as follows:

(₹ in crore)

Particulars	Current year	Previous Year
Contracts for Works/Services for services received by the Company		
• Transactions during the year	Nil	Nil
• Amount recoverable from related parties	Nil	Nil
• Amount payable to related parties	Nil	Nil
Contracts for Works/Services for services provided by the Company		
• Transactions during the year*	65.34	47.32
• Amount recoverable from related parties*	18.02	35.35

Dividend Received	74.82	22.93
Deputation of Employees		
• Transactions during the year	NIL	NIL
Amount recoverable from the related parties	NIL	NIL

* This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

c) Transactions with the related parties at 25 (b) above are as follows:

In addition to transactions disclosed at note no. 15, company has paid System and Market Operation charges of ₹7.67 Crore and availed a rebate of ₹0.11 Crore. Company has also recovered ₹2.57 Crore from POSOCO towards dark fiber lease charges.

27. Remuneration to whole time directors including chairman and managing director is ₹3.10 crore and amount of dues outstanding to the company as on 31st March, 2011 are ₹0.07 crore. Director's sitting fee ₹0.30 crore for independent directors.

28. Employees' remuneration and benefits include the following for the directors, including chairman and managing director and excluding arrears paid to ex-directors.

	₹ in crore
Particulars	Current Year
Salaries and Allowances	2.57
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	0.13
Other benefits	0.40
Directors fees	0.30

29. In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of ₹780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29th November, 1964 as amended.

30. Disclosures regarding leases

a) Finance Leases :-

Loans and Advances (Schedule 14) include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 "Leases" issued by the Institute of Chartered Accountants of India.

The reconciliation of the lease receivables (as per project cost data submitted to / approved by CERC for tariff fixation) is as under:

		₹ in crore
Particulars		Amount as on 31.03.2011
Add	Gross value of assets acquired and leased at the beginning of the year	989.03
	Adjustment for gross value of assets acquired prior to the beginning of the year.	5.03
	Revised Gross value of the assets at the beginning of the year	994.06
Less	Capital recovery provided up to the beginning of the year	325.51
Add	Capital recovery for assets acquired prior to the beginning of the year.	2.06
	Revised Capital recovery provided up to the beginning of the year	327.57
	Capital recovery outstanding as on 31st March of last financial year	666.49
Less	Capital recovery for the current year	62.66
	Lease receivables (*)	603.83

(*) Does not include additional capitalisation which are subject to approval of CERC.

The value of contractual maturity of such leases as per AS-19 are as under :-

	₹ in crore
Particulars	Amount as on 31.03.2011
Gross investment in Lease	819.40
Un-earned Finance Income	215.57
Present value of Minimum Lease Payment (MLP)	603.83

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2011 for each of the periods are as under:

Particulars	₹ in crore	
	Gross Investment in Lease	Present Value of MLPs
	2010-11	2010-11
Not later than one year	114.83	67.31
Later than one year and not later than five years	459.30	322.14
Later than five years	245.27	214.38
Total	819.40	603.83

The unearned finance income as on 31st March, 2011 is ₹215.57 crore.

b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹26.67 crore towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹6.27 crore in respect of premises for offices and guest house/transit camps are shown under Rent in Schedule-23 – Transmission, Administration and Other expenses.

31. Earning per share calculated in accordance with the provisions of AS-20

Particulars	As at 31.03.2011
Numerator	
Profit after tax as per Profit and Loss Account (Used as Numerator) (₹ In crore)	2671.91
Denominator	
Number of equity shares (Face value of ₹10/- each)	4208841230
Number of Shares allotted during the year	420884123
Weighted Average number of equity shares for calculating Basic earning per share	4357592057
Weighted Average number of equity shares for calculating Diluted earning per share	4357592057
Basic earning per share (₹/ per share) (Face value of ₹10/- each)	6.13
Diluted earning per share (₹/ per share) (Face value of ₹10/- each)	6.13

32. Major components of deferred tax liabilities and assets are given as under:

Particulars	As at 31.03.2011
Deferred Tax Liability	
Towards Fixed Assets (Net) (A)	1198.77
Deferred Tax Asset	
Income during Construction	45.11
Provisions	0.15
Other Miscellaneous	9.37
Sub Total (B)	54.63
Net Deferred Tax Liability (A-B)	1144.14

Net increase during the year in deferred tax liability is ₹440.56 crore has been debited to Profit and Loss Account.

33. In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of transmission activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. Similarly, impairment analysis of telecom assets was carried out during 2006-07 and since the recoverable amount was more than the carrying amount of assets, no impairment loss was recognised. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

34. Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹30840.95 crore.

35. No provision has been made for tax demands amounting to ₹102.96 crore and other demands (amount not ascertainable), for which appeals / litigation are pending, and the same have been shown as contingent liabilities under schedule no 18.

36. Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets':

Contingent Liabilities:

- a) Contingent Liabilities as stated in Schedule 18 are dependent upon the outcome of court/appellate authorities/ out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, disposal of appeals.
- b) Reimbursement of outflow in respect of 'Claims against the Company not acknowledged as debt' and 'Disputed tax demands-Income Tax' (limited to Income Tax on core activity only) as stated in Schedule 18 - Contingent Liability, is dependent on the admittance of petition to be filed with CERC and in remaining cases no reimbursement is expected.
37. a) Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2011.
- b) No payment is due for more than 30 days as at 31st March, 2011 in respect of purchases / services made from small scale/ancillary industries.
38. a) **VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

₹ in crore

Particulars	Current Year
i) Capital Goods	1820.36
ii) Spare Parts	2.95

b) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

₹ in crore

Particulars	Current Year
i) Professional and Consultancy fees	1.76
ii) Interest	153.19
iii) Others	12.32

c) VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :

₹ in crore

Particulars	%	Current Year
i) Imported	7.24%	2.85
ii) Indigenous (Including fuel)	92.76%	36.54

d) EARNINGS IN FOREIGN EXCHANGE

₹ in crore

Particulars	Current Year
Interest	0.01
Consultancy Fee	19.37

39. a) Figures have been rounded off to nearest rupees in crore.
- b) Previous year figures have been regrouped / rearranged wherever necessary.

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(R.T.Agarwal)
Executive Director (Finance)

(V.M.Kaul)
Director (Personnel)

(S. K. Chaturvedi)
Chairman & Managing Director

As per our report of even date

For A.R. & Co.
Chartered Accountants
Regn. No. 002744C

For S R I Associates
Chartered Accountants
Firm Regn. No.305109E

For Umamaheswara Rao & Co
Chartered Accountants
Regn. No. 004453S

(Pawan K. Goel)
Partner
M.No.072209

(I. Pasha)
Partner
M.No. 013280

(A. Siva Prasad)
Partner
M.No. 213675

Place : New Delhi:
Dated: 24th May, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(₹ in Crores)

Particulars	For the year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Tax	3829.29
Adjustment for :	
Depreciation (including prior period)	2272.81
Transfer from Grants in Aid	(30.57)
Adjustment against General Reserve	14.30
Deferred revenue - Advance against Depreciation	(37.56)
Amortised Expenditure(DRE written off)	(0.71)
Provisions	(10.56)
Transfer from Self Insurance Reserve	(2.21)
Net Loss on Disposal / Write off of Fixed Assets	7.55
Interest and Finance Charges	1703.79
Provisions Written Back	(40.24)
FERV gain	(4.40)
Interest earned on bonds/Loans to State Governments.	(104.97)
Stamp Duty & Filling Fee	0.17
Rebate on Transmission Charges	3.02
Income from sale of short term investment	(2.85)
Operating profit before Working Capital Changes	7596.86
Adjustment for :	
(Increase)/Decrease in Trade and other Receivables	(1003.56)
(Increase)/Decrease in Inventories	(37.38)
Increase/(Decrease) in Trade payables and other liabilities	(2334.71)
(Increase)/Decrease in Other current assets	(35.88)
(Increase)/Decrease in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	44.78
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	17.83
(Increase)/Decrease in Loans and Advances	1142.98
Deferred Revenue Expenditure	1.86
	(2204.08)
Direct taxes paid (including FBT)	(524.18)
Net Cash from operating activities	4868.60
B. CASH FLOW FROM INVESTING ACTIVITIES	
Fixed assets (including incidental expenditure during construction)	(412.72)
Capital work in progress	(9956.70)
Advances for capital expenditure	(3480.37)
(Increase)/Decrease in Investments - Bonds and others	211.17
Lease receivables	63.47
Interest earned on bonds/Loans to State Govts.	103.04
Net cash used in investing activities	(13472.11)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of Shares - Capital	420.89
Proceeds from issue of Shares - Premium	3300.29
Share Issue Expenses	(8.45)
Loans raised during the year - Long Term	8288.44
Loans repaid during the year - Long Term	(1835.61)
Loans raised during the year - Short Term	1450.00
Loans repaid during the year - Short Term	(1250.00)
Interest and Finance Charges Paid	(1496.80)
Dividend paid	(652.39)
Dividend Tax paid	(113.77)
Net Cash from Financing Activities	8102.60

D. Net change in Cash and Cash equivalents(A+B+C)	(500.91)
E. Cash and Cash equivalents(Opening balance)	5306.78
F. Cash and Cash equivalents(Closing balance)	4805.87

Notes:

Cash and cash equivalents consist of cash in hand and balance with banks and it includes ₹1399.22 crore not available for use by the Company.

For and on behalf of the Board

(Divya Tandon) Company Secretary	(R.T.Agarwal) Executive Director (Finance)	(V.M.Kaul) Director (Personnel)	(S. K. Chaturvedi) Chairman & Managing Director
--	--	---	---

As per our report of even date

For A.R. & Co.
Chartered Accountants
Firm Regn. No. 002744C

For S R I Associates
Chartered Accountants
Firm Regn. No.305109E

For Umamaheswara Rao & Co
Chartered Accountants
Firm Regn. No. 004453S

(Pawan K. Goel)
Partner
M.No.072209

(I. Pasha)
Partner
M.No. 013280

(A. Siva Prasad)
Partner
M.No. 213675

Place: New Delhi.

Date: 24th May, 2011

Auditors Report on Consolidated Financial Statements

To

**The Board of Directors
Power Grid Corporation of India Limited**

- We have audited the attached Consolidated Balance Sheet of Power Grid Corporation of India Ltd. (the Company) and its Subsidiaries and Joint Ventures (collectively referred to as Power Grid Corporation of India Ltd. Group) as at 31st March, 2011 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the 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 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.
- We did not audit the financial statements of the following Subsidiaries and Joint Ventures of the Company, whose financial statements reflect total assets of ₹1491.24 Crore as at 31st March, 2011, the total revenue of ₹273.62 Crore and net cash flows amounting to ₹(927.84) Crore for the year ended 31st March, 2011. The financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of the Subsidiaries and Joint Ventures, is based solely on the Reports of the other Auditors. The un-audited financial statements of Joint Ventures companies have been incorporated in the accounts. The details of the assets, revenues and net cash flows in respect of these Subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:-

(₹ in Crore)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
Subsidiaries			
Power System Operation Corporation Limited (POSOCO)	168.27	115.71	-934.47
Joint Ventures			
Powerlinks Transmission Limited	692.27	150.31	-4.29
Torrent Power Grid Limited	90.90	6.00	-4.13
Jaypee Power Grid Limited	220.48	NIL	0.85
Parbati Koldam Transmission Company Limited	28.87	0.08	1.08
Teestavalley Power Transmission Limited	46.06	NIL	-2.41
North East Transmission Company Limited	214.39	NIL	-4.39
National High Power Test Laboratory Private Limited	2.08	NIL	-0.43
Energy Efficiency Services Limited	27.92	1.52	20.35
Total	1491.24	273.62	(927.84)

- We draw attention to :
Note No. 15 (b), (c) and (d) regarding provisional recognition of transmission charges.
- We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard AS (21), 'Consolidated Financial Statements' and Accounting Standard AS (27) , 'Financial Reporting of Interests in Joint Ventures' of the Companies (Accounting Standards) Rules, 2006.

6. Further to our comments in para 3 & 4 above, we report that on the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Power Grid Corporation of India Ltd. group to the extent received as stated above, we are of the opinion that the said consolidated financial statements give a true and fair view of conformity with the accounting principles generally accepted in India,
- i) in case of Consolidated Balance Sheet, of the state of affairs of the Power Grid Corporation of India Ltd. Group as at 31st March , 2011.
 - ii) in case of Consolidated Profit & Loss Account, of the profit for the year ended on that date, and
 - iii) in case of Consolidated Cash Flow Statement, of each cash flows for the year ended on that date.

Thanking you,
Yours faithfully,

For A.R.& Co.
Chartered Accountants
Firm Regn No.002744C

(Pawan K. Goel)
Partner
M.No.072209

For S R I Associates
Chartered Accountants
Firm Regn No.305109E

(I Pasha)
Partner
M.No. 013280

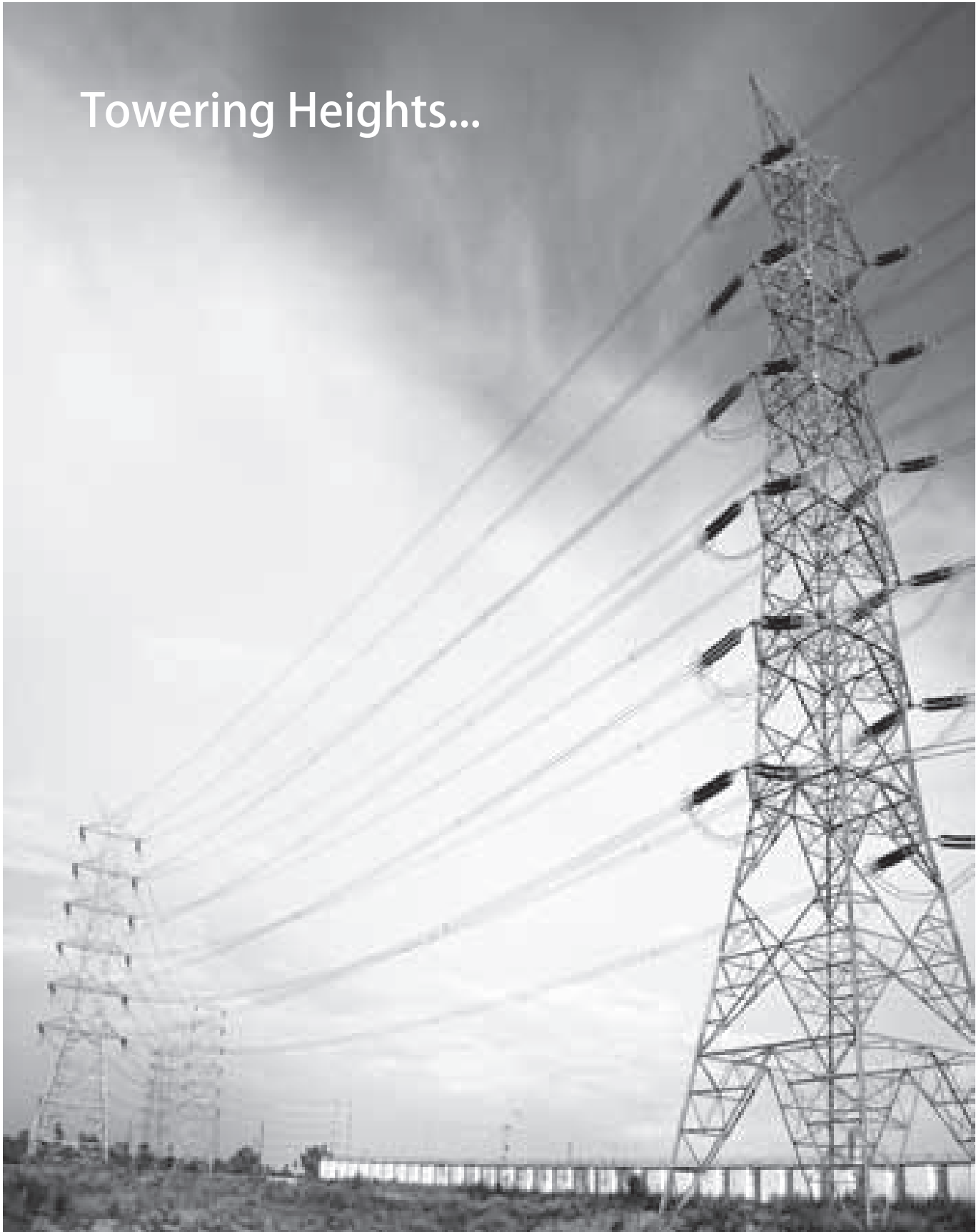
For Umamaheswara Rao & Co.
Chartered Accountants
Firm Regn No. 004453S

(A Siva Prasad)
Partner
M. No. 213675

Place : New Delhi
Dated : 24th May, 2011



Towering Heights...







पावरग्रिड

POWER GRID CORPORATION OF INDIA LTD.

(A Government of India Enterprise)

Registered Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110016, INDIA
Ph: 91-11-26560112, 26564892 Fax: 91-11-26601081

Corporate Office : 'Saudamini', Plot No. 2, Sector 29, Gurgaon (Haryana) - 122001, INDIA
Ph: 91-124-2571700-719 Fax: 91-124-2571760, 2571848

Delivering Smart Transmission Solutions...



Environmentally Sensitive, Growing Global

ANNUAL REPORT 2009-2010



Mission

“Establishment and operation of Regional and National Power Grids to facilitate transfer of electric power within and across the regions with Reliability, Security and Economy, on sound commercial principles.”

Objectives

The Corporation has set following objectives in line with its mission and its status as “Central Transmission Utility”:

- Undertake transmission of energy through Inter-State Transmission System
- Discharge all functions of planning and coordination relating to Inter State Transmission System with -
 - (i) State Transmission Utilities;
 - (ii) Central Government;
 - (iii) State Government;
 - (iv) Generating Companies;
 - (v) Regional Electricity Boards;
 - (vi) Authority;
 - (vii) Licensees;
 - (viii) Transmission Licensees;
 - (ix) Any other person notified by the Central Government on this behalf.
- Exercise supervision and control over the Inter-State Transmission System
- Efficient Operation and Maintenance of Transmission Systems
- Establish/augment and operate all Regional Load Despatch Centres and Communication facilities
- To facilitate private sector participation on Transmission system through Independent Private Transmission Company, Joint Ventures.
- To assist various SEBs and other utilities in upgradation of skills & sharing of expertise by organising regular conferences, tailor-made training workshops directed towards specific technological and O&M areas and extending laboratory facilities for testing purposes etc.
- Restoring power in quickest possible time in the event of any natural disasters like super-cyclone, flood etc. through deployment of Emergency Restoration Systems.
- To provide consultancy services at national and international levels in transmission sector based on the in-house expertise developed by the organisation.
- To participate in long distance Trunk Telecommunication business ventures.

PowerTel

Diversified into telecommunication additional resources to establish much needed National Grid.

- Established Broadband Telecom Network of about 22,000 kms connecting over 110 cities on extensively spread Transmission Infrastructure.
- Only utility in the country having overhead optic fibre on its Extra High Voltage Transmission Network.
- POWERGRID Telecom Network
 - Sturdy & Secure
 - Free from rodent menace and vandalism.
- Network has multiple self resilient rings for complete redundancy in backbone as well as intra-city access networks.
- To offer Total Solutions and to meet specific needs of the customers.
- Reliability of Telecom Network 99.99%
- Bandwidth capacity available on all the metros & major cities.
- Extend telecom network to serve uneconomic and backward areas for the benefit of the common man.
- Plan to extend network to neighbouring countries for terrestrial SAARC Telecom Grid.
- Possesses National Long Distance (NLD), Internet Service Provider (ISP) Category-A and Infrastructure Provider Category-I (IP-I) Licenses to provide Telecom services in the country.
- Plan to Introduce other Value Added Services.
 - Video Conferencing
 - Virtual Local Area Network (VLANs)
 - Multi Protocol Label Switching (MPLS) based on VPNs Data Centres.
 - Voice Over Internet Protocol (VOIP)


NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of Power Grid Corporation of India Limited will be held on **Friday, 24th September, 2010 at 10.00 a.m. at "Air Force Auditorium, Subroto Park, New Delhi - 110 010"** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To note the payment of interim dividend and declare Final Dividend for the Financial Year 2009-10.
3. To appoint a Director in place of Shri Ashok Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Sarita Prasad, who retires by rotation and being eligible, offers herself for re-appointment.
5. To fix the remuneration of the Auditors for the Financial Year 2010-11.

By order of the Board of Directors



(Divya Tandon)
Company Secretary

Regd. Office:

B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi.

Pin:-110 016.

Date: 11.08.2010



पावरथिड

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting, i.e., latest by **10.00 a.m. on Wednesday, the 22nd September, 2010**. Blank proxy form is enclosed.

2. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri Ashok Khanna and Smt. Sarita Prasad, Directors retiring by rotation and seeking re-appointment under Item No. 3 and 4 aforesaid in accordance with applicable provisions of the Articles of Association of the Company as well as of the Director who has been appointed since the last Annual General Meeting, are also annexed. The tenure of Shri Ashok Khanna is up to 24th April, 2011 and Smt. Sarita Prasad is up to 3rd August, 2011 as per terms of their appointment by the Government of India.
3. None of the Directors of the Company is in any way related with each other.
4. Members are requested to:-
 - (i) Note that copies of Annual Report will not be distributed at the Annual General Meeting.
 - (ii) Bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
 - (iii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counter at the venue to be exchanged with the attendance slip. Photocopies of Attendance Slip will not be entertained for issuing entry slip for attending Annual General Meeting.
 - (iv) Quote their Folio/Client ID & DP ID Nos. in all correspondence.
 - (v) Note that due to strict security reasons, mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.
 - (vi) Note that no gifts/coupons will be distributed at the Annual General Meeting.
5. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 9th September, 2010 to 24th September, 2010 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on or after 29th September, 2010.
7. The Board of Directors in its meeting held on 6th January, 2010 had declared an interim dividend @ 5% on the paid-up equity share capital of the Company which was paid on 25th January, 2010. Members who have not received or not encashed their dividend warrant may approach Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company, for revalidating the warrant or for obtaining duplicate warrant. The Board had further recommended a Final Dividend @ 10% on the paid-up equity share capital of the Company at its meeting held on 25th May, 2010. The dividend, if declared at the Annual General Meeting will be paid on or after 29th September, 2010 to those Members, whose names appear on the Register of Members of the Company as on 24th September, 2010 in respect of physical shares. However, in respect of shares held in dematerialised form, the dividend will be payable to those persons whose names appear as beneficial owners as at the closure of the business hours on 8th September, 2010 as per details to be furnished by the depositories.
8. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/ unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatever on the said amount. Members are advised to encash their Dividend warrants immediately on receipt.

9. Members are advised to submit their Electronic Clearing System (ECS) mandates to enable the Company to make remittance by means of ECS. Those holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Those holding shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Private Limited, the Registrar & Transfer Agent of the Company. Those who have already furnished the ECS Mandate Form to the Company/Depository Participant/Registrar & Transfer Agent with complete details need not send it again.

The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.

10. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Transfer Agent along with relevant Share Certificates.

11. Pursuant to Section 619(2) of the Companies Act, 1956 the auditors of the Government company are to be appointed or reappointed by the Comptroller & Auditor General of India (C&AG) and in terms of Section 224(8)(aa) of the Companies Act, 1956 the remuneration has to be fixed by the company in the Annual General Meeting or in such manner as the company in General Meeting may determine. The Auditors for the Financial Year 2010-11 have been appointed by the Comptroller & Auditor General of India (C&AG) vide office of C&AG letter No. CA.V/COY/CENTRAL GOVERNMENT, POGRID (3)/7 dated 12.07.2010. Approval of the Members of the company is required to authorize the Board of Directors of the Company to approve the remuneration of the Statutory Auditors/Joint Statutory Auditors of the company appointed by C&AG, for the Financial Year 2010-11, as the Board may deem fit. Members are informed that in terms of the authorization by the members to the Board of Directors of the Company, in the last Annual General Meeting of the Company, your Board of Directors approved the remuneration of ₹ 30 lakhs plus applicable taxes for the Statutory Audit and supplementary report under Section 619(3) of the Companies Act, 1956; limited review fee per quarter @25% of the Annual audit fee and Tax audit fee @30% of the Annual audit fee plus applicable taxes; and reimbursement of actual travelling and out of pocket expenses, to the three joint statutory Auditors for the Financial Year 2009-10.

12. All the documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days (barring Saturday and Sunday), between 11.00 AM to 1.00 PM up to one day prior to the date of AGM i.e. up to Thursday, the 23rd September, 2010.

13. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Registrar & Transfer Agent of the Company the prescribed Form (Form 2B in duplicate) of the Companies (Central Government's) General Rules and Forms, 1956. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.

14. Annual Listing fee for the year 2010-11 has been paid to the Stock Exchanges wherein shares of the Company are listed.

15. Members are requested to send all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other shares' related matter and bank account to Company's Registrars.

16. Members are requested to notify immediately any change of address:

(i) to their Depository Participant (DP) in respect of shares held in dematerialized form, and

(ii) to the Company at its Registered Office or its Registrar & Transfer Agent, Karvy Computershare Private Limited in respect of their physical shares, if any, quoting their folio number.

17. Members desirous of getting any information on any items of business of this meeting are requested to address their queries to the Company Secretary at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.



BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND ALSO OF DIRECTOR APPOINTED SINCE LAST ANNUAL GENERAL MEETING

Directors seeking re-election at the 21st AGM:

Name	Shri Ashok Khanna	Smt. Sarita Prasad
Date of Birth and Age	5th November, 1947/ 62 years	15th August, 1946 / 63 years
Date of Appointment	25th April, 2008	4th August, 2008
Qualification	First class B.Tech. (Hons.) in textile from Bradford University (U.K.).	Masters Degree in Economics from the Delhi School of Economics and Diploma in Development Administration from Birmingham University, U.K.
Expertise in specific functional area	Shri Ashok Khanna is currently CMD of Khanna Watches Ltd. and has vast experience of Corporate management of nearly 40 years. He is Ex. President of PHDCCI and Founder Chairman of CII, Himachal Pradesh. He has been on the Managing Committee of FICCI and also remained Member/Director of various important organizations/associations. Presently, he is on the Managing Committee of ASSOCHAM and is Chairman-Internal Trade Committee of ASSOCHAM.	Smt. Sarita Prasad joined the Indian Administrative Service in 1969 and retired as Secretary to Government of India, Ministry of Social Justice and Empowerment on 31.08.2006. She has held important postings in the Central and State Government. She was Managing Director of three State Corporations and Financial Commissioner, Irrigation and Water Supply in the State Government. In the Government of India she worked as Director in the Ministry of Defence and Joint Secretary in the Ministry of Personnel.
Directorship held in other Companies (Part-time)	<ol style="list-style-type: none"> 1. Khanna Watches Ltd. 2. K-Watch Ltd. 3. Khanna Quartz Ltd. 4. Ansal Housing & Construction Ltd. 5. Worldwide Immigration Consultancy Services Ltd. 6. Nirvana Biosys(P) Ltd. 	NIL
Memberships / Chairmanships of Committees in other Companies	Audit Committee – <ol style="list-style-type: none"> 1. Power Grid Corporation of India Ltd. 2. Ansal Housing & Construction Ltd. 	Shareholders'/Investors' Grievance Committee – Power Grid Corporation of India Ltd.
No. of Shares held	NIL	NIL

Director appointed since last Annual General Meeting held on 9th September, 2009

Name	Dr. M. Ravi Kanth
Date of Birth and Age	25.11.1960 49 years
Date of Appointment	11.12.2009
Qualification	M.A. Eco.; LL.B; M.B.A. Melbourne, Australia.
Expertise in specific functional area	Dr. M. Ravi Kanth, is an Indian Administrative officer of Kerala cadre since 1986. He is currently Joint Secretary in the Ministry of Power. Prior to that, he was C.M.D, National Handicapped Finance and Development Corporation, Ministry of Social Justice & Empowerment. He has held various important positions in Government both at the State and Central level.
Directorship held in other Companies	NIL
Memberships / Chairmanships of Committees in other Companies	NIL
No. of Shares held	NIL

POWER GRID CORPORATION OF INDIA LIMITED

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.
Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon, Haryana-122 001.

FORM OF PROXY

I/We _____ being a Member/Members of
Power Grid Corporation of India Limited hereby appoint Mr./Mrs./Miss _____
_____ of _____ in the district of
_____ and failing him/her Mr./Mrs./Miss _____
of _____ in the district of _____
_____ as my/our proxy to vote for me/us on my/our behalf at the **Twenty First Annual General Meeting** of the Company to be held on **Friday, the 24th September, 2010** at "**Air Force Auditorium, Subroto Park, New Delhi-110 010**" at **10.00 a.m.** and at any adjournment thereof.

Folio / Client ID							
-------------------	--	--	--	--	--	--	--

DP ID Nos.							
------------	--	--	--	--	--	--	--

No. of Shares held							
--------------------	--	--	--	--	--	--	--

Please affix
15 paise
Revenue
Stamp

(Signature of Member)

Note : Proxies in order to be valid must be duly filled in, stamped, signed and deposited at the Registered Office of the Company not less than 48 Hours before the time of commencement of the Meeting.

POWER GRID CORPORATION OF INDIA LIMITED

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.
Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon, Haryana-122 001.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Member/Proxy _____

(First)

(Middle)

(Surname)

I hereby record my presence at the **Twenty First Annual General Meeting** of the Company held on **Friday, 24th September, 2010 at 10.00 a.m. at "Air Force Auditorium, Subroto Park, New Delhi-110 010."**

Folio / Client ID							
-------------------	--	--	--	--	--	--	--

DP ID Nos.							
------------	--	--	--	--	--	--	--

No. of Shares held							
--------------------	--	--	--	--	--	--	--

(Signature of Member/Proxy)

CONTENTS

Notice	i-v
Reference Information	2
Letter to Shareholders	3
Directors' Profile	5
List of Senior Executives	8
POWERGRID'S Performance	9
Five Year Summary	10
Financial Position	11
Directors' Report	12
Annexure I - Management Discussion & Analysis	26
Annexure II - Particulars of employees u/s 217(2A)	43
Annexure III - Particulars u/s 217(1)(e)	54
Annexure IV - Comments of C&AG	58
Annexure V - Report on Corporate Governance	59
Annexure VI - Certificate on Corporate Governance	79
Revenue Expenditure on Social Overheads	80
Accounting Policies	81
Balance Sheet	86
Profit & Loss Account	87
Schedules	88
Auditors' Report	126
Annexure to Auditors' Report	127
Cash Flow Statement	129
Annual Report of Subsidiary	133



REFERENCE INFORMATION

Registered Office B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110 016	Company Secretary & Compliance Officer Ms. Divya Tandon
Corporate Office "Saudamini", Plot No. 2, Sector 29, Gurgaon - 122 001 (Haryana)	Statutory Auditors A. R. & Co. Chartered Accountants A-403, Gayatri Apartment, Airlines Group Housing Society, Plot No. 27, Sector 10, Dwarka, New Delhi - 110 075. Umamaheswara Rao & Co. Chartered Accountants Flat No. 5-H, 'D' Block, 8-3-324, Krishna Apartments, Yellareddyguda Lane, Ameerpet 'X' Roads, Hyderabad - 500 073. S R I Associates Chartered Accountants 3-B, Garstin Place, Kolkata - 700 001.
Registrar & Share Transfer Agent Karvy Computershare Private Limited Plot No.: 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081 Ph.: 040-23420815 to 824 Fax: 040-23420814 Email: einward.ris@karvy.com Website: www.karvycomputershare.com	Bankers Indian Overseas Bank Bank of Baroda State Bank of Patiala Canara Bank State Bank of India Punjab National Bank Union Bank of India State Bank of Hyderabad HDFC Bank Ltd ICICI Bank Central Bank of India Dena Bank IDBI Bank Bank of India Indian Bank Jammu & Kashmir Bank Ltd. Oriental Bank of Commerce State Bank of Travancore Allahabad Bank State Bank of Bikaner & Jaipur State Bank of Mysore Vijaya Bank
Shares Listed at: National Stock Exchange of India Limited Bombay Stock Exchange Limited Depositories: National Securities Depository Limited Central Depository Services (India) Limited	

LETTER TO SHAREHOLDERS



Dear Shareholders,

I am greatly delighted to communicate with you on the occasion of the Twenty First Annual General Meeting, fixed for 24th September, 2010. Friends, over the span of one year, the Indian economy has posted a good recovery, improving the country's Gross Domestic Product to 7.2 per cent in 2009-10 after it had dipped to 6.7 per cent during 2008-09.

To bring the economy to still higher GDP, electricity is one of the key drivers. The focus on investments in Power sector has been continuing and the economic activity in the Sector has shown better growth in 2009-10 over the preceding year.

I am happy to inform that your company, the Central Transmission Utility has achieved an impressive performance in fiscal 2009-10 on various fronts. On the financial front, your company's Gross Turnover for the Fiscal 2009-10 grew to ₹7503.58crore, an increase of 22.23% compared to the previous Fiscal 2008-09. Similarly, Profit after Tax during the year increased to ₹2040.94Crore from ₹1690.61Crore in Fiscal 2008-09, registering a growth of 20.72%. Our gross fixed assets as on 31st March, 2010 are valued at ₹43,202.28 Crore as against ₹24,888.25 crore at the end of 31st March, 2006, a growth of about 73.58% in the last five years. POWERGRID is continuously realising 100% of its current dues for the last six years.

On the operational front, as on 31st March, 2010, your company owns and operates a transmission network of about 75,290 ckt kms of inter-State transmission lines, 124 nos. of EHV & HVDC substations with transformation capacity of about 83,100 MVA and about 50% of total power generated in the country is wheeled over it. Transmission system availability of 99.77% was achieved, highest so far in the history of the Company. Transmission projects worth about ₹3,610 Crore were commissioned during the year. Further, **Board of Directors of your company accorded investment approval for 14 new transmission projects during the year 2009-10, with an estimated cost of about ₹13,450 Crore.**

Under RGGVY, during the year 2009-10, POWERGRID created infrastructure for electrification in 3402 un-electrified villages against a target of 3100 villages, achievement of 110%. Service connections to about 6.87 Lakh BPL households were provided against a target of 6 Lakh, achievement of about 115%.

With the declaration of commercial operation of Barh- Balia 400kV D/c transmission line in July 2010, the Inter-regional transmission capacity of your company stands enhanced to 22,400MW.

The business development opportunities continued to receive focussed attention in the domestic market and outside. During 2009-10, your Company earned revenue of ₹269.17 Crore as consultancy fee from its various ongoing assignments as compared to ₹215.90 Crore last year. The telecom segment earned a revenue of ₹157.72 crore as compared to ₹149.83 Crore last year

Friends, Non-discriminatory Open Access is the key for development of a successful Competitive Electricity Market. Short-Term Open Access in inter-State transmission has been successfully implemented. Around hundred captive power plants across the country have also exploited the benefit of short-term open access. During the year, more than 18,244 transactions were approved under open access, involving about 39,500 MUs of energy.

Further, the Regulations on **CERC (Grant of Connectivity, Long Term Access & Medium Term Open Access in inter-State Transmission and related matters), which shall facilitate in providing transmission products of different varieties and ensuring level playing field among different categories of market players have been made effective from 01.01.2010 along with the standardized procedures.**



पावरग्रिड

I am happy to share with you that the CERC has in May,2010 granted regulatory approval to the proposal of POWERGRID for the nine numbers of High Capacity Power Transmission Corridors associated with with IPP projects in Orissa, Jharkhand, Sikkim, Chattisgarh, Madhya Pradesh, Krishnapatnam Area in Andhra Pradesh, Tuticorin Area in Tamil Nadu, Srikakulam Area in Andhra Pradesh and IPP projects in Southern Region for transfer of power to other regions, with a tentative cost estimate of about ₹58,000 crore.

Also, the Regulations on 'Sharing of Inter-State Transmission charges & losses' factor distance & direction sensitivity in transmission charges and losses besides quantum of power flow, in line with the Tariff policy. The regulations have been notified on 15.06.2010 and shall come into force from 01.01.2011.

I am happy to share with you that Dept. of Revenue, Ministry of Finance vide Notification No. 45/2010-Service Tax dated 20.07.2010 has exempted Transmission of Power from the Service Tax. With this, the Contingent liability of your company on account of Service tax liability would be NIL.

Your company has implemented Corporate Social Responsibility Policy and during the year, an amount of ₹4.29 crore was spent on CSR activities. I am happy to inform you that the **Board of Directors of the company have recently enhanced the CSR Budget to 1% of the PAT of the preceding financial year.** A major portion of CSR initiatives was in the development of physical infrastructure in nearby villages of our offices/sub-stations like constructing class room, library, computer room for schools, primary health centre, drinking & sanitation facility, drainage, roads, community centre, etc. These facilities were created with the objective of these being of long lasting value and have multiplier effect on improving the standard and quality of life of the villagers.

Your Company has also **featured in** the list of **top 250 global energy companies** compiled by Platts, a leading provider of energy and commodities information and named in the 20 fastest-growing Asian companies. Your Company has been conferred with three Gold Shields and one Silver Shield in the **National Awards** for Meritorious Performance in Power Sector for the year 2008-09. It is a matter of pride that your Company has been receiving these awards continuously for last five years.

For Power System Operation Corporation Ltd (**POSOCO**), the wholly owned subsidiary incorporated by POWERGRID for Independent System Operation, POWERGRID has obtained the consent of Shareholders for transfer of movable assets relating to Regional Load Despatch Centers & National Load Despatch Center to POSOCO. **The transfer agreements would be executed on receipt of notification u/s 27(2) of the Electricity Act, 2003.**

Last but not the least, I am happy to mention that your company is **presently planning to come out with a Follow-on-offer of its equity shares of 10% of its existing paid up share capital coupled with disinvestment of 10% of its existing share capital.** The Government of India approval in this regard has been received. The company has recently **appointed four Book Running Lead Managers for the Follow-on-offer.** The other modalities are being worked out. **As in September, 2007, the tremendous response that your company got in the IPO, I look forward to your impressive response when the Follow on offer is launched.**

I am confident that with a dedicated and committed resource of employees and valuable support of our esteemed shareholders, POWERGRID will continue to deliver its responsibilities and enhance value to its stakeholders.

With best wishes,

Yours sincerely,

(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi
Date: 11.08.2010

DIRECTORS' PROFILE

SHRI S. K. CHATURVEDI
Chairman & Managing Director

Shri S. K. Chaturvedi, aged 59 years, is the Chairman & Managing Director of our Company. He is a First Class First Graduate and Post Graduate in Science from University of Lucknow. He holds a Post Graduate Diploma in Personnel Management & IR and is a seasoned HR professional with varied experience of more than 30 years in the area of Human Resource Management, Industrial Relations and Organisational Development. He has also worked with Steel Authority of India Ltd., NTPC Ltd., POWERGRID (for more than thirteen years in POWERGRID from August 1991) in various capacities in HR and then joined NHPC Ltd. as Director (Personnel) in October, 2004. A strong votary of human development, Shri Chaturvedi has introduced several new concepts of employee development and was responsible for initiating several progressive HR policies in the organizations he has served. Shri Chaturvedi joined POWERGRID as Chairman & Managing Director on 01.08.2008.

SHRI J. SRIDHARAN
Director (Finance)



Shri J. Sridharan, aged 59 years, is the Director (Finance) of our Company. He graduated with a Bachelor of Commerce degree from Madras University. He is a member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He has 35 years of work experience primarily in the field of financial management. Prior to joining our

Company in 2000, he has worked in organizations such as Airport Authority of India and Bharat Heavy Electricals Limited. He was appointed as a Director on our Board in December, 2005.

SHRI V. M. KAUL
Director (Personnel)



Shri V. M. Kaul aged 58 years, is the Director (Personnel) of our Company. He is a first class Bachelor of Mechanical Engineering from IIT, Delhi with MBA Degree from IGNOU. Shri Kaul has over 36 years of work experience primarily in the power sector. He has previously held the position of Executive Director (Human Resource), Executive Director in-charge of

Private Investment and Business Development and Corporate Planning. Prior to joining our company Shri Kaul has worked for 23 years in NTPC and handled various multi-disciplinary functions like Contract Management, Project Management, Joint Venture, Quality Assurance and Inspection; five years in Engineers India Limited. He was appointed as a Director on our Board in March, 2009.



पावरग्रिड

SHRI R.N.NAYAK

Director (Operations)



Shri R.N.Nayak, aged 54 years, is the Director (Operations) of our Company. He is a first class Bachelor of Electrical Engineering from REC Rourkela and holds an M. Tech(Electrical) from IIT Kharagpur. Shri Nayak has over 32 years of work experience, primarily in the power sector. He has worked for more than 19 years in POWERGRID and handled various multi-disciplinary

functions like Engineering, Load Despatch & Communication, Contract Management, Quality Assurance and Inspection; Telecom and Human Resources. He has previously held the positions of Executive Director (Engineering & QA&I); Executive Director (Human Resource), Executive Director (R&D) in POWERGRID. Prior to joining POWERGRID in 1990, he has worked for about 7 years in NTPC and had a stint with SAIL. He has introduced many new technologies in the Indian Power Sector such as ± 800 KV HVDC and 1200 KV AC UHV. He has also published and presented a large number of technical papers in various reputed International/National journals/conferences. Considering his contribution to power sector, he has been awarded P.M. Ahluwalia Award; is a Senior Member of IEEE and has been honored with Fellow of the Indian National Academy of Engineering(INAE) in Electrical Engineering Field. He was appointed as a Director on our Board in May, 2009.

SHRI I.S.JHA

Director (Projects)



Shri I.S.Jha, aged 51 years, is Director (Projects) of our Company. He is an Electrical Engineer from NIT, Jamshedpur and a well known Electrical Power System Professional. He has previously held the position of Executive Director (Engineering), Executive Director - Corporate Monitoring Group and Executive Director of North Eastern Region.

Apart from these functions he was a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He has published numerous articles, technical papers in the field of power system in various international and National Conferences/Symposia. He was appointed as a Director on our Board in September, 2009.

Dr. M. RAVI KANTH

Government Nominee



Dr. M. Ravi Kanth, aged 49 years, is a Government nominee Director of our Company. He is M.A (Eco.) and L.L.B. He is also an M.B.A from Melbourne, Australia. Dr. Kanth is an officer of Indian Administrative Service (RR) (1986). He is currently Joint Secretary (Transmission) in the Ministry of Power. Prior to that, Dr. M. Ravi Kanth was C.M.D, National Handicapped Finance and

Development Corporation, Ministry of Social Justice & Empowerment. He has held various important positions in Government both at the State and Central level. He was appointed as a Director on our Board in December, 2009.

SHRI RAKESH JAIN

Government Nominee



Shri Rakesh Jain, aged 53 years, is a Government nominee Director of our Company. He holds Masters Degree in Physics from Delhi University. He is an officer of Indian Audit & Accounts Service (1981). He is currently Joint Secretary and Financial Adviser (JS&FA) in the Ministry of Power. He is a Government nominee Director on the Board of Directors of NTPC Ltd.,

NHPC Ltd., PFC and EESL under the Ministry of power. Before joining Ministry of power, he has held various important positions such as Director General (Accounts, Entitlement, Complaints & Information System); Principal Director (Report States) – Office of Comptroller & Auditor General of India; Accountant General (AG) (Audit), Rajasthan; AG(AE-II) Madhya Pradesh; Principal Director (Commercial Audit) Ranchi and Principal Director of Audit, Embassy of India, Washington, USA. He was appointed as a Director on our Board in June, 2009.

SHRI S. C. TRIPATHI**Independent Director**

Shri S. C. Tripathi, aged 64 years, is an Independent Director of our Company. He holds a Masters degree in Science (Physics – Spl. Electronics) from Allahabad University, LL.B, Diploma in Development (Cantab.), AIMA Diploma in Management. He joined the Indian Administrative Services in 1968 and retired as Secretary to the Government of India, Ministry of Petroleum and

Natural Gas on 31.12.05. He has held important positions in Government both at the State and Central level. He spent nearly 20 years in Finance and Industry Sector at Chief Executive/Secretary level at State and Chief Executive/Jt. Secretary/Addl. Secretary/Secretary level at Central Govt. and in representative capacity at International levels. He was appointed as a Director on our Board in April, 2008.

SHRI ASHOK KHANNA**Independent Director**

Shri Ashok Khanna, aged 62 years, is an Independent Director of our Company. He is a first class B.Tech. (Hons.) in textile from Bradford University (U.K.). He is Ex. President of PHD Chamber of Commerce and Industry (PHDCCI) and Founder Chairman of Confederation of Indian Industry (CII), Himachal Pradesh. He has been on the Managing Committee of Federation of Indian

Chambers of Commerce and Industry (FICCI) and also remained Member/Director of various important organizations/associations. Presently, he is on the Managing Committee of Associated Chambers of Commerce and Industry of India (ASSOCHAM) and is Chairman-Internal Trade Committee of ASSOCHAM. He was appointed as Director on our Board in April, 2008.

SMT. SARITA PRASAD**Independent Director**

Smt. Sarita Prasad, aged 63 years, is an Independent Director of our Company. She holds a Masters Degree in Economics from the Delhi School of Economics and Diploma in Development Administration from Birmingham University U.K. She joined the Indian Administrative Service in 1969 and retired as Secretary to Government of India, Ministry of

Social Justice and Empowerment on 31.08.2006. She has held important postings in the Central and State Government. She was Managing Director of three State Corporations and Financial Commissioner, Irrigation and Water Supply in the State Government. In the Government of India she worked as Director in the Ministry of Defence and Joint Secretary in the Ministry of Personnel. She is a Director of our Board with effect from August, 2008.

SHRI T. VENKATESH**Chief Vigilance Officer**

Shri T. Venkatesh, aged 48 years, has done his post graduation in Mechanical Engineering and is an Indian Administrative Service officer of 1988 batch of U.P. Cadre. Prior to his assignment as Jt. Secy. (DOPT) in the Ministry of Personnel & Public Grievances & Pension he held various administrative posts including DM(Bareilly), Commissioner (Gorakhpur) and

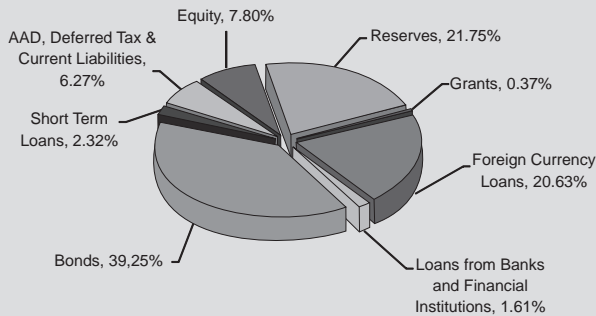
Secretary (PWD) in the State of Uttar Pradesh. He is looking after the work of Chief Vigilance Officer of our company since November, 2009 in addition to being Chief Vigilance Officer of NTPC Ltd.

LIST OF SENIOR EXECUTIVES (BELOW BOARD LEVEL) AND REGIONAL / RLDC HEADS

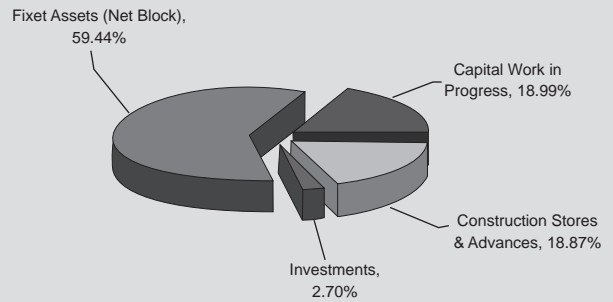
SL	NAME(S/SHRI)	DESIGNATION
1	R.P.Ojha	ED (HR), CC
2	H.L.Tayal	ED (BDD&PI), CC
3	Ganesh Singh	ED (DMS), CC
4	T.K. Wali	ED (CP), CC
5	T.S.P. Rao	ED (Law), CC
6	V.C.Jagannathan	ED (F&A), CC
7	S. Singh	ED (CS&MM), CC
8	B.S.Pandey	ED (HVDC Engg &QA&I), CC
9	Dr.S.K.Agarwal	ED (Technology Dev.), CC
10	I.R. Kidwai	ED (HR), CC
11	Arun Kumar	ED (Commercial), CC
12	R.T. Agarwal	ED (F&A), CC
13	Y.K.Sehgal	ED (Engg-SEF,CE&IT), CC
14	Ashwani Jain	ED (Telecom), CC
17	N.S.Sodha	GM(I/c) (LD&C), CC
18	P.C. Pankaj	ED (I/C Region), NR-I
19	Kaushal K. Agrawal	ED (I/C Region), ER-I
20	Ravi P.Singh	ED (I/C Region), ER-II
21	K.K.Chaudhury	ED (I/c Region), NER
22	Bharat Bhushan	ED (I/C Region), SR-I & SR-II
23	D.K.Valecha	ED (I/C Region), WR-I & WR-II
24	S.C. Singh	GM(I/c) (I/C Region), NR-II
System Operation Segment		
1	S.K. Soonee	ED (SO) & CEO, POSOCO
2	M G Raoot	ED (I/C WRLDC)
3	V K Agarwal	GM (I/C NRLDC)
4	P Pentayya	GM (I/C ERLDC)
5	P.R. Raghuram	GM (I/C SRLDC)
6	T.S. Singh	AGM (I/C NERLDC)
On deputation to Other Organisations		
1	R.P. Sasmal	ED (TVPTL)
2	Prabhakar Singh	ED (Jaypee POWERGRID)
3	R. Bahri	GM (RelianceJV (Parbati Koldam Trans Co.))
4	Dr L Hari	GM (NHTPL)

POWERGRID'S PERFORMANCE

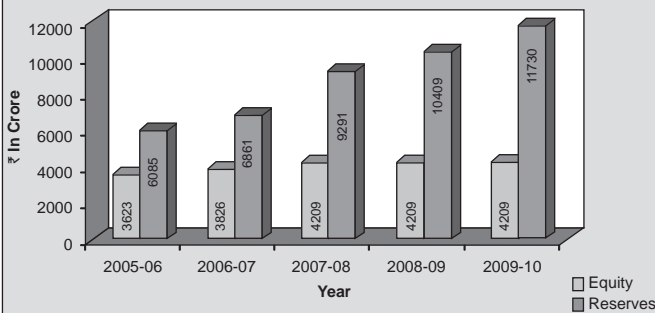
SOURCES OF FUNDS (%) 2009-10



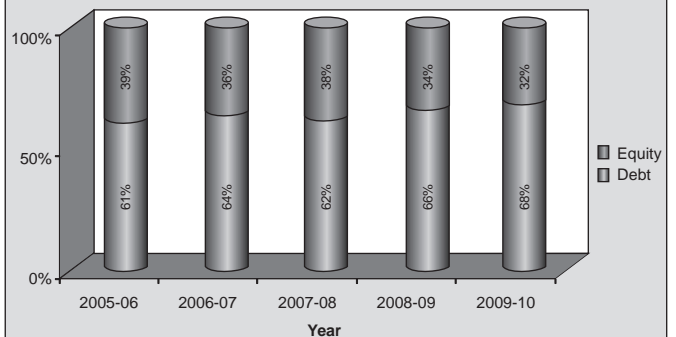
APPLICATION OF FUNDS (%) 2009-10



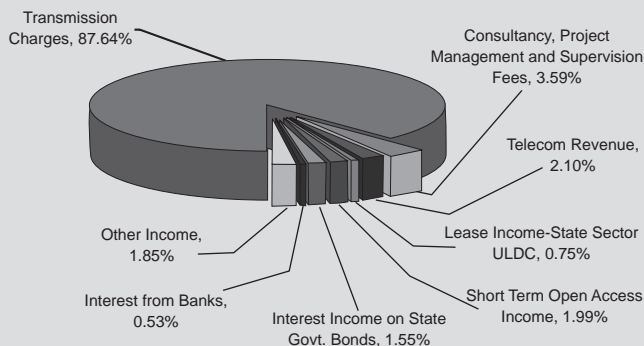
EQUITY AND RESERVES



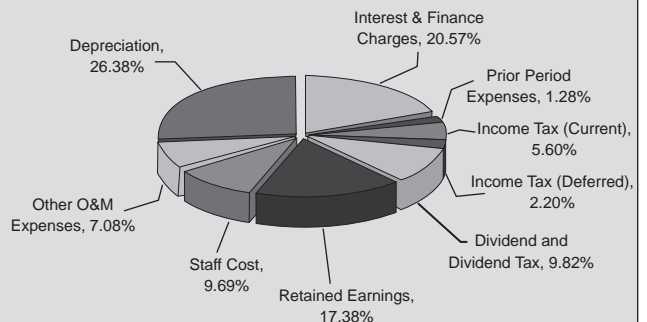
DEBT EQUITY RATIO (%)



INCOME BREAK-UP (%) 2009-10



DISTRIBUTION OF REVENUE - 2009-10



FIVE YEAR SUMMARY

OPERATING RESULTS

(₹in crore)

	2009-10	2008-09	2007-08	2006-07	2005-06
(A) EARNED FROM :					
Transmission Charges	6576.38	5282.84	4188.52	3248.00	2905.27
Consultancy Revenue	269.17	215.90	250.04	226.00	154.99
Telecom Revenue	157.72	149.83	123.53	77.10	37.42
Short Term Open Access Income	124.18	41.42	52.73	38.75	39.08
Other Income	376.13	448.73	466.71	507.30	417.55
Total Earnings	7503.58	6138.72	5081.53	4097.15	3554.31
(B) PAID & PROVIDED FOR :					
Employees Remuneration & Benefits	726.70	643.88	519.06	338.88	256.81
Transmission Expenses	244.91	199.61	171.55	164.44	92.57
Administration Expenses	257.56	208.10	162.42	142.05	122.36
Other Expenses (Including Prior Period Adj.)	101.23	74.26	189.51	-9.15	80.17
Deferred Revenue Expenditure	1.78	1.83	5.43	8.19	8.86
Provisions	22.15	46.23	3.83	2.74	132.77
Total Expenditure (Excluding Depreciation & Interest)	1354.33	1173.91	1051.80	647.15	693.54
Profit before Depreciation & Interest	6149.25	4964.81	4029.73	3450.00	2860.77
Depreciation	1979.69	1093.97	959.65	827.58	744.33
Interest & Finance Charges	1543.24	1642.27	1339.55	1140.42	947.45
Net Profit after Interest &					
Depreciation but before Tax	2626.32	2228.57	1730.53	1482.00	1168.99
Provision for tax (MAT)	421.91	478.60	197.11	134.09	83.16
Fringe Benefit Tax	-1.50	14.60	10.50	8.72	7.74
Net Profit after MAT and FBT	2205.91	1735.37	1522.92	1339.19	1078.09
Deferred Tax	164.97	44.76	74.45	109.82	69.16
Profit after Deferred Tax	2040.94	1690.61	1448.47	1229.37	1008.93
Dividend	631.34	505.08	505.08	368.82	302.68

Note: Previous Year figures have been regrouped/ rearranged wherever necessary

FINANCIAL POSITION

	(₹ in crore)				
	2009-10	2008-09	2007-08	2006-07	2005-06
(A) WHAT THE COMPANY OWNED:					
Gross Fixed Assets	43202.28	40319.33	35417.14	29014.63	24888.25
Less: Depreciation	11141.02	9190.89	8061.94	7198.56	6372.01
Net Fixed Assets	32061.26	31128.44	27355.20	21816.07	18516.24
Capital Work in Progress	10242.37	6533.43	5305.41	6068.85	3635.68
Construction Stores	7433.44	4694.19	2618.39	2708.41	2232.92
Construction Advances	2746.37	2058.38	834.29	663.13	532.26
Investments	1453.22	1592.83	1736.22	1967.00	2139.41
Current Assets, Loans & Advances	9627.32	8312.92	5376.78	3509.72	2724.08
TOTAL (A)	63563.98	54320.19	43226.29	36733.18	29780.59
(B) WHAT THE COMPANY OWED:					
Borrowings From:					
- Govt. of India	-	-	-	49.53	59.34
- Financial Institutions	420.44	511.19	602.84	643.27	727.79
- Foreign Loans	11129.52	10248.83	7006.16	6135.66	5707.39
- Bonds	21171.83	16409.57	13257.81	10999.54	7133.28
- Other Loans	1695.00	1295.84	1396.67	1497.50	1398.33
Total Loans	34416.79	28465.43	22263.48	19325.50	15026.13
Current Liabilities & Provisions	10092.89	8313.19	5024.98	4835.16	3641.46
Deferred Tax Liability	703.51	538.54	493.78	419.33	309.51
Advance against Depreciation	2213.63	2159.59	1697.07	1201.17	822.23
TOTAL (B)	47426.82	39476.75	29479.31	25781.16	19799.33
(C) NET WORTH OF THE COMPANY REPRESENTED BY :					
(i) Equity capital (including Deposit)	4208.84	4208.84	4208.84	3826.22	3623.44
ii) Free Reserves and Surplus	11708.23	10414.75	9298.53	6874.21	6105.59
iii) Less: Misc. Exp. to the extent not written off	3.56	5.50	7.19	12.86	20.73
TOTAL (C)	15913.51	14618.09	13500.18	10687.57	9708.30
(D) COMMITTED RESERVES & LIABILITIES					
i) Grants in Aid	198.82	225.35	246.80	264.45	272.96
ii) LDC Development Fund	16.44	-	-	-	-
iii) CSR Activities Reserve	8.39	-	-	-	-
TOTAL (D)	223.65	225.35	246.80	264.45	272.96
TOTAL (B+C+D)	63563.98	54320.19	43226.29	36733.18	29780.59
CAPITAL EMPLOYED	28678.55	28430.04	25516.15	18870.13	16467.12
(Net Fixed Assets+Net Current Assets)					
(E) RATIOS					
Net Profit to Capital Employed(%)	7.12	5.95	5.68	6.51	6.13
Net Profit to Net Worth(%)	12.83	11.57	10.73	11.50	10.39
Net Worth per Rupee of Paid-up Capital (in ₹)	3.78	3.47	3.21	2.79	2.68
Debt/Equity Ratio	68:32	66:34	62:38	64:36	61:39
Liquidity Ratio	0.74:1	0.75:1	0.75:1	0.54:1	0.57:1
Earning per Share (Diluted EPS) (₹ Per Share)*	4.85	4.02	3.60	3.28	3.03
Book Value per share (₹ Per share)*	37.81	34.73	32.08	28.22	27.08
Capital Expenditure (₹ in Crore)	10617	8167	6656	6383	4134
* Face value per share ₹ 10/- each (₹ 1000/each for FV 2005-06)					
(F) OTHER IMPORTANT INFORMATION					
Length of Transmission Lines (cKms.)	75290	71500	67000	59461	55121
No. of Substations	124	120	111	104	93
No. of Employees	9162	8214	7645	7427	7101
Transmission Network availability (%)	99.77%	99.55%	99.65%	99.20%	99.64%
Power Transmitted on POWERGRID Network (in MU)	363723	334013	328709	298937	

Note: Previous Year figures have been regrouped/ rearranged wherever necessary

DIRECTORS' REPORT

Dear Members,

Ladies & Gentlemen,

It is my pleasure to present, on behalf of the Board of Directors, the 21st Annual Report on the performance of your Company during the financial year that ended on March 31, 2010 along with audited Statement of Accounts, Auditors' Report, comments on the Accounts by the Comptroller and Auditor General of India for the reporting period.

POWERGRID has been contributing significantly towards development of Indian power sector by undertaking coordinated development of power transmission network through continuous innovations in technical & managerial fields along with effective and transparent operation of regional grids. Your company has once again displayed commendable performance during the year in all areas of its operations and established new benchmarks.

Highlights of achievements of your Company during FY 2009-10 are briefly mentioned here to give an overview of success achieved in all fronts:

Your company made an investment of **₹10,617 Crore** during the year for implementation of various transmission projects, an increase of about **30%** over the investment made in last year (₹ 8,167 Crore). The requisite funds were mobilised from domestic market, proceeds of loan from multilateral funding agencies namely, The World Bank (WB) and Asian Development Bank (ADB), besides internal resources. As on 31st March, 2010, your company owns and operates a transmission network of about 75,290 ckt kms of inter-State transmission lines, 124 nos. of EHV & HVDC substations with transformation capacity of about 83,100 MVA. Transmission Projects worth ₹ 3,610 Crore were Commissioned during the year. Under RGGVY, POWERGRID created infrastructure for electrification in **3402 un-electrified villages** against a target of 3100 villages, achievement of 110%. Service connections to **about 6.87 Lakh BPL households** were provided against a target of 6 Lakh, achievement of about 115%. **Transmission system availability of 99.77% was achieved, highest so far in the history of the Company.** There was no major grid disturbance in any part of the country during the year and regional grids were operated smoothly.

220/110/20 kV Chimtala Substation, in **Kabul, Afghanistan** along with the **Pul-e-Khumri - Kabul** 220 kV Double circuit transmission line completed by POWERGRID last year under the consultancy assignment, was inaugurated by **His Excellency Mr. Hamid Karzai, the President of Islamic Republic of Afghanistan** in May, 2009. With the commissioning of Chimtala Substation and associated transmission system in Afghanistan, **power flow to Kabul has commenced from neighboring country Uzbekistan.** It was one of the largest infrastructure projects ever undertaken in Afghanistan and through this system, for the first time in decades, Kabul's four million people can enjoy the benefits of a stable source of electricity. Certificates of appreciation were given by Hon'ble Minister of Energy and Water, Afghanistan in recognition of the difficulties and challenges involved in the project implementation and contributions made by POWERGRID.

On the MoU front, based on overall performance, Company has posted **"Excellent"** for FY 2009-10, continuing the track record of achieving **"Excellent"** rating since signing of its first MoU for 1993-94.

Your Company has **featured in the list of top 250 global energy companies compiled by Platts**, a leading provider of energy and commodities information and **named in the 20 fastest-growing Asian companies.**

Your Company has been conferred with three Gold Shields and one Silver Shield in the National Awards for Meritorious Performance in Power Sector for the year 2008-09. In this, Western Region-I Transmission System and North-Eastern Region Transmission System were awarded Gold Shields for Transmission System Availability, while the 220 kV Double Circuit Transmission Line from Pul-e-Khumri to Kabul in Afghanistan was bestowed with Gold Shield as a Special Award for early completion of project. Eastern Region-I Transmission System bagged the Silver Shield for Transmission System Availability. It is a matter of pride that your Company has been receiving these awards continuously for the last five years.

In addition, during FY 2009-10, POWERGRID has been conferred with **"Certificate of Merit Award"** for its contribution towards Human Resource Development (HRD) by **International Federation of Training and Development Organization Limited, Geneva, Switzerland.** POWERGRID has also received **"INFOCOM CMAI National Telecom Award 2009"** for **"Utilities Providing Best Telecom Infrastructure"** and prestigious **'2nd India Power Award 2009'** under **'Overall Utility Performance Category'**, by **Council of Power Utilities & KW Conference.**

FINANCIAL RESULTS

	2009-10	2008-09
		₹ Crore
Turnover *	7504	6139
Gross Margin	6247	5037
Less:		
Depreciation	1980	1094
Prior period Adjustment	96	70
Deferred Revenue Expenses written off	2	2
PBIT	4170	3871
PBT	2626	2229
PAT	2041	1691
APPROPRIATIONS		
Transfer to Bonds Redemption Reserve	630	491
Interim Dividend	210	210
Proposed final Dividend	421	295
Tax on Interim Dividend	36	36
Provision for Dividend Tax on proposed final dividend	70	50
Transfer to General Reserve	800	700
Transfer to Self Insurance Reserve	38	35
Transfer to LDC Reserve	16	-
Transfer to CSR Activities Reserve	8	-

* Excluding Foreign Exchange Rate Variation.

OPERATIONAL EXCELLENCE

Over a decade and half of excellent business operations, your Company has developed strong in-house expertise in all specialised areas of power transmission business and has carved a niche for itself amongst the largest transmission utilities in the world. As on 31st March, 2010, your company owns and operates a transmission network of about 75,290 ckt kms of inter-State transmission lines, 124 nos. of EHV & HVDC substations with transformation capacity of about 83,100 MVA and about 50% of total power generated in the country is wheeled over it. For the year, availability of 99.77% was achieved for the transmission system, highest ever in the history of the company, and number of tripping per line was contained at 2.07 against MoU target (Excellent) of 2.60.

To enhance the efficiency of its operations, State-of-the-art O&M measures like Hotline Maintenance, Emergency Restoration System and the cleaning of insulators through helicopters was adopted. Equipment health is being assessed periodically using "Condition Assessment Techniques" with sophisticated tools. All shut down and non shut down maintenance activities are planned in advance and an "Annual Maintenance Plan" is worked out for each and every asset. There are well defined levels for approval of test results depending on their importance and criticality. As a result, your company has been able to display its capability in consistently maintaining the high transmission system availability, comparable with the best international standards. In addition, State-of-the-art "Emergency Restoration System" were also deployed for restoration of collapsed transmission lines in minimum possible time. Further, appropriate initiatives have been taken up to replace ageing transmission assets as per prevalent CERC tariff regulations.

O&M activities of your company are ISO certified and systems and procedures are being modified periodically to keep abreast with the latest technology. Documents of maintenance schedule, procedures and formats have been standardized for all assets. All substations and line offices can access these documents through Company's website portal. Periodical reviews are conducted at Substations and Line offices to evaluate implementation of the systems and procedures.



As on date about 16 sub-stations are operated remotely. Keeping in view the successful experience of remote operation and international trend of unmanned sub-stations, actions are being initiated to establish “National Transmission Management Centre” to control & operate most of the sub-stations remotely and “maintenance hub” to cater to the maintenance requirements of nearby group of sub-stations rather than placing staff in each sub-station for optimal utilisation of manpower & also to reduce the response time in case of fault.

Transformer On-Line Condition Monitoring system (TOLCM) was installed at Mandola & Rihand substations to assess the condition of transformers. This system measures bushing Capacitance & Tan delta, DGA, moisture, OLTC monitoring, loading profile, oil temperature, winding temperature and residual life assessment and is helpful in taking advance action in case of any abnormality to avoid catastrophic failures.

Your company has also entered into a contract with M/s UMS Group, USA in March 2010 for the International Benchmarking of its O&M practices through International Transmission Operations & Maintenance Study (ITOMS) based on cost, productivity, service levels, equipment maintenance, Asset Management, safety etc. This exercise will pinpoint areas requiring improvements with respect to similar utilities in the world and will help in identifying opportunities for improvement and discovering best practices in Operations, Maintenance and Technology.

A conference on ‘International Best Practices in O&M of EHV Transmission System’ was organized by POWERGRID on 5th and 6th March, 2010 at Gurgaon. International experts from various renowned utilities and institutions such as Doble-USA; Hydro-Quebec, Canada; BC Hydro, Canada; TEPCO, Japan; NGC, UK; Furnas, Brazil; ASU, USA had participated in the conference and delivered lectures on the best practices being followed in their system. The conference was also attended by executives from all the Regions and Corporate Centre. The conference provided a platform for the employees to learn various emerging techniques in the field of O&M in EHV Transmission System and also to interact with various experts from different utilities across the globe. Further, your company is exploring options to carry out aerial patrolling of transmission lines through helicopter on trial basis and on its successful completion, it is planned to be deployed country wide to optimise manpower & for better efficiency in maintaining the transmission lines.

QUALITY MANAGEMENT

Your Company, in all its endeavours, is committed to provide cost effective & quality services to its valued customers thereby deriving high customer satisfaction. To achieve this, quality improvement measures/ techniques are being adopted at every stage from conceptualisation of project till commissioning and subsequently during operation phase to identify the areas of improvement and develop action plans for achieving the desired level of quality in all of its activities.

During the year, Quality Management System (QMS) of your Company was reviewed and based on evaluation of implementation of the latest systems and procedures the revised certification with validity upto June, 2013 was obtained. Today, your company stands certified with Integrated Management System (IMS) as per **Publicly Available Specification, PAS 99:2006** integrating requirement of ISO 9001:2008 (Quality), ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Occupational Health & Safety Management System). POWERGRID also stands audited for **Social Accountability System, SA 8000:2008** for all its establishments. With the accreditation of **ISO 9001:2000** for all Regional Load Dispatch Centres (RLDCs) during the last year, QMS certification for all establishments of POWERGRID has been completed.

GRID MANAGEMENT AND OPEN ACCESS

Optimum utilization of generation resources requires development of a strong transmission network and its implementation has been taken up by your Company in a phased manner. Planned rapid expansion of regional grids and their integration to form National Grid poses great challenges in Grid Operation & Management. Toward this, various inter-regional links have been implemented matching with generation capacity addition programme and growing power demand in the country. Central Sector Generating Stations have not faced any generation evacuation problem on account of transmission constraints during the year, as the strong and robust transmission network set up by your Company is there to take care of evacuation related issues.

Reliable and stable operation of regional power grids has always been a matter of high priority for your company. The facilities at all the five Regional Load Dispatch Centers (RLDCs) and National Load Dispatch Centre (NLDC) are being upgraded continuously considering the increased complexity of grid operation in the country. Our initiatives towards effective grid management are paying rich dividends leading to minimal grid disturbances along with improvement in vital grid parameters such as voltage and frequency. Indian Power Grids have not experienced any major grid disturbance

during the last seven years. Even minor grid disturbances in regional grids have come down significantly. Further, grid frequency was maintained in the prescribed band as per IEGC, i.e. 49.2 Hz to 50.3 Hz for large percentage of time in all the five regions during the year.

Development of various inter-regional transmission links, strong transmission network and modernised Regional Load Despatch Centers (RLDCs) have also facilitated manifold growth in inter-regional power exchanges on real-time basis. During FY 2009-10, about 52,000 MUs of inter-regional energy transfer was facilitated across the country as compared to about 46,000 MUs during FY 2008-09. The increased inter-regional power exchanges have helped in meeting more demand in energy deficit regions besides achieving overall economy.

On behalf of various State Power utilities and other players in the regional pool, your company, through RLDCs, facilitated settlement of UI charges to the tune of ₹ 12,290 Crore in FY 2009-10 (as compared to ₹ 14,000 Crore in FY 2008-09).

Further, in line with Gol directive, your Company has established **M/s Power System Operation Corporation Limited (POSOCO)**, a 100% subsidiary of POWERGRID, in March, 2009 to look after Grid Management function. However, pending determination and transfer of assets, Grid management function continued to be operated by your Company.

Inter-State power exchange in an Open Access environment:

Non-discriminatory Open Access is the key for development of a successful Competitive Electricity Market. Short-Term Open Access is applicable for utilization of surplus capacity available on the inter-State transmission System by virtue of inherent design margins, margins available due to variations in the power flows and margins available due to in-built spare transmission capacity created to cater to the future load growth or generation addition.

Short-Term Open Access in inter-State transmission has been successfully implemented and facilitated for development of a vibrant short-term electricity market. Around hundred captive power plants across the country have also exploited the benefit of short-term open access. Under open access, more than 18,244 transactions were approved during the year involving about 39,500 MUs of energy. Thus, the Company facilitated flow of power across the country effectively utilising the available transmission capacities, thus bringing much needed open access to reality. Since introduction of Short-term open access in inter-State transmission in May, 2004, more than 40,000 bilateral transactions has taken place and more than 152,500 MUs have been exchanged.

Open access environment encourages exchange of power as per the market conditions. For this purpose, two Power Exchanges have been established in the country, which facilitates collective transactions discovered through a transparent, anonymous double sided based bidding mechanism. In a short-span of less than 2 years, around 10,000 MUs have been exchanged through power exchanges. In this financial year itself, around 7,000 MUs have been exchanged.

PROJECT IMPLEMENTATION

Your Company gives utmost priority for implementation of its projects with economy and within stipulated time frame to be eligible for additional return on equity of 0.5% as per the prevailing CERC tariff norms and to derive maximum economic benefits. Your company's advanced and cost effective Integrated Project Management and Control System (IPMCS) for total project review and monitoring has been contributing significantly. Project implementation activities involves total project review and monitoring including Standardisation of Designs, Project Review Meetings (PRMs) at regular intervals through video conferencing, pre-emptive measures and advance actions on various project linked activities such as land acquisition, survey and soil investigations, tender activities, funding tie-up, etc. in parallel with project investment approval process.

During FY 2009-10, transmission projects worth about ₹ 3,610 Crore were commissioned. These additions to the Company's network have helped in improving power supply situation in various regional grids, facilitating enhanced inter-regional power transfer and improved reliability of the system. Further, Board of Directors of your company have accorded investment approval for **14** new transmission projects with an estimated cost of about **₹ 13,450 Crore** comprising of **6,500 ckm** of transmission lines, **20** no. sub-stations and transformation capacity of about **27,825 MVA**. Major projects includes Transmission System associated with generation Projects like Pallatana GBPP (726 MW), Bongaigaon TPS (750 MW), Mauda (2x500), Kalpakkam PFBR (500 MW), Nabinagar TPS (1000 MW), Simhadri-II (2x500MW), Vindhyachal-IV (1000MW), Rihand-III (1000MW), System Strengthening in Northern Region for Sasan & Mundra Ultra Mega Power Projects, 765 KV System for Central Part of Northern Grid (Part-II&III), Northern Regional Transmission Strengthening Scheme, etc.. Implementation activities of these projects have already commenced.



At the end of March, 2010, transmission projects at a cost of **over ₹ 81,000 Crore involving about 42,000 ckm of transmission lines, 58 new substations and transformation capacity of 88,675 MVA** are under various stages of implementation.

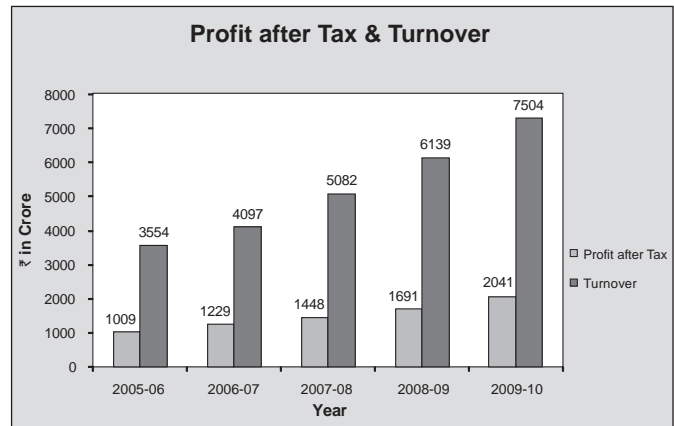
Your Company has also been entrusted by Govt. of India to develop associated transmission systems for evacuation of power from four Ultra Mega Power Projects (UMPPs) viz. Mundra, Sasan, Krishnapatnam and Talaiyya UMPP. Necessary actions are being taken by the Company for implementation of these projects matching with the generation projects. In this, Associated Transmission Systems for Mundra and Sasan UMPPs have been approved and implementation has commenced while transmission system for Krishnapatnam UMPP is under investment approval & that for Talaiyya UMPP is under finalisation.

FINANCIAL MANAGEMENT

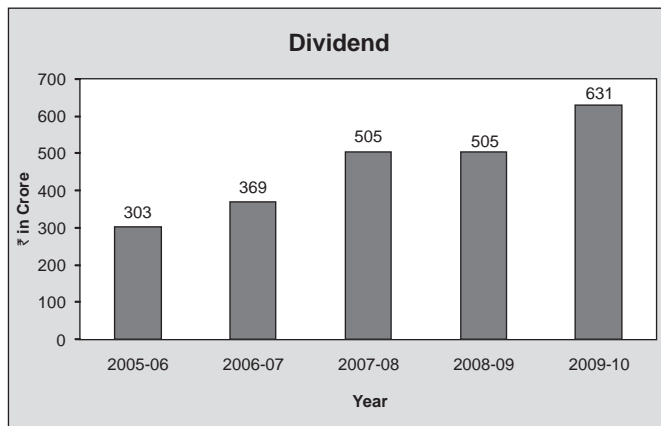
The year 2009-10 has been another year of impressive financial performance for your Company, with a **Turnover of ₹ 7504 Crore and Net Profit of ₹ 2041 Crore** as compared to ₹ 6,139 Crore and ₹ 1,691 Crore respectively during FY 2008-09, an increase of 22.2% and 20.7% respectively. The **Gross Asset Base** of the Company has been enhanced to **₹ 43,202 Crore** in 2009-10 from ₹ 40,319 Crore in 2008-09.

Dividend Payout

In addition to interim dividend of ₹ 0.50 per share paid in January, 2010, your Directors have recommended a final dividend of ₹ 1.0 per share for the year 2009-10. The **total dividend payout for the year is ₹ 1.50 per share** as against ₹ 1.20 per share paid last financial year. The final dividend shall be paid after your approval at the Annual General Meeting.



The total dividend pay-out for the year amounts to ₹ 631.34 Crore representing 30.93% of the profits after tax for the year. Earning per share has also increased to ₹ 4.85 as against ₹ 4.02 last year.

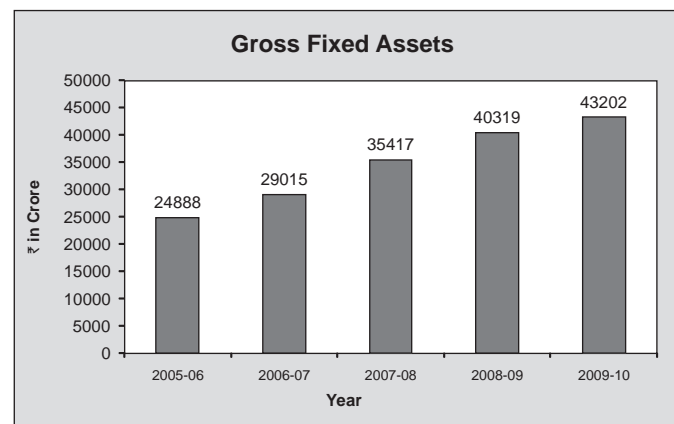


To remain a financially progressive organisation and enhance value for our shareholders in emerging market conditions, company is taking all possible steps to further improve its financial performance by expanding the consultancy activities in synergic businesses such as consultancy assignments at National and International level in transmission, distribution, telecom etc.. Your Directors believe that strategic diversification into synergic business would lead to increase in shareholders' value.

Directors' Responsibility Statement

As required u/s 217 (AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;



- The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the annual accounts on a going concern basis.

XI Plan Investment programme

Government of India's mission of 'Power for All by 2012' envisages sufficient, reliable & quality power to all at optimum cost, and, inter-alia achieving GDP growth rate of 8-9%. The gigantic task can only be accomplished with matching investments in the power sector. For development of inter-State transmission system, an investment of about ₹ 55,000 Crore is planned by the Company during XI Plan for further developing National Grid including inter-regional transmission systems, system strengthening schemes, transmission system for evacuation of power from generation projects under central sector and Ultra Mega Power Projects (UMPPs). In fact, during first 3 years of XI plan, investment of ₹ 25,440 Crore (46% of planned investment) has already been made. For the FY 2010-11, an outlay of ₹ 12,900 Crore has been kept. Balance expenditure of about ₹ 16,700 Crore is envisaged to be made in FY 2011-12 based on the generation capacity addition.

Your Company is placed in a comfortable position in terms of resource mobilisation, as it enjoys an excellent credit rating with financial institutions at national and international level. Our ongoing transmission projects, which are at various stages of implementation, are progressing as per schedule. Your company does not envisage any problem in mobilizing the resources for meeting the planned investment during XI plan period. Loan requirement shall be met through borrowings from multilateral funding agencies (such as The World Bank and Asian Development Bank)/ supplier's credit and balance from domestic sources on yearly basis as per requirement. Presently, about 80% of fund requirement has already been tied-up/ identified and balance shall be mobilized as per requirement. Being a AAA rated, your Company is not foreseeing any problem in mobilizing the resources from domestic market at competitive rates. Equity requirement of about ₹ 16,500 Crore shall be met through internal resources, sale of bonds, follow-on public issue etc. as per requirement/ approval from Govt. of India.

COMMERCIAL PERFORMANCE

Your company's performance has been highly satisfactory on commercial front, in terms of realisation of transmission charges. Current realisation of about ₹ 6570 Crore stood at about 100% of billed amount during the year 2009-10 against ₹ 5,877 Crore realised last year. POWERGRID is continuously realising 100% of its current dues for the last six years. Post-securitisation, outstanding dues (beyond 90 days of billing) stands at nil as on March 31, 2010. The present LC coverage of about ₹ 503 Crore is equivalent to more than 100% of average monthly billing.

DEVELOPMENT OF NATIONAL GRID

Your company is playing an important role in development of National Grid for optimum utilisation of generation resources and for meeting power demand in various parts of the country. As on March 31, 2010, National Power Grid with an inter-regional power transmission capacity of about 20,800 MW has been established which includes one of the largest synchronous grid in the world with installed generation capacity of over 1,15,000 MW. Four major regional power system grids, namely Northern, Eastern, North-Eastern & Western are presently operating at same frequency in synchronous mode. Southern Region is connected to this grid through various HVDC links. Substantial amount of power is being exchanged across the country. In fact, establishment of National Grid is also facilitating transfer of short term surplus power from any place to any other place in the country from generation under State and Private sector as well.

Capacity of National Grid is planned to be enhanced to more than 32,000 MW by end of XI Plan or early XII plan as per materialization of planned generation capacity addition.

HVDC Back to back Station at Sasaram is operating as per system requirements and revenue is being realised as per CERC norms. Considering the future transmission system development in the regions, Standing Committee of Regional Transmission Planning of CEA and Regional power Committees in Southern region, Western Region and Northern Region and constituents of all the three Regions have agreed to shift HVDC equipment at Sasaram to Kolhapur and also to pay transmission charges thereof.

TECHNOLOGY UP-GRADATION, RESEARCH & DEVELOPMENT

In every stage of transmission system development there are challenges, be it Planning, Construction, Operation or Maintenance, Conserving Right-of-Way (RoW), minimizing impact on natural resources and cost effectiveness in evacuation of power, coordinated development of cost effective Transmission corridor, flexibility in upgradation of



transfer capacity of lines matching with power transfer requirement are major areas of concerns in development of transmission network in the country. In order to address these issues effectively, your Company has undertaken several technological innovations aimed at conserving Right-of-Way (RoW), minimizing impact on natural resources & human habitat and cost effectiveness in evacuation of power from the future generation projects.

Technology upgradation is a continuous process. Liberalisation & globalisation have led to greater competition from both domestic as well as international companies. This has reinforced the need for technology upgradation to attain international levels of competitiveness and to be able to offer contemporary levels of technology. In order to meet these objectives, the development effort is being pursued by entering into collaboration with reputed foreign manufacturers, forming joint ventures, in-house R&D efforts and through interaction with various research organisations.

For optimum utilisation of precious right of way and effective Grid Operation & Management, Company is deploying state-of-the-art technologies such as High Temperature Conductors, Series Compensation including Thyristor Control, Multi Circuits, Compact & Tall Towers etc. in transmission systems. Having established the 765kV EHV AC & ± 500 kV HVDC technologies, as a next step to meet expected accelerated growth, initiatives have been taken up to introduce next higher transmission voltages in HVDC and AC, High Surge Impedance Loading (HSIL) Lines, Large Scale Automation of Sub-stations, Use of Helicopter in construction & maintenance, etc. to ensure development of efficient, coordinated and economical inter-State transmission system for bulk transfer of power.

Towards introduction of next voltage level in HVDC, implementation of **± 800 kV, 6000 MW HVDC Bi-pole line from North Eastern Region to Northern Region** have commenced. This link shall pass through chicken neck area of North-Eastern Region and shall be transmitting power over a distance of more than 2000 Kms. With regard to AC, establishment of a **1200kV Ultra High Voltage AC Test Station at Bina** in Western Region is under process as a collaborative effort with manufacturers, who would be able to field test their indigenously developed 1200kV equipment on long term basis. Presently, designs and proto type testing of 1200kV DA type tower has been successfully completed and the same for other types of towers and most of the sub-station equipment are under progress. Tower foundations & erection works are under progress. These technological initiatives are pioneering efforts even globally.

In India, creation of facilities for short-circuit testing of transformers was long felt. In this direction, **National High Power Test Laboratory (Pvt.) Ltd. (NHPTL)**, a Joint Venture Company of NTPC, NHPC, POWERGRID and DVC has been created in May, 2009 for establishment of a fully independent, stand alone, state-of-the-art, professionally managed, international class, On Line High Power Short Circuit Test Facility in India. This shall provide a full range of short-circuit test facilities for the electrical equipment manufacturing industry and power utilities in conformance to Indian and International Standards. NHPTL is proposed to be established at Bina sub-station of your company in Western Region in four stages. Stage-I & II are proposed to be taken up simultaneously which will facilitate testing of large power transformers (up to 400 kV & 765 kV voltage levels) for short-circuit withstand capabilities. Estimated cost of this facility is envisaged to be about ₹ 340 Crore and the facility is expected to be commissioned by June, 2012.

The latest in the transmission business is the use of **Smart Grid technology** which envisages providing choices to each and every customer for deciding the timing and amount of power consumption based upon the price of the power at a particular moment of time. Your Company is taking leadership initiative for implementation of Smart Grid Technology in the country for effective transmission & distribution of power. Two pilot projects for transmission system of Northern & Western Region Power System have already been undertaken which involves deployment of Synchro Phasor based WAMS (Wide Area Measurement System) Technology. Your company's initiative would prompt other utilities for similar action and we are ready to provide necessary help to all these organizations.

A two day international workshop on Smart Grid was organized by your company in January, 2010 for all the Power Utilities of the country at the Gurgaon Office in which technological and strategically important issues involved in implementation of the smart grid were discussed. The workshop was inaugurated by **Hon'ble Union Minister of Power, Shri Sushilkumar Shinde**. Senior officials of Ministry of Power, Central Electricity Authority, State Power utilities and Industry experts from India, and abroad, etc. have participated in the workshop.

PERFORMANCE IN TELECOM

Your Company is one of the few telecom players with marked presence in remote areas and has acquired Infrastructure Provider Category-I (IP-I), Internet Service Provider (ISP) Category 'A' and National Long Distance (NLD) licenses to provide a variety of services. Our major customers include prestigious Government organizations such as ERNET, STPI, NIC and various Government Ministries along with other prime telecom companies. It is our constant endeavour to

provide a robust highway of telecommunication at affordable cost with ultra modern and eco-friendly implementation techniques. In the coming years, Company is also planning to attract customers from entertainment and broadcasting industry.

At the end of FY 2009-10, your Company has established **around 20,600 Kms** of telecom network connecting all metros, major cities & towns. Availability of the Telecom Network has been consistently maintained at **99.9%** during 2009-10.

Despite a general slowdown experienced by Telecom industry wherein intense price war is resulting into declining average revenue per user, your Company has achieved a growth and earned revenue of **about ₹ 158 Crore** in telecom business during FY 2009-10, compared to ₹ 150 Crore in FY 2008-09.

POWERGRID is a consortium member for implementing the prestigious telecom infrastructure project of national importance, namely National Knowledge Network (NKN) project, which envisages a gigantic 3 layer Telecom network of all knowledge centres across the country such as IITs, IISc, etc. on high speed connectivity at an estimated total project cost of about ₹ 6,000 Crore. Based on the work likely to be allocated to your company, our investment in the NKN project is expected to be of the order of about ₹ 560 Core. A revenue of about ₹ 1000 Crore over a period of 10 years is envisaged by your company from this project.

Your Company has lined up major expansion plans for its telecom network, which include further diversification into value added services such as MPLS-VPN, NLD Switched Voice, Data Centres and the Tower Infra business. With the focus now shifting from urban to rural connectivity, your Company's role in telecom becomes even more significant as it has presence in rural & remote areas of the country by way of its Power Transmission network which can be leveraged to provide telecom services in such areas by co-locating Wireless Antennas on Power Towers.

During the year, we have added some new customers (viz. HSBC Bank, Videocon, Sistema Shyam Teleservices Limited, Loop Telecom, Unitech Wireless Limited (Uninor), etc. from the Private Sector and National Disaster Management Authority (NDMA), India International Centre, Prasar Bharti from Govt. Sector, etc.) to our already impressive list of customers.

BUSINESS DEVELOPMENT & CONSULTANCY

Backed by its strong in-house expertise in various facets of Transmission, Sub-transmission, Distribution and Telecom sectors, POWERGRID is executing various consultancy assignments in the areas of Planning, Engineering, Load Despatch & Communication, Telecommunication, Contracting, Financial and Project Management at national & international level.

In the international arena, your Company has emerged as a strong player in transmission sector in South Asia and is providing consultancy services in United Arab Emirates (UAE), Nigeria and Bangladesh in the field of transmission, grid management and telecom which would help these countries in smooth operation of the links. Further, a high capacity cross border transmission corridor for bulk transfer of power between India and Nepal is being implemented by two separate Joint Venture companies for Indian portion & Nepal portion wherein POWERGRID, SJVNL, Nepal Electricity Authority and IL&FS are the stakeholders and the project is expected to be completed by 2012 at an estimated cost of ₹ 205 Crore. This high capacity transmission line will initially help Nepal in meeting part of its deficit by importing power from India and subsequently for export of power to India. In addition, interconnection between India and Bangladesh has been finalized, and, besides taking up activities for implementation of India portion of the line, your Company is also providing consultancy to Power Grid Company of Bangladesh (PGCB) for construction of Bangladesh portion of the interconnection as well as capacity building of PGCB's manpower.

Your Company has been keenly participating in tenders floated by ADB, The World Bank, and other foreign organizations and has also collaborated with internationally reputed companies like KEMA, Netherlands and is submitting Expressions of Interest and Prequalification documents to clients in various countries like Vietnam, China, Kenya, Ethiopia, Uzbekistan, Afghanistan & Bangladesh for participating in International Competitive Bidding.

During the year 2009-10, business development opportunities continued to receive focussed attention and thrust across the entire value chain of the power sector. Your Company has realised revenue of **about ₹ 269 Crore** during FY 2009-10 as consultancy fee from its various ongoing assignments as compared to ₹ 216 Crore realised last year. Further, during the year, 24 nos. repeat orders have been received from customers who placed orders for consultancy jobs in the previous financial year. This is the highest so far achieved and shows high level of customer satisfaction.



CONTRIBUTION IN DISTRIBUTION REFORMS

A well planned generation system, integrated transmission system & reliable distribution system penetrated through remotely located villages & habitations is the need of the hour. You can proudly claim that your Company is playing a significant role in carrying forward the distribution reforms through Govt. of India's sponsored Accelerated Power Development & Reforms Programme (APDRP) and Rajeev Gandhi Grameen Vidyutikaran Yojna (RGGVY) schemes in various parts of the Country. These schemes are aimed at bringing qualitative improvement in distribution sector and expected to achieve reduction of AT&C losses.

With its strong managerial and technical expertise, your Company is assisting Govt. of India under APDRP for improvement of distribution system in various States. Most of these schemes have been commissioned/ are nearing completion. Under RGGVY, your Company has been assigned the job for execution of rural electrification works in 68 districts in the country covering around 74,000 villages at an estimated cost of about **₹ 6,400 Crore**. For the year 2009-10, infrastructure has been created for electrification in **3402 un-electrified villages** against a target of 3100 villages, achievement of 110%. Service connections to **about 6.87 Lakh BPL households** were provided against a target of 6 Lakh, achievement of about 115%. *Cumulatively, till March, 2010, your Company has established infrastructure for electrification of 37,923 villages. Further, service connection to about 16.20 Lakh BPL households has also been released under RGGVY.*

E-GOVERNANCE:

Your Company is committed to fulfilment of the expectations of stakeholders through continual enhancement of Effectiveness, Efficiency and Transparency in its functions. In order to meet the above objective potential of Information technology as an enabler in its pursuit to achieve operational excellence is being leveraged.

Considering the present business needs and the fast pace of growth the Company has been experiencing in the last 5 years and which is only expected to grow exponentially, your Company is taking steps to integrate various parts of the systems, like financial and physical monitoring and control internally through the use of **Enterprise Resource Planning (ERP)**.

First workshop cum meeting of Crisis Management Group for "Countering Cyber attacks and Cyber terrorism" was also organised by your Company in association with Indian Computer Emergency Response Team (CERT-In), Department of Information Technology, Ministry of Communications & Information Technology in February, 2010 at Gurgaon.

Major IT endeavours during the year include the following:

- ◆ IT Infrastructure consolidation and strengthening
- ◆ Facility Management System initiatives for maintaining IT infrastructure Nationwide
- ◆ Formulated the Knowledge Management Policy & started IT enabled initiatives
- ◆ Initiated implementation of Crisis Management Plan for Countering Cyber attacks and Cyber Terrorism and the draft Crisis Management Plan prepared as per CERT-In guidelines
- ◆ Proto testing of Enterprise Project Management (EPM) application for transmission projects
- ◆ Strategic Planning for EHV infrastructure Asset Management
- ◆ Developed e-Performance Management System
- ◆ Initiated activities for E-procurement.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS MANAGEMENT

Increasing threat of climate change and environmental degradation due to increasing pollution and growth is a major area of concern today. You must be proud to know that your company, with a goal of achieving sustainable development of the power sector in the country has taken proactive measures for improvements in the areas of Environment Management. POWERGRID's contribution towards environmental degradation is almost negligible. Transmission projects are non-polluting in nature and environmentally clean and don't generate solid waste.

Your Company is the first PSU to develop **Environmental and Social Policy and Procedures (ESPP)** in 1998 and upgraded it from time to time through wide consultations with social bodies, local communities, Govt. agencies, etc. in line with changes and International best practices to pre-empt all possible Environment & Social issues related to land acquisition & RoW clearances through proper & timely management. The ESPP outlines Company's approach and commitment to deal with environmental and social issues, relating to its transmission projects and lays its management procedures and protocol to mitigate the same. During last 12 years, ESPP implementation has drawn many appreciations/awards from various stakeholders.

When we take loan from multilateral funding agencies, compliance to their environment policy, besides statutory requirement of the country, have to be ensured and their prior approval is required before commencing the work. However, considering the environment policy of your Company, which not only takes care of sustainability requirement but has been finalized keeping the international standards, The World Bank has selected POWERGRID's ESPP as the 1st candidate for Use of Country Systems (UCS) in India, in which prior approval is not required. This facilitates expeditious compliance of funding agency requirement and timely implementation of transmission projects.

Your company took keen interest towards development of first Sustainability Report in power sector, for measuring, disclosing and being accountable to internal and external stakeholders for organizational performance towards sustainable development.

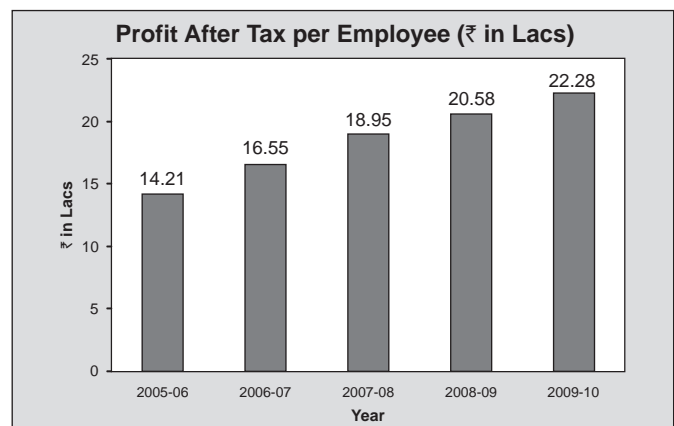
The results achieved by your company towards conservation of RoW are praiseworthy. With the development of innovative tower designs, the RoW requirement has been reduced from 85 m to 64 m for 765 kV and from 52 m to 46 m for 400 kV D/c AC line. You would be glad to know that more than a lakh sq. meters of precious RoW was saved by constructing 765 kV lines by your company till March, 2010. Apart from this, installation of Pole type structures for 400 kV in urban areas such as Dadri-Ballabhgarh transmission line has not only reduced the RoW, but were more aesthetic compared to conventional lattice type structures.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) has always been an integral part of your Company's vision and the cornerstone of Core Values of Good Corporate Citizenship. Your Company is committed towards taking responsibility for its impact, though very minimal in nature, on society and being accountable to the inhabitants of Mother Nature. As part of Corporate Social Responsibility, your Company is making key contributions to society through its core business activities, its social investment and philanthropy programmes and its engagement in public policy to ensure Socio-Economic development of weaker sections of Society and for overall conservation of Environment and improvement of Ecological balance.

Company's '**Corporate Social Responsibility Policy**' addresses the issue of Community Development (including employment, conservation and environment, etc.) in the vicinity of its offices/ sub-stations where the Resettlement and Rehabilitation (R&R) activities under ESPP have been completed and closed. The policy provides for spending 0.75% of previous year's net profit on identified CSR activities.

The CSR Budget for the year 2009-10 was ₹ 12.67 Crore in different thrust areas like Education, Health, Infrastructural Development, Environment & Ecology, Sports, Arts & Cultural heritage, etc. spread across different Regions, which is non-lapsable and the unspent amount is to be carried forward to succeeding year. During the year, an amount of ₹ 4.29 crore was spent on CSR activities and the balance amount has been earmarked for expenditure during next year. A major portion of CSR initiatives was in the development of physical infrastructure in nearby villages like constructing class room, library, computer room for schools, primary health centre, drinking & sanitation facility, check dam, drainage, roads, bus shelter, community centre, street lights, cultural interpretation centre & auditorium etc. These facilities were created with the objective of these being of long lasting value and have multiplier effect on improving the standard and quality of life of the villagers.





CSR initiatives undertaken in different villages around our establishments have contributed tremendously and earned the goodwill of the local inhabitants. The work done by the Company has been appreciated by one and all. This has also played a pivotal role in improving the quality of life of local people by enabling them to use the physical infrastructure established by the company and bringing the marginalized people into the mainstream of development.

EMPLOYEES, OUR ASSETS FOR SUCCESS

Human Resource Development

Company pursues the philosophy that human value is the most vital asset of the organization and accordingly, its policy is focused on Human Resource Development (HRD) through sustained efforts towards skill upgradation, career enhancement and job rotation. HRD strategy is evolved with a view to make employees competent for planning, monitoring and timely execution of construction projects, enable them to perform operation & maintenance effectively and upgrade/innovate technologically, provide better career growth, etc.

Training needs are identified with two pronged approach. Firstly, a structured questionnaire indicating the key result areas of various key functions is circulated among employees offline and online to seek the training needs of individuals. Secondly, a committee consisting of Heads of Departments representing various Regions examines the individual needs in terms of competencies and the gaps thereof. After a detailed discussion with key functionaries of various Departments, individual training needs are determined after verification of the same with their Annual Appraisal Reports. Comprehensive Annual HRD Action Planner is evolved based on the above process.

Your Company has been the front runner to implement the revised pay scales as well as perks, which are best in the PSUs. In order to cope up with the increased workload and challenges, this year about 1,200 employees have been recruited. Due to good reputation of your Company and also because of good pay packages, encouraging response has been received from candidates of IIMs during campus recruitments. Besides, a number of executive trainees from NITs and IITs have also been recruited through campus recruitments.

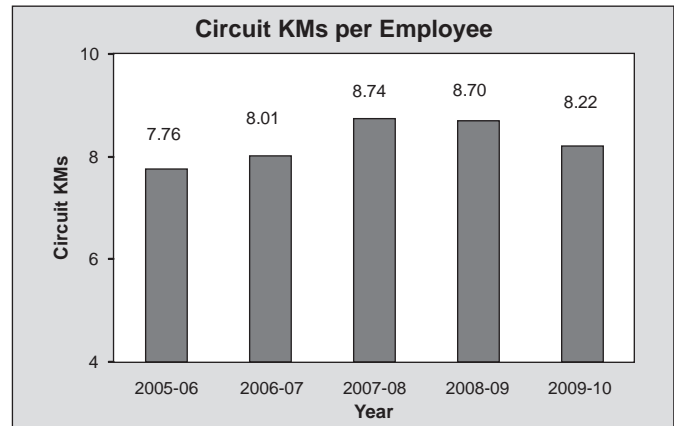
Your Company's Human Resources function took a number of initiatives during the year in response to intensifying competition for trained manpower. During the year, to nurture and develop the existing manpower, a series of long-duration training & development interventions – both functional and developmental – were carried out with focus on building leadership capabilities, strategic orientation and skills to suit new businesses.

Around 6560 employees have undergone classroom, in-house and external training programs, in all functional areas including programs on Sub-station Automation, Latest Survey Techniques, Developing Marketing Skills for Telecom Business, Advanced Features in IT, Networking Administration and Security, Power System Analysis, etc.. Your Company has also taken up training of employees of State Electricity Boards and other power utilities within the country and overseas.

Your Company has collaborations and strategic alliances with prominent management institutes such as IIM, IIT, IPE, MDI, XLRI, ECSI, NPTI etc. as a testimony of successful partnership between utility and academic institutions for achieving operational and professional excellence. At the same time, the hand-on training programmes being conducted at manufacturer's premises such as CGL, BHEL, ABB, AREVA etc. are the excellent examples of fruitful collaboration between the utility and the industry.

All newly recruited employees are made to undergo an induction program. 259 Executive Trainees have been put through a one year induction training program during the year, which included class-room training, industry visits and on the job training. Employees promoted across categories are subjected to programs to enhance their skills. As a step towards integrated development of employees, employees are encouraged to take up membership of professional bodies through reimbursement of the professional fees.

Emerging business order of power sector fuelled by reform program calls for greater optimization of human resource, building requisite human resource skills and competencies, motivating people for superior performance, inculcating



quality and customer delight oriented practices, involving line managers as partners of HR and bringing a scientific system approach to HR function, especially building the business human resource linkage at micro and macro levels. Your Company has continuously and consistently endeavored to excel on these parameters. Some of the interventions adopted to measure the effectiveness of HRM function besides those linked with business includes HR Function Effectiveness Audit, Culture Audit, System Audit, Manpower Audit & Review, etc..

Impact of all these HR function effectiveness measurement exercises along with HR interventions can be seen through different indicators, like there has been no employee unrest, strike or lock out in the Company and there has been no grievances in last many years and attrition rate is consistently low.

Employee welfare

An effective work culture has been established in the organization through empowerment, transparency, decentralization, practice of participative management etc.

Your Company is the first company in Indian Power Sector to get the entire establishments certified under Social Accountability 8000:2008. The cafeteria in the Corporate Office and Food Lounge of Multi Purpose Hall of your company is conferred with ISO 22000:2005 where quality food is being served to employees. Your Company has also been certified under OHSAS 18001:1999 for providing a healthy working environment for employees by ensuring norms for occupational health and safety in the workplace.

For taking care of welfare and improvement in quality of life of employees and their family members, various welfare measures have been provided in the guidelines to enable overall development of the individual as a contented & conscious citizen.

Cultural programmes are conducted periodically for promoting healthy community living and entertainment on various occasions like Diwali, Holi Milan, New year, Raising day, etc. Apart from the social gatherings on National festivals, to promote awareness amongst employees and their families about benefits of classical and traditional art forms like dance, drama, music, etc., various cultural events are organized round the year on regular basis wherein various renowned artists perform live.

The company has been regularly participating in the Annual Inter-PSU Sports meets and this year too Your Company participated in Inter-PSU Sports Tournament and won awards in Chess, Carrom & Table Tennis tournaments.

Citizen's charter

Your Company has formulated its Citizen's Charters providing a visible front of its objectives, mission, commitments, terms of service and its obligation to various stakeholders. Information about its schemes, policies, project plans of the Corporation and issues of general interest to stakeholders is available in the offices. This information is also available on Company's web site and is updated time-to-time. This provides information on schemes, plans and practices to users outside the organisation as well as information about accessing the services.

Implementation of official language

In order to give our Rajbhasha "Hindi" its due, your Company has renewed its commitment to ensure implementation of Rajbhasha policy of Govt. of India and is sensitive towards Country's heritage, social and cultural concerns. Several steps have been taken to promote usage of Indian languages and Rajbhasha "Hindi" in all its official work. Various activities like workshops for training, meetings, poetry session, culture activities, publication of Hindi magazines/papers and lectures from eminent personalities are regularly organized. Hindi library of your Company is one of the best libraries in Public Sector Units wherein all records of Hindi books & magazines are kept online for easy access through internet. Employees are encouraged to work in Rajbhasha to the extent possible. For outstanding and noteworthy contributions in Hindi, number of incentives and reward schemes are in force. Efforts made in promoting the implementation of Rajbhasha have been applauded in many forums.

During the year, 217 Rajbhasha workshops were organised in which training to work in Hindi was imparted to about 2670 employees. 18 offices of your Company have been notified under Gazette of Govt. of India to work in Hindi during the year, thus taking the tally of notified offices to 134 overall. This year, about 450 employees were rewarded as per the guidelines, during a campaign organised for encouraging employees to type in Hindi, which is a new initiative in this direction.



Renewed commitment to transparency

In keeping with the tradition of bringing the internationally acclaimed best practices for raising integrity levels in procurement of works and services, the Integrity Pact for packages above ₹ 100 Crore was implemented on 24th December, 2009 by signing of a Memorandum of Understanding by CMD, POWERGRID and Chairman, Transparency International, India in the presence of Central Vigilance Commissioner, important vendors and other distinguished guests. Two Independent External Monitors (IEMs), Shri Arvind Pande, IAS (Retd.), Former Chairman, SAIL and Shri R.S.S.L.N. Bhaskarudu, Former Chairman, PESB have been appointed as IEMs on the approval of the Central Vigilance Commission. Earlier Integrity Pact has been implemented in the organization without IEMs for packages less than ₹ 100 Crore.

Special emphasis has been laid on the preventive aspect of vigilance. As part of this initiative, process online inspections have been devised to inspect ongoing critical works at the time of execution by the vigilance executive for shortcomings, if any. During this period, a large number of inspections have been conducted both by Vigilance Executives as well as the CTE's Organisation which also includes process online inspections conducted during this period in the regions. On the basis of these inspections, adequate cost compensation is affected for not conforming to technical specifications. Besides this, 93 CTE paras were also settled during the year.

Training is also imparted on ethics and vigilance matters through various preventive vigilance workshops organized at the Regions in which faculty from Engineering and QA&I departments are also invited to share ground realities at the site as well as the codal provisions. 197 non-vigilance executives were imparted training in these workshops. Vigilance executives are also sent on training to various organizations like CBI and National Institute of Criminology and Forensic Science, besides participating in training programmes organized at Corporate Centre. The Vigilance executives were also part of the faculty in training programmes organized at NPTI for executive trainees.

On the punitive side, a number of complaints were received and taken up for investigation. Necessary disciplinary action was also initiated against some employees. A large number of system improvements were also undertaken to further improve the system.

The Vigilance Awareness week was organized in the organization from 3rd to 7th of November, 2009 as per the directives of the Central Vigilance Commission. The pledge was administered to all the employees of the organization across the Country. During the week, various competitions were also organized for the employees and their family members. An inter-regional competition on '**implementation of e-governance**' was organized during the week in order to encourage the Regions to make maximum efforts in implementing the directives of the CVC in leveraging technology for better governance. Apart from this, an advertisement was also brought out in the 'Times of India' and 'Hindustan' highlighting the steps taken by your Company to enhance transparency through implementation of leveraging technology as per the advice of CVC. During the Vigilance Awareness Week, debate competitions on topics related to vigilance were also organized at various schools. The week concluded with the release of the in-house journal 'Candour' by Secretary, Ministry of Labour and Employment.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the issues in the Directors' Report, some issues have been brought out in report on Management Discussion and Analysis placed at **Annexure-I** to this Report.

PARTICULARS OF EMPLOYEES

The particulars of employees of the Corporation who were in receipt of remuneration in excess of the limit prescribed under Section 217 (2A) of the Companies Act, 1956 is given in **Annexure-II** to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per requirements of disclosures under Section 217(1) (e) of Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, is given in **Annexure-III** to this Report.

COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

Comments on the accounts for the year ended 31st March, 2010 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 are given in **Annexure-IV** to this Report.

CORPORATE GOVERNANCE

A report on the Corporate Governance, forming part of this Report, is given in **Annexure-V**. The Certificate on Corporate Governance obtained from the joint Statutory Auditors is given in **Annexure-VI** to this Report.

BOARD OF DIRECTORS

During the year, Shri Rakesh Jain, Joint Secretary & Financial Advisor, Ministry of Power, assumed the charge as Director w.e.f. 9th June, 2009. Shri Sudhir Kumar, MoP joined the Board of the company w.e.f. 22nd May, 2009 in place of Shri I.C.P. Keshari, who ceased to be on Board of the Company w.e.f. 22nd May, 2009. Shri Sudhir Kumar, MoP ceased to be Director of the company w.e.f. 11th December, 2009 and Dr. M. Ravi Kanth joined in his place. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri I.C.P. Keshari and Shri Sudhir Kumar, during their association with the Company. During the year, Shri R.N. Nayak assumed charge as Director (Operations) on 16th May, 2009, and Shri I.S.Jha assumed charge as Director (Projects) on 1st September, 2009.

The tenure of four non-official Part-time Directors on the Board of your Company - Dr. P. K. Shetty; Prof. A. S. Narag; Shri Anil K. Agarwal; Shri F. A. Vandrevalla appointed for a period of three years with effect from the date of appointment - 10.07.2007 completed on 09.07.2010 and they ceased to be Directors of POWERGRID. The Board wishes to place on record deep appreciation for their invaluable contribution and support during their association with the Company.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 read with Article 31 (iii) of the Articles of Association of the Company the Directors – Shri Ashok Khanna and Smt. Sarita Prasad shall retire by rotation at the Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

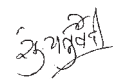
ACKNOWLEDGEMENT

The Board of Directors acknowledge with deep sense of appreciation for the guidance and cooperation received from the Govt. of India, Ministry of Power, Ministry of Finance, Ministry of Environment & Forests, Ministry of Statistics and Programme Implementation, Ministry of Home Affairs, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, Central Electricity Authority, Planning Commission, Department of Public Enterprises, Regional Power Committees, other concerned Govt. departments/ agencies at the Central and State level as well as from Securities and Exchange Board of India, National Stock Exchange of India Ltd., Delhi and Bombay Stock Exchange Ltd., Mumbai without whose active support it was hard for us to imagine the accomplishments your Company has achieved during the year.

Your Directors take this opportunity to thank our valued customers, various State power utilities as also to valued consultancy clients, for providing us with various consultancy works and reposing faith in our capability to handle them. The Board also conveys its gratitude to the shareholders, various International and Indian Banks/ Multilateral Agencies/ Financial Institutions/ Credit rating agencies for the faith they have shown in POWERGRID. Special thanks is reserved for C&AG and the Statutory Auditors for their constructive suggestions throughout the year.

The Board also wishes to place on record its appreciation for the untiring efforts and contributions made by the employees at all levels and the various employee unions to ensure that the company continues to achieve greater heights year after year.

For and on behalf of the Board of Directors



(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi
Date: 11.08.2010

MANAGEMENT DISCUSSION AND ANALYSIS

Economic outlook

The Growth rate of the country's Gross Domestic Product improved to 7.2 per cent in 2009-10 after dipping to 6.7 per cent during 2008-09, mitigating the apprehension that the impact of the economic slowdown which started in the developed world would persist in India for some time. To bring the economy to still higher growth path, electricity certainly is one of the key drivers. The focus on investments in Power sector has been continuing and the economic activity in the Sector has shown better growth in 2009-10 over the preceding year.

Sectoral outlook

The 11th Plan originally envisaged a capacity addition of 78,700 MW. The revised mid term appraisal target for total capacity addition is now 62,374 MW, which is about three times the capacity addition that took place in the 10th Plan. In terms of capacity addition, the revised targets of Centre and States for the Eleventh Plan are as under:

Revised Targets for Capacity addition during Eleventh Plan

(in MW)

Sector	Commissioned till 31st Dec.,2009	Likely in the remaining period	Total with high degree of certainty	With best efforts
Central	4,990	16,232	21,222	4,530
State	9,112	12,243	21,355	1,130
Private	4,990	14,808	19,797	6,930
All-India	19,092	43,282	62,374	12,590

Note: The actual capacity addition as on 31st March, 2010 was 22,301.7 MW.

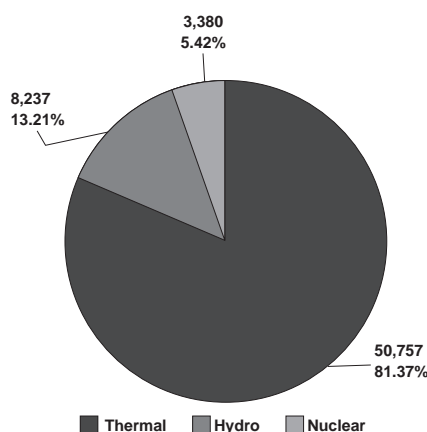
Source: Document on Mid-Term Appraisal of the eleventh Five Year Plan. Planning Commission, Gol

The revised targets of Capacity addition during Eleventh Plan, Source-wise are as under:

(in MW)

Sector	Hydro	Thermal	Nuclear	Total
Central	2,922	14,920	3,380	21,222 (34 %)
State	2,854	18,501	-	21,355 (34 %)
Private	2,461	17,336	-	19,797 (32 %)
Total	8,237	50,757	3,380	62,374 (100 %)

Source: Document on Mid-Term Appraisal of the Eleventh Five Year Plan. Planning Commission, Gol



The Installed Generation Capacity as on 30-06-2010 is as under:

All India	Thermal				Nuclear	Hydro (Renewable)	RES @ (MNRE)	Grand Total
	Coal	Gas	Diesel	Total				
MW	86003.38	17220.85	1199.75	104423.98	4560.00	36953.40	16429.42	162366.80
%age	53.0	10.6	0.7	64.3	2.8	22.8	10.1	100.00

@ Based on data as on 31.01.2010.

Source :CEA website- www.cea.nic.in

The scenario of power generation by power utilities during 2009-10 in the thermal, nuclear, and hydro has been as under:

Power Generation by Utilities (Billion KWh)

Category	2008-09	2009-10 (Actual)*	Growth (per cent)
Power Generation*	723.79	771.17	6.55
i)Hydroelectric	113.08	106.65	-5.69
ii) Thermal	590.01	640.52	8.56
iii) Nuclear	14.71	18.65	26.78
iv) Bhutan Import	5.89	5.34	(-)9.34

* Provisional based on Actual cum Assessment

Data Source: CEA website- www.cea.nic.in

Decline in hydroelectric power generation was mainly due to poor monsoons. Coal based generation of power constituted around 80 per cent of thermal generation and around 67 per cent of the total generation of power for the year. Coal-based power generation was constrained by the shortage in domestic supply of coal and the non-materialization of planned imports.

Electricity Generation Target/Achievement for the year 2010-11 is as under:

	Hydro	Thermal	Nuclear	Bhutan (Imp)	Total
Target (MU)	111352.00	690856.50	22000.00	6548.00	830756.50
Achievement up to June,10 (MU)	27730.70	166315.71	5243.32	1025.03	200314.76

Source :CEA website- www.cea.nic.in

The All India Annual per Capita consumption of Electricity figures are as under:

Year	Per Capita Consumption (kWh) (As per U.N. methodology)
2002-03	566.69
2003-04	592.00
2004-05	612.50
2005-06	631.50
2006-07	671.89
2007-08	717.13
2008-09	733.54

Source :CEA website- www.cea.nic.in



पावरग्रिड

The All India Village Electrification as on 31.03.2010 is 497950 (83.9%) as against 489532 as on 31.03.2009(82.4%).

Power supply position 2010-11 (June, 10)*

Region	Energy (MU) Requirement	Deficit %	Peak Demand (MW)	Deficit %
Northern	23,825	-7.4	35,877	-9.7
Western	20,839	-15.5	36,034	-19.5
Southern	18,123	-6.7	29,438	-9.9
Eastern	7,826	-4.8	13,436	-8.4
North Eastern	778	-11.3	1,720	-15.6
All India	71,391	-9.4	116,505	-12.7

* Provisional

Source :*CEA website- www.cea.nic.in

POWERGRID - the company

POWERGRID is a “Navratna” company since 1st May, 2008 which provides us with powers to undertake new transmission projects of any amount without Government approval. POWERGRID is also entrusted with role of Central Transmission Utility (“CTU”) by GoI. In this role, the company operates as one of the chief agencies responsible for the planning and development of the country’s nationwide power transmission network, including interstate networks.

Growth in Transmission:

Keeping in view the large incremental capacity addition requirements of the current Plan and to fulfill the macro objective of Power sector i.e. 'Power to All by 2012', POWERGRID is oriented towards implementation of generation evacuation schemes, strengthening of regional grids, development of an integrated National Grid with flexibility for power transfer from one region to another. POWERGRID as on 31st March, 2010:

- Owns and operates a transmission network of about **75,290 ckt kms** of inter-State transmission Lines, **124** nos. of EHV & HVDC substations with transformation capacity of about **83,100 MVA**,
- Inter-regional power transfer capacity of about **20,800MW**,
- Maintained the transmission system availability at **99.77%** at par with the International utilities.
- Wheeled about **50%** of the total power generated in the Country through its transmission network.

The Company has undertaken development of certain transmission lines with private parties, in public-private Joint Ventures. The detail in this regard has been provided later in the discussion. The commercial and operational performance and project implementation are in the Directors’ Report.

Overcoming Construction Challenges

POWERGRID would be implementing major quantum of works towards transmission development in the next few years. In addition, many projects under consultancy assignments are being executed. This entails multi-dimensional challenges relating mainly to accessibility, construction feasibility, technical restrictions, conservation of environment and Right of Way, etc. POWERGRID, apart from using modern techniques for route alignment and optimization of line length of transmission lines, vendor development, etc. has taken following measures to meet the massive task:

- **Land availability for Sub-stations**

Land availability, particularly in suburbs of cities, is becoming an issue where large EHV/UHV Sub-stations are proposed. In order to suitably address this issue, establishment of Gas Insulated Sub-stations (GIS) have been taken up. Presently, there exist two numbers of GIS Sub-stations and about sixteen numbers of GIS Sub-stations have been approved to be taken for implementation.

- **Providing training to enhance availability of skilled manpower for construction**

To achieve target set for Transmission Sector, availability of adequate trained and skilled manpower is essential. POWERGRID, as part of Corporate Social Responsibility, has recently considered taking up the Scheme initially for training approximately 1000 workmen for tower erection and transmission line stringing activities.

● Standardisation

The standardisation of designs / drawings / type testing of various equipments / items by POWERGRID has helped in minimizing post award engineering activities for regular packages. Accordingly POWERGRID, for the first time in transmission history, has taken pioneering effort to construct 1200 kV S/C transmission line for which transmission line parameters & tower designs have been developed In-house and 3 numbers of 1200 kV S/C towers have been successfully tested by March, 2010.

● Forest Clearances

Forest Clearance under the Forest (Conservation) Act, 1980 has always been a lengthy process due to involvement of different position starting from Range Officer to Secretary Forest at State Level and from Asstt. Inspector General (AIG) of Forests to Minister of Environment & Forests at Government of India level. But concerted efforts of POWERGRID towards various requirements of forest clearance and proper follow up resulted in getting the forest clearance on time for most of the transmission lines. However, with the issue of MoEF Circular dated 30.07.09 and 03.08.09 written consent of concerned Gram Sabha has been made compulsory under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (FRA, 2006) for the entire proposal involving diversion of forest land under the Forest (Conservation) Act, 1980. This has added to the process of forest clearance resulting in enormous delay even if "in-principle" clearance has already been issued.

Transmission projects per se are having negligible impact on forest / environment and its habitant including the tribal people, as such projects apart from being a linear projects are drawn substantially high above the ground avoiding possible encounter with such sensitive areas as well as habitations without any change in land use pattern. In view of above mentioned facts and to facilitate timely completion of projects, matter of exemption of transmission project from the purview of FRA, 2006 provisions has been taken up with the Ministry of Environment and Forests through Ministry of Power.

During the F.Y. 2009-10, POWERGRID has obtained "in-principle" approval from MoEF for approx. 380 hectare of forest for lines like 400 kV Rourkela-Raigargh, Kameng-Balipara, Kankroli-Jodhpur, Durgapur-Jamshedpur etc. and final approval for 540 hectares of forest land after complying with the stipulated conditions of in-principle approval for lines like 765 kV Seoni-Bina, ± 500 kV Ballia-Bhiwadi, 400 kV Damoph-Bhopal, Jamshedpur-Baripada, Edamon-Cochin, Korba-Birsingpur etc.

Integrated Management Policy:

POWERGRID is committed to:

- establish and maintain an efficient and effective "National Grid" with due regard to time, cost, technology and value addition,
- sustainable development through conservation of natural resources and adopting environment friendly technology on principles of Avoidance, Minimization and Mitigation,
- ensure safe, occupational hazard free and healthy work environment,

to the satisfaction of stakeholders in all areas of its activities and shall endeavor to improve continually its management systems and practices in conformity to legal and regulatory provisions.

Internal Control

POWERGRID has a comprehensive Internal Control Mechanism to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. Audit Plan in respect of Internal Audit and Physical Verification for the Financial Year 2010-11 has been finalized with in-house Audit Department and experienced firms of Chartered Accountants. POWERGRID is also updating its Internal Audit Manual in consultation with M/s Deloitte Haskins & Sells.

As on 31st March, 2010, the Company has an Audit Committee in place as per clause 49 of the Listing Agreement, which has three Independent Directors and one Non-Executive Director as members.



Risk Management Procedure

POWERGRID has undertaken development of 'Enterprise Risk Management Framework' and 'Internal Control Framework' in accordance with Clause 49 of the listing agreement with consultancy services provided by M/s KPMG. The draft 'Enterprise-wide Risk Management Policy & Procedures' has already been prepared and is under finalization. This Policy will complement other specific risk management programs, policies and tools already in use within POWERGRID.

Financial Discussion and Analysis

Comparison of Fiscal 2010 to Fiscal 2009

Your company's total income in Fiscal 2010 was ₹7503.58crore, which represented an increase of 22.23% over the total income of ₹6138.72crore in Fiscal 2009. In Fiscal 2010, transmission and transmission-related activities constituted 89.3% of our total income, with the balance coming from our consultancy, telecommunication businesses and other incomes.

Income

Revenue from Operations

(₹ in crore)

Revenue from Operations	Fiscal 2010	Fiscal 2009
Revenue from transmission charges	6576.38	5282.84
Transmission income from short term open access	124.18	41.42
Consultancy fees	269.17	215.90
Revenue from telecom	157.72	149.83
Total	7127.45	5689 .99

The revenue was higher in Fiscal 2010 as compared to Fiscal 2009 mainly on account of revenue recognition as per new norms notified for the block period 2009-14, full year impact of transmission assets worth ₹ 3733.74 crore commissioned during fiscal 2009 and the commissioning of new transmission assets worth ₹ 3609.82 crore during fiscal 2010 including the major projects Sipat-II Supplementary; NLC-II;North- West Transmission Corridor; Northern Region System Strengthening –V. The projects commissioned in Fiscal 2010 have generated revenue from the date of commercial operation during the year.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Tariff norms

Our charges for transmission customers are governed by tariff norms determined by the Central Electricity Regulatory Commission (CERC) pursuant to central government tariff policy and legislation. As per the Tariff Policy issued by Government of India (GoI) on 6th January, 2006, CERC shall be guided by the Tariff Policy while specifying the terms and conditions for the determination of tariff. The tariff policy inter-alia states that the rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting.

CERC has vide its notification dated 19th January, 2009 notified the tariff regulations for the tariff Block 2009-14. Under the tariff regulations applicable for the tariff Block 2009-14, we are permitted to charge our customers transmission charges for recovery of annual fixed cost ("AFC") consisting of components - return on equity, interest on outstanding debt, depreciation, operation and maintenance expenditure, interest on working capital.

Earlier, tariff norms allowed us to recover income tax and this was in addition to the return on equity. From the tariff Block 2009-2014, the Return on equity shall be computed on pre-tax basis, at the base rate of 15.5% by grossing up the base rate for the tax factor. In case of projects commissioned on or after 1st April, 2009, an additional return on Equity of 0.5% will be allowed if such projects are completed within the timeline specified under the CERC tariff regulations for the tariff Block 2009-14.

As regards interest on debt, under the CERC tariff regulations for the tariff Block 2009-14, the normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

The repayment of loan capital for the year of the tariff period 2009-14 is deemed to be equal to the depreciation allowed for that year. The Advance against depreciation which was being allowed in the previous years to cover shortfall in our repayment of debts has been done away with, in the tariff block 2009-2014 and depreciation rates have been reworked. Despite any moratorium period availed by your company, the repayment of loan is considered for tariff from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

For interest on working capital, the working capital amount is calculated as - (i) consisting of receivables equivalent to two months of fixed cost; (ii) maintenance spares @ 15% of operation and maintenance expenses; and (iii) operation and maintenance expenses for one month. Rate of interest on working capital for the year is on normative basis and is equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the transmission system, is declared under commercial operation, whichever is later.

The transmission charge (inclusive of incentive) payable for a calendar month for a transmission system or part thereof is as per the following:

$$AFC \times (NDM / NDY) \times (TAFM / NATAF)$$

Where,

AFC = Annual fixed cost specified for the year, in Rupees

NATAF = Normative annual transmission availability factor, in per cent

NDM = Number of days in the month

NDY = Number of days in the year

TAFM = Transmission system availability factor for the month, in Percent.

Recovery of transmission charge and incentive is permitted to your company on the achievement of the operational norms as under.

Under the tariff norms prescribed by CERC for the tariff Block 2009-2014 we are also provided with an incentive if the availability of our transmission network is above 98% in respect of alternating current systems, above 95% in respect of HVDC back-to-back Stations systems and above 92% in respect of HVDC bi-pole links and penalized if the availability of our network is below 98%, 95% or 92%, respectively. The Availability Incentives are now linked with monthly transmission charges as against being linked to equity in the tariff block of 2004-09.

The tariff norms prescribed by CERC for the tariff Block 2009-2014 prescribe that the Transmission charges corresponding to any plant capacity for which a beneficiary has not been identified and contracted shall be paid by the concerned generating company.

The tariff regulations for the Block 2009-14 allow us to share the proceeds of carbon credit from approved CDM projects in the manner that 100% of the gross proceeds on account of CDM to be retained by the company in the first year after the date of commercial operation of the transmission system; and in the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, whereafter the proceeds shall be shared in equal proportion, by the company, and the beneficiaries.

Foreign Exchange Rate Variation:

Your company under the tariff regulations for the tariff block 2009-14 has an option to hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system, in part or full and recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year.

If hedging of the foreign exchange exposure is not undertaken, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year is permissible provided it is not attributable to POWRGRID or its suppliers or contractors. During the financial year 2009-10, no hedging for foreign exchange exposure has been taken by your company.

Regulatory provisions enabled for development of Transmission Systems

Subsequent to the Tariff Regulations issued by CERC for the tariff block 2009-14, CERC has undertaken many Regulatory initiatives. The significant being as under



- i) The Regulations on CERC (Grant of Connectivity, Long Term Access & Medium Term Open Access in inter-State Transmission and related matters), which shall facilitate in providing transmission products of different varieties and ensuring level playing field among different categories of market players have been made effective from 01.01.2010 along with the standardized procedures.
- ii) The CERC vide its order dt. 31.05.2010 has granted regulatory approval to the proposal of POWERGRID for the following nine numbers of High Capacity Power Transmission Corridors which have a tentative cost estimates of about ₹58000 crore:
 - 1 HCPTC – I (Transmission System Associated with Phase-I Generation Projects in Orissa)
 - 2 HCPTC – II (Transmission System Associated with IPP projects in Jharkhand)
 - 3 HCPTC – III (Transmission System Associated with IPP projects in Sikkim)
 - 4 HCPTC – IV (Transmission System Associated with IPP projects in Bilaspur complex, Chattisgarh & IPPs in Madhya Pradesh)
 - 5 HCPTC – V (Transmission System Associated with IPP projects in Chattisgarh)
 - 6 HCPTC – VI (Transmission System Associated with IPP projects in Krishnapatnam Area, Andhra Pradesh)
 - 7 HCPTC – VII (Transmission System Associated with IPP projects in Tuticorin Area, Tamil Nadu)
 - 8 HCPTC – VIII (Transmission System Associated with IPP projects in Srikakulam Area, Andhra Pradesh)
 - 9 HCPTC – IX (Transmission System Associated with IPP projects in Southern Region for transfer of power to other regions).

These transmission corridors mainly comprises high technology 765kV AC and ± 800 kV 6000MW/ ± 600 kV 4000MW HVDC system. This approval has been given in the context of the provisions of Tariff Policy notified in 2006 which stipulated that prior agreement with the users would not be a pre-condition for network expansion and the transmission utilities should undertake network expansion after identifying the requirements in consonance with the National Electricity Plan and in consultation with the stakeholders, and taking up the execution after due regulatory approvals.

- iii) The Regulations on 'Grant of Regulatory Approval for execution of inter-State Transmission Scheme to Central Transmission Utility' notified on 31.05.2010, streamlines the procedure for according regulatory approval to Central Transmission Utility for network expansion in consonance with the National Electricity Plan which stipulates that prior agreement with the beneficiaries would not be a pre-condition for network expansion. The regulations are effective from 30.06.2010.
- iv) The Regulations on 'Sharing of Inter-State Transmission charges & losses' factors distance & direction sensitivity in transmission charges and losses besides quantum of power flow, in line with the Tariff policy. The regulations have been notified on 15.06.2010 and shall come into force from 01.01.2011.
- v) CERC has issued orders on Benchmarking of capital cost of the transmission lines and sub-stations during April and June, 2010 respectively, for prudence check of the capital cost of Transmission system by the Regulator at the time of tariff determination.
- vi) The Regulations on 'Procedures for calculating the expected revenue from tariffs and charges' notified on 12.04.2010 provide a framework for the Regulator to keep a track on the performance of the utilities which would be helpful in determination of norms for the next tariff period. These regulations have been made effective from 16.04.2010.

Short Term Open Access

One of the goals of the Electricity Act, 2003 is to provide electricity generators and users with open access to electric power transmission systems on a non-discriminatory basis, when capacity is available and such access will not disrupt regular fixed charge access or network operation. Our portion of revenue from the short term open access charge is accounted for as revenue from operations. During the year, as RLDC, we also charge short term open access customers a separate fee for the scheduling of their access through the relevant load dispatch centres. Your company's Transmission income from short term open access (STOA) was ₹124.18 crore in Fiscal 2010, an increase of 199.8% over Transmission income from short term open access of ₹41.42 crore in Fiscal 2009. The increase in income in STOA is on account of

increase in volume in Bilateral STOA Transactions/Collective Transactions; revision in the rate of transmission charges by CERC with effect from 15-06-2009 from 03 Paise/06 Paise/09 Paise Per Unit to 08 Paise/16 Paise/24 Paise Per Unit for Intra-Region, Adjacent Regions, through one or more region transactions in STOA Bilateral, respectively; and increase in Transmission Charge rate for Collective Transactions through Power Exchanges from 03 Paise/Unit to 10 Paise/Unit for each point of injection and each point of drawal.

Revenue from Other Services

Your company also earns revenue from consultancy (including for project management and supervision services) and from our telecommunication business. Our consultancy income mainly consists of fees from the RGGVY, the execution of transmission- and communication system-related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries. There has been an increase in consultancy revenue from ₹ 215.90 crore in Fiscal 2009 to ₹ 269.17 crore in Fiscal 2010, an increase of 24.67%. The Telecom revenue grew by 5.27 % over Fiscal 2009.

The revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines.

Provisions Written Back

The provisions written back were ₹ 0.21 crore in Fiscal 2010, as against ₹ 0.04 crore in Fiscal 2009.

Other Income

Your company's other income was ₹ 375.92 crore in Fiscal 2010, a decrease of 16.22% over the other income of ₹ 448.69 crore in Fiscal 2009.

(₹ in crore)

Other Income	Fiscal 2010	Fiscal 2009
Dividend on trade investments	24.37	19.54
Interest income – bonds and long term advances	116.41	132.99
Interest income – banks	64.66	138.27
Interest income – others	114.53	38.42
Profit on sale of fixed assets	1.13	0.08
Deferred income (transfers from grants in aid)	26.53	18.42
Operational charges in respect of short term open access	25.19	20.19
Transfer from insurance reserves on a/c of loss of fixed assets	0.34	0.04
Lease income from state sector ULDC upgrades	56.45	75.85
Surcharge on late payment from customers	7.95	1.00
Hire charges for equipment	0.39	0.30
FERV gain	4.69	-
Miscellaneous income	54.11	57.48
Total Other Income	496.75	502.58
Less: Transfer to incidental expenditure during construction	120.83	53.89
Total Net Other Income	375.92	448.69

The other income decreased mainly because there had been decrease in interest income from investments in Banks because in the Fiscal 2009 there was interest earning on the unutilized IPO proceeds. There is decrease in interest income on tax free bonds on account of repayment of bonds. Besides, there is decrease in Lease income from State-sector ULDC upgrades. Under the Financial lease, the principle amount will increase and the lease rentals will decrease each year.



Expenditures

Your company's total expenditures (excluding prior period expenditures) were ₹4780.99crore in Fiscal 2010, an increase of 24.51% over the total expenditures of ₹3839.79crore in Fiscal 2009. The total expenditures as a percentage of total income were 63.72% in Fiscal 2010 compared to 62.55% in Fiscal 2009.

Employees' Remuneration and Benefits

Employees' remuneration and benefits expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and welfare expenses.

Your company had 9,162 employees on our payroll as of March 31, 2010, compared to 8,214 employees as of March 31, 2009. Employees' remuneration and other benefits increased by 12.86% to ₹ 726.70 crore in Fiscal 2010 from ₹643.88 crore in Fiscal 2009. The increase is due to an increase in the number of employees, increase in Dearness allowance, provision for implementation of pay revision for the supervisors and workmen pending the implementation of their pay revision. The increase is also partially the result of the capitalization of transmission assets worth ₹3609.82crore in Fiscal 2010 because employee remuneration that was earlier capitalized during the construction of the project is now treated as an operating expense subsequent to the commissioning of the project. Employees' remuneration and benefits represented about 10% of our total income in Fiscal 2010.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses consist primarily of costs of the repair and maintenance of buildings, plant and machinery and power charges. Other items in this category include expenditures for travel, security, vehicle hire charges, insurance and rent, rates & taxes on our properties.

Transmission, administration and other expenses increased by 23.28% to ₹507.43 crore in Fiscal 2010 from ₹411.61 crore in Fiscal 2009. The increase is on account of the capitalization of transmission assets worth ₹3609.82 crore in Fiscal 2010 as certain expenses that were earlier being capitalized during the construction of the project are now treated as an operating expense subsequent to the commissioning of the project. The increase is also due to lesser amount transferred to Incidental Expenditure during Construction (refer Note 15 of Schedule 28: Notes on Accounts).

Depreciation

The company has been providing depreciation at the rates notified for the purpose of recovery of tariff. MOP had issued Tariff Policy on 6th January, 2006 which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariffs as well as for accounting.

The CERC norms for the block year 2009-14, specify depreciation @ 5.28%(T/L & S/s) in first 12 years and there after recovery based on residual value over the residual life will be allowed, in place of average 2.91% depreciation in the block of 2004-09. In case of the existing projects, the balance depreciable value as on 1.4.2009 has been worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2009 from the gross depreciable value of the assets.

By charging depreciation at the aforesaid rates the depreciation charge for the year is lower by ₹50.69 crore (previous year ₹ 781.29 crore) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956 [refer Notes 14(b) of Schedule 28: Notes on Accounts].

Your company's depreciation increased by about 80.96% to ₹1979.69crore in Fiscal 2010 from 1093.97crore in Fiscal 2009. The increase was mainly because of the change in depreciation rates under the tariff norms for the tariff block 2009-14, commissioning of new transmission assets worth ₹3609.82 crore and full-year impact in Fiscal 2010 of transmission assets ₹3733.74 crore which were commissioned during Fiscal 2009.

Currently, the technical life of each depreciable asset class as prescribed by CERC is as follows:

- transmission lines – 35 years
- substations – 25 years

We depreciate the assets of our consultancy and telecom businesses on the straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

ULDC assets other than assets identified to be transferred to Power System Operation Corporation are depreciated @ 6.67% per annum as determined by CERC for levellised tariff.

Interest and Finance Charges

Interest and finance charges decreased by 6.03% to ₹1543.24 crore in Fiscal 2010 from ₹1642.27 crore in Fiscal 2009. The decrease was mainly because of reduction of interest on foreign currency loans due to decrease in LIBOR from 1.74% as on 31.03.2009 to 0.44% as on 31.03.2010.

These charges include rebates to state power utilities amounting to ₹77.68 crore on account of prompt payment and guarantee fees of ₹65.88 crore (net of IEDC) payable to the GoI for giving guarantees to the lenders of our foreign currency loans.

Deferred Revenue Expenditure Written Off

Deferred revenue expenditure written off decreased by 2.7% to ₹1.78 crore in Fiscal 2010 from ₹ 1.83 crore in Fiscal 2009. This decrease was on account that it was the last year (fifth year) of amortization of expenditure for certain projects (refer Accounting Policy 11).

Profit before Tax

Your company's profit before tax in Fiscal 2010 was ₹ 2626.32 crore, an increase of 17.85% over profit before tax of ₹ 2228.57 crore in Fiscal 2009.

Provision for Tax

In Fiscal 2010, we provided for ₹421.91 crore of Minimum Alternate Tax, compared to ₹ 478.60 crore in Fiscal 2009. The decrease, in spite of increase in Book-profit, was primarily due to the reason that MAT provision in fiscal 2009 included ₹ 160.35 crore on account of MAT for the earlier years.

Provision for deferred tax is made in respect of temporary differences mainly on account of higher depreciation rates available under income tax provisions.

Profit after Tax

Your company's Profit after Tax in Fiscal 2010 was ₹ 2040.94 crore, an increase of 20.72 % over our Profit after Tax of ₹ 1690. 61 crore in Fiscal 2009.

LIQUIDITY AND CAPITAL RESOURCES

Your company depends on both internal and external sources of liquidity to provide working capital and to fund capital requirements. Historically, the capital expenditures have been funded with internally generated funds, grants and equity contributions by the Government and debt financing. As at March 31, 2010, your company had cash and cash equivalents of ₹ 3277.64 crore. As at March 31, 2010, we also had committed and undrawn Letter of Credit facilities of approximately ₹ 35.11 crore and unutilized Bank Guarantees ₹269.55 crore for capital requirements and committed and undrawn cash credit facilities of approximately ₹270 crore ("cash credit") towards our working capital facilities.

Cash Flows

(₹ in crore)

	Year ended March 31	
	2010	2009
Net cash from operating activities	6619.17	6590.64
Net cash (used in) investment activities	(9660.86)	(9156.75)
Net cash from financing activities	3890.45	3129.40
Cash and cash equivalents at the end of the year	3277.64	2428.88



Net Cash from Operating Activities

Your company's net cash flows from operating activities are principally used to service long-term debt, for capital expenditures, for investments and for dividends.

The net cash from operating activities was ₹ 6619.17 crore in Fiscal 2010 as against ₹6590.64 crore in Fiscal 2009. Changes in current assets and liabilities that had a current period cash flow impact of increase in working capital of ₹ 609.63 crore, primarily from an increase in advance from customers and other liabilities.

Net Cash (Used in) Investment Activities

Your company's net cash used in investing activities was ₹ 9660.86 crore in Fiscal 2010 as against ₹9156.75 crore in Fiscal 2009. This reflected expenditures on fixed assets and capital work-in-progress as well as construction stores and advances paid to contractors for capital expenditure of ₹10052.66 crore, investment in joint ventures/subsidiaries of ₹ 47.06 crore and receipt of interest and dividend income of ₹140.78 crore.

Net Cash from Financing Activities

In Fiscal 2010, your company's net cash flow from financing activities was ₹ 3890.45 crore as against ₹ 3129.40 crore in Fiscal 2009. Your company raised ₹8023.73 crore of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. In addition, short term loan of ₹ 1250 crore was also raised. The company repaid ₹2142.72 crore of borrowings and paid interest and finance charges of ₹ 1474.68 crore. In the Fiscal 2010, we paid dividends of ₹505.08 crore comprising final dividend for Fiscal 2009 and an interim dividend for Fiscal 2010. The dividend for the financial year 2009-10 including the final dividend proposed of 10% is ₹ 631.34 crore. The dividend payout works to 30.93% of PAT.

Capital Expenditures

Your company's capital expenditures are primarily for the installation of new transmission capacity and the expansion of existing capacity. Our capital expenditure in Fiscal 2010 and Fiscal 2009, were ₹ 10,617 crore and ₹ 8167 crore, respectively. Capital expenditure budget for Fiscal 2011 has been approved for ₹12,900 crore. Your company's capital expenditure budgets are subject to modification as a result of a variety of factors, changes to expansion plans and similar other factors.

Return on Equity

The Return on Equity that we were generally permitted in Fiscal 2010 on transmission assets under our tariffs has been 15.5%. Our actual Return On Equity for fiscal 2010 for our entire business is 12.83% as against 11.57% in Fiscal 2009. This is mainly due to : (i) locking of equity funds in capital work-in-progress as per CERC norms, (ii) the SEB bonds, that we hold under the One Time Settlement, earn a maximum tax-free Return of 8.5% per annum.

Selected Balance Sheet Items

Fixed Assets

Your company's total fixed assets after depreciation were ₹ 32061.26 crore and ₹ 31128.44 crore as at March 31, 2010 and March 31, 2009, respectively. Our fixed assets consist of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment; buildings; land; office equipment; fixtures; etc. Fixed assets value (Net Block) increased by 3% in Fiscal 2010 as compared to Fiscal 2009. These increases are mainly due to the commissioning of new transmission assets.

Capital Work-in-Progress and Construction Stores and Advances

Your company's capital work-in-progress was ₹ 10242.37 crore and ₹ 6533.43 crore, as at March 31, 2010 and 2009, respectively. The cost of materials consumed, erection charges and other expenses incurred for the implementation of projects are shown in the balance sheet as capital work-in-progress, pending capitalization of the completed project. The change in this amount is due to capitalization of a number of transmission projects on commissioning of these projects and due to undertaking of new transmission projects. Construction stores and advances were ₹ 10,179.81 crore and ₹ 6752.57 crore as at March 31, 2010 and 2009, respectively. These amounts represent the new as well as ongoing capital expenditure on transmission assets. The increase in these amounts is mainly due to the undertaking of new transmission projects.

Investments

Your company's investments mainly consist of bonds issued by the SEBs as part of the One Time Settlement. We have also invested ₹12crore in equity shares of PTC India Limited; ₹229.32crore in Powerlinks Transmission Limited, the joint venture between us and The Tata Power Company Limited through which the Tala Transmission Project was constructed; ₹23.40 crore in Torrent Power Grid Limited; ₹45.50 crore in Jaypee Powergrid Limited; ₹3.39 crore in Parbati Koldam Transmission Company Limited; ₹0.01 crore in Teestavalley Power Transmission Limited; ₹23.10crore in North East Transmission Ltd.; 0.62 crore in Energy Efficiency Services Ltd.; 0.88crore in National High Power Test Laboratory Ltd; ₹ 5 lakhs in Power System Operation Corporation, a subsidiary of our Company and ₹4 lakhs (after diminution of one lakh) in Byrnihat Transmission company Ltd. Our total investments were ₹1453.22 crore and ₹ 1592.83 crore as at March 31, 2010 and March 31, 2009, respectively.

Loans and Advances

Your company's total loans and advances as at March 31, 2010 and March 31, 2009, respectively, were ₹3302.40crore and 2827.99crore. Loans and advances include advances under the One Time Settlement amounting to ₹107.98 crore in respect of DESU/DVB, a Delhi utility, loans to employees, lease receivables (representing certain capital expenditures made by the company in respect of the State-sector ULDCs of all five Regions, for which the constituents of those Regions are reimbursing the Company on a finance lease basis), loans and advances to contractors, advance income tax, TDS and other deposits with tax authorities. The increase in loans and advances from Fiscal 2009 to Fiscal 2010 was principally due to increase in amount recoverable from the Constituents on account of UI charges which are payable to certain other constituents.

Other Current Assets

Our other current assets as at March 31, 2010 and March 31, 2009 respectively, were ₹487.52 crore and ₹1384.92 crore. Other current assets mainly include interest accrued on investments under the One Time Settlement and interest accrued on term deposits.

Other current assets decreased by 64.80% in Fiscal 2010 as compared to Fiscal 2009 due to decrease in deferred Foreign Currency Fluctuation Asset in other current assets in view of appreciation of Rupee against US dollar.

Inventories

Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value. The costs of inventories were ₹344.90 crore, as at March 31, 2010. Our inventories consists of transmission line items such as tower parts, conductors, insulators and other items, and substation items such as transformers, circuit breakers, ICTs and other items. The cost of our inventories increased in Fiscal 2010 as compared with Fiscal 2009, on account of your company continuing to expand the transmission network and capitalization of new projects.

Sundry Debtors

Sundry debtors consist mainly of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Our sundry debtors amounts as on March 31, 2010 and March 31, 2009 were ₹2214.86 crore and ₹ 1373.56 crore, respectively. Sundry debtors increased by 61.25% in Fiscal 2010 as compared to Fiscal 2009. The increase from Fiscal 2009 to Fiscal 2010 was mainly due to revenue recognition for existing projects as per new tariff norms notified CERC for the tariff Block 2009-14, whereas billing was done as per tariff notified under 2004 of norms (refer note no. 17 of schedule 28); and also due to time lags between the provision and accounting of transmission services on certain new projects on accrual basis and the formal notification by CERC of the tariffs relating to those projects in Fiscal 2010.

Substantially, all of our receivables are covered by Letters of Credit pursuant to the One Time Settlement Scheme, following which we have no significant debt collection problems.



The comparison of actuals with Financial MOU targets is given below:-

MOU Parameters	MOU 2009-10	Actual 2009-10
Gross Sales (₹ crore)	6975	7504
Gross Margin (₹ crore)	5795	6247
Net Profit/Net worth (%)	11.34%	12.83%
Gross Margin/Gross Block	11.95%	14.46%
Gross Profit/Capital Employed (%)	11.75%	14.54%
PBDIT/Total employment (₹ in lakhs)	59.13	68.19
Inventory/Gross Block (%)	1.00%	0.80%
Added value/Gross Sales (%)	34.37%	45.04%

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. A significant part of our external funding has been through long-term foreign currency loans from multilateral agencies such as The World Bank and the Asian Development Bank, with our performance under such loans guaranteed by the GoI.

The following table sets forth, by currency, our outstanding debt and the periods during which debt amounts mature or payment is otherwise due. Currency conversions are as of 31st March, 2010:

(₹ in Crore)						
RUPEES	2010-11	2011-12	2012-13	2013-14	BEYOND 2013-14	TOTAL
US\$	410.82	533.00	604.19	619.65	8,099.94	10,267.60
EUR	22.24	23.09	24.00	24.95	85.50	179.77
SEK	16.67	16.67	16.67	-	66.69	116.71
CHF	118.20	118.20	118.20	59.10	-	413.71
JPY	8.93	8.93	8.93	8.93	116.03	151.73
TOTAL	576.86	699.89	771.99	712.63	8,368.16	11,129.52

Secured Loans

Your company's secured loans as at March 31, 2010 and March 31, 2009 were ₹ 31345.78 crore and ₹ 25288.25 crore, respectively. Secured loans include amounts raised from our private placement of bonds, term loans from banks, loans from the International Bank for Reconstruction and Development, Asian Development Bank and Bank of India. Due to the increased investment in new projects during the last year, our borrowings have increased substantially.

Most of the secured loans have been secured by floating charges on the moveable and immoveable properties of the Company. The following table presents the secured debt as at 31st March, 2010:

	Amount (₹ in crore)	% of total secured debt
Bonds denominated in Rupees	21171.83	67.54
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	9333.51	29.78
Denominated in Rupees	840.44	2.68
Total	31345.78	100.00

*Loans guaranteed by the Government were ₹9021.03crore.

Unsecured Loans

Our unsecured loans as at March 31, 2010 and March 31, 2009 were ₹ 3071.01 crore and ₹ 3177.18 crore, respectively. Unsecured loans mainly include loans from foreign financial institutions such as the European Investment Bank, Kreditanstalt für Wiederaufbau in Germany and Scandinavia Enskilda Bank in Sweden and term loans from the Power Finance Corporation and short term loans from Banks.

The following table presents our unsecured debt as at March 31, 2010:

	Amount (₹ in crore)	% of total unsecured debt
Bonds denominated in Rupees	-	-
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	1796.01	58.48
Denominated in Rupees	1275.00	41.52
Total	3071.01	100.00

*Loans guaranteed by the Government were ₹ 1265.59crore.

Advance Against Depreciation (AAD)

Advance against depreciation is a component of tariff that we were permitted to charge under CERC regulations for the tariff Block 2004-09, to cover shortfall in respect of depreciation in a year on assets, for repayment of debts. This AAD was restricted considering a 10-year loan repayment schedule. AAD was accounted for as an advance until the tenure of the loan. Subsequent to repayment of the loan, AAD was transferred to income on a pro-rata basis for the remaining useful life of the asset, the useful life of the asset governed by CERC regulations. AAD has been done away with in the tariff block 2009-2014 and depreciation rate have been reworked. Due to change in these tariff norms and the depreciation rates w.e.f. 1.04.2010, the outstanding AAD has been taken to transmission income after 12 years from the date of commercial operation. (refer Schedule 28-Note No.18& Accounting Policy No.12.1.4.2.)

Current Liabilities

Your company's current liabilities as at 31st March, 2010 were ₹7634.60 crore. The current liabilities include sundry creditors, advances from customers, security deposits, retention money withheld by us and other liabilities.

Current liabilities were 24.68% higher at March 31, 2010 compared to March 31, 2009. The increase is partly due to liabilities to some of the beneficiaries on account of UI dues which have been accounted for on accrual basis. Similar amount has been accounted for as receivable from the beneficiaries and included under loans and advances. These fluctuations are also due to the commissioning of particular projects at different times of the year in different fiscal years. When projects are commissioned, the liabilities relating to them are capitalized. If commissioning occurs in the early part of a fiscal year, the related liabilities are usually paid before the end of the fiscal year. In fiscal years when current liabilities are higher, there tends to be more projects commissioned toward the end of the fiscal year, whose related liabilities have not been paid by the end of the fiscal year. Variations in the amounts of advances received under consultancy contracts also result in current liability fluctuations.

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as at March 31, 2010 and March 31, 2009:

(₹ in crore)

Description	As at 31st March, 2010	As at 31st March, 2009
Claims against the Company not acknowledged as debt in respect of :		
Arbitration / Court Cases	1828.09	1930.27
Land / Crop/Tree Compensation cases	503.42	480.89
Service Tax	1099.62	925.05
Others	167.69	125.66
Disputed Tax Demands-Income Tax	4.36	12.22
Disputed Tax Demands-Service Tax	66.48	-
Disputed Tax Demands-Others	123.84	160.47
Continuity Bonds with Custom Authorities	969.92	809.42
Others-Service Tax	1656.93	1115.95
Others	47.34	114.61
Total	6467.69	5674.54



Contingent liabilities increased by 13.98% in Fiscal 2010 compared to Fiscal 2009. The increase was mainly due to increase in Service Tax liability to ₹ 2,820.68 crore (including interest of ₹ 537.71 Crore) for the period from 1st May, 2006 to February, 2010 for the company as a whole.

CBEC vide Notification No. 11/2010 dated 27.02.2010 has exempted Transmission of Power from the Service Tax. The Dept. of Revenue, Ministry of Finance vide Notification No. 45/2010-Service Tax dated 20.07.2010 has directed that the Service Tax payable on transmission of power shall not required to be paid during the period up to 26th day of February, 2010. With this exemption, the estimated amount of Contingent liability on account of Service tax liability of ₹ 2,820.68 crore (including interest of ₹ 537.71 crore) would no more exist.

BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES AND SUBSIDIARIES:

A) Powerlinks Transmission Limited (POWERLINKS):

● **Main Objective and Capital Structure**

The Company was incorporated to undertake the implementation of Transmission Lines associated with Tala HEP, East-North interconnector and Northern Region Transmission System. This was POWERGRID's first public - private partnership in Power Transmission. POWERGRID and TATA POWER are the Joint Venture Partners in this Joint Venture Company and hold 49% and 51% equity, respectively. As on 31.03.2010, POWERLINKS has Authorized share capital of ₹4,83,60,00,000/- and paid-up capital of ₹4,68,00,00,000/- out of which POWERGRID holds Shares of ₹229.32crore and TATA POWER hold shares of ₹238.68 crore. POWERLINKS successfully commissioned the project in August, 2006. POWERLINKS has given a dividend of 18 % for Fiscal 2010.

● **Financial Highlights of the Company:**

Particulars	(₹ in crore)	
	Fiscal 2010	Fiscal 2009
POWERGRID's investment in Equity	229.32	229.32
Gross Income	313.97	268.89
Profit after Tax	108.09	65.34
Earning per Share*	2.31	1.40

*Face value per Share is ₹10/- each.

B) JAYPEE POWERGRID Limited (JPL):

● **Main Objective and Capital Structure**

The main objective of the Company is to implement a transmission system to evacuate power to be generated by 1000 MW Karcham Wangtoo Hydro Electric Power Project in Kinnaur District in Himachal Pradesh. The power under the system is to be evacuated from Wangtoo to Abdullapur. During the year, Jaiprakash Hydro Power Limited, the main JV partner got merged with Jaiprakash Power Ventures Limited. As on 31.03.2010, JPL has Authorized share capital of ₹ 300 crore and paid-up capital of ₹175 crore divided into 17,50,00,000 equity shares of ₹10 each. Jaiprakash Power Ventures Limited and POWERGRID individually holds 74% and 26%, respectively as on 31.03.2010. The Company has got the Transmission Licence in Oct. 2007. Since the project is under implementation, there is no operating profit.

C) Torrent Powergrid Limited (TPL):

● **Main Objective and Capital Structure**

The main objective of the Company is to establish transmission system associated with 1100MW Gas Based project being implemented by Torrent Power Generation Ltd. (TPGL) at Akhakhol in Surat District of Gujarat. POWERGRID and Torrent Power Transmission Private Ltd. are the Joint Venture Partners in this Company and hold 26% and 74% equity, respectively. As on 31.03.2010, TPL has Authorized share capital of ₹125 crore and paid-up capital of ₹90 crores. The Company has got the Transmission License in May, 2007. Since the project is under implementation, there is no operating profit.

D) Parbati Koldam Transmission Company Limited

POWERGRID entered into a Joint Venture Agreement on 23rd November, 2007 with Reliance Energy Limited (REL) now Reliance Infra, for implementation of transmission lines associated with Parbati-II (800 MW) HEP and Koldam (800 MW) HEP. The Company named 'Parbati Koldam Transmission Company Limited' existing with POWERGRID to take up implementation of Parbati and Koldam Transmission systems through Joint venture route was converted to JVC. As on 31.03.2010, PKTL has Authorized share capital of ₹198 crore and paid-up capital of ₹13.05 crores. The Company has got the Transmission License in September, 2008 and Financial closure process for the project is underway. Accordingly, there is no operating profit.

E) Teestavalley Power Transmission Limited

POWERGRID entered into a Joint Venture Agreement with Teesta Urja Limited on 23rd November, 2007 on 26% equity -POWERGRID and 74% equity Teesta Urja Limited (TUL) for implementation of transmission lines (i) Teesta-III to Mangan pooling station 400kV D/C line; and (ii) Mangan pooling station to New pooling station at Kishanganj 400kV D/C line associated with 1200 MW Teesta-III Hydro Electric Power Project. The Company has got the Transmission Licence in Fiscal 2009.

F) North East Transmission Company Ltd.(NETC):

POWERGRID entered into a Joint Venture Agreement in February, 2009 with ONGC Tripura Power Project Company Ltd. (OTPC) and Government of Tripura for establishment of Transmission Line of 400kV D/C Palatana Bongaigoan Transmission Project associated with 726 MW Palatana Gas base Power Project in the state of Tripura. The Joint Venture Company is named 'North East Transmission Company Limited'. OTPC, the generating Company is a joint venture of ONGC Ltd., Government of Tripura and Infrastructure Leasing & Finance Services Ltd., (IL&FS Ltd.). The Company has got the Transmission Licence in Fiscal 2009. As on 31.03.2010, NETC has Authorized capital of ₹600 crore and paid-up share capital of ₹74.72 crore.

G) National High Power Test Laboratory Private Limited:

POWERGRID entered into a Joint Venture Agreement in April, 2009 with equal participation with NTPC Ltd., NHPC Ltd. and Damodar Valley Corporation for setting up an On-line High Power Test Laboratory for short circuit test facility in the country. The Joint Venture Company is named 'National High Power Test Laboratory Private Limited'. As on 31.03.2010, the company has Authorized share capital of ₹10 crore and paid-up capital of ₹ 3.5 crore. Since the project is under implementation, the income statement is not prepared.

H) Energy Efficiency Services Limited:

POWERGRID entered into a Joint Venture Agreement in November, 2009 with equal participation with NTPC Ltd., Power Finance Corporation Ltd. and Rural Electrification Corporation Ltd. The JV Company will promote measures of Energy efficiency, Energy Conservation and Climate Change. The Joint Venture Company is named 'Energy Efficiency Services Limited'. As on 31.03.2010, the company has Authorized share capital of ₹ 190 crore and capital of ₹ 2.5 crore and share application money of ₹ 24.375 crore.

I) Power System Operation Corporation Limited

Power System Operation Corporation Ltd (POSOCO) was incorporated as a wholly owned subsidiary of POWERGRID on 20.03.2009. POSOCO, will be responsible for Independent System Operation. The certificate of commencement of business of the company has been obtained on 23rd March, 2010. POWERGRID has obtained the consent of Shareholders under Section 293 (1) (a) of the Companies Act, 1956, for transfer of the ownership, physical possession and control of movable assets relating to Regional Load Despatch Centers & National Load Despatch Center to POSOCO. The book value of the movable assets is approx. ₹184.78 crore as on 31.03.2009 and the said transfer will be made on updated book value of the assets to be transferred as on the date of transfer. Presently, the finalization of agreements for transfer are in process. The transfer agreements would be executed on receipt of notification u/s 27(2) of the Electricity Act, 2003. As on 31.03.2009, POSOCO has Authorized share capital of ₹2,00crore and paid-up capital of ₹5,00,000/-.

Pending transfer of Assets / Liabilities to POSOCO, the revenue, expenses, assets and liabilities have been depicted as a separate segment. The CERC has through notification dated 18.09.2009 issued separate regulations for Fees and charges of RLDC and related matters and revenue of Power System Operation assets has been recognized based on these norms.



J) Powergrid IL&FS Transmission Pvt. Ltd.

POWERGRID entered into a Joint Venture Agreement in January, 2008 with IL&FS for development of Intra-state Transmission/ Sub-transmission projects in different States of the Country and outside India. The Joint Venture Company named 'POWERGRID IL&FS Transmission Private Limited' was set up with shareholding pattern on 50:50 basis. Since, POWERGRID IL&FS Transmission Pvt. Ltd. was not having any developmental projects, it has approved by the JVC and POWERGRID Board to be wound up. The process of dissolution of the same has been taken up by IL&FS, the Joint Venture Partner.

K) Byrnihat Transmission Company Limited

The subsidiary viz. Byrnihat Transmission Company Limited ("BTCL") was incorporated on 23.03.2006 to take up implementation of Misa Byrnihat Transmission line on JV route. The said Transmission line was taken up for execution by POWERGRID as a consultancy work. Byrnihat Transmission Company Limited was not doing any business and has been approved by the POWERGRID Board to be wound up. The process of dissolution of the same has been taken up.

Cautionary Statement

Statement in the Management Discussion and Analysis and Directors' Report describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of the Board of Directors

(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi

Date: 11.08.2010

**Particulars of Employees Pursuant to Section 217(2A) of the
Companies Act, 1956 for the year 2009-2010**

S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
Employed for the full year									
1	J. Sridharan	DIR (Fin)	F&A	B.Com., C.A., ICWA	2555152	35	10-Jan-00	59	PENTAFOUR SOFTWARE
2	V.M. Kaul	DIR (Pers)	HR	B.Tech. (Mech), MBA	2837816	37	11-Mar-02	58	NTPC
3	R.N. Nayak	DIR (Opns)	Operations	B.Sc. Engg. (Electrical), M.Tech	2865083	32	21-Jan-91	55	NTPC
4	I.S. Jha	DIR (Proj)	Projects	B.Sc. Engg. (Electrical), Diploma in Mgmt.	2879348	30	16-Aug-91	51	NTPC
5	R.G. Yadav	ED	OS	B.E. (Mechanical), MBA	2697764	37	16-Aug-91	60	NTPC*
6	B.S.Pandey	ED	Engg-HVDC, QA&I	B.E. (Electrical)	2527499	32	16-Aug-91	57	NTPC
7	D.K.Valecha	ED	I/C Region	B.Sc. Engg. (Electrical)	3182470	30	16-Aug-91	52	NTPC
8	Ravi P.Singh	ED	I/C Region	B.E. (Mech), PGDM (HRD)	2629851	29	16-Aug-91	51	NTPC
9	R.T. Agarwal	ED	F&A	B.Com, CA	2884674	31	29-Oct-91	54	NTPC
10	Ganesh Singh	ED	DMS	B.E. (Elect), M.E. (Pwr. Sys)	2750734	32	16-Aug-91	59	NTPC
11	Bharat Bhushan	ED	I/C Region	B.E. (Elect), PGDIM	2600856	32	16-Aug-91	53	NTPC
12	S. Singh	ED	CS&MM	B.E. (Electrical)	2495424	31	16-Aug-91	58	NTPC
13	S.K. Datta	ED	I/C Region	B.E. (Civil)	2725562	36	16-Aug-91	59	NTPC**
14	S.K. Soonee	ED	SO & NLDC	B.Tech . (Electrical)	3506502	33	1-Jan-95	54	CEA
15	Dr.S.K.Agarwal	ED	Tech.Dev.	B.E. (Elect), M.Tech (MS), Ph.D.	2920997	35	21-Jun-91	56	NTPC
16	V.C.Jagannathan	ED	F&A	B.Sc., CA	3046944	29	10-Oct-91	58	NTPC
17	T.K. Wali	ED	CP	B.E. (Electrical)	2956593	33	19-Dec-91	58	NHPC
18	I.R. Kidwai	ED	HR	B.Com, Diploma in Mgmt.	3077093	35	31-Jan-92	56	NTPC
19	H.L.Tayal	ED	BDD&PI	D.E. (Mech), AMIE(Mech)	2853698	39	26-Feb-02	59	NTPC
20	P.C. Pankaj	ED	I/C Region	B.Sc. Engg. (Electrical), MBA (Business Mgmt.)	2413481	29	19-Nov-91	54	NHPC
21	M.G. Raoot	ED	I/C Office	BE (Electrical), DMS (GM), MIE, FIE	2488529	31	1-Jan-96	59	CEA
22	G.S. Sarkar	GM	OS	B.E. (Electrical)	2674066	36	16-Aug-91	60	NTPC*
23	B. Sharma	GM	O&M	B.Sc., B.E. (Electrical)	2696899	34	16-Aug-91	57	NTPC
24	S.K. Gupta	GM	Projects	B.E. (Electrical)	2733643	30	16-Aug-91	51	NTPC
25	Sanjeev Singh	GM	OS	B.E. (Electrical)	3328582	28	16-Aug-91	50	NTPC
26	P.N. Dixit	GM	OS	B.E. (Electrical)	2692760	30	16-Aug-91	52	NTPC
27	K.R.Suri	GM	DMS	B.E. (Electrical)	2454425	32	16-Aug-91	56	NTPC
28	H.B. Singh	GM	O&M	B.E. (Electrical)	2862813	32	16-Aug-91	54	NTPC
29	N.S.Sodha	GM(I/c)	LD&C	B.E. (Electrical), DPM	2718517	34	16-Aug-91	56	NTPC
30	D.S. Singh	GM	Projects	B.E. (Electrical)	2517507	32	16-Aug-91	56	NTPC
31	Anil Jain	GM	CMG	B.E. (Elect), M.E.	3206074	28	16-Aug-91	50	NTPC
32	M.M. Baidya	GM	Telecom	B.Tech . (Electrical)	2830791	28	16-Aug-91	54	NTPC
33	Devinder Kumar	GM	Constn	B.E. (Electrical)	2463747	32	16-Aug-91	53	NTPC
34	S Sen	GM	O&M	B.E. (E&T)	3105975	30	1-Sep-93	53	NTPC
35	Oommen Chandy	GM	ENGG	B.Tech . (Electrical)	2475860	30	1-Sep-93	53	NTPC
36	Bhoj Paul	GM	I/C Office	B.E. (Electrical)	2538666	28	16-Oct-93	53	NTPC
37	R.K.Chauhan	GM	ENGG	B.Sc., B.E. (Electrical)	2934674	26	16-Oct-93	50	NTPC
38	R.K.Singh	GM	Projects	B.Tech . (Electrical)	2845922	29	19-Nov-91	51	NHPC
39	Rakesh Saxena	GM	ESMD	B.Sc. Engg. (Civil), DIM	2680840	37	19-Nov-91	59	NHPC
40	Jagmohan Sharma	GM	O&M	B.E. (Electrical)	2520158	31	19-Dec-91	55	NHPC
41	V K Agarwal	GM	I/C RLDC	B.Sc. Engg. (Electrical), M.Tech. (PS)	3079324	33	1-Jan-96	55	CEA
42	Kanik Ram	GM	DMS/RE	B.E. (Electrical)	2587939	28	16-Aug-91	53	NTPC



S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
43	V.K. Khare	GM	O&M	BE,MBA, Adv.Course in Comp.Appl.	2591446	27	16-Aug-91	51	NTPC
44	V. Sekhar	GM	Projects	B.E. (Civil)	2586306	29	16-Aug-91	51	NTPC
45	Sunil Agrawal	GM	CP	B.E. (Electrical)	2746741	26	30-Jan-92	47	NTPC
46	P Pentayya	GM	I/C RLDC	B.E. (Electrical), ME (Elect)	2475570	31	1-Jan-96	57	CEA
47	Babu Varghese	GM	Telecom	B.Sc. (Electrical), MCA	3203764	29	16-Aug-91	54	NTPC
48	P.R. Raghuram	GM	I/C RLDC	B.E. (E&C), DPM, Diploma in Fin Mgt	2579778	30	16-Aug-91	54	NTPC
49	V.S. Tata	GM	DMS/RE	B.Sc. Engg. (Electrical)	3038241	31	16-Aug-91	53	NTPC
50	P. Sreeramulu	GM	IA	B.Com, CA	2431960	36	16-Aug-91	59	NTPC
51	N. Ravikumar	GM	Commercial	B.E. (Electrical)	2680227	32	16-Aug-91	56	NTPC
52	H.R. Nagendran	GM	Projects	B.Tech . (Electrical)	2990306	33	1-Dec-92	55	NLC
53	S.K. Dutta	GM	DMS/RE/ST	B.E. (Electrical)	2416756	32	16-Aug-91	57	NTPC
54	R K Mishra	GM	CMG	B.E. (Electrical), DIM, PGD(PS), Ph.D.	2493645	25	16-Aug-91	47	NTPC
55	D.C. Joshi	GM	CS	B.Tech. (Electrical), Adv. Dip.in Mgmt	2910982	27	16-Aug-91	50	NTPC
56	Sudip Kar	GM	Vigilance	B.A. (Eng)	3015605	33	16-Aug-91	54	NTPC
57	A.K. Sinha	GM	Projects	B.Sc. Engg. (Civil)	2544518	29	16-Aug-91	53	NTPC
58	B.P. Gantayet	GM	Projects	B.Sc. (H), B.Sc. Engg. (Electrical)	3114908	29	16-Aug-91	54	NTPC
59	S.C. Singh	GM(I/c)	I/C Region	B.E. (Electrical)	2824443	31	16-Aug-91	56	NHPC
60	Atul Trivedi	GM	DMS	B.Tech . (Electrical)	3121236	28	19-Nov-91	49	NHPC
61	Manin Hazarika	GM	Projects	B.E. (Mechanical)	2613385	31	14-Nov-91	55	NEEPCO
62	Rajendra Singh	GM	DMS	BA, PGD (PM&IR), LLB	2685494	30	1-Jan-92	57	NEEPCO
63	Akhil Kumar	GM	MATL & TCC	B.E. (Electrical), ME, MBA	2534395	30	16-Aug-91	53	NTPC
64	M.C.Bhatnagar	GM	Tech.Dev.	B.E. (Elect), DIM, ADM	2980131	39	16-Aug-91	59	NTPC
65	Sudhir Mittal	GM	BDD	B.Tech. (Civil), M.Tech (Civil), DPM	2642751	32	16-Aug-91	54	NTPC
66	A. Dasgupta	GM	Telecom	B.E. (Electrical)	2770064	38	16-Aug-91	59	NTPC
67	V.K. Gupta	GM	Telecom	B.E. (Elect), M.Tech (C&I)	3286508	33	16-Aug-91	55	NTPC
68	Pankaj Kumar	GM	ENGG	B.Tech . (Electrical)	3342824	30	16-Aug-91	52	NTPC
69	M.M.Goswami	GM	ENGG	B.E. (Electrical)	2443969	31	16-Aug-91	53	NTPC
70	K.V.S.Baba	GM	DMS	B.Tech . (Electrical)	2499732	27	16-Aug-91	49	NTPC
71	M.Krishna Kumar	GM	Projects	B.Sc. Engg. (Electrical)	2406197	30	16-Aug-91	54	NTPC
72	Rajesh Kumar	GM	ENGG	B.Sc. Engg. (Electrical)	2804025	28	16-Aug-91	52	NTPC
73	B. Mishra	GM	IA	B.Sc. Engg. (Electrical), DBM	2547648	30	16-Aug-91	54	NTPC
74	J.P. Singh	GM	Projects	B.E. (Mechanical)	2483100	28	16-Aug-91	51	NTPC
75	Gopal Gupta	GM	QA&I	B.Sc. Engg. (Electrical)	2989837	31	19-Nov-91	55	NHPC
76	U.K. Tyagi	GM	Commercial	B.Sc. Engg. (Electrical)	2573949	32	19-Nov-91	56	NHPC
77	Pankaj Kumar	GM	CS	B.Sc. Engg. (Electrical),PGDBM (Fin), Adv DPM	2633396	28	19-Nov-91	52	NHPC
78	Anjana Dhar	GM	Intl Business	B.Tech. (Electrical), MBA	2537363	36	6-May-04	58	NTPC
79	D.K. Dave	GM	O&M	B.E. (Electrical)	2508252	37	16-Aug-91	60	NTPC*
80	V.K. Sharma	AGM	DMS	B.Sc. Engg. (Electrical)	2513585	34	16-Aug-91	58	NTPC
81	A.K. Vaish	AGM	PESM	B.E. (Elect), DBA	2816700	30	16-Aug-91	55	NTPC
82	D.S. Yadav	AGM	Constn	B.E. (Electrical)	2702990	27	16-Aug-91	51	NTPC
83	Anoop Kumar	AGM	DMS/RE/ST	B.E. (Electrical)	2651220	28	16-Aug-91	48	NTPC
84	R.K.Varma	AGM	I/C Office	B.E. (Electrical), PGD(Fin.Mgmt)	2678473	27	16-Aug-91	50	NTPC
85	P.K. Gupta	AGM	SO & NLDC	B.Sc. Engg. (Electrical)	3097153	29	16-Aug-91	52	NTPC
86	J.K.Parihar	AGM	CMG	B.E. (Hons-Electrical)	2793086	28	16-Aug-91	50	NTPC
87	Amarjeet	AGM	I/C Office	B.Sc. Engg. (Electrical)	2459131	27	16-Aug-91	49	NTPC
88	K.Sarkar	AGM	OS	B.E. (Electrical)	2511256	32	16-Aug-91	55	NTPC
89	Rajeev Kumar	AGM	Consultancy	B.E. (Electrical)	2505027	25	16-Aug-91	48	NTPC

S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
90	M.K. Gupta	AGM	F&A	M.Com, CA	2674655	32	16-Aug-91	53	NTPC
91	A.K. Srivastava	AGM	ENGG	B.E (Electrical), ME	2553090	25	16-Aug-91	49	NTPC
92	Dinesh Chandra	AGM	O&M	B.Sc. Engg. (Mech), M.Tech (PE)	2483614	35	1-Aug-93	58	THDC
93	Gopal Ji	AGM	ENGG	B.E. (Civil), ME	2432678	32	1-Aug-93	54	THDC
94	H.K. Mallick	AGM	Constn	B.E. (Civil), DPM	2646004	28	1-Aug-93	51	THDC
95	S.K. Dhambare	AGM	I/C Office	B.E. (Electronics)	2588686	26	1-Sep-93	49	NTPC
96	D.B. Tripathi	AGM	I/C Office	B.E. (E&E)	2598925	27	16-Oct-93	49	NTPC
97	S. Gupta	AGM	I/C Office	B.E. (Electrical)	2481420	28	19-Dec-91	49	NHPC
98	L.R. Bansal	AGM	Projects	B.E. (Civil), PGD(Energy Mgmt)	2691249	30	19-Nov-91	53	NHPC
99	Rajiv Mohan	AGM	I/C Office	B.E. (Electrical)	2476776	26	19-Nov-91	48	NHPC
100	Ashok K. Mittal	AGM	Projects	B.E. (Hons-Electrical), M.Tech	2403906	34	19-Dec-91	58	NHPC
101	K.R. Dasgupta	AGM	HR	MSW, PGD(PM&IR), PGD(T&D)	2904975	30	19-Nov-91	58	NHPC
102	U.K. Verma	AGM	SO	B.Sc. Engg. (Electrical)	2446894	29	19-Dec-91	53	NHPC
103	D.P. Tamoli	AGM	I/C Office	B.E. (Electronics)	2591860	30	16-Aug-91	54	NTPC
104	S.D. Joshi	AGM	I/C Office	B.Tech . (Electrical)	2403416	26	16-Aug-91	50	NTPC
105	Upendra Pande	AGM	CS	B.E. (Electrical)	2523086	24	16-Aug-91	46	NTPC
106	N. Shankar	AGM	HR	BA, LLB, MIRPM	3063999	28	16-Aug-91	50	NTPC
107	Prashant Sharma	AGM	Commercial	B.E. (Mechanical)	2557539	32	16-Aug-91	55	NTPC
108	A G Rao	AGM	F&A	B.Com, FCA, ICWA	2418949	33	16-Aug-91	55	NTPC
109	C.M. Verghese	AGM	Commercial	B.Tech. (Civil)	2867740	33	16-Aug-91	56	NTPC
110	P.V. Nath	AGM	Projects	B.E. (Civil), M.Tech (Struc. Engg)	3011193	25	19-Dec-91	48	NHPC
111	P.N.Prasad	AGM	ENGG	B.Tech. (Civil)	2545491	29	19-Dec-91	52	NHPC
112	D K Srivastava	AGM	SO	B.E. (E&T)	2440870	32	1-Jan-96	55	CEA
113	D S Bhajekar	AGM	I/C Office	B.E. (Electrical)	2403343	26	1-Jan-96	49	CEA
114	H H Sharan	AGM	LD&C	B.E. (Electrical)	2539741	27	16-Aug-91	49	NTPC
115	B.N.De.Bhowmick	AGM	Tech.Dev.	B.Tech . (Electrical)	2846367	27	16-Aug-91	49	NTPC
116	V.K. Srivastava	AGM	Telecom	B.Sc. Engg. (Electrical)	2767768	28	16-Aug-91	50	NTPC
117	M.R.V. Holla	AGM	Projects	B.E. (E&E)	2710800	33	16-Aug-91	59	NTPC
118	B. Anantha Sarma	AGM	O&M	B.Tech. (E&C), Diploma (HR)	2758291	24	16-Aug-91	46	NTPC
119	S. Ravi	AGM	O&M	B.E. (E&E)	2428123	26	16-Aug-91	48	NTPC
120	V.S.D. Vardhan	AGM	C&M	B.Sc. Engg. (Mechanical)	2421763	35	16-Aug-91	59	NTPC
121	N.P. Rangan	AGM	F&A	B.Com(H), CA	2431685	33	16-Aug-91	55	NTPC
122	R. Subbalakshmy	AGM	HR	B.Sc, PG Diploma (PM&IR), M.Sc.	2995912	28	16-Aug-91	49	NTPC
123	S.V.P.Selvakumar	AGM	OS	B.E. (E&E)	2426022	28	14-Dec-92	51	NLC
124	Anil Saberwal	AGM	Corp Commun.	M.Sc., LLB, PGD(PM&IR)	3937160	26	16-Aug-91	49	NTPC
125	S.Roy	AGM	CWG & GGN Proj	B.Sc. Engg. (Electrical)	2752095	26	16-Aug-91	57	NTPC
126	I.N. Jha	AGM	ENGG	B.Sc. Engg. (Electrical), MBA	2555852	27	16-Aug-91	51	NTPC
127	G.C.Dhal	AGM	Constn	B.Sc. Engg. (Electrical)	2617276	31	19-Nov-91	54	NHPC
128	Mithilesh Kumar	AGM	O&M	B.E. (Electrical)	2540592	31	19-Nov-91	56	NHPC
129	N.K. Ohdar	AGM	O&M	B.Sc. Engg. (Electrical)	2554835	26	19-Nov-91	50	NHPC
130	A.K. Singh	AGM	DMS/RE	B.E. (Electrical), Masters degree in Finance	2404033	29	19-Nov-91	52	NHPC
131	S.K. Choudhury	AGM	DMS/RE/ST	B.Sc. Engg. (Mech), M.Tech (M)	2596573	33	31-Dec-94	57	CEA
132	Awadhesh Mani	AGM	SO & NLDC	B.E. (Electrical), M.Tech	2522237	31	1-Jan-95	56	CEA
133	M.C. Sahu	AGM	I/C Office	B.Sc. Engg. (Mechanical)	2472852	31	1-Jan-95	55	CEA
134	S. Prasad	AGM	Commercial	B.Sc. Engg. (Civil)	2467543	35	14-Nov-91	60	NEEPCO*
135	C.P. Singh	AGM	Constn	B.E. (Civil)	2591152	30	14-Nov-91	54	NEEPCO
136	T.S. Singh	AGM	I/C RLDC	B.Sc. Engg. (Electrical), MIE	2531424	28	14-Nov-91	52	NEEPCO
137	Ajoy Patir	AGM	ENGG	B.Tech . (Electrical)	2525089	30	14-Nov-91	52	NEEPCO
138	Abraham Oommen	AGM	F&A	M.Com, ICWA, CS INTER	2684501	26	6-Mar-91	53	NTPC



S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
139	N.K.Jain	AGM	DMS	B.Tech . (Electrical)	2729191	31	16-Aug-91	52	NTPC
140	Kailash Rathore	AGM	ENGG	B.Sc., B.E. (Electrical), DPM	2671389	26	16-Aug-91	48	NTPC
141	Avinash M. Pavgi	AGM	ENGG	B.Tech . (Electrical)	2618392	26	16-Aug-91	49	NTPC
142	Vinay Tandon	AGM	CS	B.E. (Electrical)	2527117	30	16-Aug-91	54	NTPC
143	Neelam Kant Jain	AGM	ENGG	B.E. (Electrical)	3412709	29	16-Aug-91	52	NTPC
144	R. Amuthan	AGM	Constn	B.E. (Electrical)	2618135	28	16-Aug-91	50	NTPC
145	D.K. Sarkar	AGM	ENGG	B.Tech. (Civil), ME, AICWA	2956021	31	5-Sep-91	53	DEV CONSULTANCY
146	Munishwar Lal	AGM	DMS	B.E. (Elect), PG Diploma(Des&Prod. Eqp.)	2544422	32	1-Nov-91	57	NTPC
147	S.S.Prasad	AGM	HR	B.Tech.(Prod), M.Tech(IE), PGDPM	3435341	30	13-Nov-91	55	NTPC
148	S.K. Gupta	AGM	On Dep-REC	B.Tech . (Electrical)	2527622	28	19-Nov-91	49	NHPC
149	B.P.Verma	AGM	Constn	B.E. (Electrical)	2815306	29	19-Nov-91	53	NHPC
150	Anil Kumar Kakkar	AGM	ENGG	B.Sc. Engg. (Electrical), Diploma in Mgmt.	2914133	26	19-Nov-91	51	NHPC
151	Meenakshi Davar	AGM	HR	M.Sc., MBA	2479260	28	3-Dec-91	50	NTPC
152	Bidyut Kumar	AGM	Telecom	B.Sc.Engg.(Mech), PGDPM, M.Tech, PGD (PR), Masters in Mass Comm.	2704264	25	19-Dec-91	49	NHPC
153	Sanjay Garg	AGM	Liasion	B.E. (Electronics), ME, ADM, DPM(HRM), MBA	2719123	26	24-Dec-91	49	NTPC
154	P. Pratap Kumar	AGM	CS	B.Tech. (Civil)	2721882	28	19-Dec-91	49	NHPC
155	Anil Mehra	AGM	Intl Business	B.Sc. Engg. (Mechanical)	2750791	26	19-Dec-91	50	NHPC
156	R.S. Gupta	AGM	I/C Office	B.Sc. Engg. (Electrical)	2470329	31	1-Sep-93	54	NTPC
157	S.N.Taneja	DGM	I/C Office	B.Sc. Engg. (Electrical)	2454242	35	16-Aug-91	59	NTPC
158	D.K. Dutta	DGM	CMG	B.Sc. Engg. (Electrical)	2820376	33	16-Aug-91	57	NTPC
159	T.C. Gupta	DGM	DMS	B.E. (Electrical)	2625811	28	16-Aug-91	53	NTPC
160	S. Chakraborty	DGM	F&A	B.Com, LLB, CA, M.A	2488189	27	16-Aug-91	59	NTPC
161	G.C. Sharma	DGM	Intl Business	B.E. (Electrical)	2589557	32	16-Aug-91	52	NTPC
162	S. Chandra	DGM	Constn	B.E. (Electrical)	2517434	26	16-Aug-91	51	NTPC
163	R.L. Sharma	DGM	O&M	B.Tech. (Electrical), PGDBM	2558655	31	16-Aug-91	54	NTPC
164	S.K.Mishra	DGM	OS	B.E. (Electrical)	2527344	25	16-Aug-91	46	NTPC
165	Rajesh Kumar	DGM	I/C Office	B.Sc. Engg. (Electrical), Diploma in Mgmt.	2469893	25	16-Aug-91	45	NTPC
166	Anoop Singh	DGM	PESM	B.Sc. Engg. (Electrical)	2431639	24	16-Aug-91	45	NTPC
167	Alok	DGM	I/C Office	B.E. (Electrical)	2489420	24	16-Aug-91	46	NTPC
168	D.K. Jain	DGM	SO	B.E. (Hons-Electrical)	2484711	26	16-Aug-91	49	NTPC
169	S.S. Chauhan	DGM	C&M	B.E. (Electrical)	2688233	32	16-Aug-91	56	NTPC
170	R. Nagpal	DGM	CMG	B.E. (Elect), Adv. DPM, Dip.in Fin. Mgmt, MBA, PGDIP(Comp. Application)	2493011	25	16-Aug-91	47	NTPC
171	Anil Chadha	DGM	F&A	B.Com(H), CA	2432402	29	16-Aug-91	53	NTPC
172	A.K. Jain	DGM	O&M	B.Tech . (Electrical)	2619694	24	16-Aug-91	45	NTPC
173	Sanjeev Bhatnagar	DGM	F&A	M.Com, ICWA	2409901	23	16-Aug-91	50	NTPC
174	R.D. Namjoshi	DGM	Constn	B.E. (Electrical)	2567061	34	1-Aug-93	56	THDC
175	A. Barat	DGM	O&M	B.E. (Electrical)	3154007	24	1-Sep-93	46	NTPC
176	U.P. Sinha	DGM	Constn	B.Sc. Engg. (Civil)	2759838	30	16-Oct-93	53	NTPC
177	A.K. Arora	DGM	O&M	B.Tech . (Electrical)	2870164	24	16-Oct-93	49	NTPC
178	K.P. Singh	DGM	I/C Office	B.Tech . (Electrical)	2507029	29	16-Oct-93	54	NTPC
179	Sudhir Agarwal	DGM	ENGG	B.E. (Electrical)	2675989	24	16-Oct-93	48	NTPC
180	P.K. Aggarwal	DGM	SO	B.E. (Electrical)	2726115	29	16-Aug-93	50	NTPC
181	S.S. Chaudhuri	DGM	Telecom	B.E. (Electrical), MBA	2816350	24	15-Dec-93	48	NTPC

S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
182	A.K.Garg	DGM	HR	B.A., L.L.B.	2625581	29	19-Nov-91	54	NHPC
183	S.M.N. Shettiwar	DGM	Telecom	B.E. (Mechanical)	3119235	28	19-Nov-91	49	NHPC
184	Pramod Kumar	DGM	F&A	M.Com., CA	2778438	24	19-Nov-91	47	NHPC
185	A K Bahl	DGM	ENGG	B.E. (Electrical)	2974862	28	19-Nov-91	49	NHPC
186	A.K. Handa	DGM	ENGG	B.Sc. Engg. (Civil),PGDIM (Const. Mgmt),PGDM (Oprn. Mgmt.)	2405797	32	19-Nov-91	52	NHPC
187	K.N. Singh	DGM	Constn	B.Sc. Engg. (Electrical)	2720667	25	19-Nov-91	50	NHPC
188	A. Sethi	DGM	F&A	B.Com., C.A.	2547693	27	19-Nov-91	48	NHPC
189	M.K.Singh	DGM	CS	B.E. (Electrical)	2862677	23	19-Dec-91	48	NHPC
190	Sanjeev Ranjan	DGM	Constn	B.Sc. Engg. (Electrical)	2471119	23	19-Dec-91	47	NHPC
191	Varinder Tyagi	DGM	MATL & TCC	B.Sc. Engg. (Electrical)	2499494	35	19-Dec-91	58	NHPC
192	M.M. Patnaik	DGM	Law	B.Sc. (H), LLB, PGDM(PM), PGD(Cyber Law)	2495657	17	13-Jul-93	57	POWERGRID
193	P K Srivastava	DGM	OS	B.E. (Electrical)	2849214	25	1-Jan-96	49	CEA
194	D Kumar	DGM	SO	B.E. (Electrical)	2767066	25	1-Jan-96	48	CEA
195	R K Bansal	DGM	SO & NLDC	B.Sc. Engg. (Electronics)	2720183	34	1-Jan-96	56	CEA
196	S R Narasimhan	DGM	SO	B.E. (Electrical), MBA (Fin)	2447423	24	1-Jan-96	45	CEA
197	P.C. Bose	DGM	Constn	Dip.Engg. (Electrical), AMIE, ADPM	2431063	36	16-Aug-91	58	NTPC
198	Raghavendra Rai	DGM	I/C Office	B.Sc. Engg. (Electrical)	2778987	28	16-Aug-91	49	NTPC
199	Atul Srivastava	DGM	Constn	B.E. (Elect), MBA (Marketing)	2466980	27	16-Aug-91	48	NTPC
200	T.C. Sharma	DGM	PESM	B.E. (Electrical)	3051134	26	16-Aug-91	49	NTPC
201	P. Ranga Rao	DGM	OS	B.Tech. (Electrical), M.Tech (PS)	2551439	29	16-Aug-91	54	NTPC
202	A.K. Verma	DGM	Commercial	B.Sc. Engg. (Electrical)	2662874	22	16-Aug-91	48	NTPC
203	R. Piplonia	DGM	SO & NLDC	B.E. (Electrical)	2511359	29	16-Aug-91	52	NTPC
204	R.K. Agarwal	DGM	ENGG	B.E. (Elect), DIM	2692881	26	16-Aug-91	49	NTPC
205	S. Sen	DGM	QA&I	B.E. (Electrical)	2440654	23	16-Aug-91	47	NTPC
206	S.R. Apte	DGM	PESM	B.E. (Electrical)	2528717	31	16-Aug-91	55	NTPC
207	Vibhay Kumar	DGM	ENGG	B.E. (Elect), PGDIM	2812192	22	16-Aug-91	44	NTPC
208	S. Bhattacharya	DGM	Constn	B.Sc (Phy), BE(Electrical)	2484552	23	16-Aug-91	47	NTPC
209	P. Dantre	DGM	PESM	B.E. (Electrical), M.Tech (Heavy Elect & Equip)	2562505	26	16-Aug-91	47	NTPC
210	A.K. Mishra	DGM	LD&C	B.Sc. Engg. (Electrical)	2432229	25	16-Aug-91	47	NTPC
211	N. Srivastava	DGM	Constn	B.E. (Electrical)	2519428	21	16-Aug-91	44	NTPC
212	Shaikh Mohd.Salim Anwar	DGM	Vigilance	M.A. (Eng)	2625004	28	16-Aug-91	53	NTPC
213	A Chandra Mohan	DGM	F&A	B.Com., C.A.	2772243	28	10-Dec-91	52	NTPC
214	Anil Gaikwad	DGM	HR	BA (Econ. Hons), PG Degree (M.L.S)	2410098	23	19-Dec-91	52	NHPC
215	M. Varghese	DGM	ENGG	B.E. (E&E)	2551104	27	16-Aug-91	50	NTPC
216	Nagaraj Gupta	DGM	I/C Office	B.E. (Electrical)	2465334	26	16-Aug-91	50	NTPC
217	V Dattathreya	DGM	I/C Office	B.E. (Electrical)	2423989	26	16-Aug-91	59	NTPC
218	P. Jayachandran	DGM	Constn	B.Tech. (Electrical), MBA	2511561	25	16-Aug-91	47	NTPC
219	A.P. Gangadharan	DGM	ENGG	B.Tech. (Electrical), ADIM	2716699	25	16-Aug-91	47	NTPC
220	P.Lakshminarayana	DGM	ENGG	B.Tech. (Electrical), M.Tech	2824051	28	16-Aug-91	54	NTPC
221	N.R. Indrani	DGM	HR	BA, MA (IR&Labour Welfare)	2725032	32	16-Aug-91	55	NTPC
222	D. Kumaraswamy	DGM	F&A	B.Com, ICWA	2415170	27	16-Aug-91	52	NTPC
223	V. Susheela Devi	DGM	IA	M.Sc., MBA (Finance)	2410040	24	16-Aug-91	48	NTPC
224	O.S. Randhawa	DGM	Vigilance	BA, MBA	2615960	29	16-Aug-91	53	NTPC
225	A. Nagaraju	DGM	C&M	B.E. (Electrical)	2685852	24	16-Aug-91	45	NTPC
226	P. Subba Rao	DGM	I/C Office	B.Tech (E&E)	2599565	23	1-Dec-92	49	NLC
227	K.P. Balanarayanan	DGM	OS	B.Tech . (Electrical)	2482952	23	1-Dec-92	46	NLC



S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
228	D. Ganesan	DGM	Liasion	B.E. (Elect), MBA	2655823	22	1-Dec-92	44	NLC
229	M. Krishnamurthy	DGM	Telecom	B.Tech (E&C)	2487865	27	1-Dec-92	51	NLC
230	D. Venkataramana	DGM	PESM	B.Tech. (E&C), DBM	2670360	28	1-Dec-92	51	NLC
231	Prolaya Kumar De	DGM	Telecom	BA (Eng. Hons)	2599144	28	1-Dec-92	58	NLC
232	M.A. Ravinder	DGM	Telecom	B.Tech (E&C)	2402736	25	19-Nov-91	51	NHPC
233	T. Biswas	DGM	DMS/RE/ST	B.E. (Electrical)	2558507	26	16-Aug-91	54	NTPC
234	N.R. Paul	DGM	SO	B.E. (Electrical)	2611402	28	16-Aug-91	52	NTPC
235	S. Das	DGM	QA&I	B.E. (E&T)	2585629	29	16-Aug-91	50	NTPC
236	S.C.Agrawal	DGM	Intl Business	B.E. (Elect), M.Tech (Energy Study)	2815638	25	16-Aug-91	48	NTPC
237	A.K. Mishra	DGM	I/C Office	B.Sc. Engg. (Electrical)	2592070	23	16-Aug-91	46	NTPC
238	S. Chattopadhyay	DGM	I/C Office	B.E. (Electrical)	2609788	24	16-Aug-91	47	NTPC
239	S.Choudhary	DGM	IT	B.E. (Elect), PGDCA	2730008	35	16-Aug-91	58	NTPC
240	Rakesh Prasad	DGM	Commercial	B.Sc. Engg. (Civil)	2671961	29	16-Aug-91	52	NTPC
241	P.K. Mukhopadhyaya	DGM	QA&I	B.Sc, Dip.Engg(Electrical), AMIE(Mech)	2502445	33	16-Aug-91	58	NTPC
242	Ranjit Ganguli	DGM	Constn	B.E. (Electrical)	2771383	29	16-Aug-91	50	NTPC
243	R.N. Singh	DGM	OS	B.E. (Electrical)	2488707	23	16-Aug-91	47	NTPC
244	Satish Chandra	DGM	HR	B.Sc. Engg. (Electrical)	2437228	24	16-Aug-91	47	NTPC
245	M.K. Gupta	DGM	Intl Business	B.Sc. Engg. (Electrical) , PGDBM(Fin&Mktg)	2636587	24	16-Aug-91	47	NTPC
246	G. Mitra	DGM	SO	B.E. (Electrical)	2452036	24	16-Aug-91	48	NTPC
247	P.K. Gupta	DGM	DMS/RE/ST	B.Sc. Engg. (Electrical)	2468158	27	16-Aug-91	51	NTPC
248	S.K. Ghosh	DGM	Constn	B.E. (Electrical)	2465153	27	16-Aug-91	52	NTPC
249	P.K. Thakur	DGM	DMS/RE/ST	B.E. (Civil)	2491305	32	16-Aug-91	54	NTPC
250	S.K. Roy	DGM	I/C Office	B.Sc. Engg. (Electrical)	2685583	28	19-Nov-91	52	NHPC
251	Arvind Prasad	DGM	DMS/RE/ST	B.Sc. Engg. (Electrical)	2823443	25	19-Nov-91	51	NHPC
252	A. Sudhakar	DGM	Constn	B.Sc (Maths), B.Tech(E&E)	2540851	25	19-Nov-91	49	NHPC
253	B.S. Jha	DGM	DMS/RE/ST	B.Sc. Engg. (Electrical)	2416283	25	19-Nov-91	48	NHPC
254	S.K. Singh	DGM	DMS/RE/ST	B.Sc. Engg. (Electrical)	2407510	26	19-Nov-91	51	NHPC
255	P.R. Pati	DGM	CMG	B.Sc. Engg. (Electrical)	2405824	23	19-Nov-91	47	NHPC
256	J.G. Lal	DGM	HR	B.Sc., LLB, MBA(PM)	2536799	30	19-Nov-91	57	NHPC
257	N.V. Raju	DGM	Constn	B.Tech. (Civil)	3081059	25	19-Dec-91	47	NHPC
258	Malay Mitra	DGM	SO	B.Sc. Engg. (Mech)	2504669	32	1-Jan-95	56	CEA
259	P Mukhopadhyay	DGM	SO	B.E. (Elect), M.Tech. (Elect)	2612321	13	1-Jan-95	52	CEA
260	S.S. Barpanda	DGM	SO & NLDC	B.Sc. Engg. (Electrical)	2859212	16	1-Jan-95	46	CEA
261	Kamal Bhuyan	DGM	I/C Office	B.E. (Electrical)	2712038	32	14-Nov-91	54	NEEPCO
262	Rajendra Jha	DGM	I/C Office	B.E. (Mechanical)	2525265	29	14-Nov-91	56	NEEPCO
263	H.R. Choudhary	DGM	I/C Office	B.E. (Mechanical)	2436385	33	14-Nov-91	55	NEEPCO
264	R.S. Singh	DGM	SAFETY	B.Sc. Engg. (Electrical)	2561747	23	14-Nov-91	47	NEEPCO
265	B.Palchowdhury	DGM	I/C Office	B.E. (Electrical)	2670341	22	14-Nov-91	49	NEEPCO
266	Anupam Pal	DGM	ENGG	B.E. (Electrical)	2694590	24	21-Jan-93	48	NEEPCO
267	S. Bandopadhyay	DGM	Corp Commun.	B.A.(H), Cert.Program (Mktg)	2407326	34	31-Jan-91	57	NTPC
268	Mukesh Khanna	DGM	ENGG	Dip.Engg. (Electrical), AMIE	2792217	24	16-Aug-91	46	NTPC
269	A.J. Xavier	DGM	ENGG	B.Sc. Engg. (Mechanical)	2721312	29	16-Aug-91	52	NTPC
270	D.Chakraborty	DGM	ENGG	B.E. (Elect), MBA	2670789	27	16-Aug-91	49	NTPC
271	Rajendra Kishore	DGM	ENGG	B.Sc. Engg. (Civil)	2571077	29	16-Aug-91	52	NTPC
272	Poonam Varshney	DGM	CMG	B.Sc. Engg. (Civil), DIM	2481721	29	16-Aug-91	50	NTPC
273	U.V.S. Rao	DGM	ENGG	B.E. (Electrical), ME (PS)	2871734	29	16-Aug-91	55	NTPC
274	Rakesh Kumar	DGM	ENGG	B.Tech . (Electrical)	2669419	26	16-Aug-91	49	NTPC
275	A.K. Singhal	DGM	CP	B.E. (Electrical)	3049840	25	16-Aug-91	47	NTPC

S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
276	A. Anand	DGM	ENGG	B.Sc. Engg. (Mech), Certificate course in French & German	2566576	25	16-Aug-91	46	NTPC
277	Subir Sen	DGM	ENGG	B.E. (Electrical), ME (Elect), Ph.D(Thermal Generation), ADIM (MGMT)	2628840	20	1-Aug-91	45	NTPC
278	Ashok Pal	DGM	ENGG	B.E. (Elect), M.Tect.(Elect), ADPM	2623006	21	16-Aug-91	45	NTPC
279	D.N. Rozekar	DGM	ENGG	B.Sc. Engg. (Electrical)	2875311	22	16-Aug-91	44	NTPC
280	A.K. Vyas	DGM	ENGG	B.E. (Mechanical)	2538481	26	16-Aug-91	50	NTPC
281	Manju Gupta	DGM	ENGG	B.E. (Electrical)	2487498	22	16-Aug-91	44	NTPC
282	P. Kishore	DGM	Projects	B.E. (Elect), Dip.in OR	2788033	29	16-Aug-91	50	NTPC
283	Ranjit Krishnan	DGM	CS	B.Sc. Engg. (Mechanical)	2550863	28	16-Aug-91	52	NTPC
284	S.S.Vindal	DGM	Intl Business	B.Sc. Engg. (Mechanical)	2503288	27	16-Aug-91	49	NTPC
285	Prem Narayan	DGM	C&M	B.Sc., B.Tech. (Electrical)	2837115	32	16-Aug-91	56	NTPC
286	U M Maiya	DGM	Consultancy	B.E. (Electrical)	2673610	26	16-Aug-91	52	NTPC
287	Sujan Gupta	DGM	CS	B.E. (Electrical)	3115412	27	16-Aug-91	51	NTPC
288	B.Suri Babu	DGM	CS	B.E. (Mechanical)	2409157	23	16-Aug-91	54	NTPC
289	J.S.Gulati	DGM	F&A	B.Com, CA	2435416	31	9-Oct-91	55	NTPC
290	Sunil K. Thomas	DGM	I/C Office	B.Sc. Engg. (Electrical)	2441677	26	19-Nov-91	48	NHPC
291	N.C.Reddy	DGM	F&A	B.Com, M.Com, CA	2618970	27	2-Dec-91	56	NTPC
292	Suresh Kumar	DGM	QA&I	B.Tech. (Electrical), DPM	2660751	31	19-Dec-91	52	NHPC
293	M.P. Sankaradasan	DGM	ENGG	B.Tech. (Civil), M.Tech (Rock Mechanism)	2720063	25	19-Dec-91	48	NHPC
294	P.K.Chatterjee	DGM	DMS	B.E. (Civil), M.Tech	3058319	25	19-Dec-91	49	NHPC
295	R.N.Sen	DGM	ENGG	B.E. (Civil)	2623499	33	19-Dec-91	55	NHPC
296	S.R. Kumar	DGM	ENGG	B.E. (Civil), M.Tech	2533914	25	19-Nov-91	48	NHPC
297	S. Khastagir	DGM	DMS	B.E. (Mech.), DIM, M.Tech	2521458	31	19-Dec-91	54	NHPC
298	A.K.Rohtagi	DGM	FQA	B.E. (Electrical), ADPM	2444413	31	19-Nov-91	52	NHPC
299	Vijay Kumar	DGM	Pvt Invest.	B.Sc. Engg. (Electrical)	2571263	34	19-Dec-91	59	NHPC
300	N.K. Sharma	DGM	DMS/RE/ST	B.Sc. Engg. (Mechanical)	2499768	23	19-Dec-91	48	NHPC
301	Prahlad Saraswat	DGM	Telecom	B.E. (Mechanical)	2681554	27	19-Dec-91	51	NHPC
302	L. Ganesh	DGM	CS	B.E. (Mech), MBA (Fin)	2625733	24	15-Apr-93	47	ONGC
303	V A Murthy	DGM	Grid Mgmt	B.Tech (Electrical), M.Tech (Electrical)	2793660	31	1-Jan-96	57	Jyoti Ltd
304	G Anbunesan	DGM	OS	BE (Electrical & Electronics)	2597602	27	1-Jan-94	52	CEA
305	C.R.Iyer	DGM	PESM	B.E.(CIVIL),MBA(FIN)	2405772	29	24-Aug-92	52	NHPC
306	S.Chakraborty	DGM	ENGG	BE(Electrical)	2413756	23	19-Nov-91	47	NHPC
307	M.S. Nakhre	CH MGR	Constn	B.E. (Electrical)	2518684	33	16-Aug-91	53	NTPC
308	P. Rastogi	CH MGR	Constn	B.E. (Electrical)	2932400	24	16-Aug-91	53	NTPC
309	R.K. Sharma	CH MGR	SO	B.E. (Electrical)	2664233	29	16-Aug-91	52	NTPC
310	B. Das	CH MGR	F&A	M.Com, ICWA	2960119	25	16-Aug-91	49	NTPC
311	A.K. Rai	CH MGR	DMS/RE	Dip.Engg. (Electrical)	2597145	30	16-Aug-91	58	NTPC
312	Y.K. Sharma	CH MGR	F&A	B.Com, ICWA	2415348	26	16-Aug-91	51	NTPC
313	Rajil Srivastava	CH MGR	ENGG	B.Tech . (Electrical)	2863986	21	16-Aug-91	41	NTPC
314	Y.P. Gupta	CH MGR	F&A	B.Com., C.A.	2805797	24	16-Aug-91	52	NTPC
315	Kumud Wadhwa	CH MGR	IT	B.Tech. (Electrical), PGDBM	2847368	21	16-Aug-91	42	NTPC
316	N.L. Jain	CH MGR	SO	B.E. (Electrical)	2448061	22	16-Aug-91	49	NTPC
317	K.M. Thakur	CH MGR	DMS/RE/ST	B.Tech . (Electrical)	2458002	23	19-Nov-91	48	NHPC
318	M.K. Rai	CH MGR	HR	M.A.	2536151	17	1-Aug-93	55	THDC
319	S P Singh	CDE	ENGG	B.Sc. Engg. (Civil), M.E.(Env. Eng..)	2513335	26	1-Aug-93	53	THDC
320	A.V. Singhal	CH MGR	C&M	B.Tech (Prod. Engg.)	2478659	21	1-Aug-93	45	THDC



S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
321	S K Tiwari	CH MGR	C&M	B.E. (Civil), MBA	2407393	24	1-Aug-93	46	THDC
322	S.P. Das	CH MGR	DMS/RE	B.Sc. Engg. (Electrical)	2923383	23	1-Sep-93	46	NTPC
323	Y.C. Shukla	CH MGR	O&M	B.Tech . (Electrical)	2622449	22	1-Sep-93	43	NTPC
324	P.R. Wankhede	CH MGR	O&M	B.E. (Electrical)	2964962	28	16-Oct-93	49	NTPC
325	Asgar Ali	CH MGR	Constn	B.Sc. Engg. (Electrical), PGDPM	2424772	24	16-Oct-93	49	NTPC
326	S.C. Taneja	CH MGR	ENGG	B.Sc. Engg. (Electrical)	2491057	25	16-Oct-93	47	NTPC
327	Vikas Bagadia	CH MGR	QA&I	B.E. (Elect), PGDM	2523193	21	16-Oct-93	42	NTPC
328	D. Singh	CH MGR	DMS/RE	Dip.Engg. (Electrical)	2629691	28	19-Nov-91	59	NHPC
329	H.C. Choudhary	CH MGR	DMS/RE/ST	B.E. (Electrical)	2944634	29	19-Nov-91	52	NHPC
330	V.K. Suri	CH MGR	C&M	Dip.Engg. (Electrical)	2454343	34	19-Nov-91	59	NHPC
331	C.I. Prasad	CH MGR	HR	B.Sc (Chem), MBA (PM & IR)	2632858	23	19-Nov-91	49	NHPC
332	Tarun Bajaj	CH MGR	Consultancy	B.E. (Electrical)	2602700	21	19-Nov-91	43	NHPC
333	J.K. Bal	CH MGR	HR	LLB, PGDPM	2534108	25	19-Nov-91	52	NHPC
334	Nishdeep Singh	CH MGR	HR	B.Sc. Engg. (Mech),M.Tech (IE)	2416743	17	27-Apr-93	48	POWERGRID
335	S.K. Bhagwat	CH MGR	QA&I	B.E. (Electrical)	2416864	30	16-Aug-91	55	NTPC
336	N. Dubey	CH MGR	Constn	B.E. (Electrical)	2484988	28	16-Aug-91	50	NTPC
337	M.S. Rangacharyulu	CH MGR	F&A	B.Com, CA	2537066	26	16-Aug-91	52	NTPC
338	S.M. Parate	CH MGR	Telecom	B.E. (Elect), PGDM	3460943	23	20-May-92	44	HPCL
339	Rajendra Dubey	CH MGR	Telecom	B.E. (Electronics), PGDBM (Fin)	2481649	24	1-Jan-96	47	CEA
340	K.R. Anil Kumar	CH MGR	PESM	B.E. (Electrical)	2458379	30	16-Aug-91	55	NTPC
341	I.P. Rao	CH MGR	QA&I	B.Tech . (Electrical)	2402495	25	16-Aug-91	50	NTPC
342	A K Agrawal	CH MGR	DMS	B.Sc. Engg. (Electrical), Dip. in Adv Comp. Orgn	2746317	24	16-Aug-91	46	NTPC
343	V.J. Joseph	CH MGR	ENGG	B.Tech. (Electrical), MCA	2853425	25	16-Aug-91	47	NTPC
344	J. Mrinalini	CH MGR	C&M	B.E. (Elect), PGDPM, MBA(HR&IT)	2572203	25	16-Aug-91	48	NTPC
345	P. Pramod	CH MGR	F&A	B.Com, CA	2518455	26	16-Aug-91	52	NTPC
346	I. Nallathamby	CH MGR	SAFETY	B.E. (Mechanical)	2876638	23	16-Aug-91	52	NTPC
347	B. Chinna Reddy	CH MGR	SAFETY	B.E. (Electrical)	2562621	27	16-Aug-91	51	NTPC
348	P.E. Namboothri	CH MGR	Constn	B.Tech . (Electrical)	2543025	23	16-Aug-91	47	NTPC
349	K.S. Bharathan	CH MGR	Consultancy	B.Sc. Engg. (Electrical), MBA	2631138	26	1-Dec-92	49	NLC
350	P. Seethapathy	CH MGR	F&A	B.Com, CA	2438026	31	1-Dec-92	56	NLC
351	S. Rajasekhar	CH MGR	ENGG	B.Tech. (Civil), MBA	2675924	24	1-Dec-92	47	NLC
352	S.K. Venkatesan	CH MGR	F&A	B.Sc. (Chem), ASC (INTER),CA	2473221	18	1-Dec-92	50	NLC
353	A. Chandranath	CH MGR	PESM	B.E. (Electrical)	2464492	29	1-Dec-92	51	NLC
354	K. Ravindran	CH MGR	I/C Office	B.Sc. Engg. (Electrical)	2648713	28	1-Dec-92	50	NLC
355	T. Sunil	CH MGR	Constn	B.Tech . (Electrical), DIM	2811319	25	1-Dec-92	50	NLC
356	K.K. Dhanji	CH MGR	Constn	B.E. (Electrical)	2528491	23	1-Dec-92	52	NLC
357	C Selva Kumar	CH MGR	SO	B.E. (E&E)	2445178	26	1-Dec-92	52	NLC
358	M. Shanmugasundaram	CH MGR	I/C Office	B.E. (Electrical)	2463475	25	1-Dec-92	50	NLC
359	Joseph Kurian	CH MGR	ENGG	B.Tech. (Electrical), MBA, PGDPM(Quality Engg. & Mgmt.), Fellowship in Engg.	2437110	23	1-Dec-92	47	NLC
360	A.R. Reddy	CH MGR	I/C Office	B.E. (Electrical)	2439996	21	1-Dec-92	47	NLC
361	Chandan Nandi	CH MGR	I/C Office	B.E. (Electrical)	2584783	23	1-Dec-92	48	NLC
362	K. Manickam	CH MGR	Constn	B.E. (Electrical)	2615259	23	1-Dec-92	48	NLC
363	Pratyaksha	CH MGR	F&A	BA (Hons), MA, MBA (Fin)	2826796	23	16-Aug-91	47	NTPC
364	D.K. Bera	CH MGR	DMS	B.E. (Electrical), ME	2651526	24	16-Aug-91	51	NTPC
365	S.K. Hazra	CH MGR	SO	B.E. (Electrical)	2549243	27	16-Aug-91	50	NTPC
366	B.R. Ghoshal	CH MGR	DMS/RE	B.E. (Electrical)	2438321	28	16-Aug-91	51	NTPC
367	Afzal Ahmed	CH MGR	HR	B.Sc. Engg. (Civil)	2425088	26	16-Aug-91	48	NTPC

S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
368	G. Chakraborty	CH MGR	SO	B.Sc. Engg. (Electrical)	2590924	23	16-Aug-91	48	NTPC
369	P.N. Mukherjee	CH MGR	F&A	ICWA	2532487	27	6-Dec-91	56	NTPC
370	Dilip Kumar	CH MGR	Constn	B.Sc. Engg. (Electrical)	2434657	25	19-Nov-91	50	NHPC
371	V.K. Bhaskar	CH MGR	OS	B.E. (Electrical)	2854579	21	19-Nov-91	44	NHPC
372	Rajesh Birla	CH MGR	CMG	B.E. (Electrical)	2415203	27	19-Nov-91	50	NHPC
373	M. Mohan Dhas	CH MGR	I/C Office	B.Sc. Engg. (Electrical)	2475883	30	19-Nov-91	55	NHPC
374	S.K. Pal	CH MGR	MATL & TCC	B.E. (Electrical)	2533630	21	19-Nov-91	44	NHPC
375	Gautam Sarkar	CH MGR	ENGG	B.E. (Civil)	2836438	23	19-Nov-91	45	NHPC
376	Sudipta Dutta	CH MGR	HR	B.Com., LLB, PGD(PM&IR)	2416050	21	11-Apr-92	47	NHPC
377	A.K. Mazumdar	CH MGR	F&A	M.A, ICWA, LLB	2644469	18	19-Dec-91	56	NHPC
378	Yatindra Dwivedi	CH MGR	HR	B.E. (Mech), PG Diploma, PGDIM, NMP	2456572	20	15-Feb-93	43	HINDALCO INDUSTRIES
379	S.K. Pal	CH MGR	SO	B.E. (Electrical)	2443776	31	1-Jan-95	55	CEA
380	Sukumar Sardar	CH MGR	SO	B.E. (Mechanical)	3218433	22	1-Jan-95	46	CEA
381	L.B. Pandit	CH MGR	DMS/RE/ST	B.E. (Mechanical)	2418397	26	14-Nov-91	56	NEEPCO
382	A.K. Goswami	CH MGR	Constn	Dip.Engg. (Civil)	2565322	34	14-Nov-91	57	NEEPCO
383	P.K. Das	CH MGR	ENGG	B.E. (Electrical)	2472485	21	14-Nov-91	46	NEEPCO
384	Lakeswar Kalita	CH MGR	Constn	B.E. (Electrical)	2486772	23	14-Nov-91	49	NEEPCO
385	D.C. Bharali	CH MGR	Constn	B.E. (Electrical)	2645682	19	14-Nov-91	46	NEEPCO
386	N.C. Adak	CDE	ENGG	B.E. (Civil), M.E. (Struc.)	2488562	27	16-Aug-91	51	NTPC
387	A.V.L.N. Rao	CH MGR	FQA	B.E. (E&E), DPM	2631204	24	16-Aug-91	47	NTPC
388	V.K. Gupta	CH MGR	SO & NLDC	B.Tech. (Electrical), M.Tech (PS)	2916037	26	16-Aug-91	50	NTPC
389	Y N M Rao	CH MGR	C&M	B.Tech (Mech)	2448608	26	16-Aug-91	49	NTPC
390	Rajesh Gupta	CDE	ENGG	B.E. (Electrical)	2796035	23	16-Aug-91	44	NTPC
391	Gopal Krishna Sharma	CDE	ENGG	B.E. (Civil), ME (Civil)	2870680	23	16-Aug-91	47	NTPC
392	Sunil Bhanot	CDE	ENGG	B.E. (Pwr. Elect.)	2764767	22	16-Aug-91	44	NTPC
393	Debashis Sen	CH MGR	O&M	B.E. (Mechanical)	2788596	27	16-Aug-91	49	NTPC
394	M.K.Sethi	CH MGR	BDD	D.E. (Elect), AMIE (Mech.), M.E (Prod)	2429498	42	15-Oct-91	59	NTPC
395	Deepak Pande	CDE	ENGG	B.Sc. Engg. (Electrical)	2726017	28	19-Nov-91	51	NHPC
396	Ravi Bhushan	CH MGR	OS	D.E. (Mech)	2613752	36	19-Nov-91	57	NHPC
397	B.B. Gupta	CH MGR	Consultancy	Dip.Engg. (Electrical)	2585873	19	19-Dec-91	59	NHPC
398	A.K. Bhatia	CH MGR	F&A	B.Sc., D.B.A, Dip. In Stats., M.Com, CA	2469746	33	19-Dec-91	59	NHPC
399	V.K. Singh	CH MGR	HR	B.Com.(H), PGD(PM&IR)	2511106	23	19-Dec-91	47	NHPC
400	N.K.Rai	CH MGR	C&M	B.Sc. Engg. (Mechanical)	2508631	33	19-Dec-91	58	NHPC
401	B.C. Pant	CH MGR	Commercial	B.Sc. Engg. (Electrical)	2954945	28	19-Dec-91	54	NHPC
402	H.S. Kaushal	CH MGR	LD&C	B.E. (E&C)	2434189	23	18-Dec-92	45	BEL
403	S.S. Prasad	CH MGR	DMS	B.E. (E&T)	2554877	17	9-Jan-94	41	POWERGRID
404	S. Sharma	CH MGR	CP	B.Tech . (Electrical)	3446268	18	9-Jan-94	40	POWERGRID
405	Mahendra Saxena	CH MGR	QA&I	B.E. (H)-E&E	2702381	17	5-Nov-93	48	NTPC
406	A.K. Gautam	CH MGR	Telecom	B.Com, ICWA, CS (INTER)	2749501	24	12-Jan-94	49	NHPC
407	Sangeeta Edwards	CH MGR	Commercial	B.E. (Electrical), PGDPM	2513657	21	29-Apr-94	42	MARUTI
408	Ramachandra	CH MGR	ENGG	B.Sc. Engg. (Electrical)	2427471	15	1-Aug-95	40	POWERGRID
409	Udai Vir	CH MGR	CS	B.Tech . (Electrical)	2835700	15	1-Aug-95	39	POWERGRID
410	C.S. Gupta	CH MGR	CS	B.Sc. Engg. (Electrical)	2960275	25	16-Aug-91	48	NTPC
411	A. Sensharma	CH MGR	SO & NLDC	B.E. (Electrical)	2670338	21	19-Nov-91	45	NHPC
412	K Y Deone	CM	Grid Mgmt	BE (Electrical)	2538144	28	1-Jan-96	55	CEA
413	C A Bhat	CM	System Support/IT	M.Tech (Electrical)	2523466	21	1-Jan-96	46	NTPC
414	F.B.Begum	MGR	HR	B.Sc., LLB, PGD(IR&PM),PGDPM	2826800	25	16-Jun-94	54	NTPC



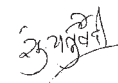
S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
415	I. Basu	MGR	SO	B.E. (Civil), M.Tech (B.C.)	2441604	25	19-Dec-91	50	NHPC
416	Ravindra Kumar Singh	MGR	O&M	B.E. (Electrical)	2458652	14	26-Nov-97	39	POWERGRID
417	Rakesh Kumar	Engineer	DMS/RE	B.Tech . (Electrical)	4815225	15	21-Dec-96	45	POWERGRID
* Retired after 31.03.2010.									
** Premature Retirement after 31.03.2010.									
Employed for part of the year									
1	S. Majumdar	DIR (Proj)	Projects	B.E. (Mech)	4360297	31	14-Jan-91	60	NTPC
2	S.Nandkeolyar	CVO	Vigilance	M.A. (History)	1792400	34	19-Jul-05	54	CAG
3	R.K. Vohra	ED	JV	B.E. (Electrical)	1036667	39	16-Aug-91	60	NTPC
4	V.K. Prasher	ED	ENGG	B.Sc.Engg. (Electrical)	3184987	33	16-Oct-93	60	NTPC
5	D.G. Sohony	ED	I/c Region	B.E. (Electrical)	3349004	37	16-Aug-91	60	NTPC
6	I.C. Jaiswal	ED	IB & ESMD	B.E. (Mech)	4279156	31	16-Aug-91	60	NTPC
7	U. Chandra	ED	Commercial	B.E. (Electrical)	3604989	37	16-Aug-91	60	NTPC
8	D. Chowdhury	ED	CMG	B.E. (Civil)	3992428	38	16-Aug-91	60	NTPC
9	Anand Mohan	ED	HR	B.Sc. Engg. (Civil), M.Tech	2271675	39	28-Oct-97	60	NTPC
10	A.K. Dutta	ED	I/C Region	B.E. (Electrical)	4621352	30	16-Aug-91	60	NTPC
11	B.K.Gupta	GM	CS	B.Sc.Engg. (Mech)	3703054	34	16-Aug-91	60	NTPC
12	Dr L Hari	GM	Dep-APERC	B.E. (Hons.-Electrical), M.Tech., Ph.D.	944699	34	1-Jan-96	58	CEA
13	Rajiv Mohan	GM	BDD	B.E. (Electrical)	1519451	40	16-Aug-91	60	NTPC
14	Y.S.Prasad	GM	Dep-NETC Ltd	B.Com, CA	1851107	35	23-Sep-91	60	NTPC
15	P.K. Kaushal	GM	CMG	B.Sc. Engg. (Electrical)	2377332	27	19-Nov-91	60	NHPC
16	L K Kanungo	GM	I/c Office	B.E. (Mech)	4034354	37	1-Jan-96	60	CEA
17	H.C. Kukreja	AGM	DMS	B.Sc. Engg., AMD in EKS	1813071	27	16-Aug-91	60	NTPC
18	R.C. Singh	AGM	Dep-Torrent PTL	B. Tech (Electrical)	373381	37	16-Aug-91	58	NTPC
19	D. Ulaganathan	AGM	CONST	B. Tech (Electrical)	2666024	37	19-Nov-91	60	NHPC
20	Hardev Singh	AGM	I/c Office	B.Sc. Engg. (Electrical)	3002780	33	19-Nov-91	60	NHPC
21	C.M. Sharma	AGM	ENGG	B.Sc.Engg. (Electrical)	1537948	29	16-Aug-91	60	NTPC
22	D.N. Verulkar	AGM	F&A	B.Com, CA	1217280	40	16-Aug-91	60	NTPC
23	S. Bandopadhyay	AGM	FQA	B.E. (Electrical)	3855803	34	19-Nov-91	60	NHPC
24	A.K. Nagpal	DGM	Commercial	MA, PGDBM, SAS	2683362	31	16-Aug-91	60	NTPC
25	M.L. Sood	DGM	DMS/RE	B.Sc. Engg. (Mech)	2311877	37	16-Aug-91	60	NTPC
26	Rajesh Suri	DGM	CONST	B.E. (Electrical)	428363	36	16-Oct-93	47	NTPC
27	P.K. Jain	DGM	MATL & TCC	B.Sc. Engg. (Electrical), PGDPM	3002002	35	19-Nov-91	60	NHPC
28	S.K.Jalali	DGM	HRD	B.E. (Electrical)	2313895	25	19-Nov-91	60	NHPC
29	C.S. Javeri	DGM	O&M	B.E. (Electrical)	1936896	29	17-Dec-91	60	NHPC
30	T. Job Anbalagan	DGM	Vigilance	B.Com, PGDPM, BGL, MLS	1856626	36	1-Dec-92	60	NLC
31	A.K. Bandopadhyay	DGM	O&M	B.Sc. Engg. (Electrical)	1215765	33	16-Aug-91	60	NTPC
32	V.B. Pandey	DGM	DMS	B.E. (Mech)	2469706	29	19-Nov-91	60	NHPC
33	A.K. Agarwal	DGM	HR	BA(H), PGDPM&LW, MBA, BL	1340200	29	1-Apr-91	60	NHPC
34	O.N.Mondal	DGM	C&S	B.Sc. Engg. (Electrical), ME	2707049	39	16-Aug-91	60	NTPC
35	C.L.Bhat	DGM	Telecom	B.E. (Electrical)	2928377	39	19-Nov-91	60	NHPC
36	S.Chakraborty	DGM	I/C Office	B.Sc. Engg. (Electrical)	1883292	35	19-Dec-91	60	NHPC
37	Ranjna Gudoo	DGM	Law	BA, LLB	2514455	37	7-Feb-92	60	NTPC
38	K.C. Gogoi	DGM	DMS	B.E. (Mech)	3987191	31	14-Nov-91	60	NEEPCO
39	R.S. Kanwar	DGM	Liasion	B.E. (Electrical)	3249845	32	19-Nov-91	60	NHPC
40	N.K. Sood	DGM	ESMD	B.Sc., M.Tech.(Applied Geology)	2435768	37	19-Dec-91	60	NHPC
41	A.K. Banerjee	CH MGR	HR	M.A, LLB, PGDPM(PM&IR)	3185269	33	19-Nov-91	60	NHPC
42	R.S. Cheema	CH MGR	O&M	Dip.Engg. (Electrical)	3380803	39	19-Nov-91	60	NHPC
43	M.R. Sharma	CH MGR	F&A	SAS	2379780	42	19-Nov-91	60	NHPC

S. No.	Name(S/Sh)	Designation	Nature of Duties	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of employment	Age (Years)	Last employment held
44	P.P. Sharma	CH MGR	F&A	B.A, SAS, M.A.	3219642	39	19-Nov-91	60	NHPC
45	S. Venu	CH MGR	PESM	Dip.Engg. (Electrical), B.E. (E&E)	2793981	33	16-Aug-91	60	NTPC
46	K.V. Rao	CH MGR	CONST	B.Tech (Electrical), M.Tech (Electrical)	262315	38	16-Aug-91	55	NTPC
47	R.P. Singh	CH MGR	DMS/RE/ST	Dip.Engg. (Electrical), AMIE	3124875	38	16-Aug-91	60	NTPC
48	V.N. Deshpande	CH MGR	C&M	Dip.Engg. (Electrical), Dip.Engg. (Mech)	402509	38	19-Nov-91	60	NHPC
49	Md. Alam	CH MGR	O&M	Dip.Engg. (Electrical), B.Tech. (Electrical)	995528	33	19-Nov-91	60	NHPC
50	M.P. Bhide	CH MGR	C&M	B.E. (Electrical), M.Tech	999277	36	16-Aug-91	60	NTPC
51	S.K.Nigam	CH MGR	Telecom	B.Sc.Engg. (Electrical)	3172586	40	16-Aug-91	60	NTPC
52	A. Bhattacharya	CH MGR	DMS/RE/ST	B.E. (Electrical)	2543682	38	19-Nov-91	58	NHPC
53	Indu Pande	CH MGR	Library	B.Sc, B.L.Sc	3121646	38	19-Dec-91	59	NHPC
54	P.N. Parihar	CH MGR	Pub.Relation	PGD(JOURNALISM)	1789687	29	19-Dec-91	60	NHPC
55	S.P.S. Goraya	CH MGR	I/C Office	B.Sc. Engg. (Electrical)	3525141	25	16-Aug-91	60	NTPC
56	J. Singh	CH MGR	O&M	Dip.Engg. (Civil)	3265587	30	16-Aug-91	60	NTPC
57	B.K. Mitra	CH MGR	SO	B.E. (Electrical), L.E. (Electrical)	3905633	30	16-Aug-91	60	NTPC
58	S Biswas	CH MGR	SO	B.Sc. Engg. (Electrical)	3508887	33	1-Jan-95	60	CEA
59	S.K. Bansal	MGR	O&M	Dip.Engg. (Electrical)	1565961	28	16-Aug-91	60	NTPC
60	V. Shankaraiah	MGR	PESM	Dip.Engg. (Electrical)	2606152	33	16-Aug-91	60	NTPC
61	B Ramulu	MGR	F&A	B.Com, INTER ICWA	2238735	37	19-Nov-91	60	NHPC
62	E.V. Somayaji	DY MGR	CONST	Dip.Engg.(Civil)	1805555	30	16-Aug-91	54	NTPC
63	M. Challapalli	DY MGR	O&M	Dip.Engg. (Electrical)	2281881	34	19-Sep-91	60	NHPC
64	Malathi Seetharaman	Exe Secy	EDs Office	SSLC, Diploma	1367629	32	16-Aug-91	60	NTPC
65	Ramesh Padya	Sr. Engineer	O&M	B.E. (Electrical)	291222	38	20-Apr-05	28	POWERGRID
66	J.K.Duppar	JE Gr-I (SG)	O&M	B.A., ITI	630769	38	19-Dec-91	60	NHPC
67	Goverdhan Singh	Mst. Tech. Gr-I	O&M	9th STD.,Tech.Trng., PRATHMA	241110	33	19-Nov-91	60	NHPC
68	Bhagat Singh	Mst. Tech. Gr-I	O&M	Matric, Tech. Trg.	662475	37	19-Nov-91	57	NHPC
69	Gopal Singh	Sr. Driver Gr-II	I/c Office	9th STD.	638804	32	19-Nov-91	60	NHPC
70	Surjit Singh	Sr. Tech. (F)	O&M	5th Std.	705787	38	19-Nov-91	56	NHPC
71	Gian Chand	Sr. Attendant	O&M	Basic Education	466932	36	19-Nov-91	60	NHPC

Notes:

- 1) Remuneration includes Salary, Allowances, Leave encashment, Leave travel concession, Payment for Subsidised leased accommodations, reimbursement of medical expenses to employees and employer's contribution to Provident fund and other funds. In addition, employees are entitled to Gratuity/Group Insurance in accordance with Company's rules.
- 2) None of the Employees listed above is related to any of the Directors of the Company.
- 3) Remuneration mentioned above is inclusive of retirement/ separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

For and on behalf of the Board of Directors



(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi
Date: 11.08.2010

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1999 read with Section 217(1)(e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken and on hand:

It has been the endeavour of POWERGRID to make all out efforts for conservation of energy in all its projects - right from the planning stage, to the execution stage and throughout the O&M period. Before finalizing the transmission schemes, various alternatives/ technologies for power transfer are examined and one of the major criteria for selection of transmission system/ technology is lower losses. In fact, POWERGRID has adopted new technologies like 765kV AC, ± 500 kV HVDC, ± 800 kV HVDC and 1200kV AC in its transmission systems for bulk power transfer across various regions which result in lower losses in the system.

At design stage of the transmission system, optimization of various parameters is done so that losses in the transmission system are optimized. The conductors are selected after detailed optimization studies which consider reduction of line losses as one of the primary criteria. The bus bar materials and the clamps and connectors are chosen meeting stringent international requirements so that losses are optimized. During evaluation of transformer & shunt reactor packages, equipment with minimum losses is given weightage. In case of HVDC system also, the selection of filter components, Thyristor Valves, Converter Transformer etc, parameters are done in such a way that overall losses are minimized even under worst operation of system operating parameters. Further, in case of transmission hardware, the material with lower losses is specified. Parameters and types of various other equipments are also chosen in a manner that the losses are optimized. Thus, energy conservation measures are taken by POWERGRID at every step so as to develop an efficient and low-loss transmission network.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of Energy:

As stated above, POWERGRID undertakes energy conservation measures by means of reduction of losses in its transmission schemes right from planning to execution stage.

B. RESEARCH AND DEVELOPMENT

1 & 2 It has been POWERGRID's endeavour to pursue the research and development efforts in the field of new technologies in transmission system to remain at par with international standards. Also, realizing the need for conservation of Right-of-Way and future requirement of development of high capacity transmission system to meet the future power requirement, POWERGRID is actively pursuing seamless integration of new and efficient technologies in Indian power Grid to create environment-friendly transmission system. POWERGRID has been according special emphasis on adoption of new technologies available around the globe for improving the quality of power supply, reduction of losses, optimum utilization of the available transmission assets, conservation of environment and optimizing upon the cost of delivered power. The company is working in collaboration with International/National research institutions, academic institutions and manufacturers, and is thus enhancing its in-house capabilities for design and engineering of state-of-the-art transmission systems.

Specific Areas in which R&D has been carried out by the company and benefits derived thereby are given below:

Completed Projects:

1. Completed in-house design of 24 no towers for transmission lines which included river crossing towers for 400kV and 765Kv, 400kv upgradeable to 1200kV AC tower (5 No.). 1200kV S/c and D/c AC Tower for test line (3 No.) and tested successfully 4 nos of towers.
2. Completed in-house design of approx. 500 nos. tower foundations for transmission lines upto 765kV including special foundations.
3. Indigenous development and type testing of extra high strength 320KN & 420 KN insulators for 400kV/765 KV AC transmission lines.

4. Performance evaluation of Polymer composite insulators which were in service for more than 6 years in POWERGRID lines.
5. Indigenous development and type testing of extra high strength 420kN HVDC insulators for ± 800 kV HVDC transmission lines.
6. Indigenous development and type testing of Polymer long Rod 120kN & 160kN AC insulators for 400kV AC transmission lines in heavily polluted areas (Three manufacturers).
7. Corona cage studies, Air Gap Insulation studies and voltage distribution studies for 1200 kV transmission system.
8. Interference measurements (Electric field , Magnetic field, Audible Noise & RIV) for 765kV AC Seepat-Seoni transmission line
9. Study of EMI effect on Co-axial and Control Cables in association with CPRI & LRDE, Bangalore
10. Online condition monitoring systems for transformers at Mandola substation and Rihand HVDC station were installed to facilitate real time data to detect faults at incipient stage and provide alarms in advance in case of fault in the transformers. The system will also provide the dynamic over load capacity of the transformers.
11. Upgrading of short circuit current capacity of existing equipments e.g. circuit breakers,CTs etc. from 40 kA to 50 kA.
12. Revision of surge arrestor specification to optimize the stresses on circuit breakers during reactor switching
13. Provision of on line drying equipment and hydrogen and moisture monitoring equipment in all large 400kV and 765kV transformer and reactors
14. Optical fiber sensors are provided in critical equipment such on 765kV transformers and reactors to monitor hot spot

Ongoing projects

1. For development of 1200kV UHVAC Super grid, 1200 KV UHVAC test station is being established at POWERGRID substation at Bina, MP with joint efforts of POWERGRID, Indian Equipment Manufacturers and CPRI. This will facilitate the Indian Equipment Manufacturers to test their 1200 kV class equipment being developed by them. Successful testing will lead to indigenization of 1200 kV class equipment resulting in reduction in project costs.
2. High Capacity, ± 800 kV, 6000 MW HVDC multi terminal system for long distance power transfer over 2000 km. from NER/ER to NR.
3. 2500 MW, ± 500 kV Balia – Bhiwadi HVDC Bipole with Lapwing conductor under implementation
4. Re-conductoring of existing 400kV D/c Purnea-Siliguri line with high temperature endurance conductor to enhance the capacity of the transmission corridor by about two times.
5. Development of in-house foundation and tower designs for use in on-going transmission line projects.
6. Implementation of High Surge Impedance Loading (HSIL) line
7. Tower design and optimization studies for Hooghly river crossing (2KMs Span) for CESC.
8. Line design and optimization studies for 765kV D/c lines
9. For efficient Grid management, continuous upgradation of the load dispatch centres through technologies like Intelligent Grid comprising Wide area monitoring, adoptive islanding, Voltage Security Assessment, Dynamic Security Assessment.
10. Several existing Substations in different Regions are being augmented for remote operation from nearby Substations so as to reduce the operation cost.
11. Development of GIS in association with Indian manufacturers
12. Measurement of synchro phasors for wide area monitoring and protection of National Grid

13. Indigenous Development of SF6 gas filled Current Transformer with BHEL.
14. Implementation of Controlled Switching schemes of circuit breakers for 400kV transmission lines.
15. Development of Optical Instrument Transformers with CPRI/ERDA.
16. Engineering Data Integration on GIS Platform.
17. Collection of lightning data for assessment of lightning activity using lightning detection system. Lightning sensors shall be installed in the in North Eastern Region. Lightning detection system shall detect lightning activities as well as intensity of lightning in the transmission lines or in the vicinity of lines. The data will be used in failure analysis and selection of transmission line parameters & planning
18. Indigenous vendor development for ACSR Moose conductor for 400kV.

Technology Absorption :

1. For route selection, length optimisation and estimation of BOQ for transmission lines, POWERGRID is employing modern Survey techniques.
2. Substation Automation with IEC 61850 protocol is being adopted for all new Substations of POWERGRID. This would result in savings in operational cost and increased operational and maintenance efficiency.
3. As a step towards National grid, 765kV AC and ± 500 kV HVDC technology has been implemented in our country. Now, ± 800 kV HVDC and 1200kV UHVAC technologies are being planned for bulk power transfer across the country.
4. For maximum utilization of existing infrastructure, application of Series compensation including TCSC has been adopted on EHV lines.
5. In special areas, compact towers like pole towers, delta configuration towers and narrow based towers which reduce the space occupied by the tower base, are being used. Also tall towers and multi-circuit towers are being used for conservation of scarce right-of-way.
6. Shallow and deep resistivity measurements using magneto telluric techniques for locating ground electrode stations for HVDC system has been adopted.
7. Special insulators like polymer composite insulators have been adopted in transmission lines in polluted areas.
8. High temperature conductors like INVAR have been adopted for increasing the transfer capacity of transmission corridors.
9. GIS technology has been adopted in substations where severe space constraints exist.
10. On line transformer monitoring techniques for monitoring of critical parameters of power transformers.
11. Under execution, world's first ± 800 kV HVDC Multi terminal project.

C. CONSERVATION OF LAND AND ENVIRONMENTAL CONCERNS

For the ground return mode of operation of HVDC Bipolar Transmission system, electrode stations are being used up to now, which require approx. 150 acre of land (75 acre for each terminal of Bipolar system) at electrode site. The land for these electrode stations have to be selected keeping in view that there are no metallic buried objects i.e. metallic oil and gas pipe line, metallic pipes, railway line, telephone lines using metallic wires, electrical operated water pump sets etc within a radius of about 8 to 10 km from the centre of the proposed site of the earth electrode station. Since the inverter Terminal is generally located near the load centres, the cost of land acquisition is very high.

Further, the electrode line of the HVDC Terminal also requires its right of way which creates the constraint in land usage. Even after taking full care in land selection for locating earth electrode station, there is still a big element of uncertainty about the proper functionality of the earth electrode station and may result into undesirable surface currents leading to unacceptably high step and touch potential around the electrode site and it has been reported in the ground return operation of a number of HVDC system all over the world.

Major future HVDC link are proposed to evacuate bulk power from Chhattisgarh area. Because of geographical location and the deep soil resistivity profile of the area, the performance of HVDC monopolar ground current operation might be a cause of concern. Selecting suitable land for electrode station in this area fulfilling the technical requirements of high Ground Return Currents in monopolar operation of HVDC can be difficult.

For future ± 800 KV / ± 600 KV projects, the usage of third return conductor on the same tower carrying the line conductor, instead of having a ground electrode as return path is being analysed. Apart from eliminating the element of uncertainty about the proper functionality of the earth electrode station, the usage of third conductor as a return path will result in conservation of land required for conventional electrode station. It will avoid a separate electrode line and corresponding right of way related to the electrode line resulting in further land conservation.

FOREIGN EXCHANGE EARNINGS AND OUTGO

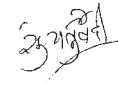
Foreign Exchange Earnings

	(₹ in crore)
i. Interest	NIL
ii. Consultancy Fee	2.37
	<u>2.37</u>

Foreign Exchange Outgo

(i) Capital Goods and Spare Parts	472.26
(ii) Professional and Consultancy Fee	2.05
(iii) Interest	207.66
(iv) Others	26.38
	<u>708.35</u>

For and on behalf of the Board of Directors



(S. K. Chaturvedi)

Chairman & Managing Director

Place: New Delhi

Date: 11.08.2010

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER GRID CORPORATION OF INDIA LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of Power Grid Corporation of India Limited for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 May 2010.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of the Power Grid Corporation of India Limited for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-
(M. K. Biswas)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III,
New Delhi

Place: New Delhi
Date: 16th June, 2010

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

1. THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in the Company. It is a system by which business corporations are directed and controlled. POWERGRID believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POWERGRID's Governance process is focused towards its mission of *"establishment and operation of Regional and National Power Grids to facilitate transfer of power within and across the regions with Reliability, Security and Economy on sound commercial principles"* based on the well established practices in engineering & design, contracts, project management, finance etc. which are being followed in letter and spirit and are being continually improved upon.

The Corporate Governance of POWERGRID is geared by the following:

- (i) To meet the short term, medium term & long term objectives and specific targets every year set by the GOI and the persons at the helm of affairs, i.e. the Board, by empowering people at the most appropriate levels keeping the job profile/functions in view.
- (ii) To respond to the challenges and the emerging opportunities and to play a pivotal role in the economic development of the country.

The corporate governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are proceeded ahead after approval of the Board.

POWERGRID is a "NAVRATNA PSE" since May, 2008. The NAVRATNA status has provided the Company more flexibility and autonomy in terms of making investments and operational decisions. Now, the Board of Directors of POWERGRID are the approving Authority to incur capital expenditure on purchase of new items or for replacement without any monetary ceiling. The ceiling on equity investment to establish joint ventures and wholly owned subsidiaries in India or abroad is 15% of the networth of the Company in one project limited to ₹1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the Company.

Presently, the Board of Directors comprises of Chairman and Managing Director, Functional Directors, Govt. Nominee Directors and Non Official Part Time Directors. The rights and obligations of the employees are delineated in the policy Manuals published and the amendments are notified from time to time. The powers of the internal participants i.e. top executives and below are laid down in the well established and practiced "Delegation of Powers". POWERGRID has also prepared and implemented "Works and Procurement Policy and Procedure for Pre-award and Post-award Stages" with a view to making the policies and procedures more systematic, transparent and easy to administer with major thrust on expeditious and decentralized decision making coupled with accountability and responsibility. The Board has also constituted several Committees viz. Committee for Award of Contracts relating to RE, APDRP and other Deposit Works, Committee on Feasibility Reports and Revised Cost Estimates, Committee for Bonds, Shareholders'/Investors' Grievance Committee, Committee on Award of Contracts etc. to have better and more focused attention. Advisory Boards of eminent persons are in place for Environment and Social Policy and Procedures, R&D and for Telecom to advise POWERGRID on critical issues/consensus building in these areas.

Management Discussion and Analysis is Annexed to Directors' Report.

The compliance of the company with the conditions of the Corporate Governance and the disclosure requirements in that regard are given below:

2. Board of Directors:

2.1 Size of the Board

POWERGRID is a Government Company within the meaning of Section 617 of the Companies Act, 1956 and the President of India presently holds 86.36% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors rests with the President of India.



In terms of Articles of Association of the Company, the strength of our Board shall not be less than four Directors or more than eighteen Directors. These Directors may be either whole-time Directors or part-time Directors.

2.2 Composition of the Board

As on 31st March, 2010, the Board comprised fourteen Directors out of which five were whole-time Directors including the Chairman & Managing Director, two Government Nominees and seven Independent Directors.

The equity shares of the Company were listed on 5th October, 2007 with NSE and BSE. Clause 49 I (A) of the Listing Agreements with Stock Exchanges stipulates half of the Board members to be Independent Directors. For the period 1st April, 2009 to 31st March, 2010 the requirement of independent Directors as per this clause was fully met.

2.3 Age Limit and Tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time Directors is 60 years.

The Chairman & Managing Director and other whole-time Directors are appointed for a period of five years from the date of taking over of charge or till the date of superannuation of the incumbent or till further orders from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

Independent Directors have been appointed by the Government of India usually for tenure of three years.

The tenure of Directors as on 31st March, 2010 was as follows:

Details of Directors		Name	Date of Joining on the Board	Date of superannuation/ completion of Tenure
Category (Functional/ Official/ Non-official)	Designation			
1. Whole Time Directors	Chairman & Managing Director	Shri S. K. Chaturvedi	01.08.2008	31.08.2011 - date of superannuation.
	Director (Finance)	Shri J. Sridharan	21.12.2005	30.04.2011 - date of superannuation. Completion of tenure of five years on 20.12.2010.
	Director (Personnel)	Shri V.M. Kaul	16.03.2009	31.03.2012 - date of superannuation.
	Director (Operations)	Shri R.N.Nayak	16.05.2009	30.09.2015 - date of superannuation. Completion of tenure of five years on 15.05.2014.
	Director (Projects)	Shri I.S.Jha	01.09.2009	30.06.2019 - date of superannuation. Completion of tenure of five years on 31.08.2014.
2. Govt. Nominees Part – time Directors	JS (Trans.) Ministry of Power	Dr. M. Ravi Kanth	11.12.2009	Till the President desires
	JS &FA, Ministry of Power	Shri Rakesh Jain	09.06.2009	Till the President desires
3. Non-official Part-time Directors	Non-official Part-time Director (Independent)	Shri F.A. Vandrevale*	10.07.2007	For a period of three years with effect from the date of appointment or until further orders, which ever event occurs earlier.
		Shri Anil K. Agarwal*	10.07.2007	
		Dr. A.S. Narag*	10.07.2007	
		Dr. P.K. Shetty*	10.07.2007	
		Shri S.C. Tripathi	25.04.2008	
		Shri Ashok Khanna	25.04.2008	
Smt. Sarita Prasad	04.08.2008			

* The tenure of these Non-official Part-time Directors came to an end on 09.07.2010.

2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are normally held at the Registered Office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. Senior management is also invited to the Board meetings to provide additional input to the items being discussed by the Board.

During the financial year ended 31st March, 2010, fourteen Board meetings were held on 20th April, 16th June, 8th July, 29th July, 24th August, 9th September, 14th October, 28th October, 3rd December and 21st December, of the year 2009, and 6th January, 25th January, 25th February and 16th March, of the year 2010. The maximum interval between any two meetings during this period was 56 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship / committee membership (viz. Audit Committee and Shareholders' / Investors' Grievance Committee as per Clause 49 I (C) – Explanation – 2) held by them during the year 2009-10 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 09.09.09)	No. of Other Directorship held on 31.03.10	No. of Other Committee Membership held on 31.03.10	
					Chairman	Member
Whole Time Directors						
Shri S. K. Chaturvedi Chairman & Managing Director	14	14	Yes	8	NIL	NIL
Shri S. Majumdar,* Director (Projects)	5	5	N.A.	4	NIL	NIL
Shri J. Sridharan, Director (Finance)	14	14	Yes	4	NIL	NIL
Shri V. M. Kaul, Director (Personnel)	14	13	Yes	1	NIL	NIL
Shri R.N.Nayak,** Director (Operations)	13	13	Yes	2	NIL	NIL
Shri I.S.Jha,*** Director (Finance)	9	9	Yes	2	NIL	NIL
Non-executive Directors (Government Nominees)						
Dr. M. Ravi Kanth ^ Jt.. Secy., Ministry of Power	4 ⁵	3	N.A.	NIL	NIL	NIL
Shri Rakesh Jain^^ Jt.. Secy., Ministry of Power	13	11	Yes	4	1	3
Shri Sudhir Kumar,^^ Jt.. Secy., Ministry of Power	8	7	Yes	N.A.	N.A.	N.A.
Shri I. C. P. Keshari, ^^ Jt. Secy., Ministry of Power	1	1	N.A.	N.A.	N.A.	N.A.

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 09.09.09)	No. of Other Directorship held on 31.03.10	No. of Other Committee Membership held on 31.03.10	
					Chairman	Member
Independent Directors						
Dr. P. K. Shetty	14	12	Yes	NIL	NIL	NIL
Dr. A. S. Narag	14	14	Yes	NIL	NIL	2
Shri Anil K. Agarwal	14	9	No	3	1	2
Shri F. A. Vandrevale	14	12	Yes	1	1	NIL
Shri S. C. Tripathi	14	8	No	7	NIL	NIL
Shri Ashok Khanna	14	13	Yes	5	NIL	1
Smt. Sarita Prasad	14	14	Yes	NIL	NIL	NIL

*Shri S. Majumdar superannuated on 31.08.2009.

**Shri R. N. Nayak has been appointed as Director (Operations) w.e.f. 16.05.2009.

***Shri I.S.Jha was appointed as Director (Projects) w.e.f. 01.09.2009.

^Dr. M. Ravi Kanth, Jt. Secy., Ministry of Power has been appointed as Director w.e.f. 11.12.09 vice Shri Sudhir Kumar, Jt. Secy., MOP.

^^Shri Sudhir Kumar, Jt. Secy., MOP joined POWERGRID's Board as Govt. Nominee Director w.e.f. 22.05.09 and ceased to be a Director w.e.f. 11.12.09.

^^^Shri Rakesh Jain, JS&FA, MOP joined POWERGRID's Board as Govt. Nominee Director w.e.f. 09.06.09.

^^^^ Shri I. C. P. Keshari, Jt. Secy., Ministry of Power was a Director on POWERGRID Board from 06.03.2009 to 22.05.09.

§ Board meeting held on 21.12.09 has not been accounted for the tenure of Dr. M. Ravi Kanth, JS, MoP who was appointed as Director vide MOP Order dt. 24.12.09 with retrospective effect from 11.12.09.

None of the Directors of the company are in any way related with each other.

2.5 Information to be placed before the Board of Directors, inter-alia, include:

The Board has complete access to any information with the Company. The information regularly supplied to the Board includes:

1. Annual operating plans and budgets and any updates.
2. Annual Accounts, Directors' Report, etc.
3. Quarterly results of the company.
4. Minutes of meetings of audit committee and other committees of the Board.
5. Major Investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances, etc.
6. Award of large Contracts.
7. Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
8. Monthly Report on Commercial Status of the Company.
9. Report on the status of various ongoing projects/Schemes and Budget Utilization.

10. Report on the O&M Review.
11. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, etc.
12. Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer, etc.
13. Short-term investment of surplus funds.
14. Other materially important information.

3. Committees of the Board of Directors

The Board has constituted the following Committees:

- i) Audit Committee
- ii) Shareholders'/Investors' Grievance Committee
- iii) Committee for Transfer/Split/Rematerialisation/Dematerialization, etc. of Shares
- iv) Committee for Award of Contracts relating to RE, APDRP and other Deposit Works
- v) Committee on Feasibility Reports and Revised Cost Estimates
- vi) Committee for Bonds
- vii) Committee on Award of Contracts

3.1 Audit Committee:

POWERGRID had initially constituted an Audit Committee on January 27, 1999 and the same was reconstituted from time to time. During the year ending 31st March, 2010, the Audit Committee comprised the following Directors:

- (i) Shri F.A. Vandrevala, Non-official Part-time Director – Member & Chairman
- (ii) Shri Anil K. Agarwal, Non-official Part-time Director – Member
- (iii) Dr. A.S. Narag, Non-official Part-time Director – Member
- (iv) Shri Rakesh Jain, JS&FA, MOP – Member

The Company Secretary is the Secretary of the Committee.

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2007; the Companies Act, 1956 and provisions of the Listing Agreement.

Meetings of Audit Committee

The Audit Committee meets at least four times in a year and not more than four months have elapsed between two meetings in that year. The quorum is either two members or one third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent members present.

Powers of Audit Committee

The Audit Committee have powers, which include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To consider other matters as referred by the Board.



Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Fixation of audit fees to be paid to statutory auditors appointed by Comptroller & Auditor General under the Companies Act, 1956 and approval for payment with respect to any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
5. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
7. Discussion with internal auditors any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
11. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee generally reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

Composition of Audit Committee during the F.Y. 2009-10:

The composition of Audit Committee during the financial year 2009-10 was as under:

Shri F.A. Vandrevala, Director	Member & Chairman	Non-official Part-time Director
Shri Anil K. Agarwal, Director	Member	Non-official Part-time Director
Shri Rakesh Jain, JS&FA, MOP*	Member	Non-Executive Director
Dr. A.S. Narag, Director	Member	Non-official Part-time Director

* joined POWERGRID Board as Govt. Nominee Director w.e.f. 09.06.09

Note: With the tenure of Shri F.A. Vandrevala, Shri Anil K. Agarwal and Dr. A.S. Narag coming to an end on 09.07.2010, the Audit Committee has been reconstituted in July, 2010.

Attendance:

During the financial year ended 31st March, 2010, six meetings of the Audit committee were held on 15th June, 29th July, 24th August, 8th September and 28th October of the year 2009, and 25th January of the year 2010.

Attendance at Audit Committee Meetings during the Financial Year 2009-10:

Name	Audit Committee Meeting held during the tenure	
	Held	Attended
Shri F. A.Vandrevala, Director	6	6
Shri Anil K. Agarwal, Director	6	3
Shri Rakesh Jain, JS&FA, MOP	6	4
Dr. A.S. Narag, Director	6	6

3.2 Shareholders'/ Investors' Grievance Committee.

The Company has constituted Shareholders'/Investors' Grievance Committee in line with the provisions of the Listing Agreement.

Scope of the Committee

The scope of the Committee shall be to specifically look into the redressal of shareholders' and investors' grievances/ complaints like transfer of shares, non Receipt of Balance Sheet, non-receipt of declared dividends, etc.

Composition

As on 31st March, 2010 the Committee comprised the following Directors:

- i) Shri Anil K. Agarwal, Non-official Part-time Director – Chairman
- ii) Dr. A. S. Narag, Non-official Part-time Director – Member
- iii) Smt. Sarita Prasad, Non-official Part-time Director- Member.
- iv) Dr. M. Ravi Kanth, Jt. Secy., MOP – Member
- v) Shri J. Sridharan, Director (Finance) – Member

The Company Secretary is the Secretary of the Committee.

Two meetings of the Shareholders'/Investors' Grievance Committee were held during the financial year 2009-10 on 23rd July, 2009 and 21st January, 2010.

Name and designation of Compliance Officer

Ms. Divya Tandon, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.



Investor Grievances

During the financial year ending 31st March, 2010, the Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediment. The details of the complaints received during the year are as under:

Sl. No.	Subject	Opening Balance	Received	Attended	Pending
1	Non-Receipt of Refund orders	0	19	19	0
2	Non-Receipt of Dividend Warrants	1	451	452	0
3	Received through SEBI	0	27	27	0
4	Received through Stock Exchanges	0	15	15	0
5	Advocate Notices	0	8	8	0
6	Consumer Forum/Court Cases	0	10	10	0
	Total	1	530	531	0

Shares lying in Share Escrow Account

In pursuance of Clause 5A(g) of the Listing Agreement, it is disclosed that :

- (i) Aggregate number of shareholders whose shares were in the Demat Suspend (Pool) Account as on 01.04.2009 were 330 and the outstanding shares against the above were 63685 shares;
- (ii) 70 shareholders had approached the Company for transfer of shares from Demat Suspend (Pool) Account during the year 2009-10 and these shares were transferred during the year.
- (iii) Aggregate number of shareholders whose shares were in the Demat Suspend (Pool) Account as on 31.03.2010 were 260 and the outstanding shares against the above were 50635 shares. The voting rights on the shares in Demat suspend account shall remain frozen till the rightful owner of such shares claims the shares. These shares are lying in the demat form in a Pool Account with the Registrars i.e. M/s Karvy Computershare Pvt. Ltd. and the benefits accrued on them are being properly accounted for.

3.3 Committee for Transfer/Split/Rematerialization/Dematerialization of Shares

The Company has constituted a Committee of Directors for Transfer/ Split/ Rematerialisation/ Dematerialization etc. and other related issues. As on 31.03.2010, the Committee comprised the following Directors as members:

- i) Director (Finance),
- ii) Director (Projects), and
- iii) Director (Personnel)

As on March 31, 2010 shares transfer request of five number of equity shares was pending. Share transfers have been effected during the year well within the time prescribed by the Stock Exchanges.

3.4 Committee for Award of Contracts relating to RE, APDRP and other Deposit Works

This Committee of Directors was constituted to conduct RGGVY Programme of Govt. of India. The power of this committee is to award the contracts relating to RE, APDRP and other Deposit Works for more than ₹ 20 Cr. and up to ₹ 75 Cr. As on March 31, 2010 the Committee comprised the following members:

- i) CMD – Chairman
- ii) Director (Finance) – Member
- iii) Director (Projects) – Member
- iv) Director (Personnel) – Member and
- v) Director (Operations) – Member

3.5 Committee on Feasibility Reports and Revised Cost Estimates

The Board had constituted this Committee of Directors to consider and examine the Feasibility Report and various Revised Cost Estimate proposals as may be required for seeking investment sanction from the Board. As on March 31, 2010, the Committee comprised the following members:

- i) Director (Operations) – Chairman
- ii) Director (Finance) – Member
- iii) Director (Projects) – Member

3.6 Committee for Bonds

The Board of Directors of the Company has constituted a Committee of Directors to consider and approve allotment, transfer, transmission, splitting and consolidation of POWERGRID Bonds/Allotment Letters and other matters relating to the Bonds including appointment of Merchant Bankers, Registrar to the Issue etc. As on March 31, 2010, the Committee for Bonds comprised the following members:

- i) CMD – Chairman
- ii) Director (Finance) – Member
- iii) Director (Operations) – Member
- iv) Director (Projects) – Member

3.7 Committee on Award of Contracts

This Committee of Directors had been constituted for approval of award of contracts (Other than RE, APDRP and other Deposit Works) of value more than ₹ 20 Crore but not exceeding ₹ 75 Crore. As on March 31, 2010, the following Directors were members of the Committee:

- i) Shri S.K.Chaturvedi, CMD – Chairman
- ii) Shri Ashok Khanna, Non-official Part-time Director - Member.
- iii) Dr. M. Ravi Kanth, Joint Secretary, MOP – Member
- iv) Shri J. Sridharan, Director (Finance) – Member
- v) Shri R.N. Nayak, Director (Operations) – Member
- vi) Shri I.S.Jha, Director (Projects) – Member

Remuneration of Directors

Our Company, being a Government Company, the appointment, tenure and remuneration of Directors is decided by the President of India. Remuneration paid to Chairman & Managing Director and Functional Directors during the Year 2009-10 was as per terms and conditions of their appointment. Independent Directors are paid only sitting fees at a rate fixed by the Board within the ceiling fixed under the Companies Act, 1956 and in accordance with the Government Guidelines for attending the Board Meeting as well as Committee Meetings.

The remuneration paid to the Whole time Directors during the year 2009-10 is as under:

S No.	Directors	Designation	Remuneration (` in Lacs)
1.	Shri S.K. Chaturvedi	Chairman & Managing Director	23.32
2.	Shri J. Sridharan	Director (Finance)	25.49
3.	Shri V.M. Kaul	Director (Personnel)	29.96
4.	Shri R.N.Nayak*	Director (Operations)	24.09
5.	Shri I.S.Jha**	Director (Projects)	23.13
6.	Shri S. Majumdar***	Director (Projects)	31.60

* appointed as Director w.e.f. 16.05.2009.

** appointed as Director w.e.f. 01.09.2009.

*** superannuated on 31.08.2009.



The Government nominee Directors on the POWERGRID's Board do not draw any remuneration/ sitting fee for Board/ Committee meetings from the Company. The Independent Directors were being paid sitting fee of ₹15,000/- for attending Board/Committee Meetings. The sitting fee for attending Board/Committee Meetings has been increased to ₹ 20,000 w.e.f.14.10.2009.

Details of payment made towards sitting fee to Independent Directors during the year 2009-10 are given below:

(₹ in lacs.)

Name of Non-official Part-time Directors	Sitting Fees		Total (₹) ⁵
	Board Meeting (₹)	Committee of Board of Directors Meeting (₹)	
Dr. P. K. Shetty*	2.15	0.60	2.75
Dr. A. S. Narag	2.50	2.90	5.40
Shri Anil Kumar Agarwal	1.65	1.05	2.70
Shri F. A. Vandrevale**	2.15	1.75	3.90
Shri S.C. Tripathi*	1.50	-	1.50
Shri Ashok Khanna	2.35	3.25	5.60
Smt. Sarita Prasad**	2.5	0.35	2.85

⁵Gross Amount before TDS

*In addition, honorarium of ₹ 0.50 Lac each was paid towards R&D Advisory Board and ESPP Review Committee Meeting.

** In addition, honorarium of ₹ 0.35 Lac each was paid towards R&D Advisory Board Committee Meeting.

As on 31.03.2010 the Directors' Shareholding was as under:

S.No.	Name of Directors	No. of Equity Shares Held	
		As a Nominee of the President of India	Individual Capacity
1	Shri S. K. Chaturvedi	100	-
2	Shri J. Sridharan	100	5000
3	Shri V. M. Kaul	100*	7213
4	Shri Rabindra Nath Nayak	-	11721
5	Shri I. S. Jha	100	2998
6	Shri Rakesh Jain	100	-
7	Dr. M. Ravi Kanth	100	-
8	Dr. P. K. Shetty	-	-
9	Dr. A. S. Narag	-	-
10	Shri Anil K. Agarwal	-	-
11	Shri F. A. Vandrevale	-	-
12	Shri S. C. Tripathi	-	-
13	Shri Ashok Khanna	-	-
14	Ms. Sarita Prasad	-	-

*Transferred in the name of Shri V. M. Kaul on 31.05.2010. from Shri Lokesh Chandra, former Director (Trans.), MoP.

4. General Body Meetings:

Date, time and location where the last three Annual General Meetings were held are as under:

Year	Date	Time	Venue	Special Resolution
2006-07	14th August, 2007	1.00p.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016.	NIL
2007-08	18th September, 2008	10.00p.m.	Air Force Auditorium, Subroto Park, New Delhi-110010.	NIL
2008-09	9th September, 2009	10.00p.m.	Air Force Auditorium, Subroto Park, New Delhi-110010.	NIL

Resolutions passed through Postal Ballot

- Special Resolution to bring about various amendments in the Memorandum and Articles of Association of POWERGRID pursuant to the grant of Navratna Status and an Ordinary Resolution for transfer of ownership, physical possession and control of 400 kV single circuit tie line (1 no.) between Neyveli TS –II Expansion and Neyveli TS –II switchyards from POWERGRID to Neyveli Lignite Corporation Ltd. (NLC). Notice dated 30th June, 2009, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and the resolutions were approved by the shareholders on 18th August, 2009. Ms. Savita Jyoti, Practicing Company Secretary, was appointed as scrutinizer for conduct of Postal Ballot.

The details of the voting are as under:

Sl. No.	Description	No. of Shareholders	No. of Shares	No. of Votes	Result
Resolution No.1. (I) - Amendment of sub - Clause 8 of Clause III B of the Memorandum of Association under the head "Objects incidental or ancillary to the attainment of the main objects" by way of Special Resolution.					
1.	Votes in favour	10571	3696749364	3696749364	Approved by requisite majority.
2.	Votes against	329	99180	99180	
3.	Invalid Votes	614	127848	127848	
Resolution No. 1. (II) - Amendment in Articles of Association by way of Special Resolution.					
1.	Votes in favour	10268	3696686662	3696686662	Approved by requisite majority.
2.	Votes against	360	68649	68649	
3.	Invalid Votes	886	220785	220785	
Resolution No.2 - Transfer of ownership, physical possession & control of 400 kV single circuit tie line (1no.) between Neyveli TS-II Expansion and Neyveli TS-II switchyards from POWERGRID to Neyveli Lignite Corporation Ltd (NLC) by way of Ordinary Resolution.					
1.	Votes in favour	10033	3696585917	3696585917	Approved by requisite majority.
2.	Votes against	659	198049	198049	
3.	Invalid Votes	822	193500	193500	

- Ordinary Resolution to increase the borrowing power/limit of the company from ₹ 50,000 crore to ₹ 80,000 crore was proposed. Notice dated 25th March, 2010, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and the said resolution was approved by the shareholders on 17th May, 2010. Ms. Savita Jyoti, Practicing Company Secretary, was appointed as scrutinizer for conduct of Postal Ballot.



The details of the voting are as under:

Sl. No.	Description	No. of Shareholders	No. of Shares	No. of Votes	Result
Resolution: Enhancement of Borrowing Limits from ₹ 50,000 Crore to ₹ 80,000 Crore.					
1.	Votes in favour	18286	3675482103	3675482103	Approved by requisite majority.
2.	Votes against	884	7587744	7587744	
3.	Invalid Votes	152	214045	214045	

3. Ordinary Resolution for transfer of movable assets of RLDCs and NLDC to Power System Operation Corporation Ltd. was proposed. Notice dated 19th April, 2010, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and the said resolution was approved by the shareholders on 16th June, 2010. Ms. Savita Jyoti, Practicing Company Secretary, was appointed as scrutinizer for conduct of Postal Ballot. The details of the voting are as under:

Sl. No.	Description	No. of Shareholders	No. of Shares	No. of Votes	Result
Resolution: Transfer of movable assets of Regional Load Despatch Centers (RLDCs) and National Load Despatch Center (NLDC) to Power System Operation Corporation Limited (Book value of ₹ 184.78 Crore as on 31.03.2009)					
1.	Votes in favour	15359	3678876791	3678876791	Approved by requisite majority.
2.	Votes against	723	210485	210485	
3.	Invalid Votes	138	39694	39694	

5. Disclosures

- (I) The transactions with related parties contain (i) payment to Companies under Joint Venture Agreement and on account of contracts for works/services, (ii) remuneration to key management personnel and (iii) equity contribution to subsidiaries, which are not in the nature of potential conflict of interest of the Company at large. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.
- (II) The CEO & CFO of the Company have certified to the Board, the specified matters, as required under Clause 49 V of the Listing Agreement.
- (III) POWERGRID do not have any material non-listed Indian Subsidiary Company.
- (IV) POWERGRID is in the process of establishing Enterprise Risk Management Framework and Internal Control Framework for CEO/CFO Certification and the Framework is under finalization in coordination with KPMG, the Consulting Firm to provide consultancy for the said framework.
- (V) There are no material individual transactions with related parties which are not in the normal course of business.
- (VI) There are no material individual transactions with related parties or others, which are on an arm's length basis.
- (VII) The Company has complied with the requirements of the Listing Agreement with Stock Exchanges as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the year.
- (VIII) The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the financial year 2009-10 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (IX) The Company has adopted all suggested items to be included in the Report of Corporate Governance. Information on adoption (and compliance) / Non-adoption of the non-mandatory requirements is at Annex-I.

6. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site.

Information and latest updates and announcements made by the Company can be accessed at Company's website: www.powergridindia.com including the following:

- Quarterly /Half-Yearly /Annual Financial Results
- Shareholding Pattern
- Corporate disclosures made from time to time to Stock Exchanges

Quarterly Results

Newspapers	Date of Publication of Financial Results for the quarter ended			
	30.06.2009	30.09.2009	31.12.2009	31.03.2010
Business Standard / Hindustan Times / Times of India (English)	30.07.2009	29.10.2009	26.01.2010	27.05.2010
Rashtriya Sahara/ Hindustan (Hindi)	30.07.2009	29.10.2009	26.01.2010	27.05.2010

These Results are also displayed at Company's website www.powergridindia.com

7. Code of Conduct

The Board of Directors have laid down two separate Code of Conduct – one for Board Members and another for Senior Management Personnel in alignment with Company's Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code of Conduct is available at the website of the Company.

Declaration required under Clause 49 of the Listing Agreement

All the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31st, 2010.

New Delhi
Dt. 04.05.2010

Sd/-
(S.K.Chaturvedi)
Chairman & Managing Director

8. Code of Insider Trading

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, POWERGRID Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this code, Insiders (i.e. Designated Employees) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities beyond limits specified, permission of Compliance Officer is required. All Designated Employees are also required to disclose related information periodically as defined in the Code. Company Secretary has been designated as Compliance Officer for this Code.

9. Shareholders' Information

i) Annual General Meeting

Date : 24th September, 2010

Time : 10.00 a.m.

Venue : Air Force Auditorium, Subroto Park, New Delhi – 110 010.

ii) Financial Year

The Company's Financial Year is from 1st April to 31st March.

**iii) Book Closure**

The Register of Member and Share Transfer Books of the Company will remain closed from 09th September, 2010 to 24th September, 2010 (both days inclusive).

iv) Payment of dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 10% (₹ 1.0 per share) for the financial year ended 31st March, 2010. In addition, an Interim Dividend of 5% (₹ 0.50 per share) was paid on 25th January, 2010. (Dividend paid in the Previous Year was ₹ 505.08 Crore)

v) Dividend History

Year	Total Paid-up Capital as on 31st March of the Year (₹ in Crore)	Total Amount of Dividend Paid for the Financial Year (₹ in Crore)	Date of AGM in which dividend was declared	Date of Payment of Final Dividend
2002-03	3035.25	100.00	29.09.2003	27.10.2003
2003-04	3035.25	125.00	28.09.2004	18.10.2004
2004-05	3165.25	184.00	16.09.2005	13.10.2005
2005-06	3584.63	302.68	03.08.2006	23.08.2006
2006-07	3787.41	368.82	14.08.2007	24.08.2007
2007-08	4208.84	505.08	18.09.2008	03.10.2008
2008-09	4208.84	505.08	09.09.2009	29.09.2009
2009-10	4208.84	210.46*	06.01.2010**	25.01.2010#

* Amount of Interim Dividend

** Date of Board Meeting

Date of Payment of Interim Dividend

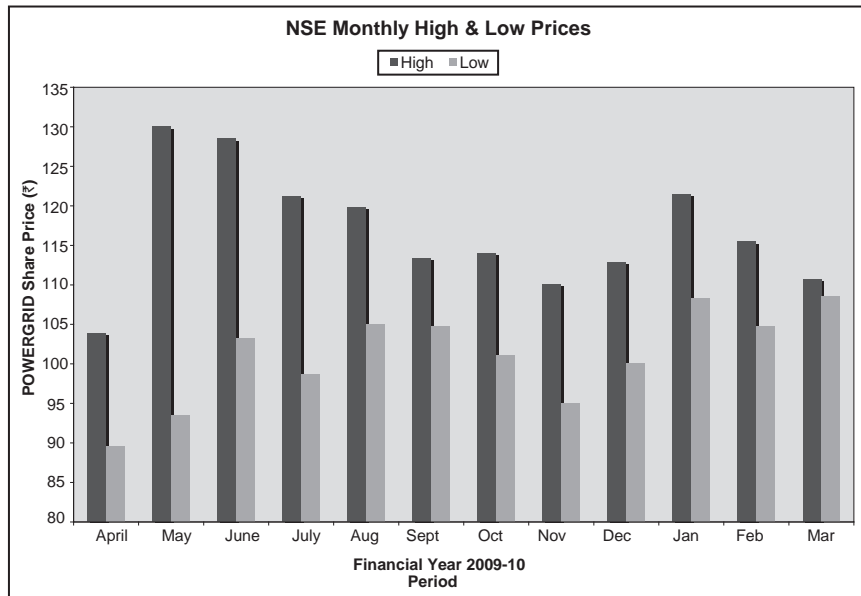
vi) Listing on Stock Exchange

POWERGRID equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Scrip Code : POWERGRID EQ	Scrip Code: 532898
Stock Code: ISIN – INE752E01010	

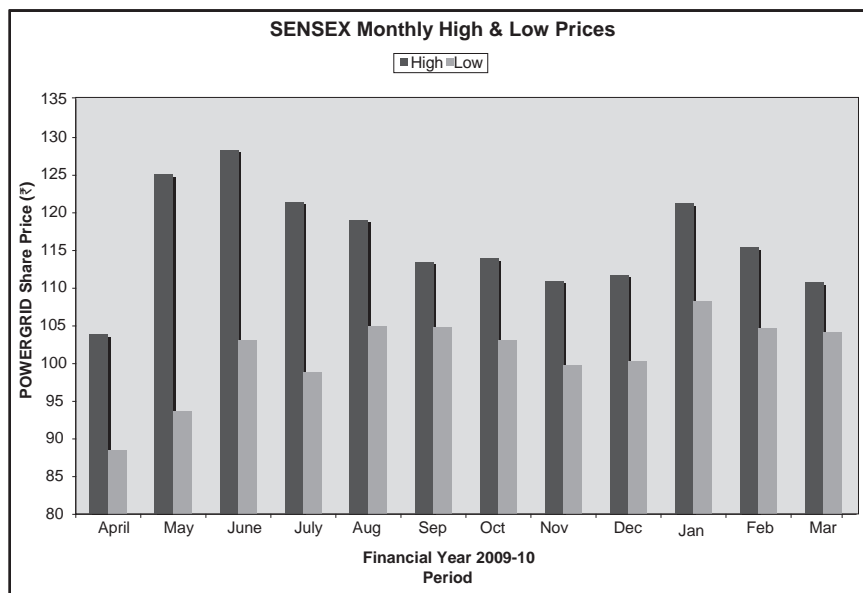
vii) Market Price Data - NSE

	High (₹)	Low (₹)	Closing (₹)
April'09	103.9	89.5	92.6
May'09	130	93.5	114.95
June'09	128.5	103.25	109.4
July'09	121.25	98.7	117.4
August'09	119.85	105	107.6
September'09	113.35	104.75	109.95
October'09	114	101	104.35
November'09	110.1	95.05	99.8
December'09	112.9	100	110.15
January'10	121.45	108.3	112.7
February'10	115.5	104.8	107.55
March'10	110.7	108.5	107.15

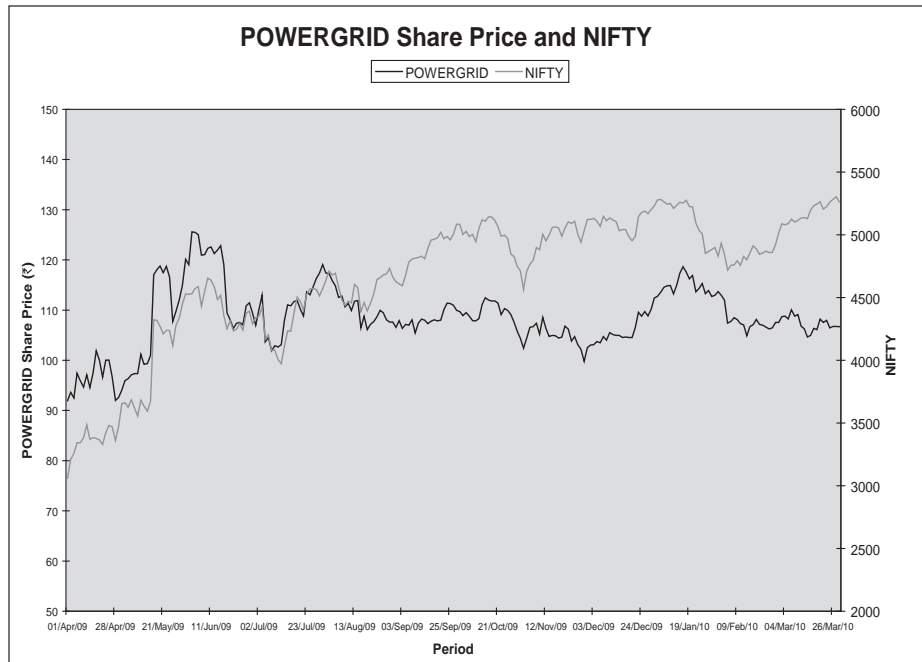
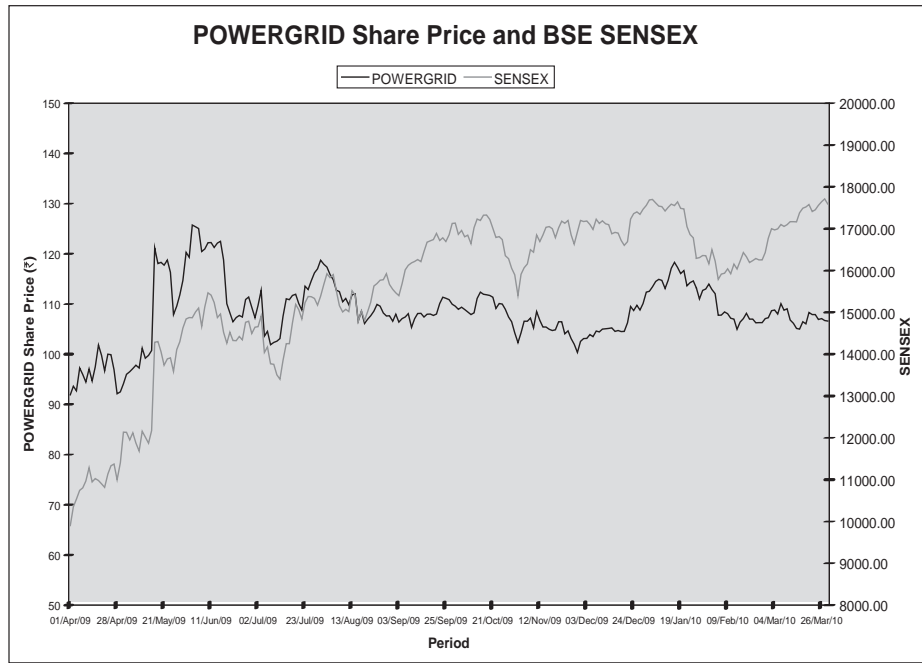


viii) Market Price Data - BSE

	High (₹)	Low (₹)	Closing (₹)
April'09	103.85	88.5	92.5
May'09	125.1	93.7	114.7
June'09	128.35	103.1	109.35
July'09	121.45	98.8	117.9
August'09	119.1	105	107.65
September'09	113.5	104.8	109.95
October'09	114	103.1	104.25
November'09	111	99.75	100.35
December'09	111.8	100.35	110.1
January'10	121.25	108.25	112.7
February'10	115.4	104.65	107.1
March'10	110.8	104.2	107.15



ix) Performance in comparison to indices BSE SENSEX, NSE NIFTY and POWERGRID Performance



x) Registrar and Transfer Agents.

EQUITY SHARES

Karvy Computershare Pvt. Ltd.
 Plot No.: 17 to 24, Vittalrao Nagar,
 Madhapur, Hyderabad - 500 081
 Ph: 040-2340815 to 824
 Fax:- 040-23420814
 E-mail: einward.ris@karvy.com

BONDS

MCS Limited,
 F-65, Okhla Industrial Area,
 Phase-I, New Delhi- 110 020.
 Ph: 011-41406148/49/51
 Telefax.: 011-41406148
 E-mail : admin@mcsdel.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of Transfer, etc. Share transfers are approved by Committee of the Board for physical transfer, rematerialisation and split etc.

Pursuant to clause 47(c) of the Listing Agreement with Stock Exchange, certificate on half-yearly basis confirming due compliance of shares transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.

xii) Distribution of Shareholding

Shares held by different categories of shareholders and according to the size of the holdings as on 31st March, 2010 are given below:

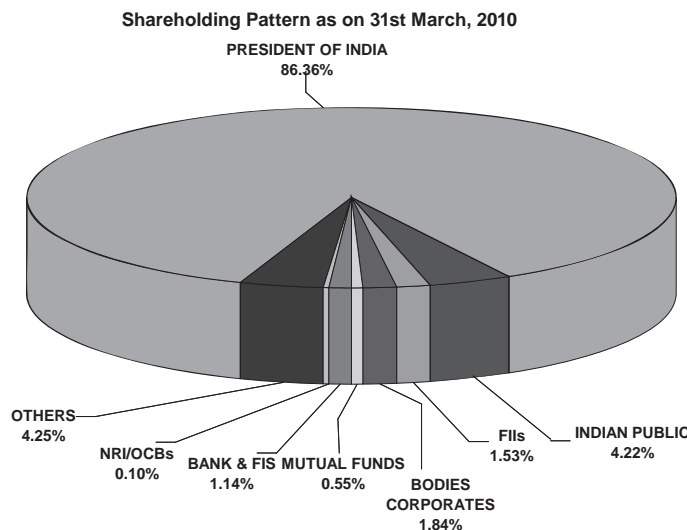
According to Size

a. Distribution of shareholding according to size, % of holding as on 31st March, 2010:

Number of Shares	No. of shareholders	% of share holders	Total No. of Shares	% of shares
1 - 5000	798440	94.14	122079197	2.90
5001 - 10000	31292	3.69	23889639	0.57
10001 - 20000	10850	1.28	15949474	0.38
20001 - 30000	2845	0.34	7209280	0.17
30001 - 40000	1228	0.14	4376093	0.10
40001 - 50000	981	0.12	4621476	0.11
50001 - 100000	1475	0.17	10490470	0.25
100001 & Above	1004	0.12	4020225601	95.52
Total	848115	100.00	4208841230	100.00

b. Shareholding pattern as on 31st March, 2010

S.No	Category	Total Shares	% To Equity
1	PRESIDENT OF INDIA	3634907735	86.36
9	PROMOTERS	600	0.00
2	INDIAN PUBLIC	177796904	4.22
3	FII's	64455175	1.53
4	BODIES CORPORATE	77345395	1.84
5	MUTUAL FUNDS	23200905	0.55
6	BANKS & FI	48000966	1.14
7	NRI/OCBs	4095341	0.10
8	Others	179038209	4.25
	Total	4208841230	100.00



c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on 31st March, 2010 are given below:

S.No	Name of shareholders	No of Shares	% to paid up capital	Category
1	PRESIDENT OF INDIA (POI)	3533637935	83.96	POI
2	PRESIDENT OF INDIA (POI)	101269800	2.41	POI
3	LIFE INSURANCE CORPORATION OF INDIA	65814234	1.56	INS
4	LIC OF INDIA MARKET PLUS	48942430	1.16	INS

xiii) Dematerialization of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

No. of shares held in dematerialized and physical mode:

S.No		Number of Holders	Number of Shares	% of total capital issued
1	PHYSICAL	6988	37768	0.00
2	Held in dematerialized form in NSDL	598007	4155194422	98.73
3	Held in dematerialized form in CDSL	243120	53609040	1.27
	Total	848115	4208841230	100.00

The name and addresses of the Depositories are as under:

1. National Securities Depository Limited
Trade World, 4th Floor,
Kamala Mills Compound, Senapathi Bapat Marg,
Lower Parel, Mumbai – 400 013.
2. Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers,
28th Floor, Dalal Street, Mumbai – 400 023.

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

xv) Location of POWERGRID Plants

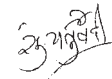
POWERGRID has no plants as it is in the business of Transmission of Power.

xvi) Address for correspondence:

Power Grid Corporation of India Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi – 110 016.

	Telephone No.	Fax No.
Registered Office	011-26560112, 26560121, 26564812, 26564892	011-26601081
Investor Services Department	0124-2571897	0124-2571897
E-mail ID	investors@powergridindia.com	
Public Spokesperson Shri V.M. Kaul, Director (Personnel)	0124-2571901-02	0124-2571903
E-mail ID	vmkaul@powergridindia.com	
Company Secretary Ms. Divya Tandon	0124-2571968	0124-2571969
E-mail ID	dtandon@powergridindia.com	

For and on behalf of the Board of Directors



(S. K. Chaturvedi)
Chairman & Managing Director

Place: New Delhi
Date: 11.08.2010

Non-Mandatory Requirements

1. **The Board:** The Company is headed by an executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, exceeding a period of nine years on the Board of POWERGRID.
2. **Remuneration Committee:** POWERGRID constituted Remuneration Committee for deciding the performance related pay in terms of the DPE directive. The performance related pay of POWERGRID employees and full time Directors has been decided by the Remuneration Committee during the Financial year 2009-10.
3. **Shareholder Rights:** The financial results for the half year ended 30th September, 2009 were published in Hindustan Times and Hindustan dated 29th October, 2009 and also put up on website. Separate half year report has, however, not been sent to each household of shareholders. Significant events have been disclosed on the Company's website: www.powergridindia.com.
4. **Audit qualifications:** The financial statement for the year 2009-10 has no audit qualifications.
5. **Training of Board Members:** A presentation on the following matters was given to the Directors:
 - ✓ A presentation on 'Sustainability Reporting in POWERGRID' was made to the Directors by CII – ITC Centre of Excellence for Sustainable Development.
 - ✓ A presentation was made on the issues and concerns pertaining to Long Term Open Access;
 - ✓ A presentation was made on the Telecom Business of POWERGRID.
 - ✓ A presentation was made on Benchmarking of Capital Cost, contemplated under the Tariff Policy 2006, notified by Gol and the provisions envisaged by the Regulator in the CERC Tariff Regulations 2009-14 were explained.
 - ✓ Presentations of general nature were given to the Directors time to time.
6. **Whistle Blower Policy:** The Company has separate Vigilance Department which deals with fraud or suspected fraud involving employees of the Company as well as representatives of suppliers, contractors, consultants, service provider or any other party doing any type of business with POWERGRID. All reports of fraud or suspected fraud are investigated with speed.

Certificate on Corporate Governance

To

The Members,

Power Grid Corporation of India Limited

We have examined the compliance of conditions of corporate governance by Power Grid Corporation of India Limited, for the year ended on 31st March, 2010 as stipulated in the Clause 49 of the Listing Agreement in respect of Equity Shares of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A.R. & Co.
Chartered Accountants
Firm Regn. No. 002744C

Sd/-
(Pawan K. Goel)
Partner
M.No. 072209

For S R I Associates
Chartered Accountants
Firm Regn. No. 305109E

Sd/-
(I. Pasha)
Partner
M.No. 013280

For Umamaheswara Rao & Co.
Chartered Accountants
Firm Regn. No. 004453S

Sd/-
(G. Sivaramakrishna Prasad)
Partner
M.No. 024860

Place : New Delhi
Date : 6th August, 2010

**REVENUE EXPENDITURE ON SOCIAL OVERHEADS
FOR THE YEAR ENDED 31st MARCH,2010**

(₹in crore)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Township		
a) Depreciation	14.00	8.65
b) Repair & Maintenance	8.88	8.61
c) Others	<u>7.13</u>	<u>6.15</u>
	30.01	23.41
Educational & School Facilities	19.15	9.07
Medical Facilities	41.22	39.76
Subsidised Transport	1.88	1.93
Social & Cultural Activities	10.72	10.71
Corporate Social Responsibility (CSR) activities	4.29 *	-
Subsidised Canteen	4.24	7.48
Total	<u>111.51</u>	<u>92.36</u>
Less: Recoveries	3.39	2.31
Net	<u>108.12</u>	<u>90.05</u>

* CSR Policy Started w.e.f 01.04.2009

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable Accounting Standards in India.

2. RESERVES AND SURPLUS

- 2.1 Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except valve halls of HVDC Bi-pole, HVDC equipments, SVC substations and series compensators) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.
- 2.2 LDC Development fund shall be created in respect of charges collected on account of return on equity, interest on loan, depreciation and other income of the Regional Load Despatch Centre and National Load Despatch Centre such as registration fee, application fee, short-term open access charges etc. The funds shall be utilized for loan repayment, servicing the capital raised in the form of interest and dividend payment, meeting stipulated equity portion in asset creation and margin money for raising loan from the financial institutions and funding R&D projects.
- 2.3 In accordance with the scheme of earmarking 0.75% of net profits of the preceding financial year towards Corporate Social Responsibility (CSR), unutilized money during an year shall be credited to CSR reserves. Any expenditure above 0.75% of the preceding year shall be adjusted against such reserve.

3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.
- 3.2 On capitalisation of related assets, grants received for specific depreciable assets are treated as deferred income and recognised in the profit and loss account over the useful period of life and in proportion to which depreciation on these assets is provided.

4. FIXED ASSETS

- 4.1 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.
- 4.2 In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be affected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.
- 4.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/ assessments.
- 4.4 Transmission system assets are considered 'Ready for intended use', for the purpose of capitalisation, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.
- 4.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.
- 4.6 Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.
- 4.7 Capital expenditure on assets not owned by the company is reflected as a distinct item in capital work-in-progress till completion and thereafter in Fixed Assets.
- 4.8 Insurance spares, other than mentioned in 4.10 below, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the residual useful life of the related plant & machinery.



4.9 Mandatory spares, other than mentioned in 4.10 below, in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalised and depreciation is charged in accordance with the relevant accounting standard.

4.10 Items of Insurance / Mandatory spares, covered under 4.8 & 4.9 above, are charged to revenue, if the year of purchase and consumption is same.

5. CAPITAL WORK IN PROGRESS (CWIP)

5.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till capitalisation.

5.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

5.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 5.2 above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of Specific asset or part of asset being capitalised. Balance, if any, left after such capitalisation is kept as a separate item under the CWIP Schedule .

5.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

5.5 Claims for price variation/ exchange rate variation in case of contracts are accounted for on acceptance/ receipt of claims.

6. CONSTRUCTION STORES

6.1 Construction stores are valued at cost.

7. BORROWING COST

7.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.

7.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

7.3 Foreign exchange rate variation (FERV) (Unfavorable) on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is treated as borrowing cost.

8. TRANSACTION IN FOREIGN CURRENCY

8.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates of exchange ruling on the date of the Balance Sheet.

8.2 FERV (except the amount considered as 'borrowing cost' under para 7.3 above) arising on transactions contracted prior to April 1, 2004 is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets. For the transactions contracted on or after April 1, 2004, the same is charged to profit & loss account irrespective of whether the project is under construction or operation.

8.3 FERV (excluding FERV during construction period for the transaction contracted on or after 1st April, 2004), accounted for as per policy no 7.3 & 8.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central electricity regulatory commission (CERC) norms w.e.f 1st April, 2004 or Date of Commercial Operation (DOCO) whichever is later.

The above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:

- a) FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognised as income/expense in profit and loss account in the same proportion in which FERV is apportioned between carrying cost of fixed assets and profit and loss account.

- b) FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'.
- c) FERV recoverable/payable adjusted in profit and loss referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'.
- d) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
- e) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding credit/debit to the debtors.

8.4 FERV upto the date of commercial operation in respect of transactions contracted on or after 1st April, 2004, is included in the capital cost for the purpose of tariff. Such FERV and transmission charges received thereon are accounted for as under:

- a) Such FERV is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'.
- b) Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c'.
- c) Balance 10% is adjusted against the transmission charges over the tenure of respective loan.

8.5 FERV in respect of current assets is taken to Profit & Loss a/c.

9. INVESTMENTS

9.1 Long term investments are carried at cost less provisions, if any, for permanent diminution in the value of such investments.

10. INVENTORIES

- 10.1. Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value.
- 10.2. Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
- 10.3. Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
- 10.4. Surplus materials as determined by the management are held for intended use and are included in the inventory.

11. DEFERRED REVENUE EXPENDITURE

Deferred revenue expenditure created up to March 31, 2003 (prior to the date AS-26 became mandatory) are amortized over a period of 5 years from the year of commercial operation/earning of revenue.

12. REVENUE RECOGNITION

12.1.1 Transmission Income is accounted for based on tariff orders notified by CERC. In case of transmission projects where tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. In such cases, the shortage/excess, if any, is adjusted based on issuance of final notification of tariff orders by CERC. Transmission income on account of additional capitalisation, if any, is accounted for on the basis of specific order by the CERC.

12.1.2. Income from short term open access is accounted for on the basis of regulations notified by CERC.

12.1.3. The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional power committees and in accordance with the norms notified / approved by CERC.

12.1.4. ADVANCE AGAINST DEPRECIATION

12.1.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.



- 12.1.4.2 The Outstanding deferred income in respect of AAD is recognised as transmission income, after 12 years from the end of the financial year in which the asset was commissioned, to the extent of difference between charge of depreciation and recovery of depreciation as tariff component.
- 12.1.5 Surcharge recoverable from debtors is not treated as accrued due to uncertainty of its realization and is, therefore, accounted for on receipt/certainty of receipt.
- 12.1.6 Liquidated damages / warranty claims and Interest on advances to suppliers are accounted for on certainty.
- 12.1.7 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 12.1.8 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 12.1.9 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:
 - a. 10% on issue of Notice Inviting Tender for execution
 - b. 5% on Award of Contracts for execution
 - c. Balance 85% on the basis of actual progress of work including supplies
- 12.2.1 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 12.2.2 Dividend income including interim dividend is recognised in the year of declaration.

13. LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 13.1 State sector unified load dispatch centre (ULDC) assets leased to the SEBs are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under Loans & Advances. Wherever grant in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.
- 13.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by CERC.
- 13.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenor of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

14. DEPRECIATION

- 14.1.1 Depreciation is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation is charged at the rates mentioned below:
 - a) Computers & Peripherals 30%
 - b) Mobile Phones 33.33%
 - c) Software 33.33%
- 14.1.2 ULDC assets other than assets identified to be transferred to Power System Operation Corporation Limited are depreciated @ 6.67% per annum as determined by CERC for levellized tariff.
- 14.1.3 Depreciation on assets identified to be transferred to Power System Operation Corporation Limited is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of RLDC Fee and Charges.
- 14.1.4 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- 14.1.5 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.

- 14.1.6 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC.
- 14.1.7 Capital expenditure on assets not owned by the company is amortized over a period of four years from the year in which the first line/sub-station of the project comes into commercial operation and, thereafter, from the year in which the relevant assets are completed and become available for use.
- 14.1.8 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing ₹ 5000/- or less, or where the written down value is ₹ 5000/- or less as at the beginning of the year, are charged off to revenue.
- 14.1.9 Assets costing upto ₹ 5,000/- are fully depreciated in the year of acquisition.
- 14.2.1 Leasehold land is depreciated over the tenure of the lease.
- 14.2.2 In the case of assets of National thermal power corporation limited (NTPC), National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.
- 14.2.3 Expenditure, except the cost of equipment capitalised, incurred for activating the last mile connectivity of telecom links are amortized over the period of agreement with the customer.

15. EXPENDITURE

- 15.1 Pre-paid/prior-period items up to ₹ 100000/- are accounted for to natural heads of account.
- 15.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.

16. IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in the profit & loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

17. EMPLOYEE BENEFITS

- 17.1 The liability for retirement benefits of employees in respect of Gratuity, which is ascertained annually on actuarial valuation at the year end, is provided and funded separately.
- 17.2 The liabilities for compensated absence (both for Earned & Half Pay Leave), leave encashment, post retirement medical benefits & Settlement Allowance to employees are ascertained annually on on actuarial valuation at the year end and provided for.

18. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognised for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognised but are disclosed in the schedule of contingent liability on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.



पावरसिंह

Balance Sheet As At 31st March, 2010

(₹ in crore)

	Schedule No.		As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS				
Shareholders' Fund				
Share Capital	01		4208.84	4208.84
Reserves and Surplus	02		<u>11733.06</u>	<u>10414.75</u>
			15941.90	14623.59
Deferred Revenue				
Advance Against Depreciation (AAD)	03		2213.63	2159.59
Grants in Aid	04		<u>198.82</u>	<u>225.35</u>
			2412.45	2384.94
Loan Funds				
Secured Loans	05A		31345.78	25288.25
Unsecured Loans	05B		<u>3071.01</u>	<u>3177.18</u>
			34416.79	28465.43
Deferred Tax liability(Net)			4686.53	4461.51
Less: Recoverable			<u>3983.02</u>	<u>3922.97</u>
			703.51	538.54
TOTAL			<u>53474.65</u>	<u>46012.50</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	06		43202.28	40319.33
Less: Depreciation			<u>11141.02</u>	<u>9190.89</u>
Net Block			32061.26	31128.44
Capital Work-in-Progress	07		10242.37	6533.43
Construction Stores and Advances	08		<u>10179.81</u>	<u>6752.57</u>
			52483.44	44414.44
Investments				
	09		1453.22	1592.83
Current Assets, Loans & Advances				
Inventories	10	344.90		297.57
Sundry Debtors	11	2214.86		1373.56
Cash and Bank Balances	12	3277.64		2428.88
Other Current Assets	13	487.52		1384.92
Loans and Advances	14	<u>3302.40</u>		<u>2827.99</u>
			9627.32	8312.92
Less: Current Liabilities & Provisions				
Current Liabilities	15	7634.60		6123.37
Provisions	16	<u>2458.29</u>		<u>2189.82</u>
			<u>10092.89</u>	<u>8313.19</u>
Net Current Assets			(465.57)	(0.27)
Miscellaneous Expenditure	17		3.56	5.50
(to the extent not written off or adjusted)				
TOTAL			<u>53474.65</u>	<u>46012.50</u>
Contingent Liabilities	18		6467.69	5674.54
Notes on accounts	28			

Schedules 1 to 28 and Accounting Policies form an integral part of Accounts

For and on behalf of the Board

(Mrinal Shrivastava)
Company Secretary(J.Sridharan)
Director(Finance)(S.K.Chaturvedi)
(Chairman & Managing Director)

As per our report of even date

For A. R.& Co.
Chartered Accountants
Firm Regn. No.002744CFor S R I Associates
Chartered Accountants
Firm Regn. No.305109EFor Umamaheswara Rao & Co
Chartered Accountants
Firm Regn. No.044535(Anil Gaur)
Partner
M.No.017546(I. Pasha)
Partner
M.No. 013280(G. Siva Rama Krishna Prasad)
Partner
M.No. 024860Place: New Delhi
Date: 25th May, 2010

Profit and Loss Account for the year ended 31st March, 2010

	Schedule No.		(₹ in crore)	
			For the year ended 31st March, 2010	For the year ended 31st March, 2009
INCOME				
Revenue from Operations	19		7127.45	5689.99
Provisions written back	20		0.21	0.04
Other Income	21		375.92	448.69
TOTAL			7503.58	6138.72
EXPENDITURE				
Employees' Remuneration & Benefits	22	726.70		643.88
Transmission, Administration and Other Expenses	23	507.43		411.61
Depreciation	06	1979.69		1093.97
Provisions	24	22.15		46.23
Interest and Finance Charges	25	1543.24		1642.27
Deferred Revenue Expenditure written Off		1.78		1.83
TOTAL			4780.99	3839.79
Profit for the year before tax and Prior period Adjustments			2722.59	2298.93
Less: Prior Period Expenditure/(Income) (Net)	26		96.27	70.36
Profit Before Tax			2626.32	2228.57
Less: Provision for Taxation - Current Year		430.34		318.25
- Earlier Years		(8.43)		160.35
			421.91	478.60
Fringe Benefit Tax - Current Year		-		14.62
- Earlier Years		(1.50)		(0.02)
			(1.50)	14.60
Profit after Current Tax			2205.91	1735.37
Less: Provision for Deferred Tax				
Total Deferred tax Liability		225.02		718.49
Less: Recoverable from beneficiaries for arrears of earlier years		60.05		673.73
			164.97	44.76
Profit after Tax			2040.94	1690.61
Add: Balance of Profit brought forward			46.92	33.97
Add: Bond Redemption Reserve Written Back			166.19	139.42
Add: Withdrawal from STOA Reserve			81.97	22.65
Total Amount Available for Appropriation			2336.02	1886.65
Appropriation				
Interim Dividend Paid			210.46	210.46
Corporate Dividend Tax Paid			35.77	35.77
Proposed Final Dividend			420.88	294.62
Provision for Corporate Dividend Tax			69.90	50.07
Transfer to Self Insurance Reserve			37.75	34.93
Transfer to Bonds Redemption Reserve			630.13	491.23
Transfer to STOA Reserve			81.97	22.65
Transfer to LDC Development Reserve			16.44	-
Transfer to CSR Activities Reserve			8.39	-
Transfer to General Reserve			800.00	700.00
Balance of Profit carried over to Balance Sheet			24.33	46.92
			2336.02	1886.65
Earning per Share-Basic & Diluted [In ₹ per share]			4.85	4.02
Face value of ₹ 10/- each				
Incidental Expenditure During Construction	27			
Notes on Accounts	28			
Schedules 1 to 28 and Accounting Policies form an integral part of Accounts				

For and on behalf of the Board

(Mrinal Shrivastava)
Company Secretary(J.Sridharan)
Director(Finance)(S.K.Chaturvedi)
(Chairman & Managing Director)

As per our report of even date

For A. R. & Co.
Chartered Accountants
Firm Regn. No.002744CFor S R I Associates
Chartered Accountants
Firm Regn. No.305109EFor Umamaheswara Rao & Co
Chartered Accountants
Firm Regn. No.044535(Anil Gaur)
Partner
M.No.017546(I. Pasha)
Partner
M.No. 013280(G. Siva Rama Krishna Prasad)
Partner
M.No. 024860Place: New Delhi
Date: 25th May, 2010



पावरग्रिड

Schedule 01 - Share Capital

(₹ in crore)

Description	As at 31st March, 2010	As at 31st March, 2009
AUTHORISED		
10,00,00,00,000 (Previous year 10,00,00,00,000) equity shares of ₹ 10/- each	<u>10000.00</u>	<u>10000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
4,20,88,41,230 (Previous Year 4,20,88,41,230) equity shares of ₹ 10/- each fully paid up.		
Of the above 1,81,25,29,500 (Previous Year 1,81,25,29,500) equity Shares have been allotted as fully paid up pursuant to Govt. of India notification without payment being received in cash.	<u>4208.84</u>	<u>4208.84</u>
TOTAL	<u>4208.84</u>	<u>4208.84</u>

Schedule 02 - Reserves and Surplus

(₹ in crore)

Description	As at 1st April, 2009	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2010
Share Premium	1583.14	-	-	1583.14
Self Insurance Reserve				
Through Appropriation of Profit	127.25	37.75	-	165.00
Through Charge to Profit & Loss account	68.75	-	0.34	68.41
STOA Reserve	-	81.97	81.97	-
LDC Development Fund	-	16.44	-	16.44
CSR Activities Reserve	-	8.39	-	8.39
Bonds Redemption Reserve	1579.14	630.13	166.19	2043.08
General Reserve	7009.55	814.72*	-	7824.27
	<u>10367.83</u>	<u>1589.40</u>	<u>248.50</u>	<u>11708.73</u>
Balance in Profit & Loss Account	46.92			24.33
TOTAL	<u>10414.75</u>			<u>11733.06</u>

* Transitional provision of ₹ 14.72 crore made in respect of LTC as per AS-15, now written back. (refer note no. 25)

Schedule 03 - Advance Against Depreciation (Deferred Revenue)

(₹ in crore)

Description	As at 1st April, 2009	Additions During the Year	Reversals/ Adjustments During the year	As at 31st March, 2010
Advance Against Depreciation	2159.59	62.97	8.93	2213.63
TOTAL	<u>2159.59</u>	<u>62.97</u>	<u>8.93</u>	<u>2213.63</u>
Previous Year	1697.07	464.66	2.14	2159.59

Schedule 04 - Grants in Aid (Deferred Revenue)

(₹ in crore)

Description	As at 1st April, 2009	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2010
Grants in aid	225.35		26.53	198.82
	<u>225.35</u>		<u>26.53</u>	<u>198.82</u>
Previous Year	246.80		21.45	225.35

Schedule 05A- Secured loans

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
LOANS THROUGH BONDS		
BONDS VI SERIES		
13% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1000/-each redeemable at par in 10(ten) equal annual installments w.e.f 6th December, 2002.	20.00	30.00
Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Gandhar Stage-I Transmission System.		
BONDS VIII SERIES		
10.35% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹1000/-each redeemable at par in 10(Ten) equal annual instalments w.e.f. 27th April, 2005.	10.00	12.00
Secured by floating charge over the Fixed Assets of the Corporation.		
BONDS IX SERIES		
12.25% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹ 1,00,000/- each redeemable at par in 10(Ten) equal annual instalments w.e.f. 22nd August, 2003.	172.95	230.60
Secured by way of Registered Bond Trust Deed on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and Sub-stations of parts of NJTL system.		
BONDS X SERIES		
10.90% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹ 12 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 21.06.2004.	380.76	444.22
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-I, Farakka & Chamera Transmission system.		
BONDS XI SERIES		
9.80% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹ 3 crore each consisting of 12 STRPPs of ₹ 25 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 07-12-2005.	316.75	362.00



पावरग्रिड

Schedule 05A- Secured loans (Contd...)

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta, Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahabad, LILO of Singrauli-Kanpur and Allahabad Sub-station.		
BONDS XII SERIES		
9.70% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹ 1.5 crore each consisting of 12 STRPPs of ₹ 12.50 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 28.03.2006.	107.62	123.00
Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System.		
BONDS XIII SERIES		
8.63% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of ₹ 1.5 crore each consisting of 12 STRPPs of ₹ 12.50 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 31.07.2006.	540.00	607.50
Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System.		
BONDS XIV SERIES		
6.10% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of ₹ 1.5 crore each consisting of 12 STRPP's of ₹ 12.50 Lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f. 17.07.2004.	349.50	407.75
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the Company.		
BONDS XV SERIES		
6.68% Taxable, Secured, Non-Cumulative, Non-convertible Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 Lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 23.02.2008.	675.00	750.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		

Schedule 05A- Secured loans (Contd...)

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
BONDS XVI SERIES		
7.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.00 crore each consisting of 10 STRPP's of ₹ 10.00 lakh each redeemable at par in 10 (Ten) equal annual installments w.e.f. 18.02.2009.	600.00	675.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XVII SERIES		
7.39% Taxable, Secured, Redeemable, Non-convertible, Non-cumulative Bonds of ₹ 1.00 Crore each consisting of 10 STRPP's of ₹ 10.00 lakh each redeemable at par in 10(ten) equal annual installments w.e.f 22.09.2009.	900.00	1000.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XVIII SERIES		
8.15% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 09.03.2010.	915.75	999.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XIX SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 24.07.2010.	495.00	495.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XX SERIES		
8.93% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.09.2010.	1500.00	1500.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		



Schedule 05A- Secured loans (Contd...)

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
BONDS XXI SERIES		
8.73% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12 (Twelve) equal annual installments w.e.f. 11.10.2010. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	510.00	510.00
BONDS XXII SERIES		
8.68% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f. 07.12.2010. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	690.00	690.00
BONDS XXIII SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f. 09.02.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	307.50	307.50
BONDS XXIV SERIES		
9.95% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f. 26.03.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	799.50	799.50
BONDS XXV SERIES		
10.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f. 12.06.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	1065.00	1065.00

Schedule 05A- Secured loans (Contd...)

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
BONDS XXVI SERIES		
9.30% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.03.2012. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	999.00	999.00
BONDS XXVII SERIES		
9.47% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 31.03.2012. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	705.00	705.00
BONDS XXVIII SERIES		
9.33% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 15.12.2012. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	2400.00	2400.00
BONDS XXIX SERIES		
9.20% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 12.03.2013. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	1297.50	*
* Included under Unsecured Loans in previous year due to non completion of legal formalities		
BONDS XXX SERIES		
8.80% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 29.09.2013.	2332.50	-



पावरग्रिड

Schedule 05A- Secured loans (Contd...)

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	2047.50	-
8.90% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 25.02.2014.		
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
BONDS XXXII SERIES		
8.84% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 29.03.2014.	1035.00	-
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
	<u>21171.83</u>	<u>15112.07</u>
Term Loans from Banks/ Financial Institutions		
Secured by a floating charge on the fixed assets of the Company		
Indian Overseas Bank	30.00	40.00
Corporation Bank	35.00	45.00
Punjab National Bank-Loan-I	60.00	80.00
Punjab National Bank-Loan-II	150.00	175.00
Oriental Bank of Commerce	125.00	145.84
Life Insurance Corporation of India-II	365.78	439.95
Life Insurance Corporation of India-III	<u>29.66</u>	<u>36.24</u>
	795.44	962.03
ICICI Bank Ltd.	45.00	60.00
Secured by first pari passu charge over the assets of the Company		
Bank of India, Cayman Islands	312.48	379.84
Secured by a Floating charge on the immovable properties of the company		
Loan from Asian Development Bank , Philippines (Guaranteed by Govt. of India)		
ADB-I	504.78	654.00
Secured by pari passu interest in the liens created on the assets as security for the debts.		

Schedule 05A- Secured loans (Contd...)

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
ADB-II	987.16	1168.13
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-III	1591.40	1406.11
Secured by pari passu interest in the liens created on the assets as security for the debts.		
	3083.34	3228.24
Loan from International Bank for Reconstruction and Development, USA (Guaranteed by Govt. of India)		
PSDP I	372.31	515.12
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyachal and Rihand Transmission system.		
PSDP-II	1696.96	2025.77
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-III	1759.58	1867.42
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-IV	2108.84	1137.76
Secured by pari passu interest in the liens created on the assets as security for the debts.		
	5937.69	5546.07
	10173.95	10176.18
Total Secured Loans	31345.78	25288.25
Due for repayment/redemption within one year	1593.19	1233.00



पावरग्रिड

Schedule 05B- Unsecured Loans

(₹ in Crore)

Description	As at 31st March, 2010	As at 31st March, 2009
BONDS XXIX SERIES		
9.20% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of ₹ 1.50 crore each consisting of 12 STRPP's of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 12.03.2013.	*	1297.50
To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
*Bonds XXIX series are included under Secured Loans in Current year		
		1297.50
Loans in Indian Currency		
Short Term Loans from Banks	1250.00	750.00
Term Loans		
Power Finance Corporation Limited	25.00	35.00
		785.00
Loans in Foreign Currency		
From Foreign Banks & Financial Institutions		
Loans Guaranteed by Govt of India		
a. Natixis Banque (Formerly Credit National), France	115.30	137.00
b. Japan International Cooperation Agency (Formerly Japan Bank for International Cooperation), Japan	151.73	172.59
c. European Investment Bank, Luxembourg	69.59	94.58
	336.62	404.17
To be secured (Pending creation of security by way of pari passu interest in the liens created on the assets as security for the debts)		
a) ADB-IV	115.38	-
b) ADB-V	11.78	-
c) PSDP-IV (Addl.)	747.00	-
d) PSDP-V	54.81	-
	928.97	-
Others		
Kreditanstalt fur Wiederaufbau, Germany	413.71	558.40
Skandinaviska Enskilda Banken AB(publ), Sweden	116.71	132.11
	530.42	690.51
	1796.01	1094.68
		1796.01
		1094.68
Total Unsecured Loans		3177.18
Due for repayment/redemption within one year		935.35
		1427.20

Schedule 06 - Fixed Assets

(₹ in Crore)

Description	Gross Block			Depreciation			Net Block			
	As at 1st April,2009	Additions during the year	Adjustments during the year	As at 31st March,2010	As at 1st April,2009	Additions during the year	Adjustments during the year	As at 31st March,2010	As at 31st March,2010	As at 31st March,2009
Land										
a) Freehold	367.12	62.16	(13.05)	442.33	-	-	-	-	442.33	367.12
b) Leasehold	71.15	23.08	-	94.23	4.86	1.10	-	5.96	88.27	66.29
Buildings										
a) Sub-Stations & Office	422.02	9.72	(0.44)	432.18	105.17	12.65	0.04	117.78	314.40	316.85
b) Township	331.10	25.11	(4.20)	360.41	49.39	10.51	(0.08)	59.98	300.43	281.71
Temporary Erection	7.77	0.14		7.91	6.05	1.04	-	7.09	0.82	1.72
Roads & Bridges	107.37	5.01	(0.35)	112.73	16.02	3.43	-	19.45	93.28	91.35
Water Supply Drainage & Sewerage	62.72	1.55	(1.08)	65.35	12.90	2.03	-	14.93	50.42	49.82
Plant & Machinery										
a) Transmission Lines	24454.58	2567.99	319.78	26702.79	4538.11	1222.32	22.25	5738.18	20964.61	19916.47
b) Substation	12266.38	591.09	148.83	12708.64	3809.92	561.62	5.56	4365.98	8342.66	8456.46
c) ULDC	744.40	1.57	27.01	718.96	229.36	86.16	(0.18)	315.70	403.26	515.04
d) Telecom links	906.18	56.48	44.38	918.28	244.92	56.00	0.59	300.33	617.95	661.26
Constrn.and Workshop equipment	60.00	15.22	(0.20)	75.42	12.83	4.11	0.15	16.79	58.63	47.17
Electrical Installation	64.90	3.69	1.85	66.74	23.10	2.79	0.16	25.73	41.01	41.80
Vehicles	4.10	0.93	0.32	4.71	2.20	0.27	0.28	2.19	2.52	1.90
Furniture Fixtures & Office equipment	113.62	14.74	5.49	122.87	44.76	6.73	2.47	49.02	73.85	68.86
EDP/WP Machines	57.21	7.44	1.65	63.00	43.78	4.87	1.62	47.03	15.97	13.43
Miscellaneous Assets/ Equipments	61.40	5.72	0.28	66.84	35.44	2.55	0.08	37.91	28.93	25.96
Capital Exp. on Assets not owned by the Company	13.94	1.92	(0.33)	16.19	10.87	1.70	(0.03)	12.60	3.59	3.07
Intangible Assets										
Afforestation Charges	209.10	23.90	1.10	231.90	6.00	6.00	-	12.00	219.90	203.10
Softwares	1.08	0.69	-	1.77	0.90	0.22	-	1.12	0.65	0.18
Grand Total	40326.14	3418.15	531.04	43213.25	9196.58	1986.10	32.91	11149.77	32063.48	31129.56
Less: Provisions for assets discarded				10.97				8.75	2.22	
				43202.28				11141.02	32061.26	
Previous Year	35423.95	4206.98	(695.21)	40326.14	8067.63	1118.42	(10.53)	9196.58	31129.56	
Less: Provisions for assets discarded				6.81				5.69	1.12	
				40319.33				9190.89	31128.44	
						31.03.2010	31.03.2009			
Depreciation (Addition during the year)						1986.10	1118.42			
Less: Transferred to Incidental Expenditure During Construction (Schedule 27-C)						4.94	6.90			
						1981.16	1111.52			
Add: Depreciation amortised due to FERV adjustment						(1.47)	(17.55)			
Charged to Profit & Loss Account						1979.69	1093.97			



पावरग्रिड

Schedule 07 - Capital Work In Progress

(₹ in Crore)

Description	Balance	Additions	Adjustments	Capitalised	Balance
	As at 01.04.2009	during the year	during the year	during the year	As at 31.03.2010
Land					
Development of land	26.56	8.51	0.27	0.58	34.22
Buildings					
a) Sub-Stations & Office	21.14	24.61	0.52	8.39	36.84
b) Township	51.62	29.99	3.66	23.94	54.01
Temporary erection	0.23	0.39	0.02	0.03	0.57
Roads & Bridges	7.93	5.16	-	4.72	8.37
Water Supply Drainage and Sewerage	6.10	2.03	0.63	1.08	6.42
Plant & Machinery (including associated civil works)					
a) Transmission Lines	4339.60	4603.22	(4.63)	2386.53	6560.92
b) Sub-Station	866.99	1804.03	6.87	514.85	2149.30
c) ULDC	5.22	0.51	-	-	5.73
d) Telecom links	59.53	69.98	6.16	51.06	72.29
Furniture, Fixtures & Other office equipment	1.74	5.82	0.04	0.79	6.73
Electrical installations	5.46	9.80	0.07	2.93	12.26
Survey, Investigation, Consultancy & Supervision Charges	52.66	9.09	4.07	5.32	52.36
Difference in Exchange on foreign Loans	(0.01)	(588.42)	(331.71)	(256.70)	(0.02)
Capital expenditure on assets not owned by Company	2.29	0.52	0.12	1.61	1.08
Incidental Expenditure during Construction	1047.79	787.45	643.32	-	1191.92
Intangible Assets					
Afforestation Charges	41.28	34.58	0.14	23.65	52.07
TOTAL	6536.13	6807.27	329.55	2768.78	10245.07
Less: Provisions for assets discarded					2.70
					10242.37
Previous Year	5305.41	6279.70	926.81	4122.17	6536.13
Less: Provisions for assets discarded					2.70
					6533.43

Schedule 08 - Construction Stores and Advances

(₹ in crore)

Description	As at 31st	
	March, 2010	March, 2009
Construction Stores {Including Material in transit/pending issue to contractors and with contractors of ₹ 7405.42 crore (Previous Year ₹ 4682.00 crore)}		
Towers	2267.63	1114.15
Conductors	3001.93	1693.58
Other Line Materials	743.04	522.30
Sub-Station Equipments	1093.12	1013.08
HVDC Equipments	264.89	307.29
ULDC Materials	0.89	4.75
Telecom Materials	2.76	2.83
Steel	0.56	0.71
Others	58.63	35.51
	7433.45	4694.20
Less: Provision for Shortages and obsolete material	0.01	0.01
	7433.44	4694.19
Advances for Capital Expenditure		
Secured		
Considered Good	1.43	1.84
Unsecured		
Considered Good		
a. Against Bank guarantees	2543.42	1860.45
b. Others	201.52	196.09
Considered Doubtful	1.91	1.91
	2746.85	2058.45
Less: Provision for Bad & Doubtful Advances	1.91	1.91
	2744.94	2056.54
		2746.37
TOTAL	10179.81	6752.57

Schedule 09 - Investments

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
LONG TERM		
A.TRADE INVESTMENTS		
I. Govt.Securities (Unquoted):-		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :		
Andhra Pradesh	108.31	126.36
Arunachal Pradesh	3.13	3.65
Assam	100.68	117.46
Bihar	97.28	113.50
Gujarat	42.03	49.03
Haryana	48.30	56.35
Himachal Pradesh	1.70	1.98
Jammu & Kashmir	97.18	113.38
Kerala	14.47	16.88
Madhya Pradesh	62.44	72.84
Maharashtra	8.08	9.43
Manipur	19.02	22.19
Meghalaya	0.26	0.30
Mizoram	0.01	0.01
Nagaland	8.36	9.75
Punjab	28.16	32.86
Rajasthan	6.54	8.72
Sikkim	6.76	7.89
Tripura	0.55	0.64
Uttar Pradesh	276.88	323.02
Uttaranchal	30.76	35.89
West Bengal	48.29	56.34
Jharkhand	<u>66.91</u>	<u>78.06</u>
	1076.10	1256.53
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017, Interest payable semi-annually, redeemable w.e.f 30.11.2007.	17.31	20.77
15 years 8.5% J&K Govt. Bonds 2018, Interest payable semi-annually, redeemable w.e.f 31.03.2008.	<u>21.50</u>	<u>24.19</u>
	38.81	44.96
II. Equity Shares-Fully Paid up :-		
Quoted		
PTC India Ltd		
120,00,006(Previous year 120,00,006) Shares of ₹ 10/- each fully paid up.		
{Market Value ₹ 134.46 crore @ 112.05 (NSE) per share (Previous year ₹ 83.94 Crore @ 69.95 (NSE) per share)}	12.00	12.00



पावरग्रिड

Schedule 09 - Investments (Contd...)

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
Unquoted		
Subsidiary Company		
Byrnihat Transmission Co. Ltd.		
50,000(Previous year 50,000) Equity shares of ₹ 10/- each fully paid up.	0.05	0.05
Less: Provision for diminution	<u>0.01</u>	0.04
Powe System Operation Corporation Ltd.		
50,000(Previous year NIL) Equity shares of ₹ 10 each fully paid up	0.05	-
Joint Venture Companies		
Torrent Power Grid Ltd.		
234,00,000 (Previous year 156,00,000) Equity Shares of ₹ 10/- each fully paid up.	23.40	15.60
Powergrid IL &FS Transmission Pvt. Ltd		
25,000(Previous year 25,000) Equity shares of ₹ 10/- each fully paid up.	0.03	0.03
Less: Provision for diminution	<u>0.03</u>	
Jaypee Powergrid Ltd.		
4,55,00,000 (Previous year 3,25,00,000)Equity Shares of ₹ 10/- each fully paid up.	45.50	32.50
Parbati Koldam Transmission Company Ltd.		
33,93,000 (Previous year 18,33,000) Equity shares of ₹ 10/- each fully paid up.	3.39	1.83
Teestavalley Power Transmission Limited		
13,000 (Previous Year 13,000) Equity shares of ₹ 10/- each fully paid up.	0.01	0.01
Powerlinks Transmission Ltd		
22,93,20,000 (Previous year 22,93,20,000) Equity shares of ₹ 10/- each fully paid up	229.32	229.32
North East Transmission Company Ltd.		
23,10,10,000 (Previous year NIL) Equity shares of ₹ 10/- each fully paid up	23.10	-
Energy Efficiency Services Ltd		
6,25,000 (Previous year NIL) Equity shares of ₹ 10/- each fully paid up	0.62	-
National High Power Test Laboratory Ltd.		
8,75,000 (Previous year NIL) Equity shares of ₹ 10/- each fully paid up	<u>0.88</u>	-
	<u>326.31</u>	<u>279.34</u>
TOTAL (A)	<u>338.31</u>	<u>291.34</u>
B. Non-trade investments (Unquoted)		
500 Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Itarsi (₹5000/-)		
500 Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Nagpur (₹5000/-)		
500 Fully paid up shares of ₹ 10/- each in Employees Co-op Society Limited Jabalpur (₹ 5000/-)		
TOTAL (B)		
GRAND TOTAL (A+B)	<u>1453.22</u>	<u>1592.83</u>

Note : 22,93,19,997 shares (Previous year 22,93,19,997) of Powerlinks Transmission Ltd. held by the Company have been pledged as continuous security with consortium of financial institutions against financial assistance obtained by Powerlinks Transmission Ltd.

Schedule 10 - Inventories

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
(Valuation as per Accounting policy No.10)		
Components, Spares & other spare parts		
i) Transmission Inventory		
Towers	88.42	84.96
Conductors	22.52	19.87
Other Line Materials	54.40	53.17
ii) Sub-Station Equipments/Spares	79.73	75.31
iii) HVDC Equipments/spares	40.70	27.33
iv) ULDC Spares	2.90	2.88
v) Telecom Spares	11.02	14.47
vi) Other Stores	43.55	17.92
Consumable stores	1.00	1.04
Loose tools	0.82	0.79
	<u>345.06</u>	<u>297.74</u>
Less Provision for Shortages	0.16	0.17
TOTAL	<u>344.90</u>	<u>297.57</u>

Schedule 11 - Sundry Debtors

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
Debts Outstanding for a period exceeding Six Months		
Considered Good	481.76	220.37
Considered Doubtful	113.89*	113.20*
	<u>595.65</u>	<u>333.57</u>
Other Debts		
Considered Good	<u>1733.10</u>	<u>1153.19</u>
	<u>2328.75</u>	<u>1486.76</u>
Less: Provision for bad & doubtful debts	<u>113.89*</u>	<u>113.20*</u>
TOTAL	<u>2214.86</u>	<u>1373.56</u>

(The debtors are unsecured except to the extent of ₹ 502.63 crore (Previous year ₹ 371.83 crore) for which Letters of Credit are held by the Company from SEBs as on 31st March, 2010)

* includes provision of ₹ 57.79 crore in respect of amount receivable from DESU.

Schedule 12 - Cash and Bank Balances

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
Cash, Stamps and Imprest	0.09	0.10
Drafts/Cheques in Hand	25.58	51.99
Remittance in transit	9.35	0.97
Balances with scheduled banks-		
-In Current Accounts/Flexi deposit Account	3242.62*	2125.82*
{Including ₹2929.66 crore (Previous year ₹ 1619.82 crore) lying in designated accounts meant for specific disbursement}		
-In Term Deposits	-	250.00
TOTAL	<u>3277.64</u>	<u>2428.88</u>

*Includes ₹ 2.96 crore (Previous year ₹ 2.69 crore) on account of unclaimed Dividend



पावरग्रिड

Schedule 13 - Other Current Assets

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
Interest accrued on:		
Investments (Bonds)	51.39	60.13
Term/Fixed deposits	<u>21.81</u>	<u>5.44</u>
	73.20	65.57
Deferred Income/Expenditure from Foreign Currency Fluctuation (Net)	56.37	-
Deferred Foreign Currency Fluctuation Asset/Liability(Net)	346.80	1314.96
Others	<u>20.77</u>	<u>4.39</u>
	497.14	1384.92
Less: Provisions for Doubtful FERV recoverable	9.62	-
TOTAL	<u>487.52</u>	<u>1384.92</u>

Schedule 14 - Loans and Advances

Description	(₹ in Crore)	
	As at 31st March, 2010	As at 31st March, 2009
a) Loans to		
-Employees [Including interest on employee loan of ₹ 60.31 crore (Previous year ₹61.36 crore)]	126.06	129.03
-Long Term Advances(Under securitisation scheme)	107.98	115.69
-Others	<u>0.14</u>	<u>0.02</u>
	234.18	244.74
b) Lease Receivables(State sector ULDC)	655.07	766.52
c) Advances		
Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers	5.99	9.85
(Including Material issued on loan)		
Employees	131.79	158.18
Claims recoverable	12.57	39.27
Others	<u>1135.06</u>	<u>659.37</u>
	1285.41	866.67
Less: Provision for bad and doubtful Advances and Claims	<u>10.72</u>	<u>8.90</u>
	1274.69	857.77
Balance with Customs, Port Trust and other authorities	37.24	29.64
Advance Tax & TDS	<u>1101.22</u>	<u>929.32</u>
	2413.15	1816.73
TOTAL	<u>3302.40</u>	<u>2827.99</u>
Particulars of Loans and Advances		
Secured	60.61	62.37
Unsecured Considered Good	3241.79	2765.62
Considered doubtful	<u>10.72</u>	<u>8.90</u>
	3313.12	2836.89
Less: Provision for Bad & Doubtful Claims	10.72	8.90
TOTAL	<u>3302.40</u>	<u>2827.99</u>
Due from Directors & Officers of the company		
Directors	0.09	0.06
Officers	24.47	14.48
Directors Maximum Amount	0.15	0.07
Officers Maximum Amount	29.50	18.64

Schedule 15 - Current Liabilities

Description	(₹ in crore)	
	As at 31st March, 2010	As at 31st March, 2009
Sundry Creditors		
For capital expenditure	888.12	879.30
Other goods and services	<u>172.50</u>	<u>193.58</u>
	1060.62	1072.88
Advance from Customers	1886.80	1309.84
Deposits Retention money from contractors and others.	1357.02	1082.31
Less: Investments held as security	<u>0.48</u>	<u>0.30</u>
	3243.34	2391.85
Investor Education and Protection Fund		
Un-paid (Un-claimed) matured bonds*	0.06	0.05
Unclaimed Dividend *	2.96	2.69
Other Liabilities	2690.55	1695.66
Interest Accrued But Not Due On Loans From		
Indian Banks, Financial Institutions & Corporations	25.92	31.44
Foreign Banks & Financial Institutions	31.29	67.74
Secured/Unsecured redeemable Bonds	<u>579.86</u>	<u>478.02</u>
	637.07	577.20
Deferred Income/Expenditure from Foreign Currency Fluctuation	-	383.04
TOTAL	<u>7634.60</u>	<u>6123.37</u>

* No amount is due for payment to Investor Education and Protection Fund

Schedule 16 -Provisions

Description	(₹ in crore)	
	As at 31st March, 2010	As at 31st March, 2009
Taxation (Including interest on Tax & FBT)		
As per last balance sheet	1025.32	498.58
Additions during the year	433.66	526.74
Amount adjusted during the year	310.94	-
	<u>1148.04</u>	<u>1025.32</u>
Employee Benefits		
As per last balance sheet	308.39	263.77
Additions during the year	40.15	78.39
Amounts utilised/paid during the period/year	36.97	33.77
	<u>311.57</u>	<u>308.39</u>
Transmission incentive,special incentive & PRP		
As per last balance sheet	81.30	25.15
Addition during the year	78.08	85.77
Amount paid/adjusted during the year	10.69	29.62
	<u>148.69</u>	<u>81.30</u>
Provision for Wage revision		
As per last balance sheet	422.53	220.40
Additions during the year	169.81	202.13
Amounts utilised/paid during the year	249.41	-
	<u>342.93</u>	<u>422.53</u>



पावरग्रिड

Schedule 16 -Provisions (Contd....)

(₹ in crore)

Description	As at 31st March, 2010	As at 31st March, 2009
Proposed Final Dividend		
As per last balance sheet	294.62	294.62
Additions during the year	420.88	294.62
Amounts paid during the year	294.62	294.62
	<u>420.88</u>	<u>294.62</u>
Guarantee Fee to GOI		
As per last balance sheet	7.59	-
Additions during the year	8.69	7.59
	<u>16.28</u>	<u>7.59</u>
Dividend Tax		
As per last balance sheet	50.07	50.07
Additions during the year	69.90	50.07
Amounts paid during the year	50.07	50.07
	<u>69.90</u>	<u>50.07</u>
TOTAL	<u>2458.29</u>	<u>2189.82</u>

Schedule 17 - Miscellaneous Expenditure (To the extent not written off or adjusted)

(₹ in crore)

Description	As at 1st April, 2009	Additions/ Adjustments during the year	Deductions during the year	As at 31st March, 2010
Deferred Revenue Expenditure	5.50	(0.16)	1.78	3.56
TOTAL	<u>5.50</u>	<u>(0.16)</u>	<u>1.78</u>	<u>3.56</u>
Previous Year	7.19	0.14	1.83	5.50

Schedule 18 - Contingent Liabilities

(₹ in crore)

Description	As at 31st March, 2010	As at 31st March, 2009
Claims against the Company not acknowledged as debt in respect of		
Arbitration / Court Cases	1828.09	1930.27
Land / Crop / Tree Compensation cases	503.42	480.89
Service Tax	1099.62	925.05
Others	167.69	125.66
Disputed Tax Demands-Income Tax	4.36	12.22
Disputed Tax Demands-Service Tax	66.48	-
Disputed Tax Demands-Others	123.84	160.47
Continuity Bonds with Custom Authorities	969.92	809.42
Others-Service Tax	1656.93	1115.95
Others	47.34	114.61
TOTAL	<u>6467.69</u>	<u>5674.54</u>

Schedule 19 - Revenue from Operations

Description	(₹ in crore)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Revenue from Transmission Charges (Refer Note No.17 of Schedule 28)	6630.42	5745.64
Less: Advance Against Depreciation	62.97	464.66
	<u>6567.45</u>	<u>5280.98</u>
Add: Revenue Recognised out of AAD	8.93	1.86
	<u>6576.38</u>	<u>5282.84</u>
	6576.38	5282.84
Income from Short Term Open Access	124.18	41.42
Consultancy, Project Management and Supervision Fees	269.17	215.90
Revenue from Telecom	166.18	153.04
Less: Inter Divisional Transfer (Telecom)	8.46	3.21
	<u>157.72</u>	<u>149.83</u>
TOTAL	<u>7127.45</u>	<u>5689.99</u>

Schedule 20 - Provisions written Back

Description	(₹ in crore)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Others	<u>0.21</u>	<u>0.04</u>
	0.21	0.04

Schedule 21 - Other Income

Description	(₹ in crore)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Dividend on Trade Investments	24.37	19.54
Interest From		
Govt. Securities		
8.5% Tax Free Bonds	102.97	118.31
Taxable Bonds	3.93	3.86
Loan to State Govt. in settlement of dues from Customers	9.51	10.82
Indian Banks [TDS ₹12.46 crore (Previous year ₹ 30.15 crore)]	64.66	138.27
Interest From advances to Contractors	90.68	21.54
Others	<u>23.85</u>	<u>16.88</u>
	295.60	309.68
Profit on sale of fixed assets	1.13	0.08
Deferred Income (Transferred from Grants-in-aid)	26.53	18.42
Short Term Open Access-Other Charges	25.19	20.19
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	0.34	0.04
Lease Income-State Sector ULDC	56.45	75.85
Surcharge	7.95	1.00
Hire charges for equipments	0.39	0.30
FERV gain	475.99	
Less: Payable to beneficiaries	<u>471.30</u>	
Miscellaneous income	54.11	57.48
	496.75	502.58
Less: Income transferred to incidental expenditure during construction-Schedule 27(E)	120.83	53.89
TOTAL	<u>375.92</u>	<u>448.69</u>



पावरग्रिड

Schedule 22 - Employees' Remuneration & Benefits

(₹ in crore)

Description	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Salaries, wages, allowances & benefits	783.23	715.39
Contribution to provident and other funds	81.14	53.09
Welfare expenses	94.89	131.38
	959.26	899.86
Less: Transferred to Incidental Expenditure during Construction-Schedule 27(A)	232.56	251.79
	726.70	648.07
Less: Recoverable from MOP on account of APDRP	-	4.19
TOTAL	726.70	643.88

Schedule 23 - Transmission, Administration and Other Expenses

(₹ in crore)

Description	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Repair & Maintenance		
Buildings	20.05	20.02
Plant & Machinery		
Sub Station	94.60	83.87
Transmission lines	36.47	18.96
Construction equipment	0.02	-
Others	29.44	25.74
	160.53	128.57
Power charges	65.18	56.75
Less: Recovery from contractors	0.80	1.59
	64.38	55.16
Expenses of Diesel Generating sets	2.84	3.21
Stores & spares consumed	0.03	0.02
Water charges	1.05	0.73
Right of Way charges(Telecom)	4.18	4.21
	253.06	211.92
Training & Recruitment expenses	18.40	11.18
Less: Fees for training and application	0.88	0.53
	17.52	10.65
Legal expenses	4.83	6.01
Professional charges	11.55	5.18
Consultancy expenses	0.68	0.85
Communication expenses	11.36	10.62
Travelling & Conveyance Expenses	63.14	56.00
Foreign travel	6.11	5.90
	69.25	61.90
Tender expenses	8.44	6.19
Less: Sale of tenders	2.01	1.83
	6.43	4.36
Remuneration to auditors (Including service Tax)		
Audit Fees	0.24	0.38*
Tax Audit Fees	0.07	0.12*
Quarterly review Fees as per SEBI	0.18	0.26*
Annual review fees as per DOT	0.07*	0.02
In Other Capacity	0.21	0.20
Lodging, boarding & travelling expenses	0.68	0.61
Reimbursement of service Tax	0.08	0.11
	1.53	1.70

* Including arrears of ealier year

Schedule 23 - Transmission, Administration and Other Expenses (Contd...)

(₹ in crore)

Description	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Advertisement and publicity	9.83	7.70
Printing and stationery	6.37	5.87
Books, Periodicals and Journals	1.76	3.69
EDP hire and other charges	2.30	2.99
Entertainment expenses	1.56	1.42
Brokerage & Commission	0.18	0.45
Donations	-	7.10
Research & Development expenses	0.02	0.50
Cost Audit Fees	0.19	0.05
Rent	6.04	5.40
Miscellaneous expenses	16.43	17.64
Horticulture Expenses	4.19	3.71
Security Expenses	48.38	39.69
Hiring of Vehicle	40.58	35.02
Insurance	11.00	11.98
Rates and taxes	20.24	18.57
Bandwidth charges, Dark fibre lease charges (Telecom) etc	8.01	9.62
Expenditure on Corporate Social Responsibility	4.29	-
Non operating expenses	0.26	0.25
Transit Accomodation Expenses	3.30	2.88
Less : Recovery for usage	<u>0.49</u>	<u>0.47</u>
	2.81	2.41
	<u>307.59</u>	<u>275.33</u>
	<u>560.65</u>	<u>487.25</u>
Less: Transferred to Incidental Expenditure during Construction-Schedule 27(B)	<u>58.18</u>	<u>78.87</u>
	<u>502.47</u>	<u>408.38</u>
Less: Recoverable from MOP on account of APDRP	-	<u>0.67</u>
	<u>502.47</u>	<u>407.71</u>
Loss on Disposal/Write off of Fixed Assets	<u>4.96</u>	3.90
TOTAL	<u>507.43</u>	<u>411.61</u>
Stores & spares consumption included in repair and maintenance	44.74	27.94

Schedule 24 - Provisions

(₹ in crore)

Description	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Doubtful FERV recoverable	9.62	35.94
GOI Guarantee Fee	8.69	7.59
Others	3.84	2.70
TOTAL	<u>22.15</u>	<u>46.23</u>



पावरग्रिड

Schedule 25- Interest and Finance Charges

(₹ in crore)

Description		For the year ended 31st March, 2010	For the year ended 31st March, 2009
Interest on Loan from			
Indian Banks, Financial Institutions & Corporations	153.56		210.59
Foreign Banks and Financial Institutions	189.53		324.09
Secured/Unsecured redeemable Bonds	1560.75		1213.64
Interest on Land/tree Compensation	3.25		27.30
Interest u/s 234B & C	3.32		33.54
Others	23.41		3.18
		1933.82	1812.34
Add: FERV as adjustment to borrowing cost	3.22		595.33
FERV above domestic borrowing cost	-		538.48
	3.22		1133.81
Less: FERV Recoverable as transmission charges	-		889.82
	3.22		243.99
Less: Transferred to Incidental Expenditure during Construction-FERV	1.05		190.47
		2.17	53.52
			1865.86
Finance Charges			
Rebate to Customers		77.68	86.31
Commitment charges		6.92	8.08
Foreign Exchange Rate Variation		-	1.69
Guarantee fee		109.76	106.28
Other finance charges		21.70	15.11
		216.06	217.47
		2152.05	2083.33
Less: Transferred to Incidental Expenditure during Construction-Schedule 27 (D)		608.81	441.06
TOTAL		1543.24	1642.27

Schedule 26 - Prior Period Expenditure/(Income) (Net)

(₹ in crore)

Description		For the year ended 31st March, 2010	For the year ended 31st March, 2009
Income			
Revenue Recognised out of AAD		-	0.28
Deferred Income on A/c of Grand in Aid		-	3.03
Transmission charges		-	8.20
Revenue from Telecom		0.27	-
Depreciation written back		1.10	0.56
FERV gain		0.93	-
Others		4.20	10.15
		6.50	22.22
Expenditure			
Power charges		0.17	0.66
Rates and taxes		0.46	0.24
Depreciation		0.14	22.52
Depreciation amortised due to FERV		-	0.91
Transmission charges written back		-	11.17
Telecom Revenue written back		0.05	0.38
FERV recoverable/payable as adjustment to Transmission income (Net)		-	51.02
Others		104.69	6.20
		105.51	93.10
Prior period expenditure/(income)(Net)		99.01	70.88
Less: Transferred to Incidental Expenditure during Construction - Schedule 27		2.74	0.52
TOTAL		96.27	70.36

Schedule 27 Incidental Expenditure During Construction

Description	(₹ in crore)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A.Employees Remuneration & Benefits		
Salaries, wages, allowances and benefits	195.03	199.62
Contribution to provident and other funds	18.10	14.02
Welfare expenses	19.43	38.15
Total(A)	232.56	251.79
B.Other Expenses		
Repairs and Maintenance		
Buildings	3.08	4.31
Others	1.17	2.33
	4.25	6.64
Power charges	3.83	5.78
Less: Recovered from contractors	0.44	1.14
	3.39	4.64
Expenses of Diesel Generating sets	0.31	0.81
Water charges	0.20	0.22
Training & recruitment Expenses	-	6.01
Legal expenses	0.42	1.50
Professional charges	1.22	2.42
Consultancy expenses	0.19	0.15
Communication expenses	2.97	2.68
Travelling & Conv.exp. (Including Foreign Travel)	19.91	21.06
Tender expenses	4.48	3.72
Less: Income from sale of tenders	1.91	1.75
	2.57	1.97
Payment to Auditors	0.44	1.01
Advertisement and Publicity	1.37	1.56
Printing and stationery	0.35	2.80
EDP hire and other charges	0.06	1.06
Entertainment expenses	0.10	0.59
Brokerage and commission	0.02	0.04
Rent	1.70	1.83
Miscellaneous expenses	3.19	6.11
Horticulture Expenses	0.27	0.41
Security Expenses	4.30	4.92
Hiring of Vehicles	10.44	9.03
Insurance	0.10	0.31
Rates and taxes	0.15	0.19
Bandwidth,Dark fibre, lease charges etc	0.02	0.06
Transit Accomodation Expenses	0.26	0.86
Less : Recovery for usage	0.02	0.02
	0.24	0.84
Non Operation Expenses	-	0.01
	58.18	78.87
Total(B)	58.18	78.87
Prior Period adjustment (net)	2.74	0.52
Total(B1) (including prior period)	60.92	79.39

**Schedule 27 Incidental Expenditure During Construction (Contd...)**

Description	(₹ in crore)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
C. Depreciation	4.94	6.90
D. Interest and Finance Charges		
Interest on Loans from		
Indian Banks, Financial Institutions and Corporations		8.82
Foreign Banks and Financial Institutions	43.97	89.59
Secured/Unsecured Redeemable Bonds	498.40	282.20
Add/Less: ERV as adjustment to borrowing cost	<u>1.05</u>	<u>190.47</u>
	543.42	571.08
Finance Charges		
Commitment charges	5.73	7.80
Guarantee fee	43.88	45.38
Other Finance Charges	<u>16.83</u>	<u>7.27</u>
	66.44	60.45
Total (D)	609.86	631.53
E. Less: Other Income		
Interest from		
Indian banks	25.08	28.43
Others	<u>90.55</u>	<u>22.30</u>
Sub-Total	115.63	50.73
Miscellaneous income	5.01	3.16
Hire charges	0.19	-
Total (E)	120.83	53.89
GRAND TOTAL (A+B1+C+D-E)	787.45	915.72

SCHEDULE 28 : NOTES ON ACCOUNTS

- 1 a) The company owns 4703 hectare (Previous Year 4138 hectare) of land valuing ₹ 536.56 crore (Previous Year ₹ 438.27 crore) which has been classified into freehold and leasehold based on available documentation.
- b) The company's land in the State of Jammu & Kashmir amounting to ₹ 19.89 crore (Previous Year ₹ 18.78 crore) and in certain other cases (value not ascertainable), the conveyancing of title to the freehold land and execution/ registration of lease agreements in favour of the company is pending for completion of legal formalities.
- c) Freehold land includes ₹ 33.71 crore (previous year ₹ 31.91 crore) in respect of land acquired for residential complex at Gurgaon for which conveyance deed in favour of the Company is yet to be executed.
- d) Leasehold land includes ₹ 7.64 crore (previous year ₹ 7.64 crore) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence no depreciation is charged.

2 Township buildings includes ₹ 7.27 crore (previous year ₹ 7.27 crore) for 28 flats at Mumbai, for which registration in favour of the company is pending.

3 Plant and machinery under substation in fixed assets (Schedule No 6) includes company's share of ₹ 3.80 crore (previous year ₹ 3.80 crore) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board and Rajasthan state electricity board pending execution of formal agreements for joint ownership.

4 Cash equivalent of deemed export benefits availed of ₹ 209.99 crore in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP. Thereafter, World Bank had financed both the ESI project and STP as originally envisaged and they became eligible for deemed export benefits. Consequently, the company lodged claims with the Customs and Excise Authorities.

During the year, company recovered deemed export benefits to the extent of ₹ 1.49 crore (Previous year ₹ 4.39 crore) and de-capitalised in respective assets. The cumulative amount received and de-capitalised upto 31st March 2010 is ₹ 11.34 crore (Previous year ₹ 9.85 crore). The company continued to show the balance of ₹ 198.65 crore as at 31st March 2010 (Previous year ₹ 200.14 crore) in capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.

5 Pending reconciliation, materials amounting to ₹ 106.33 crore (previous year ₹ 47.81 crore) is included under construction stores – schedule 8 as construction stores with contractors in commissioned lines.

6 The transmission systems situated in Jammu and Kashmir have been taken over by the Company w.e.f. 1st April, 1993 from National Hydroelectric Power Corporation Ltd. (NHPC) upon mutually agreed terms, pending completion of legal formalities.

7 Hon'ble High Court of Karnataka has declared the Karnataka Special Tax on Entry of Certain Goods Act, 2004 as illegal and directed the concerned authority to refund the amount of Entry Tax collected since inception of the Act. The government of Karnataka has filed a writ petition before divisional bench of Hon'ble Karnataka High Court which is yet to come up for hearing. The Company capitalised ₹ 13.62 crore paid towards entry tax. The same will be decapitalised upon final resolution of the issue.

8 During the year 400kV Kudankulam-Tirunelveli D/C (Quad) Lines I & II have become ready for intended use of evacuation of power from the Kudankulam Atomic Power Project of Nuclear Power Corporation of India Ltd (NPC) from 01.04.2009. Accordingly these Transmission Lines were capitalised w.e.f 01.04.2009 in accordance with the Accounting Policy No. 4.4 of the Company. The generating unit of NPC is not yet commissioned. The Company has an agreement dated 13th December 2004 with NPC for indemnification of the expenditure towards interest during construction (IDC) including FERV and Govt Guarantee fees for the delay in commissioning of the generating unit for a period upto one year from the date of capitalisation.

However, the tariff regulations 2009 for the block period 2009-14 provides for approving the Date of Commercial Operation (DOCO) by CERC prior to the transmission line coming into regular service for evacuation of power in respect of which petition has been filed by the Company. Pending approval of DOCO of the transmission lines by CERC and settlement of indemnification amount with NPC, no revenue has been recognised during the year.



NOTES ON ACCOUNTS (Contd....)

9. Service Tax is leviable on services notified under section 65 of the Finance Act, 1994. "Transmission of Power" is not a specified service in the said list. However, The Service Tax Authorities are interpreting 'Transmission of Power' as taxable service under the head "Business Support Service" w.e.f 1st May 2006 given in the list of taxable services. Accordingly, the company has received Order-in-Original from Central Excise Department at Shillong (₹ 66 crore) & appealed before CESTAT, Kolkata. A Show Cause Notices from Service Tax / Central Excise Department at New Delhi (₹ 413 crore & ₹ 241 crore) Nagpur (₹ 237 crore) and Patna (₹ 209 crore) along with interest and penalties leviable thereon. All the cases were transferred before Commissioner Service Tax, New Delhi vide CBEC Order No. 2/2010 dated 22.01.2010. In addition, the Service Tax Authorities are gathering information from other regional offices of the company. The company has obtained legal opinion in the matter and necessary reply and appeal have been filed with the concerned authorities.

Based on the legal opinion and the fact that transmission of power is not covered in the list of taxable services under section 65 of the Finance Act, the company has not provided for the liability on account of Service Tax on transmission charges.

CBEC vide Notification No. 11/2010 dated 27.02.2010 has exempted Transmission of Power from the Service Tax net. As the notification is silent about the past period, the matter has been referred by Ministry of Power to Ministry of Finance. The same is still pending with Ministry of Finance.

The estimated amount of Service Tax liability of ₹ 2,820.68 crore (including interest of ₹ 537.71 crore) for the period from 1st May, 2006 to February 2010 (Previous year ₹ 2041 Crore including interest of ₹ 308 crore) is shown as contingent liability for the company as a whole.

Moreover, petition has been filed with the Central Electricity Regulatory Commission (CERC) for reimbursement of service tax, if levied by revenue authorities, since service tax is an Indirect Tax and is a pass through item in transmission tariff.

10. a) Balances in Loans and Advances, material with contractors, Sundry Creditors, Advances from customers and Sundry Debtors are subject to confirmation and consequential adjustments, if any.
- b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
11. Cash and Bank Balances include ₹ 34.53 crore (previous year ₹ 30.72 crore) on account of tax deducted at source on perquisites to employees as per the provisions of the Income Tax Act, 1961, which was deposited in a separate bank account as per Orders of the Hon'ble Calcutta High Court.
12. Bonds Series XXXI & XXXII amounting to ₹ 2047.50 crore & ₹ 1035 crore respectively issued during the year, have been classified as Secured upon execution of trust deed on 19 May 2010 (previous year Bonds Series XXIX amounting to ₹ 1297.50 crore classified as unsecured pending execution of trust deed).
13. Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts".

₹ in crore

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
i) The amount of revenue recognised on cost plus consultancy contract works	204.95	187.24
ii) The methods used to determine the contract revenue recognised in the period: 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii) Cumulative amount of costs incurred on construction contracts	7128.44	5971.40
iv) Cumulative amount of advance received from customers	8505.61	7503.97
v) Amount of retention money with customers	41.76	39.80
vi) Gross amount due from customers for contract works as an asset	14.53	20.74
vii) Gross amount due to customers for contract works as a liability	1084.25	856.86

NOTES ON ACCOUNTS (Contd....)

14. a) The company has been providing for depreciation at the rates notified for the purpose of recovery of tariff, by CERC. The issue of charging depreciation at rates different from the rates specified under Companies Act, 1956 has been referred by the Comptroller & Auditor General of India (C&AG) to the Ministry of Power (MOP) during the block year 2004-09 and the same is pending for disposal. However, MOP has issued tariff policy for the block year 2009-14, which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting.

In accordance with the Tariff Policy, CERC has notified norms for the block period 2009-14 which provides for specified depreciation rates in first 12 years and thereafter amortisation of residual value over the residual life as against average 2.91% in the block period 2004-09.

Accordingly, depreciation on the transmission assets for the year has been provided as per above rates and methodology. Thus, by charging depreciation at the aforesaid rates, the depreciation charge for the year is higher by ₹ 675.23 crore as compared to the depreciation charge as per rates notified by CERC for the block year 2004-09 which were being followed upto 31/03/2009.

- b) Depreciation charge for the year is lower by ₹ 50.69 crore (previous year ₹ 781.29 crore) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956.
15. Effects due to changes in accounting policies during the year

The matter regarding allocation of Common Expenses of Corporate office, Regional Offices and Projects, common to operation and construction activities, was referred to Expert Advisory Committee (EAC) of Institute of Chartered Accountant of India (ICAI). Upon receipt of Opinion from EAC, such expenses which were hitherto allocated to various diversified activities of the company viz. transmission, telecom, consultancy and Accelerated Power Development and Reform Program (APDRP) in the ratio of the respective income/reimbursement of each activity and further allocated between revenue and Incidental Expenditure during Construction in the proportion of Transmission Charges and Telecom Income to annual capital outlay have now been identified and allocated on systematic basis with retrospective effect from 1st April, 2008.

The above has resulted in increase in current year expenditure by ₹ 86.35 crore & prior period expenditure by ₹ 91.92 crore and thereby reduction in profit for the year by ₹ 178.27 crore with corresponding decrease in CWIP and Gross Block.

16. a) Upon the implementation of the revised pay scales as per the guidelines issued by Department of Public Enterprise (DPE) from time to time, the company has revised the pay scales for the executives effective from 01.01.2007 and the payments made during the current financial year have been adjusted against the provision held on 31.03.2009 for pay revision amounting to ₹ 249.41 crore for executives.
- b) Further, a provision of ₹ 6.20 crore (previous year ₹ 56.82 crore) has been made towards superannuation benefit scheme for executives being the balance permissible amount under DPE guidelines for which scheme is yet to be finalized.
- c) Pending the implementation of Pay revision for the supervisors and workmen, the company has made a provision of ₹ 106.79 crore (Previous Year ₹ 45.09 crore) aggregating to ₹ 279.90 crore as on 31.03.2010 (previous year ₹ 173.11 crore) on an estimated basis having regard to the guidelines issued from time to time by DPE and principles of wage revision implemented in respect of executives of the company. Against the above provision, adhoc advance of ₹ 57.01 crore (previous year ₹ 40.44 crore) has been paid which has been included under loans and advances- Schedule no 14.
- d) Further Provision for Performance Related Pay (PRP) of ₹ 74.96 crore (net of adjustment of ₹ 32.02 crore being excess provision made last year) (Previous Year ₹ 76.78 crore) has been made as per DPE guidelines, as part of wage revision in respect of Executives and Supervisors.
17. a) Central Electricity Regulatory Commission (CERC), constituted under erstwhile Electricity Regulatory Commission Act, 1998, issued orders in December, 2000 with respect to the norms, principles and availability based tariff. An appeal was filed by the Company against the above orders before the Hon'ble Delhi High Court which was subsequently transferred to the Appellate Tribunal for Electricity (ATE) on its formation. The ATE has dismissed



NOTES ON ACCOUNTS (Contd....)

the appeal on the ground of its power to deal with regulations notified by CERC. Against the said dismissal order of ATE, NTPC Ltd. preferred an appeal before the Honb'le Supreme Court impleading POWERGRID as one of the respondents. Since the subject matter of the appeal is for restoration of certain components of tariff on par with the erstwhile Government of India (GOI) norms, which will be more favourable than CERC norms, the impact of the appeal shall not result in reduction of revenue.

The Company has followed the CERC Tariff regulations, 2001 and 2004 for recognition of revenue for block period 2001-04 & 2004-09 respectively.

- b) In exercise of powers u/s 178 of Electricity Act 2003, Central Electricity Regulatory Commission (CERC) has notified 'CERC (Terms and Conditions of Tariff) Regulations 2009' vide order dated 19th January, 2009 for determination of transmission tariff for the block period 2009-14. The norms include the following major items:
- Return on Equity to be allowed @ 17.48% pre tax (15.5% post tax) in place of 14% post tax in the block of 2004-09.
 - Additional return on equity @0.5% if projects are completed within the time limits specified by CERC against nil in block of 2004-09.
 - Recovery of Depreciation @ 5.28% (T/L and S/S) in first 12 years and there after recovery based on residual value over the residual life in place of average 2.91% in the block of 2004-09.
 - Availability Incentives linked with monthly transmission charges instead of increased return on equity in the block period 2004-09.

Transmission charges of ₹ 4985.18 crore for the year have been provisionally recognised based on the above norms for the block period 2009-14 and as per accounting policy of the Company pending filing of petitions. Further ₹ 1014.15 crore has been recognised awaiting issuance of project specific tariff orders by CERC for which petitions have been filed.

- c) As prescribed by the CERC Tariff Regulations, 2009, pending final determination of tariff by CERC as per the Tariff norms, 2009, billing has been made provisionally on the basis of tariff as approved by CERC and applicable as on 31.03.2009. The difference between recognition of income for the year 2009-10 and provisional billing has resulted in an increase in sundry debtors by an amount of ₹ 883.48 crore
- d) Transmission income of ₹ 180.77 crore (previous year 219.37 crore) has been recognised as income of the year on issuance of final tariff orders by CERC in respect of provisional recognition of revenue in earlier years.
- e) The tariff norms for the block period 2009-14 notified by CERC provides that the rate of return on equity (ROE) shall be computed by grossing up the base rate of 15.5% with the tax rate applicable to the Company (MAT @ 11.33%) for the year 2008-09 which shall be trued up separately for each year with respect to the actual tax rate applicable, in line with the provisions of the relevant Finance Act of the respective year, for the tariff period alongwith the tariff petition for the next tariff period. An application has filed with CERC for grossing of ROE based on the MAT rate applicable for the respective financial year. Pending disposal of application by CERC, ROE amounting to ₹ 132.47 crore, being the difference of grossing up @ 16.995% (being the MAT rate for financial year 2009-10) and @ 11.33% as aforesaid, has not been recognised.
18. Advance Against Depreciation (AAD) was included in the Transmission income on repayment of entire loan deployed in the specific project by spreading the AAD over the residual life of the project upto 31.03.2009. Due to change of tariff norms w.e.f. 01/04/2009, the same has now been taken to transmission income after 12 years from the year of commercial operation. The above income is recognised being the lower of AAD outstanding and the difference between the depreciation charge in accounts and depreciation recovery through tariff.

The change has resulted in increase in transmission income by ₹ 7.20 crore and profit by same amount.

19. a) The Regional Load Despatch Centres (RLDCs) of Central Electricity Authority were transferred to the company (along with associated manpower) during the earlier years as per orders of Ministry of Power, Government of India (GOI). The Assets of RLDCs are being used by the company pending transfer of ownership and determination of cost of assets so taken over.

NOTES ON ACCOUNTS (Contd....)

- b) The company had set up a wholly owned subsidiary company on 20th March 2009 namely "Power System Operation Corporation Limited" (POSOCO) for taking over Power System Operation Segment. The same is considered as 'Discontinuing Operation' as per Accounting Standard 24. The System Operation segment of the company along with associated manpower are in the process of being transferred w.e.f 01.04.2010. An amount of ₹ 0.05 crore (Previous Year Share application money of ₹ 0.05 crore) has been subscribed towards share capital. The amount of ₹ 1.28 crore, incurred by the Company towards incorporation and other administrative expenses of POSOCO, has been shown as advance recoverable.
- c) The Company has identified assets (Gross Block) of ₹ 269.98 crore as on 31.03.2010 to be transferred to POSOCO. Revenue of ₹ 224.58 crore (including other income mainly STOA charges and bank interest) emanating from such assets has been recognised based on the CERC (fees and charges of Regional Load Despatch Centre and other related matters) Regulations, 2009 dt 18.09.2009 notified by CERC. Pending transfer of Assets/Liabilities to POSOCO, the revenue, expenses, assets and liabilities have been depicted as a separate segment.
- d) After transfer of such identified assets to POSOCO, part of the ULDC assets of the Central portion mainly communication systems and the SLDC systems consisting of the entire state portion would continue to be operated and maintained by the Company as per the committees constituted for the purpose. An application has been filed before CERC under Regulation- 44 (Power to Relax), for extending the CERC (Terms and Conditions of Tariff) Regulations, 2009 for the "Communication Systems' and "SLDC System" with certain modifications in Depreciation, O&M etc. Pending finalisation of the decision of CERC in this regard, tariff for "Communication Systems' and "SLDC System" have been accounted as per rates applicable during the previous block 2004-09.
20. a) (i) FERV loss (to the extent not exceeding the difference between the Interest on foreign currency borrowings and local currency borrowings) has been adjusted to borrowing cost amounting to ₹ 2.17 crore (net of ₹ 1.05 crore FERV loss for the construction projects) {previous year FERV loss of ₹ 404.86 crore (net of 190.47 core FERV loss for the construction projects)} towards loan liabilities attributable to fixed assets.
- (ii) FERV Gain of ₹ 704.85 crore (previous year FERV Loss ₹ 967.71 crore) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.
- (iii) FERV Gain of ₹ 475.54 crore (previous year FERV Loss of ₹ 538.48 crore) has been recognised in the profit and loss Account in respect of loans contracted on or after 1st April,2004 in terms of provisions of AS-11 (revised 2003)
- b) Other Income for the year include an amount of ₹ 0.34 crore being the FERV gain on Current Assets (previous year FERV loss of ₹ 1.69 crore included in Finance Charges).
21. FERV Gain of ₹ 471.30 crore (previous year FERV Loss ₹ 889.82 crore) has been shown as FERV Payable and ₹ 1.47 crore has been shown as depreciation amortisation (previous year ₹ 17.55 crore depreciation write back) as per Accounting Policy No.8.3 and 8.4. In the Previous Year, ₹ 51.02 crore was shown as FERV Payable on account of Prior Period Expenditure
22. Accounting of FERV as stated in note nos. 20 and 21 above has resulted in increase in profit for the year by ₹ 3.54 crore (previous year reduction in profit by ₹ 86.99 crore).
23. Other Income includes ₹ 26.53 crore (previous year ₹ 18.42 crore) being the amount transferred from Grants- in-Aid received in respect of Chandrapur HVDC, NER ULDC and Salakati as per Accounting Policy No. 3.1.
24. The company is following AS-15 (revised 2005) 'Employee Benefits' from 1st April, 2007.

Defined employee benefit schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognised as expense and is charged to profit and loss a/c. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. The fair value of the assets of the provident fund including the return on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan.



NOTES ON ACCOUNTS (Contd....)

B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 3.50 Lacs on pre revised pay scales due for revision effective from 01.01.2007 for supervisors and workmen and ₹ 10 Lacs for executives on revised pay scales implemented from 01.01.2007. The provision for additional gratuity liability on enhanced limit from ₹ 3.50 lacs to ₹ 10 lacs on revised scales due for revision for supervisors and workmen amounting to ₹ 54.88 crore has been provided under wage revision. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis.

C Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

D. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

The summarised position of various defined benefits recognised in the Profit and Loss Account, Balance Sheet and the funded status are as under:-

a) Expenses recognised in profit and loss account

(₹ in crore)

	GRATUITY		PRMF		LTC *		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Yr.	Current Yr.	Previous Yr.
Current Service Cost	12.46	8.29	3.13	2.84	-	10.17	0.49	0.89
Interest cost on benefit obligation	12.05	10.04	5.38	3.71	-	1.17	0.65	0.55
Expected return on plan assets	-13.75	-11.64	-	-	-	-	-	-
Net actuarial (gain)/loss recognised in the year	-12.94	3.27	5.88	13.20	-	2.12	1.21	-0.51
Expenses recognised in the profit and loss a/c.	81.46	9.96	14.39	19.76	-	13.48	2.33	0.93

*Refer Note No. 25

b) Weighted average rate of return on plan assets during the year is 8.73 % (previous year 8.79%)

c) The amount recognised in the Balance Sheet

(₹ in crore)

	GRATUITY		PRMF		LTC *		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 31/03/2010(i)	247.25	160.71	84.86	71.71	-	19.71	10.42	8.65
Fair value of plan assets as at 31/03/2010 (ii)	226.79	159.25	-	-	-	-	-	-
Difference (ii) – (i)	-20.46	-1.46	- 84.86	- 71.71	-	-19.71	-10.42	-8.65
Net asset (liability) recognised in the Balance Sheet	-20.46	-1.46	- 84.86	- 71.71	-	-19.71	-10.42	-8.65

*Refer Note No. 25

NOTES ON ACCOUNTS (Contd....)

d) Changes in the present value of the defined benefit obligations:

(₹ in crore)

	GRATUITY		PRMF		LTC *		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01/04/2009	160.71	143.47	71.71	53.14	-	16.69	8.65	7.82
Interest cost	12.05	10.04	5.37	3.72	-	1.17	0.65	0.55
Current Service Cost	96.10	8.29	3.13	2.85	-	10.17	0.49	0.89
Benefits paid	-9.47	-4.51	-1.24	-1.20	-	-10.44	-0.58	-0.10
Net actuarial (gain)/loss on obligation	-12.14	3.42	5.89	13.20	-	2.12	1.21	-0.51
Present value of the defined benefit obligation as at 31/03/2010	247.25	160.71	84.86	71.71	-	19.71	10.42	8.65

*Refer Note No. 25

e) Changes in the fair value of plan assets:

(₹ in crore)

	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2009	161.71	136.99
Expected return on plan assets	13.75	11.64
Contribution by employer	60.00	15.00
Benefits paid	-9.47	-4.51
Actuarial gain/(loss)	-0.80	-0.15
Fair value of plan assets as at 31/03/2010	226.79	159.25

f) During the year the company has provided liability towards contribution to the Gratuity Trust of ₹ 81.23 crore (Previous Year ₹ 17.25 crore), PRMF of ₹ 13.15 crore (Previous Year ₹ 18.57 crore) and to ODRB of ₹ 1.76 crore (Previous Year ₹ 0.83 crore).

E. Other Employee Benefits

Provision for Leave encashment amounting to ₹ 4.00 crore (Previous Year ₹ 38.72 crore) for the year has been made on the basis of actuarial valuation at the year end and charged to Profit and Loss Account.

F. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2010 are as follows:-

(₹ in crore)

	(At Purchase Value)	
	Current Year	Previous Year
i) State Government Securities	28.40	24.74
ii) Central Government Securities	45.29	39.52
iii) Corporate Bonds/Debentures	158.76	94.97
iv) RBI Special Deposit	5.13	5.13
Total	237.58	164.36



NOTES ON ACCOUNTS (Contd....)

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- i) Method used - Projected unit credit (PUC)
- ii) Discount rate - 7.5% (Previous Year 7%)
- ii) Expected rate of return on assets (Gratuity only) – 8.50 % (Previous Year 8.50%)
- iv) Future salary increase- 5% (Previous Year 4.50%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market.

25. In the pay revision implemented for executives, expenditure on account of Leave Travel Concession (LTC) has been included as one of the component of perquisites w.e.f. 26.11.2008. Now a fixed sum is being paid to executives on account of LTC on monthly basis. Similar provision has also been made in respect of wage revision due for the supervisors and workmen category of employees. Accordingly, LTC which was hitherto being accounted for on the basis of actuarial valuation on annual basis is now being accounted based on actual expenditure incurred. Provision for unclaimed LTC of ₹ 17.45 crore has been written back including a sum of ₹ 14.72 crore (adjusted against the General Reserve as per the transitional provisions of AS-15 in the Financial Year 2007-08) which has been directly credited to General Reserve.

26. Segment Reporting

(₹ in crore)

	Transmission		Consultancy		Telecom		ULDC/RLDC			Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	ULDC/RLDC	Current Year	Previous Year	Current Year	Previous Year
Revenue:							Power System Operation Assets *	Other Assets					
Revenue from Operations	6675.84	5433.59	277.08	217.54	158.83	150.05	224.69	137.30	318.00			7473.74	6119.18
Inter Segment Revenue					8.46	3.21				-8.46	-3.21		
Net Revenue from Operations	6675.84	5433.59	277.08	217.54	167.29	153.26	224.69	137.30	318.00	-8.46	-3.21	7473.74	6119.18
Segment result	2383.50	2129.40	145.55	101.55	6.89	-32.12	41.77	38.15	17.74			2615.86	2216.57
Unallocated Corporate interest and other income												29.84	19.55
Unallocated corporate expenses, interest and finance charges												19.38	7.55
Income tax (Net)												585.38	537.96
Profit after Tax												2040.94	1690.61
Other information:													
Segment Assets	55622.60	47577.64	127.70	175.46	837.98	850.63	3278.60	1035.99	2875.56			60902.87	51479.29
Unallocated Corporate and other assets												2661.11	2840.90
Total Assets												63563.98	54320.19
Segment Liabilities:	38283.79	32256.54	1652.79	1341.83	702.39	703.96	3127.14	901.69	2645.11			44667.80	36947.44
Unallocated Corporate and other liabilities												2660.87	2529.31
Total liabilities												47328.67	39476.75
Depreciation	1835.77	993.29	0.30	0.22	47.07	48.52	62.84	33.71	51.94			1979.69	1093.97

Note : Loss of Telecom segment has been reduced by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.

* Identified for transfer to Power System Operation Corporation Ltd.

NOTES ON ACCOUNTS (Contd....)**a) Business Segments**

The company's principal business is transmission of bulk power across different States of India. However, Power System Operation Assets, ULDC, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses. Consultancy allowance paid to all the employees has been considered as expense of 'Consultancy Segment'.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include loan liabilities, current liabilities and provisions.

d) The company has transmission projects located within the country and no geographical segment is distinguishable.

27. Related Party Disclosures:-**a) Related Parties:-****i) List of Joint Ventures:-**

Powerlinks Transmission Limited, Torrent Power Grid Limited, Jaypee Powergrid Limited, Parbati Koldam Transmission Company Ltd, POWERGRID IL&FS Transmission Pvt. Ltd.*, Teestavalley Power Transmission Limited, North East Transmission Company Limited, National High Power Test Laboratory Private Limited, Energy efficiency Services Limited.

ii) Subsidiaries:-

Byrnihat Transmission Company Limited
Power System Operation Corporation Limited**

* JV is under liquidation u/s 560 of Companies Act 1956

** Filing of liquidation of the subsidiary is under process.

28. Key Management Personnel

Sh. S.K. Chaturvedi	Chairman and Managing Director
Sh. J. Sridharan	Director (Finance)
Sh. V.M. Kaul	Director (Personnel)
Sh. R.N.Nayak	Director (Operations) (w.e.f. 16th May, 2009)
Sh. I.S.Jha	Director (Projects) (w.e.f. 1st September, 2009)
Dr. P.K. Shetty	Director
Dr. A.S. Narag	Director
Sh. Anil K. Agarwal	Director
Sh. F.A. Vanderavala	Director
Sh. S.C. Tripathi	Director
Sh. Ashok Khanna	Director
Smt. Sarita Prasad	Director
Sh. Sudhir Kumar	Director (w.e.f. 22nd May, 2009 to 10th December, 2009)
Sh. Rakesh Jain	Director (w.e.f. 09th June, 2009)
Sh. I.C.P Keshari	Director (from 6th March, 2009 to 21st May, 2009)
Sh. M. Ravi Kant	Director (w.e.f. 11th December, 2009)
Sh. S. Majumdar	Director (Projects) (Superannuated on 31st August, 2009)



पावरलिंक्स

NOTES ON ACCOUNTS (Contd....)

b) Transactions with the related parties at a (i) above are as follows:

(₹ in crore)

Particulars	Current year	Previous Year
Contracts for Works/Services for services received by the Company		
• Transactions during the year	Nil	Nil
• Amount recoverable from related parties	Nil	Nil
• Amount payable to related parties	Nil	Nil
Contracts for Works/Services for services provided by the Company		
• Transactions during the year*	47.32	9.70
• Amount recoverable from related parties*	35.35	16.83
Dividend Received	22.93	18.35
Deputation of Employees		
• Transactions during the year	Nil	0.03
• Amount recoverable from the related parties	Nil	Nil

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

29. Remuneration to whole time directors including chairman and managing director is ₹ 1.58 crore (previous year ₹ 0.45 crore) and amount of dues outstanding to the company as on 31st March, 2010 are ₹ 0.09 crore (previous year ₹ 0.06 crore). Director's sitting fee ₹ 0.25 crore (Previous Year ₹ 0.13 crore) for independent directors.
30. Employees' remuneration and benefits include the following for the directors, including chairman and managing director and excluding arrears paid to ex-directors.

(₹ In crore)

	Current Year	Previous year
Salaries and Allowances	1.29	0.36
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	0.10	0.03
Other benefits	0.19	0.07
Directors fees	0.25	0.13

31. In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of ₹ 780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29th November, 1964 as amended.

32. Disclosures regarding leases

a) Finance Leases :-

Loans and Advances (Schedule 14) include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 "Leases" issued by the Institute of Chartered Accountants of India.

NOTES ON ACCOUNTS (Contd....)

The reconciliation of the lease receivables (as per project cost data submitted to / approved by CERC for tariff fixation) is as under:

(₹ In crore)

Particulars	Amount as on 31.03.2010	Amount as on 31.03.2009
Gross value of assets acquired and leased at the beginning of the year	958.57	927.96
Add : Adjustment for gross value of assets acquired prior to the beginning of the year.	30.45	30.61
Revised Gross value of the assets at the beginning of the year	989.02	958.57
Less : Capital recovery provided up to the beginning of the year	266.12	213.87
Add: Capital recovery for assets acquired prior to the beginning of the year.	(0.85)	(1.30)
Revised Capital recovery provided up to the beginning of the year	266.97	212.58
Capital recovery outstanding as on 31st March of last financial year	722.05	745.99
Less : Capital recovery for the current year	58.54	53.54
Lease receivables (*)	663.51	692.45

(*) Does not include additional capitalisation which are subject to approval of CERC.

The value of contractual maturity of such leases as per AS-19 are as under :-

(₹ In crore)

Particulars	Amount as on 31.03.2010	Amount as on 31.03.2009
Gross investment in lease	921.26	987.40
Unearned finance income	257.75	294.95
Present value of minimum lease payment (MLP)	663.51	692.45

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2010 for each of the periods are as under:

(₹ In crore)

Particulars	Gross Investment in lease		Present Value of MLPs	
	2009-10	2008-09	2009-10	2008-09
Not later than one year	113.33	108.59	62.76	57.34
Later than one year and not later than five years	453.34	434.35	301.17	274.00
Later than five years	354.59	444.46	299.58	361.11
Total :	921.26	987.40	663.51	692.45

The unearned finance income as on 31st March, 2010 is ₹ 257.75 crore (previous year ₹ 294.95 crore).

b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 19.61 crore (Previous Year ₹ 14.36 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 5.40 crore (Previous Year ₹ 5.00 crore) in respect of premises for offices and guest house/transit camps are shown under Rent in Schedule-23 – Transmission, Administration and Other expenses.



NOTES ON ACCOUNTS (Contd....)

33. Earning per share calculated in accordance with the provisions of AS-20

	As at 31.03.2010	As at 31.03.2009
Numerator		
Profit after tax as per Profit and Loss Account (Used as Numerator) (₹ In crore)	2040.94	1690.61
Denominator		
Number of equity shares (Face value of ₹ 10/- each)	4208841230	4208841230
Number of Shares allotted during the year	NIL	NIL
Weighted Average number of equity shares for calculating Basic and Diluted earning per share	4208841230	4208841230
Basic and Diluted earning per share (₹ / per share) (Face value of ₹ 10/- each)	4.85	4.02

34. Consolidated Financial Statements

The company has made investments of ₹ 0.05 crore each in the equity shares of wholly owned subsidiary companies (i) Byrnihat Transmission Company Ltd. (liquidation proceedings initiated) and (ii) Power System Operation Corporation Limited (POSOCO).

No consolidated financial statements are prepared since the transactions of the subsidiaries are not material.

35. During the year the company has provided ₹ 164.97 crore (previous year ₹ 44.76 crore) as deferred tax liability. Major components of deferred tax liabilities and assets are given as under:

(₹ in crore)

Particulars	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liability		
Towards Fixed Assets (Net) (A)	755.31	568.60
Deferred Tax Asset		
Transfer to Self Insurance Reserve	0.69	0.82
Income during Construction	16.91	6.81
Wage revision and Employee Benefits	5.62	17.42
Provisions	12.19	5.01
Other Miscellaneous	16.39	-
Sub Total (B)	51.80	30.06
Net Deferred Tax Liability (A-B)	703.51	538.54

36. Joint Venture entities:-

Name of the company	Proportion of ownership as on	
	31.03.2010 %age	31.03.2009 %age
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid Limited	26%	26%
Jaypee Powergrid Limited	26%	26%
Parbati Koldam Transmission Company Ltd	26%	26%
Powergrid IL&FS Transmission Private Limited*	50%	50%
Teestavalley Power Transmission Limited	0.02%	26%
North East Transmission Company Limited	30.917%	26%
National High Power Test Laboratory Private Limited	25%	-
Energy Efficiency Services Limited	25%	-

*Under liquidation u/s 560 of Companies Act, 1956

NOTES ON ACCOUNTS (Contd....)

In addition, the share application money of ₹ 13.00 crore, ₹ 15.03 crore and ₹ 24.38 crore given to Jaypee Powergrid Limited, Teestavalley Power Transmission Limited and Energy Efficiency Services Limited respectively, has been included in Advance – Others in Schedule no. 14 pending allotment of shares.

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The company's share in assets and liabilities as on 31st March 2010 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

(₹ in crore)

	31.03.2010	31.03.2009
A. Assets		
• Long Term Assets	918.31	738.35
• Investments	39.33	63.46
• Current assets	170.41	83.20
• Profit and Loss A/C	1.18	0.45
• Misc Expenditure	0.48	0.48
Total	1129.70	885.93
B. Liabilities		
• Equity	394.19	296.82
• Long Term Liabilities	639.27	535.77
• Current Liabilities and Provisions	96.24	53.34
Total	1129.70	885.93
C. Contingent Liabilities	0.13	1.44
D. Capital Commitments	330.86	77.75
	Current Year	Previous Year
E. Income	154.68	131.87
F. Expenses(Including provision for taxes)	102.30	99.97

37. In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of transmission activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. Similarly, impairment analysis of telecom assets was carried out during 2006-07 and since the recoverable amount was more than the carrying amount of assets, no impairment loss was recognised. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.

38. Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 20952.14 crore (previous year ₹ 16418.24 crore).

39. No provision has been made for tax demands amounting to ₹ 194.68 crore (previous year ₹ 172.69 crore) and other demands (amount not ascertainable), for which appeals / litigation are pending, and the same have been shown as contingent liabilities under schedule no 18.

40. Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets':

Contingent Liabilities:

- Contingent Liabilities as stated in Schedule 18 are dependent upon the outcome of court/appellate authorities/ out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, disposal of appeals.

**NOTES ON ACCOUNTS (Contd....)**

- b) Reimbursement of outflow in respect of 'Claim against the Company not acknowledged as debt' and 'Disputed tax demands-Income Tax' (limited to Income Tax on core activity only)/and service tax on transmission charges as stated in Schedule 18 of Contingent Liability, is dependent on the admittance of petition to be filed with CERC and in remaining cases no reimbursement is expected.
41. a) Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2010.
- b) No payment is due for more than 30 days as at 31st March, 2010 in respect of purchases / services made from small scale/ancillary industries.
42. a) **VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

(₹ in crore)

	Current Year	Previous Year
i) Capital Goods	470.50	1126.16
ii) Spare Parts	1.76	1.02

b) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in crore)

	Current Year	Previous Year
i) Professional and Consultancy fees	2.05	3.14
ii) Interest	207.66	341.92
iii) Others	26.38	19.16

c) VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :

(₹ in crore)

	%	Current Year	%	Previous Year
i) Imported	1.77%	0.79	5.73%	1.60
ii) Indigenous (Including fuel)	98.23%	43.95	94.27%	26.34

d) EARNINGS IN FOREIGN EXCHANGE

(₹ in crore)

	Current Year	Previous Year
Interest	0.00	0.29
Consultancy Fee	2.37	0.72

43. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****i) REGISTRATION DETAILS :**

Registration No.	U40101DL1989GOI038121
State Code	55
Balance Sheet Date	31st March 2010

ii) CAPITAL RAISED DURING THE YEAR

(₹ in crore)

Public Issue	Nil
Rights Issue	Nil
Private Placement, pursuant to a contract, for consideration other than cash (Issued to Govt. of India)	Nil
Bonus Issue	Nil

NOTES ON ACCOUNTS (Contd....)**iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

(₹ in crore)

Total Liabilities	63567.54
Total Assets	63567.54
Sources of funds	
Paid up Capital	4208.84
Reserves and Surplus	11733.06
Secured Loans	31345.78
Unsecured Loans	3071.01
Advance against Depreciation	2213.63
Grants in Aid	198.82
Deferred Tax Liability	703.51
Application of Funds	
Net Fixed Assets	32061.26
Capital Work-in-Progress (including Construction, Stores and Advances)	20422.18
Investments	1453.22
Net Current Assets	(465.57)
Miscellaneous Expenditure	3.56

iv) PERFORMANCE OF COMPANY

(₹ in crore)

Turnover/Income	7127.45
Other Income (including Transfer from Grants in Aid)	376.13
Total expenditure	4877.26
Profit before Tax	2626.32
Profit after MAT and Deferred tax	2040.94
Earning per share (Basic) (₹)	4.85
Dividend Amount	631.34

v) GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICE OF COMPANY

Item code no. : Not Applicable

Product Description : Transmission, Central Transmission Utility function.

44. a) Figures have been rounded off to nearest rupees in crore.

b) Previous year figures have been regrouped / rearranged wherever necessary.

For and on behalf of the Board**(Mrinal Shrivastava)**

Company Secretary

For A.R. & Co.
Chartered Accountants
Regn. No. 002744C

(Anil Gaur)

Partner

M.No. 017546

(J. Sridharan)

Director (Finance)

For S R I Associates
Chartered Accountants
Regn. No. 305109E

(I Pasha)

Partner

M.No. 013280

(S.K. Chaturvedi)

CMD

For Umamaheswara Rao & Co.
Chartered Accountants
Regn. No. 04453S

(G. Siva Rama Krishna Prasad)

Partner

M. No. 024860

Place : New Delhi

Dated: 25th May, 2010.



पावरग्रिड

AUDITORS' REPORT

To,

The Members,

Power Grid Corporation of India Limited,

1. We have audited the attached Balance Sheet of Power Grid Corporation of India Ltd. as at March 31, 2010, and the Profit and Loss Account and also the Cash Flow Statement 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 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 mis-statements. 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, 1998, certain provisions of the repealed Act, 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 the 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. We draw attention to :
 - a) Note No. 9 regarding levy of Service Tax on transmission charges, and
 - b) Note No. 17 (b) regarding provisional recognition of transmission charges.
6. Further to our comments in the annexure referred to in paragraph 4 above, 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 the books.
 - c) The Balance Sheet, Profit and 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 Accounting Standards 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 17.7.2003, 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 a Government Company.
 - f) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on Accounts given in Schedule 28 and Accounting Policies annexed thereto, in so far as these are not inconsistent with the Electricity Act, 2003, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - ii) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For A.R. & Co.

Chartered Accountants
Regn No.002744C

(Anil Gaur)

Partner

Membership No.017546

For S R I Associates

Chartered Accountants
Regn No.305109E

(I. Pasha)

Partner

Membership No.013280

For Umamaheswara Rao & Co.

Chartered Accountants
Regn No. 004453S

(G. Siva Rama Krishna Prasad)

Partner

Membership No.024860

Place : New Delhi.

Dated : 25th May, 2010.

ANNEXURE TO THE AUDITORS' REPORT

RE: POWER GRID CORPORATION OF INDIA LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

1. a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situation of Fixed Assets .
 - b) The assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled/adjusted in the books of account. In our opinion, frequency of verification is reasonable.
 - c) During the year the company has not disposed off substantial part of its Fixed Assets.
2. a) Physical verification of inventory has been conducted by external agencies during the year, except for the materials lying with contractors. In our opinion frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of the inventory have been properly dealt with in the books of account except material lying with contractors where verification is not undertaken.
3. The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered 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 adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and income from transmission, telecom and consultancy activities. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems.
5. According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act 1956, during the year, to be entered in the register maintained under that section . Accordingly Clause (v) of paragraph 4 of the Order is not applicable.
6. Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58-A, 58-AA and other relevant provisions of Companies Act, 1956, and rules framed thereunder, does not arise.
7. The Company has an Internal Audit system. In our opinion, the scope and coverage of Internal Audit are commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 in respect of Transmission & Telecom Operations 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. a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31.3.2010 for a period of more than six months from the date they became payable.
As informed, the provisions of the Employees State Insurance Act are not applicable to the Company.
Unclaimed bonds of ₹ 0.06 crore and unclaimed dividend of ₹ 2.96 crore which has not exceeded the time limit prescribed under Section 205C of the Companies Act, 1956 are lying as liability towards Investor Education & Protection Fund.
- b) According to information and explanation given to us, following disputed income tax / sales tax / customs duty / wealth tax / service tax / excise duty / cess dues have not been deposited.

Particulars	Amount (₹ in crore)	Forum Where Pending
Entry Tax	1.47	Appellate Board, Commercial Tax Department, Madhya Pradesh
Entry Tax	39.16	Dy. Commissioner (Appeals), Commercial Tax Department, Madhya Pradesh
Entry tax	11.41	Joint Commissioner of Commercial Tax (Appeal), Patna
Sales Tax	18.80	Assistant Commissioner, Commercial Tax Department, Madhya Pradesh
Sales Tax	32.64	J&K State Sales Tax Appellate Tribunal



ANNEXURE TO THE AUDITORS' REPORT (Contd...)

Sales Tax	12.68	Dy. Commissioner of Sales Tax (Appeal), Jammu, J&K State
Service Tax	66.48	Commissioner of Central Excise, Shillong
Service Tax	1.57	Commissioner of Central Excise, Patna
Service Tax	2.31	Custom, Excise & Service Tax Appellate Tribunal (CESTAT), New Delhi
Service Tax	0.01	Commissioner of Customs & Central Excise, Hyderabad-II Division.
Education Cess	1.21	Dehgam Nagar Palika, Dehgam
Diversion Tax (for non-agriculture use of land)	2.23	S D O, Itarsi
Penalty for unauthorized digging of pits	0.35	S D O, Panvel and Dahnu
Income Tax (TDS) on perquisites	34.53	High Court, Kolkata
Income Tax & Interest	1.09	Commissioner of Income Tax (Appeals), New Delhi.
Income Tax & Interest	3.27	Income Tax Appellate Tribunal, Delhi.

10. The Company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit, and also in the immediately preceding financial year.
11. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi/mutual benefit fund/society. Accordingly, Clause xiii of paragraph 4 of the Order is not applicable.
14. In our opinion, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause xiv of paragraph 4 of the Order is not applicable.
15. As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except in the case of Powerlinks Transmission Limited, wherein it has pledged its shares in favour of financial institutions for financial assistance obtained by the said company, as per the terms and conditions of Joint Venture Agreement. In our opinion and to the best of our information and according to explanation given to us, the terms and conditions of share pledge agreement are not, prime facie prejudicial to the interest of the company.
16. In our opinion on an overall basis and according to the information and explanation given to us, the company has applied the term loans for the purpose, they were raised during the year.
17. In our opinion, on an overall basis, and according to the information and explanation given to us, the company has not used the funds raised on short term basis for long term investment.
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 Act during the year.
19. The Company has not issued the debentures during the year.
20. The Company, during the year, has not raised any money by public issue.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For A.R. & Co.
Chartered Accountants
Regn No.002744C
(Anil Gaur)
Partner
Membership No.017546

For S R I Associates
Chartered Accountants
Regn No.305109E
(I. Pasha)
Partner
Membership No.013280

For Umamaheswara Rao & Co.
Chartered Accountants
Regn No. 004453S
(G. Siva Rama Krishna Prasad)
Partner
Membership No.024860

Place : New Delhi.
Dated : 25th May, 2010.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

(₹ in crore)

Particulars	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2626.32	2228.57
Adjustment for :		
Depreciation (including prior period)	1978.73	1115.93
Transfer from Grants in Aid	(26.53)	(21.45)
Adjustment against General Reserve	14.72	0.00
Amortised Expenditure (DRE written off)	1.78	1.83
Provisions	13.26	38.60
Self Insurance	(0.34)	(0.04)
Net Loss on Disposal / Write off of Fixed Assets	3.83	3.82
Interest and Finance Charges	1543.24	2532.09
FERV gain	(4.69)	0.00
Interest earned on bonds/Loans to State Govts.	(116.41)	(132.99)
Dividend received	(24.37)	(19.54)
Operating profit before Working Capital Changes	6009.54	5746.82
Adjustment for :		
(Increase)/Decrease in Trade and other Receivables	(787.95)	153.52
(Increase)/Decrease in Inventories	(47.32)	(49.32)
Increase/(Decrease) in Trade payables and other liabilities	1527.68	2497.98
(Increase)/Decrease in Other current assets	(24.01)	28.65
(Increase)/Decrease in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	(439.41)	617.76
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	968.16	(1434.86)
(Increase)/Decrease in Loans and Advances	(357.68)	(815.75)
Deferred Revenue Expenditure	0.16	(0.14)
	839.63	997.84
Direct taxes paid (including FBT)	(230.00)	(154.02)
Net Cash from operating activities	6619.17	6590.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(147.70)	(770.82)
Capital work in progress	(6477.72)	(5352.89)
Advances for capital expenditure	(3427.24)	(3299.89)
(Increase)/Decrease in Investments - Bonds and others	186.63	182.89
(Increase)/Decrease in investments -JVs and Subsidiaries	(47.06)	(39.50)
Lease receivables	111.45	(29.07)
Interest earned on bonds/Loans to State Govts.	116.41	132.99
Dividend received	24.37	19.54
Net cash used in investing activities	(9660.86)	(9156.75)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised during the year - Long Term (Net of FERV Adjustment)	6848.77	7629.85
Gross loans raised without FERV adjustment ₹ 8023.73 crore (Previous year ₹ 5717.10 crore)		
Loans repaid during the year - Long Term	(1392.72)	(1427.89)
Loans raised during the year - Short Term	1250.00	750.00
Loans repaid during the year - Short Term	(750.00)	(750.00)
Interest and Finance Charges Paid	(1474.68)	(2481.64)
Dividend paid	(505.08)	(505.08)
Dividend Tax paid	(85.84)	(85.84)
Net Cash from Financing Activities	3890.45	3129.40
D. Net change in Cash and Cash equivalents(A+B+C)	848.76	563.29
E. Cash and Cash equivalents(Opening balance)	2428.88	1865.59
F. Cash and Cash equivalents(Closing balance)	3277.64	2428.88

Note: Cash and cash equivalents consist of cash in hand and balance with banks and it includes ₹ 2929.66 crore (previous year ₹ 1619.82 crore) not available for use by the Company.

For and on behalf of the Board

(Mrinal Shrivastava)
Company Secretary

(J. Sridharan)
Director (Finance)
As per our report of even date

(S. K. Chaturvedi)
Chairman & Managing Director

For A.R. & Co.
Chartered Accountants
Regn. No. 002744C

For S R I Associates
Chartered Accountants
Regn. No. 305109E

For Umamaheswara Rao & Co.
Chartered Accountants
Regn. No. 004453S

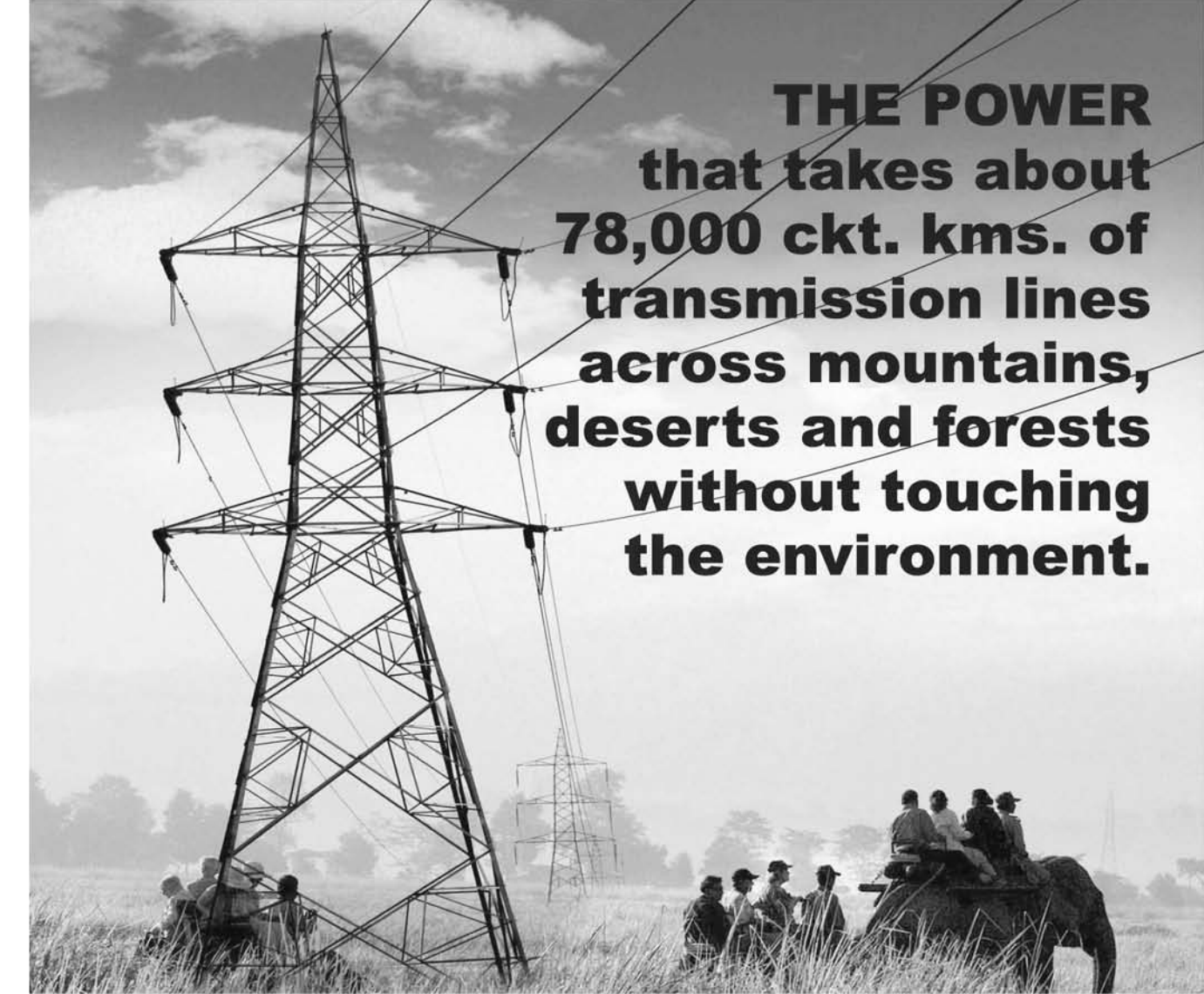
(Anil Gaur)
Partner
M.No. 017546

(I. Pasha)
Partner
M.No. 013280

(G. Siva Rama Krishna Prasad)
Partner
M.No. 024860

Place: New Delhi.

Date: 25th May, 2010.



**THE POWER
that takes about
78,000 ckt. kms. of
transmission lines
across mountains,
deserts and forests
without touching
the environment.**

Our commitment towards community and environment is as strong as our towers. We design towers, compact and tall enough to address right-of-way and help conserve the surrounding environment, community, flora and fauna.

Highlights

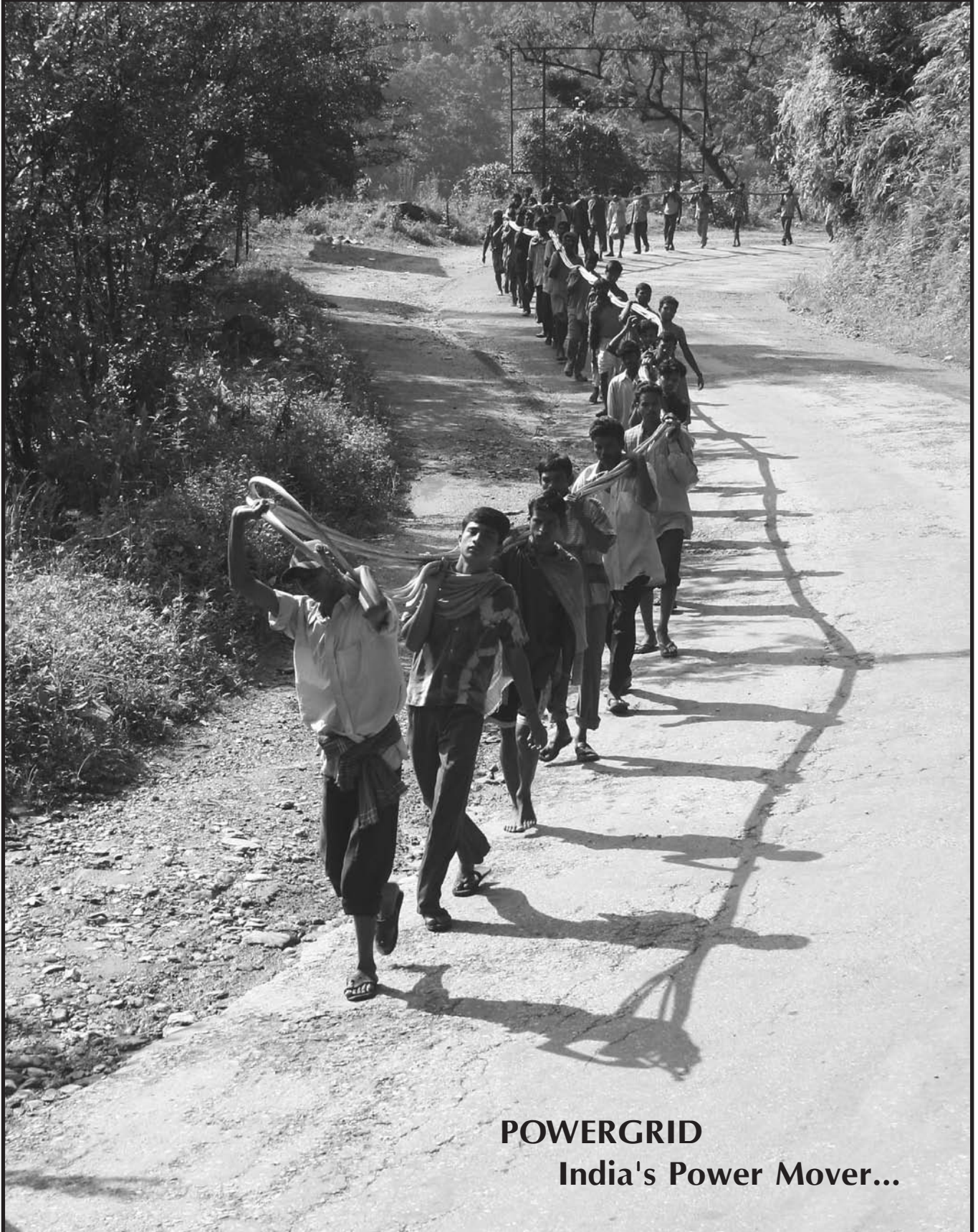
- A Navratna PSU and the Central Transmission Utility (CTU) of the country
- One of the world's largest and best managed transmission utilities
- Extensive transmission network of about 78,000 ckt. km of and 132 substations with a transformation capacity of about 89,000 MVA
- Established a National Grid of over 22,400 MW power transfer capacity
- Transmission projects under consultancy assignment in Bhutan, Nepal, Afghanistan, Nigeria, Dubai, Myanmar and many other countries
- Acquired IP-II, ISP Category A & NLDO Licenses to provide variety of telecom services
- Marked presence in remote areas like NER and Jammu & Kashmir and robust overhead optic fibre telecom network of about 22,000 km with 99.99% reliability
- Assisting Govt. of India in implementing distribution sector reforms by executing projects under R-APDRP & RGGVY



पावरग्रिड

**POWER GRID
CORPORATION OF INDIA LTD.**
(A Government of India Enterprise)
www.powergridindia.com

IT'S TOWER POWER



POWERGRID
India's Power Mover...



POWERGRID
Committed to energizing the Nation

ANNUAL REPORT OF SUBSIDIARIES



BYRNIHAT TRANSMISSION COMPANY LIMITED

DIRECTORS' REPORT

To,

The Members,

I, on behalf of the Board of Directors, present the Fourth Directors' Report of BYRNIHAT TRANSMISSION COMPANY LIMITED together with the audited Statement of Accounts for the financial year 2009-10.

Your Company had been incorporated on 23rd March, 2006 as a Project specific 'SHELL COMPANY' to take up the implementation of Misa – Byrnihat Transmission Project through Joint Venture route. However, the said Transmission Line was taken up for execution by POWERGRID as a consultancy work.

Presently Byrnihat Transmission Company Limited is not undertaking any business activity. The Company had not applied for the Certificate of Commencement of Business. During the year, the Board of the Company and the Board of the parent Company has approved that the Company be wound up. The process of dissolution of the Company has been taken up.

Directors

Shri J.Sridharan, Shri I.S. Jha and Shri V.M. Kaul are on the Board of the Company.

Auditors

Naresh K. Gupta & Co., Chartered Accountants, New Delhi, were appointed by C&AG as Statutory Auditors of the Company for the year 2009-2010.

Auditors' Report

The Statutory Auditors' Report to the shareholders does not contain any qualifications. Further, the Comptroller and Auditor General of India has decided not to review the Report of the Auditor on the Accounts of the Company and as such C&AG has no comments under Section 619(4) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2A) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit / loss of the Company for the year under review;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared annual accounts on a going concern basis.

Particulars of Employees

Since the Company has no employee, Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo

Since no commercial activity was carried out by the Company, particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

Acknowledgement

The Board extends its sincere thanks to POWERGRID.

For and on behalf of
BYRNIHAT TRANSMISSION COMPANY LIMITED

Sd/-
(J. Sridharan)
Director

Date : 06.08.2010
Place: New Delhi



पावरविड

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BYRNIHAT TRANSMISSION COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of Byrnihat Transmission Company Limited, New Delhi, for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 June 2010.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Byrnihat Transmission Company Limited, New Delhi, for the year ended 31 March 2010 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(M. K. Biswas)

Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi

Place: New Delhi
Dated: 25th June, 2010

BYRNIHAT TRANSMISSION COMPANY LIMITED
BALANCE SHEET AS AT 31st MARCH, 2010

(Amount in ₹)

	Schedule Reference	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
1. Shareholders` Funds			
Share Capital	1	500,000	500,000
TOTAL		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
2. Current Assets, Loans and Advances			
Current Assets			
Cash & Bank Balances	2	497,475	498,025
Less : Current Liabilities & Provisions			
Current Liabilities	3	99,205	83,573
Net Current Assets		<u>398,270</u>	<u>414,452</u>
3. Profit & Loss Account			
		101,730	85,548
TOTAL		<u>500,000</u>	<u>500,000</u>

Significant Accounting Policies and Notes 5
forming part of Accounts
(Schedule 1 to 5 form integral part of Accounts)

As per our report of even date

For **NARESH K. GUPTA & CO.**

Chartered Accountants

Firm Regn. No. 002232N

For and on behalf of Board of Directors

(Nitin Gupta)
Partner

M. No. 096295

Place : New Delhi

Date : 15.06.2010

(J.Sridharan)
Director

(V. M. Kaul)
Director



BYRNIHAT TRANSMISSION COMPANY LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

(Amount in ₹)

	Schedule	For the Year ended 31.03.2010	For the Year ended 31.03.2009
INCOME		-	-
TOTAL		-	-
EXPENSES			
Administrative Expenses	4	4,602	3,762
Statutory Audit Fee		11,030	11,030
Bank Charges		550	550
Preliminary Expenses written off		-	33,555
Pre-operative Expenses (of earlier years) written off		-	36,651
TOTAL		16,182	85,548
Profit / (Loss) for the year before tax		(16,182)	(85,548)
Provision for Current Income Tax			85,548
Profit / (Loss) after Tax		(16,182)	(85,548)
Add: Balance of Profit/(-)Loss brought forward		(85,548)	-
Appropriations		-	-
Balance transferred to Balance Sheet		(101,730)	(85,548)
Earning Per Share		(0.32)	(1.71)
(Face Value of ₹ 10/- per share)			
Significant Accounting Policies and Notes forming part of Accounts	5		
(Schedule 1 to 5 form integral part of Accounts)			

As per our report of even date

For **NARESH K. GUPTA & CO.**

Chartered Accountants

Firm Regn. No. 002232N

For and on behalf of Board of Directors

(Nitin Gupta)
Partner

M. No. 096295

(J.Sridharan)
Director

(V. M. Kaul)
Director

Place : New Delhi

Date : 15.06.2010

BYRNIHAT TRANSMISSION COMPANY LIMITED

Schedules - Forming part of Accounts

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
50,000 equity shares of ₹ 10/- each	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed & Paid-up		
50,000 equity shares of ₹ 10/- each fully paid up.	<u>500,000</u>	<u>500,000</u>

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE '2'		
Cash & Bank Balances		
Balance with Scheduled Bank-		
in Current Account	<u>497,475</u>	<u>498,025</u>
	<u>497,475</u>	<u>498,025</u>

(Amount in ₹)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE '3'		
Current Liabilities		
a. Power Grid Corp. of India Ltd.	87,563	71,931
b. Statutory Audit Fees	11,030	11,030
c. Other Liabilities	<u>612</u>	<u>612</u>
	<u>99,205</u>	<u>83,573</u>
	<u>99,205</u>	<u>83,573</u>

(Amount in ₹)

	For the year ended on 31st March, 2010	For the year ended on 31st March, 2009
SCHEDULE '4'		
ADMINISTRATIVE EXPENSES		
ROC Filing Fees	918	3,762
Professional Charges	3,309	-
Printing & Stationary	<u>375</u>	<u>-</u>
	<u>4,602</u>	<u>3,762</u>

BYRNIHAT TRANSMISSION COMPANY LIMITED SCHEDULES - FORMING PART OF ACCOUNTS

SCHEDULE '5'

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. Provisions and Contingent Liabilities

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

4. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements'.

B) NOTES FORMING PART OF ACCOUNTS

1. The company was incorporated on 23rd March, 2006 and certificate of commencement of business has not been obtained so far.
2. The Company is governed by the Electricity Act, 2003 and that the said Act read with rules framed there-under have prevailed wherever the same were inconsistent with the Companies Act, 1956.
3. 49,994 equity shares of ₹ 10/- each are held by the holding company, Power Grid Corporation of India Ltd. Balance 6 shares are held in the name of the officers of POWERGRID as its nominees.
4. As approved by the Board of Directors, the Company is in process of filing application to the Registrar of Companies for striking off the name of the Company under Section 560 of the Companies Act, 1956.
5. Related Party Disclosures

I. As per the Accounting Standard on 'Related Party Disclosure' (AS-18) issued by the Institute of Chartered Accountants of India, the related parties are as follows:

i) Holding Company

The Company is a 100% subsidiary of **Power Grid Corporation of India Limited (POWERGRID)**

ii) Key Management Personnel

Sh. J. Sridharan - Director

Sh. I.S. Jha - Director

Sh. V.M. Kaul - Director

II. During the year, expenditure of ₹ 15632/- (previous year ₹ 16722/-) has been incurred by POWERGRID on behalf of the Company. The total amount payable to POWERGRID as at 31st March, 2010 is ₹ 87563/- (previous year ₹ 71931/-).

6. There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
7. Earning/ (Loss) per Share
- | | |
|--|----------|
| Net (Loss) after Tax used as numerator (Rupees) | (16,182) |
| Weighted average number of equity shares used as denominator | 50,000 |
| Earnings/ (Loss) per shares (Basic and Diluted) (Rupee) | (0.32) |
| Face value per share (Rupees) | 10/- |
8. There are no contingent liabilities.
9. All figures have been rounded off to the nearest rupee.
10. Previous year figures have been re-grouped / re-arranged wherever necessary.

As per our report of even date

For **NARESH K. GUPTA & CO.**
Chartered Accountants
Firm Regn. No. 002232N

For and on behalf of Board of Directors

(Nitin Gupta)
Partner

M. No. 096295

Place : New Delhi

Date : 15.06.2010

(J.Sridharan)
Director

(V. M. Kaul)
Director

AUDITOR'S REPORT

To the Members of

BYRNIHAT TRANSMISSION COMPANY LIMITED

1. We have audited the attached Balance Sheet and Profit and Loss Account of M/S. BYRNIHAT TRANSMISSION COMPANY LIMITED as at 31st March 2010. 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 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 misstatements. 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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, we enclose in the annexure a statement on the matters specified in para 4 and 5 of the said order.
4. We draw your attention to, without qualifying our Audit Report, that Board of directors have approved for filing application to Registrar of Companies for striking off the name of the company under section 560 of the Companies Act, 1956.
5. Further to above :
 - A. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - B. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - C. The Balance Sheet and the Profit & Loss Account, dealt with by this report, are in agreement with the books of account.
 - D. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory accounting standards referred to in sub section 3 (c) of section of 211 of the Companies Act, 1956.
 - E. Being a Government company, pursuant to the notification no. GSR 829(E) issued by Government of India, provisions of clause (g) of sub section (1) of section 274 of the Companies Act, 1956. are not applicable to the company.
 - F. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and Notes thereon 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 so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
 - ii. In the case of Profit and Loss Account, of the loss of the Company for the year ended on 31st March, 2010
 - iii. In the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on 31st March, 2010

For **NARESH K. GUPTA & CO.**

*Chartered Accountants
Firm Regn. No. 002232N*

(NITIN GUPTA)

Partner

Membership No. 096295

Dated : 15.06.2010

Place : New Delhi

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in Auditor's report of even date on the accounts of Byrnihat Transmission Company Limited for the year ended 31st March, 2010

1. The company does not own any Fixed Assets and hence 4(i)(a), 4(i)(b), 4(i)(c) of Companies (Auditor Report) (amendment) Order, 2004 are not applicable to the Company.
2. The company does not have inventory and hence 4(ii)(a), 4(ii)(b), 4(ii)(c) of Companies (Auditor Report) (amendment) Order, 2004 are not applicable to the Company.
3. a. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
b. In view of clause III (a) above, clauses 4(iii)(b), 4(iii)(c), 4(iii)(d) of Companies (Auditor Report) (amendment) Order, 2004 are not applicable to the Company.
c. The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
d. In view of clause III (c) above, clauses 4(iii)(f), 4(iii)(g) of Companies (Auditor Report) (amendment) Order, 2004 are not applicable to the Company.
4. Since there are no Fixed Assets and Inventory the clause 4(iv) of Companies (Auditor Report)(amendment) Order, 2004 is not applicable to the Company.
5. a. According to the information & explanation given to us, during the year under Audit, there have been no particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, which needs to be entered in the register required to be maintained under that section.
b. In view of the clause v(a) above the clause 4(v)(b) of Companies (Auditor Report)(amendment) Order, 2004 is not applicable to the Company.
6. The Company has not accepted any deposits from the public and in view of this, clause 4(vi) of Companies (Auditor Report)(amendment) Order, 2004 is not applicable to the Company.
7. According to the information & explanation given to us the company did not have an internal audit system in place for the financial year 2009-10.
8. The department of Company affairs has prescribed maintenance of cost accounting records under section 209(1)(d) of the Companies Act, 1956. However, cost accounts have not been prepared since there is no commercial activity during the year.
9. a. The undisputed statutory dues including Income tax, sales tax, wealth tax, service tax, excise duty, customs duty, cess and any other statutory dues wherever applicable have been regularly deposited by the company with appropriate authorities.
b. According to the information & explanation given to us there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have been deposited on account of any dispute.
10. The Company has been registered for a period of less than 5 years up to the last day of financial year 2009-10 from the date of registration of the Company. In view of this, clause 4(x) of Companies (Auditor Report) (amendment) Order, 2004 is not applicable to the Company
11. Since, the company does not have any borrowings clause 4(xi) of Companies (Auditor Report) (amendment) Order, 2004 is not applicable to the Company.
12. According to the information and explanations given to us the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities
13. In our opinion, the company is not a Chit Fund or a nidhi / mutual benefit fund / society. Therefore the Provisions of clause 4(xiii) of Companies (Auditor's Report) (Ammendment) Order, 2004 are not applicable to the Company.

14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the Provisions of clause 4(xiv) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions
16. Since the Company has taken no loans clause 4(xvi) of Companies (Auditor Report) (Amendment) Order, 2004 is not applicable to the Company.
17. Since the company has not raised any funds during the year clause 4(xvii) of Companies (Auditor Report) (amendment) Order, 2004 is not applicable to the Company.
18. According to the information and explanations given to us the Company has not made any preferential allotment to parties or companies covered in the register maintained under section 301 of the Act during financial year 2009-10.
19. According to the information and explanations given to us the Company has not issued any debentures during financial year 2009-10 and therefore the Provisions of clause 4(xix) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
20. According to the information and explanations given to us the company has not raised any money by way of Public Issue during financial year 2009-10.
21. According to the information and explanations given to us no fraud on or by the Company causing a material misstatement in the Financial Statements, has been noticed or reported during the financial year 2009-10.

For **NARESH K. GUPTA & CO.**

*Chartered Accountants
Firm Regn. No. 002232N*

(NITIN GUPTA)

Partner

Membership No. 096295

Place : New Delhi
Dated : 15.06.2010



पावरविड

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2010

(Amount in ₹)

PARTICULARS	For the Year ended 31.03.2010	For the Year ended 31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	(16,182)	(85,548)
Adjustments for :		
Preliminary Expenses written off	-	33,555
Pre-operative Expenses (of earlier years) written off / Pre-operative Expenses	-	36,651
Bank Charges Paid	550	550
Profit/(Loss) before Working Capital Changes	(15,632)	(14,792)
Adjustments for :		
Add: Increase in Current Liabilities	15,632	14,792
Net Cash from Operating Activities	-	-
B. CASH FLOW FROM INVESTING ACTIVITIES		
Less: Bank Charges Paid	550	550
Net Cash Flow from Investing Activities	(550)	(550)
C. CASH FLOW FROM FINANCING ACTIVITIES	-	-
D. Net Change in Cash and Cash Equivalents (A+B+C)	(550)	(550)
E. Cash and Cash Equivalents (Opening Balance)	498,025	498,575
F. Cash and Cash Equivalents (Closing Balance)	497,475	498,025

For **NARESH K. GUPTA & CO.**
Chartered Accountants
Firm Regn. No. 002232N

For and on behalf of Board of Directors

(Nitin Gupta)
Partner

M. No. 096295

Place : New Delhi

Date : 15.06.2010

(J.Sridharan)
Director

(V. M. Kaul)
Director

POWER SYSTEM OPERATION CORPORATION LIMITED

Registered Office: 1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016

DIRECTORS' REPORT

To,

The Members,

I, on behalf of the Board of Directors, present the First Directors' Report of Power System Operation Corporation Limited together with the audited Statement of Accounts for the period for the first Financial Year of the period from 20th March, 2009 to 31st March, 2010.

Your Company had been incorporated on 20th March, 2009 in deference to the directive no.11/20/2005-PG dated 4th July, 2008 of Ministry of Power as an wholly owned Subsidiary of Power Grid Corporation of India Limited (POWERGRID). As per the mandate of Ministry of Power, Power System Operation Corporation Limited (POSOCO) is responsible for independent system operation with separate accounting and Board structure. The Company has obtained the Certificate of Commencement of Business on 23rd March, 2010.

POWERGRID, in terms of Section 192A (2) Companies Act, 1956 has obtained the approval of its Shareholders for transfer of movable assets of Regional Load Despatch Centres (RLDCs) and National Load Despatch Centre (NLDC) to the Company. The book value of movable assets is approx. ₹184.78crore and the transfer will be made on updated book value of the assets to be transferred as on the date of transfer. Presently, the finalization of agreements for transfer is in process. The transfer agreements would be executed on receipt of notification under Section 27(2) of the Electricity Act, 2003.

POWERGRID has identified employees of System Operation Department, NLDC and RLDCs for transfer to POSOCO on Secondment basis.

POWERGRID, on behalf of the Company, filed a Petition for approval of NLDC and RLDCs Fees and Charges with Central Electricity Regulatory Commission (CERC) under CERC (fees & charges of and other related matters) Regulation, 2009 and approvals / orders are awaited.

Directors

In terms of Article 39(b) of the Articles of Association of the Company, Shri S. K. Chaturvedi, CMD, POWERGRID, Shri J. Sridharan, Director (Finance), POWERGRID, Shri S. Majumdar, Former Director (Projects), POWERGRID were the first Directors of the Company. POWERGRID, in terms of Article 49(a) (v) of the Articles of Association of the Company nominated one of its Independent Director Shri F. A. Vandrevale as a Director on the Board of Directors with effect from 29th June, 2009 as an Additional Director. On completion of his tenure as Independent Director of POWERGRID, in terms of Presidential Order communicated by Ministry of Power, Government of India vide letter No.1/38/96-PG dated 10th July, 2007, Shri F.A. Vandrevale tendered his resignation from the Directorship of the Company w.e.f. 10th July, 2010. Further, on superannuation of Shri S. Majumdar from POWERGRID, he ceased to be the Director of the Company w.e.f. 31st August, 2009 and Shri R.N. Nayak, Director (Operations), POWERGRID was appointed as Additional Director of the Company w.e.f. 29th September, 2009.

Auditors' Report

The Auditors Report to the shareholders does not contain any qualifications. Further, "Nil" comments have been received from the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956.

Auditors

M/s Vijay Sehgal & Co. Chartered Accountants, 100, 3rd Floor, New Rajdhani Enclave, Preet Vihar, Delhi were appointed by C&AG as Statutory Auditors of the Company for the first Financial Year of the period from 20th March, 2009 to 31st March, 2010.

Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2A) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:



पावरग्रिड

- i) That in the preparation of the annual accounts for the first Financial Year of the period from 20th March,2009 to 31st March,2010 the applicable accounting standards had been followed;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared accounts for the first Financial Year of the period from 20th March,2009 to 31st March, 2010 on a going concern basis.

Particulars of Employees

As on 31st March,2010, the company had no employee. Accordingly, Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo

As on 31st March, 2010, the Company had not carried out any commercial activity, accordingly particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

Acknowledgement

The Board extends its sincere thanks to POWERGRID.

For and on behalf of
Power System Operation Corporation Limited

Sd/-

(S.K. Chaturvedi)

Chairman

Date: 6th August, 2010.

Place: New Delhi.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER SYSTEM OPERATION CORPORATION LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2010

The preparation of financial statements of Power System Operation Corporation Limited, New Delhi, for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 May 2010.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Power System Operation Corporation Limited, New Delhi, for the year ended 31 March 2010 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-
(M. K. Biswas)

Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi

Place: New Delhi
Dated: 17th June, 2010



पावरसिड

POWER SYSTEM OPERATION CORPORATION LIMITED
BALANCE SHEET AS AT 31st MARCH, 2010

(Amount in ₹)

	Schedule	As at 31st March, 2010
SOURCES OF FUNDS		
1. Shareholders` Funds		
Share Capital	1	500,000
TOTAL		500,000
APPLICATION OF FUNDS		
2. Current Assets, Loans and Advances		
Current Assets		
Cash & Bank Balances	2	500,000
Less : Current Liabilities & Provisions		
Current Liabilities	3	12,802,159
Net Current Assets		(12,302,159)
3. Debit Balance in Profit & Loss Account		
TOTAL		12,802,159
Significant Accounting Policies and Notes forming part of Accounts	5	

(Schedule 1 to 5 form integral part of Accounts)

This is the Balance Sheet referred
to in our report of even date
For **Vijay Sehgal & Co.**
Chartered Accountants
Reg. No. 000374N

(CA S.V. Sehgal)
Partner

Membership No. 080329

For and on behalf of Board of Directors

(S.K. Chaturvedi)
Chairman

(J. Sridharan)
Director

Place : New Delhi

Date : 25th May, 2010

PROFIT & LOSS ACCOUNT
FOR THE PERIOD FROM 20.03.2009 (Date of Incorporation) TO 31st MARCH, 2010

(Amount in ₹)

	Schedule	For the Period ended 31.03.2010
INCOME		-
TOTAL		-
EXPENSES		
Preliminary Expenses		12,708,634
Preoperative Expenses		59,830
Administrative Expenses	4	6,120
Statutory Audit Fee		27,575
TOTAL		12,802,159
(Loss) for the Period before tax		(12,802,159)
Provision for Tax		
(Loss) after Tax		(12,802,159)
Carried forward as Debit Balance in the Profit & Loss A/c in the Balance Sheet		

Earning/ (Loss) Per Share - Basic & Diluted **(256)**

(Face Value of ₹ 10/- per share)

Significant Accounting Policies and Notes 5
forming part of Accounts

(Schedule 1 to 5 form integral part of Accounts)

This is the Profit & Loss Account referred

to in our report of even date

For **Vijay Sehgal & Co.**

Chartered Accountants

Reg. No. 000374N

(CA S.V. Sehgal)

Partner

Membership No. 080329

For and on behalf of Board of Directors

(S.K. Chaturvedi)

Chairman

(J. Sridharan)

Director

Place : New Delhi

Date : 25th May, 2010



POWER SYSTEM OPERATION CORPORATION LIMITED
Schedules - Forming part of Accounts

(Amount in ₹)

As at
31st March, 2010

SCHEDULE '1'

SHARE CAPITAL

Authorised

200,000,000 equity shares of ₹ 10/- each 2,000,000,000

Issued, Subscribed & Paid-up

50,000 equity shares of ₹ 10/- each fully paid up in cash 500,000

(Amount in ₹)

As at
31st March, 2010

SCHEDULE '2'

Cash & Bank Balances

Cash in Hand -

Balance with Scheduled Bank-
in Current Account 500,000

500,000

(Amount in ₹)

As at
31st March, 2010

SCHEDULE '3'

Current Liabilities

a. Payable to Holding Company 12,773,564

b. Statutory Audit Fees Payable 27,575

c. Other Current Liabilities 1,020

12,802,159

12,802,159

(Amount in ₹)

For the Period
ended on
31st March, 2010

SCHEDULE '4'

ADMINISTRATIVE EXPENSES

Filing Fee

6,120

6,120

SCHEDULES - FORMING PART OF ACCOUNTS

SCHEDULE '5'

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956, including accounting standards notified there-under.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates & assumptions and such differences are recognized in the period in which the results are crystallized.

3. Provisions and Contingent Liabilities

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. However claims by/ against the Company on any account are provided in the accounts on receipts/ acceptances. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

4. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statements', issued by the Institute of Chartered Accountants of India.

5. Earning Per Share

In accordance with Accounting Standard-20 (AS-20), "Earning per Share", issued by the Institute of Chartered Accountants of India, Basic & Diluted Earning per Share is computed using the weighted average number of Equity shares during the period.

6. Deferred Tax Assets/ Liabilities

Deferred tax assets & liabilities are measured using the current tax rates. When there is unabsorbed depreciation or carry forward of losses, Deferred Tax Assets are recognized to the extent there is a virtual certainty of realization of Deferred Tax Asset. Other Deferred Tax Assets are recognized to the extent, there is a reasonable certainty of realization of deferred tax asset. Such deferred tax assets and other unrecognized deferred tax assets are re-assessed at each Balance Sheet date and the carrying value of the same are adjusted, recognizing the change in the value of each such deferred tax asset.

7. Other Significant Policies

Other Significant policies will be framed, in coming years, as and when the need arises.

B) NOTES FORMING PART OF THE ACCOUNTS

1. The company was incorporated on 20th March, 2009 as a wholly owned subsidiary of Power Grid Corporation of India Ltd., a Government of India Enterprise to take over the business of system operations presently being carried out by the holding company. Hence accounts for the financial year are prepared for the period from 20th March, 2009 to 31st March, 2010, as per decision taken by the Board of Directors of the Company in their first Board Meeting and accordingly comparative figures for previous year can not be furnished.
2. a) The certificate of commencement of business was granted to the company on 23rd March, 2010.
b) Assets identified by the Holding Company, having Gross Block Value of ₹ 269.98 Crore as at 31st March, 2010, shall be transferred to the Company w.e.f., 01st April, 2010 after completing legal formalities.
3. The Company is governed by the Electricity Act, 2003 and that the said Act read with rules framed there-under have prevailed wherever the same were inconsistent with the Companies Act, 1956.

4. In view of book & taxable losses, no provision for Income Tax has been made.
5. Deferred tax Assets (DTA) has not been recognised as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.
6. Related Party Disclosures

- I. As per the Accounting Standard on 'Related Party Disclosure' (AS-18) issued by the Institute of Chartered Accountants of India, the related parties are as follows:

Holding Company

The Company is a 100% subsidiary of Power Grid Corporation of India Ltd. (POWERGRID).

Key Management Personnel

Mr. S.K. Chaturvedi	-	Chairman
Mr. J. Sridharan	-	Director
Mr. S. Majumdar	-	Director (till 31.08.2009)
Mr. F.A. Vandrevala	-	Director (w.e.f., 29.06.2009)
Mr. R.N. Nayak	-	Director (w.e.f.. 29.09.2009)

- II. The nature and volume of transactions during the period with the related parties were as follows:

(Amount in ₹)

Transaction during the period	Holding Company	Key Management Personnel
1) Outstanding Balances		
As Payable	12773564	NIL
2) Transaction during the period		
Preliminary & Preoperative Expenses incurred by Powergrid on behalf of the company.	12773564	NIL
Managerial Remuneration	NIL	NIL
3) Liabilities		
Share capital Allotted	4,99,940 (*)	NIL

(*) excludes 6 equity shares of ₹ 10/- each allotted to the officials of the holding company.

7. There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
8. Earning/ (Loss) per Share

Net (Loss) after Tax used as numerator (Rupees)	(128,02,159)
Weighted average number of equity shares used as denominator	50,000
Earnings/ (Loss) per shares (Basic and Diluted) (Rupees)	(256)
Face value per share (Rupees)	10/-
9. There are no contingent liabilities.
10. All figures have been rounded off to the nearest rupee.

As per our Report of even date

For and on behalf of Board of Directors

For **Vijay Sehgal & Co.**
Chartered Accountants
Reg. No. 000374N

(CA S.V. Sehgal)
Partner

Membership No. 080329

(S.K. Chaturvedi)
Chairman

(J. Sridharan)
Director

Place : New Delhi

Date : 25th May, 2010

AUDITORS' REPORT

To the Members of

Power System Operation Corporation Limited, New Delhi.

1. We have audited the attached Balance Sheet of M/s. Power System Operation Corporation Limited as at 31st March, 2010 and Profit & Loss Accounts and also the cash flow statement for period from 20th March, 2009 (Date of Incorporation) to 31st March, 2010, 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 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 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 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. The provisions of the said Act read with the rules there under 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph (04) above, 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 and 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 Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) Being a Government company & in view of Notification No. GSR 829(E) issued by the Government of India, provisions of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 pertaining to disqualification of Directors, is not applicable to a Government Company; and
 - (f) In our opinion and to the best of our knowledge according to information and explanations given to us, the said Accounts read with Significant Accounting Policies and Notes thereon, 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 Affairs of the Company as at 31st March, 2010;
 - ii. in the case of the Profit and Loss Account, of the Loss for the period from 20th March, 2009 (Date of Incorporation) to 31 st March, 2010; and
 - iii. in the case of the Cash Flow Statement, of the Cash Flows for the period ended on 31st March, 2010.

For **VIJAY SEHGAL & CO.**
Chartered Accountants
Reg. No. : 000374N

(CA. S. V. SEHGAL)
Partner
Membership No. 080329

Place : New Delhi
Dated : 25th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Auditor's report of even date on the accounts of Power System Operation Corporation Limited for the Period ended 31st March,2010 [Referred to in Paragraph (04) of our Report of even date]

1. The Company did not acquire any Fixed Assets, till period end and hence provisions of Clauses (i)(a), (i) (b) & (i)(c) of Paragraph 4 of the Order, are not applicable to the Company.
2. The Company did not have any inventory till period end and hence provisions of Clauses (ii)(a), (ii)(b) & (ii)(c) of Paragraph 4 of the Order are not applicable to the Company.
3. a) The Company has neither granted nor taken any loan, secured on unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b) In view of clause (iii) (a) above, provisions of Clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) & (iii)(g) of the Paragraph 4 of the Order, are not applicable to the Company.
4. Since there are no Fixed Assets & Inventory and Company has not commenced commercial activity, provision of clause (iv) of the Paragraph 4 of the Order is not applicable to the Company.
5. a. According to the information & explanation given to us, during the period under Audit, there have been no particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, which needs to be entered in the register required to be maintained under that section.
b. In view of the clause 5(a) above, the provision of clause (v)(b) of the Paragraph 4 of the Order is not applicable to the Company.
6. The Company has not accepted any deposit, during the year, under the provisions of section 58A & 58AA of the Companies Act, 1956 and the Rules framed there-under.
7. According to the information and explanations given to us, the company did not have an internal audit system in place during the period under audit.
8. Cost accounting records are prescribed to be maintained under Section 209(1)(d) of the Companies Act, 1956. However, cost accounts have not been prepared, since there is no commercial activity during the period.
9. a. According to the information & explanation given to us, as commercial activity was not commenced during the period and no employee was there on the rolls of the Company and no statutory due including that of Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess or any other statutory dues, was required to be deposited by the company with appropriate authorities.
b. Due to reason given in above sub-clause (ix)(a), there was no question of not depositing any dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess or other statutory due, on account of any dispute.
10. As this is the very first financial year of the Company, hence clause (x) of the Paragraph 4 of the Order is not applicable to the Company.
11. Since, the company did not resort to any borrowing, hence clause (xi) of the Paragraph 4 of the Order is not applicable to the Company.
12. According to the information and explanations given to us, the company has not granted any loans and advances and hence there is no question of granting any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore the provision of clause (xiii) of the Paragraph 4 of the Order is not applicable to the Company.
14. The Company has not dealt or traded in shares, securities, debentures and other investments during the period.
15. According to the information and explanations given to us, the Company has not given any guarantee during the period, for loans taken by others from bank or financial institutions.



पावरविड

16. As per the information and explanations given to us, no term loans were raised by the company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has only allotted shares to its holding Company and other nominees, at par, who were subscribers to Memorandum of Association and accordingly there was no question of making preferential allotment of equity shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not issue any debenture and hence there is no question of creation of any Security or Charge.
20. The Company has not raised any money by public issue during the period.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

For **VIJAY SEHGAL & CO.**
Chartered Accountants
Reg. No. : 000374N

(CA. S. V. SEHGAL)
Partner

Membership No. 080329

Place : New Delhi
Dated : 25th May, 2010

CASH FLOW STATEMENT FOR THE PERIOD FROM 20.03.2009 TO 31.03.2010

(Amount in ₹)

PARTICULARS	For the period ended 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net (Loss) Before & After Tax	(12,802,159)
Adjustments for :	Nil
(Loss) before Working Capital Changes	(12,802,159)
Adjustments for :	
Add : Increase in Current Liabilities	12,802,159
Net Cash from Operating Activities	-
B. CASH FLOW FROM INVESTING ACTIVITIES	
	-
C. CASH FLOW FROM FINANCING ACTIVITIES	
Issue of Equity Shares to subscribers	500,000
Net Cash from Financing Activities	500,000
D. Net Change in Cash and Cash Equivalents (A+B+C)	500,000
E. Cash and Cash Equivalents (Opening Balance)	-
F. Cash and Cash Equivalents (Closing Balance)	500,000

For **Vijay Sehgal & Co.**
Chartered Accountants
Reg. No. 000374N

(CA S.V. Sehgal)
Partner
Membership No. 080329

For and on behalf of Board of Directors

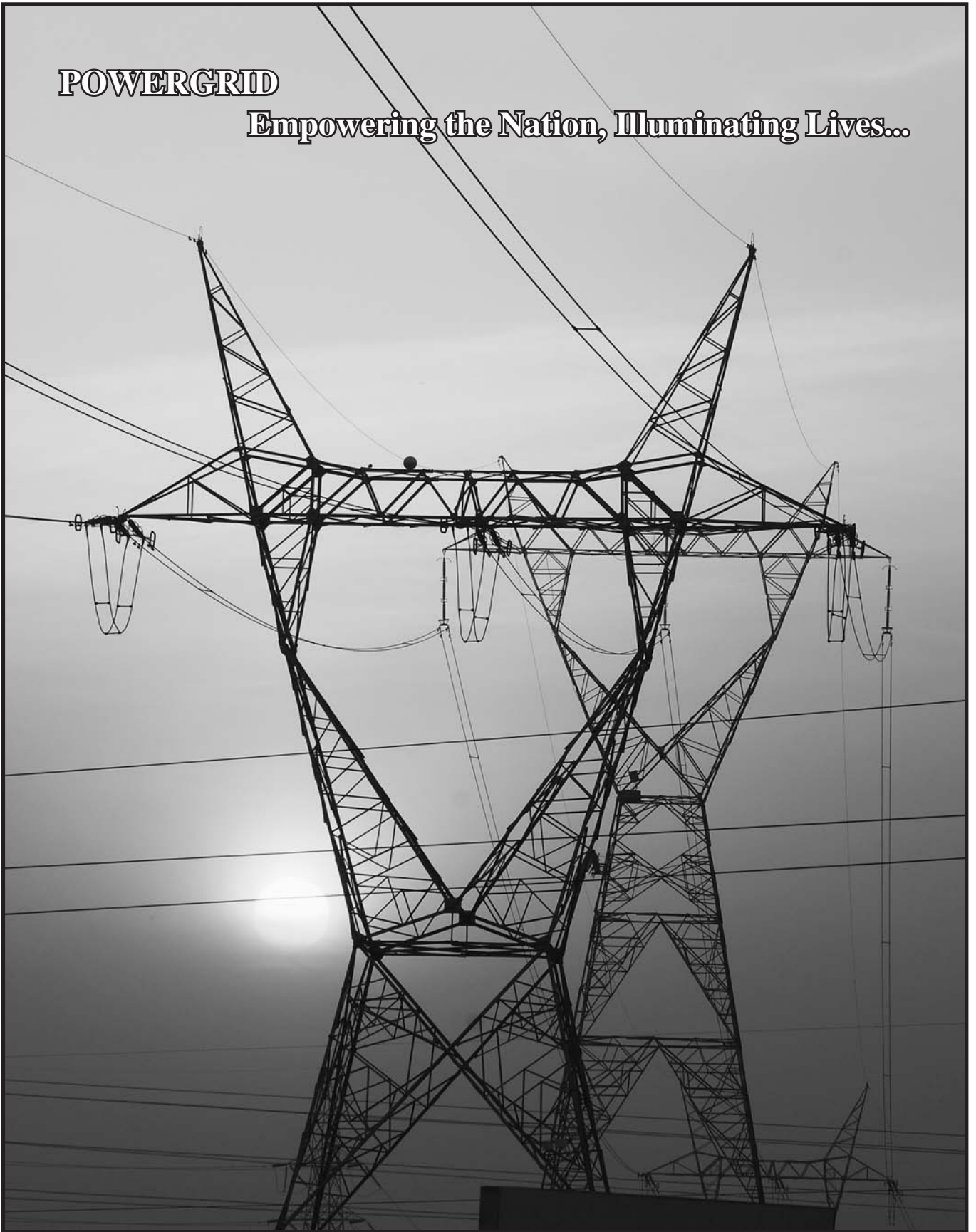
(S.K. Chaturvedi)
Chairman

(J. Sridharan)
Director

Place : New Delhi
Date : 25th May, 2010

POWERGRID

Empowering the Nation, Illuminating Lives...



Tomorrow will witness the spread
of a new glow

We are committed to
take power to India's
remotest doorsteps.

In a country of diverse terrain, it is not simply enough to generate power. What is equally important is to reach power to every nook and corner of India through a robust and widespread network of transmission lines. POWERGRID is spearheading this spread of energy for all-round economic growth. That's the power of POWERGRID!



Meet one of the world's largest and best managed power transmission utilities

*P*ower of being
Central Transmission
Utility (CTU)
of the country.

*O*ne of the Largest &
Best Managed
Transmission Utilities
in the world.

*W*heels 50%
of the Power
Generated
in India.

*E*nvironmental social
policy & procedures
for sustainable
growth.

*R*ole in GOI's
nation building
schemes APDRP
and RGGVY.

*G*rowth in inter region
power transmission.

*R*obust Network of
78,000 ckm lines.

*I*ncredible Transmission System
Availability of over 99.77%

*D*iversification in
Telecom Sector.



POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

पावरग्रिड

"Saudamini", Plot-2, Sector-29, Gurgaon, Haryana-122 001 (India)

www.powergridindia.com



पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Registered Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110 016, INDIA
Ph: 91-11-26560112, 26564892 Fax: 91-11-26601081

Corporate Office : 'Saudamini', Plot No. 2, Sector 29, Gurgaon (Haryana) - 122 001, INDIA
Ph: 91-124-2571700-719 Fax: 91-124-2571760, 2571848

www.powergridindia.com

**MEMORANDUM OF ASSOCIATION
AND
ARTICLES OF ASSOCIATION**



पावरग्रिड

(UPDATED UPTO AUGUST, 2009)

POWER GRID CORPORATION OF INDIA LTD.

(A Govt. of India Enterprise)

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Corp. Office : "Saudamini", Plot No. 2, Sector 29, Gurgaon-122001 (Haryana)



शासन एवं

Form 1

विनियम का प्रमाण-पत्र

Certificate of Incorporation

नं० 55-38121 का सं 1911
No. 55-38121 of 19 89-90

यह एतद् द्वारा प्रमाणित करता हूँ कि नाम नेशनल पावर ट्रांसमिशन कारपोरेशन
लिमिटेड

कम्पनी अधिनियम, 1956 (1956 का 1) के तहत विनियमित की गई है और यह
कम्पनी परिचीयित है।

I hereby certify that NATIONAL POWER TRANSMISSION
CORPORATION LIMITED

is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and
that the Company is limited.

मेरे हस्ताक्षर से आज ता० 1 अक्टोबर, 1911 को दिया गया।

Given under my hand at NEW DELHI this TWENTY THIRD day of
OCTOBER One thousand nine hundred and EIGHTY NINE.



। श्री. भवानी संकर ।

कम्पनी रजिस्ट्रार

दिल्ली एवं हरियाणा

(B. BHAVANI SANKAR)

Registrar of Companies

DELHI & HARYANA

Company No. 55-38121



Certificate for Commencement of Business

व्यापार प्रारम्भ करने का प्रमाण-पत्र

Pursuant to section 149 (3) of the Companies Act, 1956

कम्पनी अधिनियम १९५६ की धारा १४९ (३) के अनुसार मे

I hereby certify that the NATIONAL POWER TRANSMISSION

CORPORATION LIMITED

में एतद द्वारा प्रमाणित करता हूँ कि नेशनल पावर ट्रांसमिशन कारपोरेशन

लिमिटेड

which was incorporated under the Companies Act, 1956 on

जो कि कम्पनी अधिनियम, १९५६ के अन्तर्गत पंजीकृत की गई थी दिनांक 17 कार्तिक, 1989

the TWENTY THIRD day of OCTOBER, 1989

and which has filed a duly varified declaration in the

बीर जिस ने कि यथावत निर्धारित प्रपत्र में सत्यापित घोषणा पत्र प्रस्तुत

prescribed form that the conditions of section ~~148 (2) (a) to (c)~~

कर दिया है कि उस ने धारा ~~148 (2) (a) to (c)~~ १४९ (२) (क) से (ग)

148 (2) (a) to (c) of the said Act have been complied with, is entitled

थी सभी शर्तों का अनुपालन कर दिया है, अतः व्यापार प्रारम्भ करने का

to commence business.

अधिकारी है।

Given under my hand at NEW DELHI

मेरे हस्ताक्षर से आज दिनांक 17 कार्तिक, 1989

this EIGHTH day of NOVEMBER

One thousand nine hundred and NINETY

को जारी किया गया।



B. Bhavani Sankar

। बी. भवानी शंकर ।

कम्पनी रजिस्ट्रार

दिल्ली एवं हरियाणा

(B. BHAVANI SANKAR)

Registrar of Companies

DELHI & HARYANA

FRESH CERTIFICATE OF INCORPORATION
CONSEQUENT ON CHANGE OF NAME

Company No. 55-38121.....

In the Office of the Registrar of Companies, Delhi & Haryana
(Under the Companies Act, 1956 (1 of 1956)


IN THE MATTER OF NATIONAL POWER TRANSMISSION CORPORATION
LIMITED

I hereby certify that NATIONAL POWER TRANSMISSION CORPORATION LIMITED

Limited, which was originally incorporated on TWENTY THIRD
day of OCTOBER one thousand nine hundred and ~~eighty~~ EIGHTY NINE
under the ~~Companies Act, 1956~~ / Companies Act, 1956
(Act. 1 of 1956) Under the Name NATIONAL POWER TRANSMISSION CORPORATION
LIMITED Limited, having duly passed the necessary resolution in terms of
Section 21 of the Companies Act, 1956 and the approval of the Central Government signified in
writing having been accorded thereto under Section 21 read with Government of India, Department
of Company Arrairs Notification No. G.S.R. 50/ (E) dated 24.6.1985 by Registrar of Companies,
Delhi & Haryana, New Delhi vide Letter No. 21/55-38121/22875 dated 22.10.92
the name of the said Company is this day changed to POWER GRID CORPORATION OF
INDIA LIMITED Limited and this Certificate is issued pursuant to Section 23
(1) of the said Act.

Given under my hand at NEW DELHI This 23rd day of OCTOBER
(One thousand nine hundred & ninty TWO)




(Y. N. SHARMA)
ASST. REGISTRAR OF COMPANIES
DELHI AND HARYANA

INDEX

MEMORANDUM OF ASSOCIATION

PARA	SUBJECT	PAGE NO.
I.	Name of the Company	1
II.	Registered Office of the Company	1
III.	Objects	1
	A. Main Objects	
1.	To Develop Power System Network	1
2.	To act as an agent of Public Sector Financial Institutions	1
3.	To carry on manufacturing, trading and other business	2
3A.	To develop Telecommunications Networks	2
	B. Objects incidental or ancillary to the attainment of the main objects	
4.	To coordinate and control	3
5.	To act as a helper and servicing agency for the subsidiaries	3
6.	To obtain charters, concessions etc.	3
7.	To borrow money	3
8.	To borrow / obtain foreign currency/lines of credit	3
9.	To acquire and lease property	3
10.	To acquire business / companies	4
11.	To obtain authority etc. to carry out its objects	4
12.	To acquire know-how etc.	4
13.	To undertake research, development and training	4

14.	To improve money, property etc.	5
15.	To invest money	5
16.	To undertake joint ventures, etc.	5
17.	To provide for welfare of employees	5
18.	To sell property	5
19.	To enter into contracts	6
20.	To establish agencies etc.	6
21.	To subscribe for shares	6
22.	To create depreciation fund	6
23.	To open accounts in Banks	6
24.	Acquisition of companies	6
25.	To carry on consultancy services	7
26.	To promote other companies	7
27.	To carry on convenient business	7
28.	To collect information etc.	7
C. Other Objects		
29.	To act as an entrepreneur	7
30.	To lend money	7
31.	To carry on the business of carrier by land etc.	7
32.	To deal with goods etc. dealt with by subsidiaries	7
IV.	Limited Liability	7
V.	Share Capital	7
	Name of subscribers	8

698

NAME

REGIS

OBJEC

MAIN (

To dev
Networ

To act as
Sector F

* Name cha
was issued

**MEMORANDUM OF ASSOCIATION
OF
POWER GRID CORPORATION OF INDIA LTD.**

- | | | |
|--|------|--|
| NAME OF THE COMPANY | I. | The Name of the Company is *Power Grid Corporation of India Ltd. |
| REGISTERED OFFICE | II. | The registered office of the Company will be situated in the UNION TERRITORY OF DELHI. |
| OBJECTS | III. | The objects for which the Company is established are: |
| MAIN OBJECTS | A. | Main objects to be pursued by the Company on its incorporation: |
| To develop Power System Network | 1. | To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, sub-stations, load despatch stations and communication facilities and appurtenant works, coordination of integrated operation of regional and national grid system, providing consultancy services in power systems field, execution of turnkey jobs for other utilities/organisations, wheeling of power, purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time. |
| To act as an agent of Public Sector Financial Institutions | 2. | To act as an agent of Government/Public Sector Financial Institutions, to exercise all the rights and powers exercisable at any meeting of any company engaged in the planning, investigation, research, design and preparations of preliminary, feasibility and definite project reports, manufacture of power plant and equipment, construction, generation, operation and maintenance of power transmission system from power generating stations and projects, transmission, distribution and sale of power in respect of any shares held by the Government, public financial institutions, nationalised banks, nationalised insurance companies with a view to secure the most effective utilisation of the financial investments and loans in such companies and the most efficient development of the concerned industries. |

** Name changed vide Special Resolution passed at AGM held on 30.09.92 and a new Certificate of incorporation was issued by ROC on 23.10.92.*

*To carry on manufacturing, trading and other business

3. To carry on the business of purchasing, manufacturing, selling, importing, exporting, producing, trading, manufacturing plant, equipment and otherwise dealing in all aspects of planning, investigation, research, design, engineering and construction and establishment, operation and maintenance of power transmission systems, distribution systems, generating stations, consultancy and execution of turnkey jobs for other utilities/organisations and purchase and sale of power, power system development, ancillary and other allied industries and for that purpose to install, operate and manage generating stations and all necessary transmission & distribution lines, substations, switchyards, load despatch stations and communication facilities, establishments and allied works.

**To Develop Telecommunications Networks

3A. To plan, promote, develop, erect and maintain, operate and otherwise deal in Telecommunications Networks and Services in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports; to purchase, sell, import, export, assemble, manufacture, install, commission, maintain, operate commercially whether on own or along with others, on lease or otherwise, these networks and for such purposes to set up and/or install all requisite communications facilities and other facilities including fibre optic links, digital microwave links, communication cables, other telecommunication means, telephone and other exchanges, coaxial stations, microwave stations, repeater stations, security system databases, billing systems, subscriber management systems and other communication systems whether consisting of sound, visual impulse, or otherwise, existing or that may be developed or invented in the future and to manufacture, purchase, sell, import, export, assemble, take or give on lease/rental/subscription basis or by similar means or otherwise deal in components and other support and ancillary hardware and software systems, accessories, parts and equipments etc. used in or in connection with the operation of the above communication systems and networks including to deal with telecommunication operators or directly with the general public, commercial companies or otherwise; to obtain the National Long Distance Operator (NLDO) Licence and acknowledge compliance with the terms and conditions of the Licence Agreement entered into with Department of Telecommunications (DOT).

**Amended vide Special Resolution at Extraordinary General Meeting of the Company held on 25.10.1991 and confirmed by Company Law Board vide order No. CP 228/17/91 CLB dt. 19.12.1991.*

***Inserted vide Special Resolution passed at EGM held on 22.02.2000 and further amended vide Special Resolution passed at EGM held on 13.06.2006.*

- B. Objects incidental or ancillary to the attainment of the main objects:-**
- | | | |
|--|----|--|
| To coordinate and control | 4. | To coordinate the activities of its subsidiaries, to determine their economic and financial objectives / targets and to review, control, guide and direct their performance with a view to secure optimum utilisation of all resources placed at their disposal. |
| To act as a helper and servicing agency for the subsidiaries | 5. | To arrange, secure and make available to its subsidiary and other concerned organisations such facilities, resources, inputs and services as may be required. |
| To obtain charters, concessions etc. | 6. | To enter into any arrangement with the Government of India or with any other Government or State or any local or State Government or with authorities, supreme, national, local municipal or otherwise or with any person for the purpose of directly or indirectly carrying out the objects or furthering the interests of the Company or its members and to obtain from any such Government, State authority or person any charters, subsidies, loans, indemnities, grants, contracts, decrees, rights, sanctions, privileges, licences or concessions whatsoever, (whether statutory or otherwise) which the Company may think it desirable to obtain and carry out, exercise and comply with the same. |
| To borrow money | 7. | Subject to the Sections 58A, 292 and 293 of the Act and the rules made thereunder and to directions of R.B.I. to borrow money or to receive money or deposits for the purpose of financing the business of the Company either with security or mortgage or other security charged on the undertaking on all or any of the assets of the Company including uncalled capital and to increase, reduce or pay off any such securities. |
| *To borrow/obtain foreign currency/lines of credit | 8. | To borrow, for purposes of the Company, foreign currency or to obtain foreign lines of credit including commercial loans from any bank or financial institution or Government/Authority in India or abroad. |
| To acquire and lease property | 9. | To acquire by purchase, lease, exchange, hire or otherwise or to construct and maintain factories, works, buildings and conveniences of all kinds, lands, buildings, apartments, plants, machinery and hereditaments of any tenure or descriptions situated in India or any other part of the world or any estate or interest therein and any right over or connected with land so situated and turn the same to account in any manner as may seem expedient, necessary or convenient to the Company for the purpose of its business. |

**Amended vide Special Resolution dt. 18.08.09 passed through Postal Ballot.*

- To acquire business/companies 10. To acquire, possess and undertake the whole or any part of the business, assets, property, goodwill, rights and liabilities of any person, firm, society, association, corporation or company carrying on any business which the Company is authorised to carry on.
- To obtain authority etc. to carry out its objects 11. To obtain, apply for, arrange for the issue or enactment of order or Act of Legislature or Act of Authority in India or any other part of the world for enabling the Company to obtain powers, authorities, protection, financial and other help, necessary or expedient to carry out or extend any of the objects of the Company or for any other purpose which may seem expedient and to oppose any proceedings or application or any other endeavours, steps or measures which may seem calculated directly or indirectly to prejudice the Company's interests.
- To acquire know-how etc. 12. To apply for purchase or otherwise acquire any trade mark, patents, brevets d' inventions, licences, concessions and the like conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated, directly or indirectly to benefit the Company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.
- To undertake research development and training 13. (a) To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific, technical or research experiments and to undertake and carry on directly or in collaboration with other agencies scientific and technical research experiments and tests of all kinds and to process, improve and invent new products and their techniques of manufacture and to promote, encourage reward in every manner studies and research, scientific, and technical investigations and inventions of any kind that may be considered likely to assist, encourage and promote rapid advances in technology, economies, import substitution or any business which the Company is authorised to carry on.
- (b) To establish, maintain and operate technical training institutions and hostels for Engineers/Executives of all types and all other technical/non-technical staff and artisans and mechanics of all types and kinds and accountants and others in India or in any part of the world to make such other arrangements as may be expedient for the training of all categories of officers, workers, clerks, storekeepers and other personnel likely to be useful to or assist in any business which the Company is authorised to carry on.

- To improve money, property etc.14. Subject to Section 292 and 293 of the Act, to sell, improve, manage, develop, exchange, loan, lease or let, under-lease, sub-let mortgage, dispose off, deal with in any manner, turn to account or otherwise deal with any rights or property of the Company.
- To invest money 15. To accumulate funds and to invest or otherwise employ moneys belonging to or with the Company and not immediately required in the purchase or acquisition of any shares, securities or other investments whatsoever whether movable or immovable upon such terms as may be thought proper and from time to time to vary all or any such investments in such manner as the Company thinks fit.
- To undertake joint ventures, etc.16. To enter into partnership or into any arrangement for joint working, sharing or pooling profits, amalgamation, union of interests, co-operation, joint venture, reciprocal concession or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this Company.
- To provide for welfare of employees 17. To provide for the amelioration and welfare of persons employed or formerly employed by the Company and the wives, families dependents or connections of such persons by building or contributing to the building of houses, dwellings or by grants of money, pensions, allowances, bonuses or other payments or by creating and from time to time subscribing or contributing to Provident Fund and other Associations, Institutions, Funds or Trusts or by helping persons employed by the Company to effect or maintain insurance on their lives by contributing to the payment of premium or otherwise and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit.
- To sell property 18. Subject to Section 292 and 293 of the Act, to sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures, or securities of any other association, corporation or company to promote or aid in the promotion of any other company or partnership for the purposes of acquiring all or any of the properties, rights or liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.

To enter into contracts	19.	(a) To enter into agreements and contracts with Indian and foreign individuals, companies or other organisations for purchase of equipments, execution of works and for technical, financial or any other assistance, for carrying out all or any of the objects of the Company. (b) To enter into any agreement with any Government or Authorities (Municipal, local or otherwise) or any Corporations, Companies or persons which may seem conducive to the Company's objects and to obtain from any such Government, authorities, corporations, companies or persons any contracts, rights, privileges and concessions which the Company may think desirable and to carry out, exercise and comply with any such contracts, rights, privileges and concessions. (c) To enter into contracts of indemnity and guarantee.
To establish agencies etc.	20.	To establish and maintain agencies, branch places and local registers, to procure registration or recognition of the Company and to carry on business in any part of the world and to take such steps as may be necessary to give the Company such rights and privileges in any part of the world as are possessed by local companies or partnership or as may be thought desirable.
To subscribe for shares	21.	To subscribe for, underwrite, purchase, or otherwise acquire and to hold, dispose of and deal with the shares, stocks, securities and evidences of indebtedness or the right to participate in profits or other similar documents issued by any Government, authority, Corporation or body or by any company or body of persons and any option or right in respect thereof.
To create depreciation fund	22.	To create any depreciation fund, reserve fund, sinking fund, insurance fund or any other fund, whether for depreciation or for repairing, improving, extending or maintaining any of the properties of the Company, or redeemable preference shares or for any other purposes whatsoever, conducive to the interests of the Company.
To open accounts in Banks	23.	To open an account or accounts with any individual, firm or company or with any bank or bankers or shroffs and to pay into and withdraw money from such account or accounts.
Acquisition of companies	24.	To acquire shares, stocks or securities in or of any company carrying on any business which this Company is entitled to carry on or of any other company or undertaking the acquisition of which may seem likely or calculated directly or indirectly to promote or advance the interests of or be advantageous or beneficial to the Company and to sell or dispose of or transfer any such shares, stocks or securities.

To
se

To

To
bu

To

To

To l

To c
carr

To d
with

Limit
*Sha

* Ame

- | | | |
|--|-----|---|
| To carry on consultancy services | 25. | To promote, organise or carry on the business of consultancy services, contracting and turnkey execution in any field of activity in which it is engaged in, both in India and abroad. |
| To promote other companies | 26. | To promote, or concur in the promotion of any company, the promotion of which shall be considered desirable in furtherance of the object or any objects of the Company. |
| To carry on convenient business | 27. | To do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them and to carry on any business which may seem to the Company capable of being conveniently carried on in connection with any of the Company's objects or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights. |
| To collect information etc. | 28. | To arrange, receive and collect all relevant information in regard to any business carried on by the Company. |
| C. Other Objects: | | |
| To act as an entrepreneur | 29. | To act as an entrepreneur on behalf of the Central Government, to identify new areas of economic investment and to undertake or help in the undertaking of such investment. |
| To lend money | 30. | To lend money on property or on mortgage of immovable properties or against Bank guarantee and to make advances of money against future supply of goods and services on such terms as the Directors may consider necessary and to invest money of the Company in such manner as the Directors may think fit and to sell, transfer or to deal with the same. |
| To carry on the business of carrier by land etc. | 31. | To carry on the business of carriers by land, sea and air as may be required from time to time. |
| To deal with goods etc. dealt with by subsidiaries | 32. | To carry on the business of trading in and dealing in any manner whatsoever in all commodities, goods and things, manufactured, produced or dealt with in any manner by any of the subsidiaries or the Company. |
| Limited Liability | IV. | The liability of the members is limited. |
| *Share Capital | V. | The Authorised Share Capital of the Company is Rs. 10000,00,00,000/- (Rupees Ten Thousand crore) divided into 1000,00,00,000 (One Thousand crore) Equity shares of Rs. 10/- (Rupees Ten) each. |

* Amended vide Ordinary Resolution passed at E.G.M. of the Company held on 28.03.07.

**MEMORANDUM OF ASSOCIATION
OF
POWER GRID CORPORATION OF INDIA LTD.**

- | | | |
|--|------|--|
| NAME OF THE COMPANY | I. | The Name of the Company is *Power Grid Corporation of India Ltd. |
| REGISTERED OFFICE | II. | The registered office of the Company will be situated in the UNION TERRITORY OF DELHI. |
| OBJECTS | III. | The objects for which the Company is established are: |
| MAIN OBJECTS | A. | Main objects to be pursued by the Company on its incorporation: |
| To develop Power System Network | 1. | To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, sub-stations, load despatch stations and communication facilities and appurtenant works, coordination of integrated operation of regional and national grid system, providing consultancy services in power systems field, execution of turnkey jobs for other utilities/organisations, wheeling of power, purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time. |
| To act as an agent of Public Sector Financial Institutions | 2. | To act as an agent of Government/Public Sector Financial Institutions, to exercise all the rights and powers exercisable at any meeting of any company engaged in the planning, investigation, research, design and preparations of preliminary, feasibility and definite project reports, manufacture of power plant and equipment, construction, generation, operation and maintenance of power transmission system from power generating stations and projects, transmission, distribution and sale of power in respect of any shares held by the Government, public financial institutions, nationalised banks, nationalised insurance companies with a view to secure the most effective utilisation of the financial investments and loans in such companies and the most efficient development of the concerned industries. |

** Name changed vide Special Resolution passed at AGM held on 30.09.92 and a new Certificate of incorporation was issued by ROC on 23.10.92.*

*To carry on manufacturing, trading and other business

3. To carry on the business of purchasing, manufacturing, selling, importing, exporting, producing, trading, manufacturing plant, equipment and otherwise dealing in all aspects of planning, investigation, research, design, engineering and construction and establishment, operation and maintenance of power transmission systems, distribution systems, generating stations, consultancy and execution of turnkey jobs for other utilities/organisations and purchase and sale of power, power system development, ancillary and other allied industries and for that purpose to install, operate and manage generating stations and all necessary transmission & distribution lines, substations, switchyards, load despatch stations and communication facilities, establishments and allied works.

**To Develop Telecommunications Networks

3A. To plan, promote, develop, erect and maintain, operate and otherwise deal in Telecommunications Networks and Services in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports; to purchase, sell, import, export, assemble, manufacture, install, commission, maintain, operate commercially whether on own or along with others, on lease or otherwise, these networks and for such purposes to set up and/or install all requisite communications facilities and other facilities including fibre optic links, digital microwave links, communication cables, other telecommunication means, telephone and other exchanges, coaxial stations, microwave stations, repeater stations, security system databases, billing systems, subscriber management systems and other communication systems whether consisting of sound, visual impulse, or otherwise, existing or that may be developed or invented in the future and to manufacture, purchase, sell, import, export, assemble, take or give on lease/rental/subscription basis or by similar means or otherwise deal in components and other support and ancillary hardware and software systems, accessories, parts and equipments etc. used in or in connection with the operation of the above communication systems and networks including to deal with telecommunication operators or directly with the general public, commercial companies or otherwise; to obtain the National Long Distance Operator (NLDO) Licence and acknowledge compliance with the terms and conditions of the Licence Agreement entered into with Department of Telecommunications (DOT).

**Amended vide Special Resolution at Extraordinary General Meeting of the Company held on 25.10.1991 and confirmed by Company Law Board vide order No. CP 228/17/91 CLB dt. 19.12.1991.*

***Inserted vide Special Resolution passed at EGM held on 22.02.2000 and further amended vide Special Resolution passed at EGM held on 13.06.2006.*

B. Objects incidental or ancillary to the attainment of the main objects:-

- | | | |
|--|----|--|
| To coordinate and control | 4. | To coordinate the activities of its subsidiaries, to determine their economic and financial objectives / targets and to review, control, guide and direct their performance with a view to secure optimum utilisation of all resources placed at their disposal. |
| To act as a helper and servicing agency for the subsidiaries | 5. | To arrange, secure and make available to its subsidiary and other concerned organisations such facilities, resources, inputs and services as may be required. |
| To obtain charters, concessions etc. | 6. | To enter into any arrangement with the Government of India or with any other Government or State or any local or State Government or with authorities, supreme, national, local municipal or otherwise or with any person for the purpose of directly or indirectly carrying out the objects or furthering the interests of the Company or its members and to obtain from any such Government, State authority or person any charters, subsidies, loans, indemnities, grants, contracts, decrees, rights, sanctions, privileges, licences or concessions whatsoever, (whether statutory or otherwise) which the Company may think it desirable to obtain and carry out, exercise and comply with the same. |
| To borrow money | 7. | Subject to the Sections 58A, 292 and 293 of the Act and the rules made thereunder and to directions of R.B.I. to borrow money or to receive money or deposits for the purpose of financing the business of the Company either with security or mortgage or other security charged on the undertaking on all or any of the assets of the Company including uncalled capital and to increase, reduce or pay off any such securities. |
| *To borrow/obtain foreign currency/lines of credit | 8. | To borrow, for purposes of the Company, foreign currency or to obtain foreign lines of credit including commercial loans from any bank or financial institution or Government/Authority in India or abroad. |
| To acquire and lease property | 9. | To acquire by purchase, lease, exchange, hire or otherwise or to construct and maintain factories, works, buildings and conveniences of all kinds, lands, buildings, apartments, plants, machinery and hereditaments of any tenure or descriptions situated in India or any other part of the world or any estate or interest therein and any right over or connected with land so situated and turn the same to account in any manner as may seem expedient, necessary or convenient to the Company for the purpose of its business. |

**Amended vide Special Resolution dt. 18.08.09 passed through Postal Ballot.*

- | | | |
|---|-----|--|
| To acquire business/companies | 10. | To acquire, possess and undertake the whole or any part of the business, assets, property, goodwill, rights and liabilities of any person, firm, society, association, corporation or company carrying on any business which the Company is authorised to carry on. |
| To obtain authority etc. to carry out its objects | 11. | To obtain, apply for, arrange for the issue or enactment of order or Act of Legislature or Act of Authority in India or any other part of the world for enabling the Company to obtain powers, authorities, protection, financial and other help, necessary or expedient to carry out or extend any of the objects of the Company or for any other purpose which may seem expedient and to oppose any proceedings or application or any other endeavours, steps or measures which may seem calculated directly or indirectly to prejudice the Company's interests. |
| To acquire know-how etc. | 12. | To apply for purchase or otherwise acquire any trade mark, patents, brevets d' inventions, licences, concessions and the like conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated, directly or indirectly to benefit the Company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired. |
| To undertake research development and training | 13. | <p>(a) To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific, technical or research experiments and to undertake and carry on directly or in collaboration with other agencies scientific and technical research experiments and tests of all kinds and to process, improve and invent new products and their techniques of manufacture and to promote, encourage reward in every manner studies and research, scientific, and technical investigations and inventions of any kind that may be considered likely to assist, encourage and promote rapid advances in technology, economies, import substitution or any business which the Company is authorised to carry on.</p> <p>(b) To establish, maintain and operate technical training institutions and hostels for Engineers/Executives of all types and all other technical/non-technical staff and artisans and mechanics of all types and kinds and accountants and others in India or in any part of the world to make such other arrangements as may be expedient for the training of all categories of officers, workers, clerks, storekeepers and other personnel likely to be useful to or assist in any business which the Company is authorised to carry on.</p> |

- To improve money, property etc.14. Subject to Section 292 and 293 of the Act, to sell, improve, manage, develop, exchange, loan, lease or let, under-lease, sub-let mortgage, dispose off, deal with in any manner, turn to account or otherwise deal with any rights or property of the Company.
- To invest money 15. To accumulate funds and to invest or otherwise employ moneys belonging to or with the Company and not immediately required in the purchase or acquisition of any shares, securities or other investments whatsoever whether movable or immovable upon such terms as may be thought proper and from time to time to vary all or any such investments in such manner as the Company thinks fit.
- To undertake joint ventures, etc.16. To enter into partnership or into any arrangement for joint working, sharing or pooling profits, amalgamation, union of interests, co-operation, joint venture, reciprocal concession or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this Company.
- To provide for welfare of employees 17. To provide for the amelioration and welfare of persons employed or formerly employed by the Company and the wives, families dependents or connections of such persons by building or contributing to the building of houses, dwellings or by grants of money, pensions, allowances, bonuses or other payments or by creating and from time to time subscribing or contributing to Provident Fund and other Associations, Institutions, Funds or Trusts or by helping persons employed by the Company to effect or maintain insurance on their lives by contributing to the payment of premium or otherwise and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit.
- To sell property 18. Subject to Section 292 and 293 of the Act, to sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures, or securities of any other association, corporation or company to promote or aid in the promotion of any other company or partnership for the purposes of acquiring all or any of the properties, rights or liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.

- | | | |
|-----------------------------|-----|---|
| To enter into contracts | 19. | <p>(a) To enter into agreements and contracts with Indian and foreign individuals, companies or other organisations for purchase of equipments, execution of works and for technical, financial or any other assistance, for carrying out all or any of the objects of the Company.</p> <p>(b) To enter into any agreement with any Government or Authorities (Municipal, local or otherwise) or any Corporations, Companies or persons which may seem conducive to the Company's objects and to obtain from any such Government, authorities, corporations, companies or persons any contracts, rights, privileges and concessions which the Company may think desirable and to carry out, exercise and comply with any such contracts, rights, privileges and concessions.</p> <p>(c) To enter into contracts of indemnity and guarantee.</p> |
| To establish agencies etc. | 20. | To establish and maintain agencies, branch places and local registers, to procure registration or recognition of the Company and to carry on business in any part of the world and to take such steps as may be necessary to give the Company such rights and privileges in any part of the world as are possessed by local companies or partnership or as may be thought desirable. |
| To subscribe for shares | 21. | To subscribe for, underwrite, purchase, or otherwise acquire and to hold, dispose of and deal with the shares, stocks, securities and evidences of indebtedness or the right to participate in profits or other similar documents issued by any Government, authority, Corporation or body or by any company or body of persons and any option or right in respect thereof. |
| To create depreciation fund | 22. | To create any depreciation fund, reserve fund, sinking fund, insurance fund or any other fund, whether for depreciation or for repairing, improving, extending or maintaining any of the properties of the Company, or redeemable preference shares or for any other purposes whatsoever, conducive to the interests of the Company. |
| To open accounts in Banks | 23. | To open an account or accounts with any individual, firm or company or with any bank or bankers or shroffs and to pay into and withdraw money from such account or accounts. |
| Acquisition of companies | 24. | To acquire shares, stocks or securities in or of any company carrying on any business which this Company is entitled to carry on or of any other company or undertaking the acquisition of which may seem likely or calculated directly or indirectly to promote or advance the interests of or be advantageous or beneficial to the Company and to sell or dispose of or transfer any such shares, stocks or securities. |

- | | | |
|--|-----|---|
| To carry on consultancy services | 25. | To promote, organise or carry on the business of consultancy services, contracting and turnkey execution in any field of activity in which it is engaged in, both in India and abroad. |
| To promote other companies | 26. | To promote, or concur in the promotion of any company, the promotion of which shall be considered desirable in furtherance of the object or any objects of the Company. |
| To carry on convenient business | 27. | To do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them and to carry on any business which may seem to the Company capable of being conveniently carried on in connection with any of the Company's objects or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights. |
| To collect information etc. | 28. | To arrange, receive and collect all relevant information in regard to any business carried on by the Company. |
| C. Other Objects: | | |
| To act as an entrepreneur | 29. | To act as an entrepreneur on behalf of the Central Government, to identify new areas of economic investment and to undertake or help in the undertaking of such investment. |
| To lend money | 30. | To lend money on property or on mortgage of immovable properties or against Bank guarantee and to make advances of money against future supply of goods and services on such terms as the Directors may consider necessary and to invest money of the Company in such manner as the Directors may think fit and to sell, transfer or to deal with the same. |
| To carry on the business of carrier by land etc. | 31. | To carry on the business of carriers by land, sea and air as may be required from time to time. |
| To deal with goods etc. dealt with by subsidiaries | 32. | To carry on the business of trading in and dealing in any manner whatsoever in all commodities, goods and things, manufactured, produced or dealt with in any manner by any of the subsidiaries or the Company. |
| Limited Liability | IV. | The liability of the members is limited. |
| *Share Capital | V. | The Authorised Share Capital of the Company is Rs. 1000,00,00,000/- (Rupees Ten Thousand crore) divided into 1000,00,00,000 (One Thousand crore) Equity shares of Rs. 10/- (Rupees Ten) each. |

* Amended vide Ordinary Resolution passed at E.G.M. of the Company held on 28.03.07.

We, the several persons, whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names:

Name of subscribers, addresses, description and occupation, if any.	Number of Equity shares taken by each Subscriber.	Signature of Subscribers.	Signature of witnesses and their addresses, description & occupation, if any.
President of India through Shri S. Rajgopal, S/o Late S.R.S. Raghavan, Secretary to the Govt. of India, Ministry of Energy, Deptt. of Power, N. Delhi.	5	sd/- (S. Rajgopal)	sd/- (A.K. Agarwal) S/o Shri Shanti Swarup Agarwal, Manager (P) NHPC, N. Delhi.
Bahadur Chand, S/o Late Shri U.B. Jhamb, Chairman, Central Electricity Authority, Sewa Bhawan, R.K. Puram, New Delhi.	1	sd/- (Bahadur Chand)	-do-
U.V. Bhat, S/o Shri U.R. Bhat, Jt. Secy. (Finance), Deptt. of Power, N. Delhi.	1	sd/- (U.V. Bhat)	-do-
R.K. Nair, S/o Dr. K.R. Nair, Jt. Secy., Dept. of Power, New Delhi.	1	sd/- (R.K. Nair)	-do-
C.S. Chadha, S/o Shri H.S. Chadha, Jt. Secy., Deptt. of Power, GOI, New Delhi.	1	sd/- (C.S. Chadha)	-do-
V.K. Sibal, S/o Shri A.N. Sibal, Director, Min. of Energy, Deptt. of Power, New Delhi.	1	sd/- (V.K. Sibal)	-do-
T.P. Radhakrishnan, S/o Late Shri M.P.K. Pisharoti, Desk Officer, M/o Energy, Deptt. of Power, New Delhi.	1	sd/- (T.P. Radhakrishnan)	-do-

11 (Eleven)

NEW DELHI, Dated this 17th October 1989.

INDEX

ARTICLES OF ASSOCIATION

ARTICLE	SUBJECT	PAGE NO.
1.	Interpretation	1-4
2.	Table 'A' not to apply	4
3.	Company to be governed by these Articles	4
CAPITAL & SHARES		
4.	Share Capital	4
5A(i).	Allotment of Shares	4-5
5A(ii).	Calls on Shares / Debentures	5
5A(iii).	When interest on calls payable	5
5A(iv).	Calls paid in advance	5-6
5A(v).	Sums deemed to be call	6
5A(vi).	Partial payment not to preclude forfeiture	6
UNDERWRITING AND BROKERAGE		
5B(i).	Payment of Commission	6
5B(ii).	Payment of Brokerage	6
CERTIFICATES		
6.	Right of Members or Debenture holders to certificates	7
7.	Issue of new certificates in place of one defaced, lost or destroyed	7
LIEN, FORFEITURE OF SHARES OR DEBENTURES		
7(A). to 7(D).	Company's lien on shares or debentures	8-9
7(E). to 7(G).	Forfeiture of shares or debentures	9-11
7H.	Company may buy back its own Securities	11
7I.	Surrender of Shares / Debentures / Securities	11
7J.	Register and Index of Members / Debenture holders	11

**TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES
OR OTHER SECURITIES**

8(i).	Transfer and Transmission of shares or debentures or other securities	11-12
8(ii).	No fees to be charged	12
9.	Register of Transfers	13
10(i).	Execution of transfers	13
10(ii).	Closing of Registers of Members and Debenture / Other Security holders	13
11.	Transmission of shares	13
11A.	DEMATERIALIZATION OF SECURITIES	13-15
11B.	Nomination	15-16
11C.	Transmission of Securities by Nominee	16-17
	INCREASE, REDUCTION & ALTERATION OF CAPITAL	
12(i).	Increase of Capital	17
12(ii).	Terms of Issue of Debentures / Other Securities	17
13.	On what condition new shares may be issued	17
13A.	Further Issue of Shares	17-19
14.	When to be offered to existing members	19
15.	Same as original capital	19
16.	Reduction of capital	19-20
17.	Sub-division and consolidation of shares	20
	BORROWING POWERS	
18.	Power to borrow	20
19.	Issue at discount etc. or with special privileges	20
	GENERAL MEETINGS	
20.	Notice of General meeting	20-21
21.	Omission to give notice not to invalidate a resolution passed	21
22.	Quorum	21
23.	Chairman of General Meeting	21
24.	Chairman's decision conclusive	21

VOTES OF MEMBERS

25(i).	Votes	21
25(ii).	Postal Ballot	21
26(i).	Vote in respect of shares of deceased members	22
26(ii).	No member to vote unless calls are paid up	22
27.	Form of proxy	22
28.	Company not bound to recognise any interest in shares other than that of the registered holders	22-23

BOARD OF DIRECTORS

29.	Company to be managed by a Board of Directors	23
30.	Number of Directors	23
31.	Appointment of Board of Directors	23-25
32.	Alternate Director	25
33.	Delegation of Powers	25
34.	Matters reserved for the President	25-26
35-36.	Powers of President to issue directives	26
37.	Directors may be Directors of Companies promoted by the Company	27
38.	Omission to give notice	27
39.	Questions at Board Meeting how decided	27
40.	Who is to preside at meetings of the Board	27
40A.	Quorum	27
41.	Board may set up Committee	27
42.	Meetings of Committee how to be governed	27
43.	Chairman of Meetings of Committees	28
44.	General Powers of the Board	28
45.	Specific Powers given to the Board.	28-31
45A.	To comply with the NLDO Licencing Agreement with DOT	31

THE SEAL

- | | | |
|--------|--------------------------|----|
| 46(a). | The seal and its custody | 31 |
| 46(b). | Issue of the Seal | 31 |

DIVISION OF PROFITS AND DIVIDEND

- | | | |
|------|--|-------|
| 47. | Division of Profits | 31-32 |
| 48. | The Company in General Meeting may declare a dividend. | 32 |
| 49. | Interim dividend | 33 |
| 49A. | Unpaid or Unclaimed Dividend | 33 |
| 49B. | Capitalisation | 33-35 |

ACCOUNTS

- | | | |
|-----|--|----|
| 50. | Inspection by members of accounts and books of the Company | 35 |
|-----|--|----|

AUDIT

- | | | |
|-----|---|-------|
| 51. | Accounts to be audited annually | 35 |
| 52. | Appointment of Auditors | 35 |
| 53. | Powers of the Comptroller & Auditor General | 35-36 |
| 54. | Auditors' right to attend meetings | 36 |
| 55. | When accounts to be deemed finally settled | 36 |

NOTICE

- | | | |
|-----|--|----|
| 56. | Notice on persons acquiring shares on death or insolvency of members | 36 |
|-----|--|----|

WINDING UP

- | | | |
|-----|------------------------|----|
| 57. | Distribution of assets | 36 |
|-----|------------------------|----|

SECRECY

- | | | |
|-----|----------------|-------|
| 58. | Secrecy clause | 36-37 |
|-----|----------------|-------|

INDEMNITY & RESPONSIBILITY

- | | | |
|-----|--|----|
| 59. | Directors' and others right to indemnity | 37 |
| 60. | Not responsible for acts of others | 37 |

NAMES OF SUBSCRIBERS

38

**ARTICLES OF ASSOCIATION
OF
*POWER GRID CORPORATION OF INDIA LTD.**

INTERPRETATION

Interpretation clause	1. In these Articles, the following expressions shall have the following meanings unless repugnant to the subject or context.
The Act or the said Act	“The Act” or “the said Act” means the Companies Act, 1956 as amended up to date or other Act or Acts for the time being in force in India containing the provisions of the Legislature in relation to Companies.
**Beneficial Owner(s)	“Beneficial Owner(s)” means a person or persons whose name is recorded in the register maintained by a depository under Depositories Act, 1996.
The Board or Board of Directors	“The Board” or the “Board of Directors” means a meeting of the Directors duly called and constituted or as the case may be, the Directors assembled at a Board or the requisite number of Directors entitled to pass a circular resolution in accordance with the Act.
Capital	“Capital” means the capital for the time being raised or authorised to be raised for the purpose of the Company.
Chairman	“Chairman” means the Chairman of the Board of Directors for the time being of the Company.
The Company or This Company	“The Company” or “this Company” means* Power Grid Corporation of India Ltd.
***Dematerialization	“Dematerialization” is the process by which shareholder/debenture holder or other security holder can get physical share/debenture/security certificates converted into electronic holdings in his account maintained with a Depository Participant.
***Depositories Act	“Depositories Act” means the Depositories Act, 1996 or any statutory modification or re-enactment thereof.

**Name of the Company was changed vide Special Resolution passed at AGM held on 30.09.92 and a new Certificate of Incorporation was issued by ROC on 23.10.92*

***Inserted vide Special Resolution passed at EGM held on 13.11.01 and shifted from Article 11A (i)(b) to the Interpretation clause vide Special Resolution passed at EGM held on 28.03.07.*

****Inserted vide Special Resolution passed at EGM held on 28.03.07.*

*Depository	“Depository” means a Company formed and registered under the Act and which has been granted a certificate of registration by SEBI under the Securities & Exchange Board of India Act, 1992.
Directors	“Directors” means the Directors for the time being of the Company or as the case may be, Directors assembled at a Board.
**Dividend	“Dividend” includes interim dividend.
**Executor or Administrator	“Executor” or “Administrator” means a person who has obtained probate or letters of Administration, as the case may be from some competent Court.
Gender	Words importing the masculine gender also include the feminine gender.
Government	“Government” means the Central Government.
Government Corporation	“Government Corporation” means (i) a corporation established by the Government under any law in force for the time being and (ii) a Government Company as defined in the Act.
***Lien	“Lien” shall mean any right, title or interest existing or creating or purporting to exist or created by way of or in the nature of sale, agreement to sell, pledge, hypothecation, license, hire purchase, lease, tenancy, mortgage, charge, co-ownership, trespass, squatting, attachment or other process of any court, tribunal, or authority, statutory liabilities which are recoverable by a sale of property or any other third party rights or encumbrance generally.
Month	“Month” means a calendar month.
Office	“Office” means the Registered Office for the time being of the Company.
**Person	“Person” includes any individual, company, firm, association, trust or any other organization or entity, including any governmental or political subdivision, ministry, department or agency thereof.
Plural Number	Words importing the plural number also include the singular number.
***Postal Ballot	“Postal Ballot” includes voting by shareholders by postal or electronic mode instead of voting by being present personally or through a proxy in a general meeting of the Company.

**Inserted vide Special Resolution passed at EGM held on 13.11.01 and shifted from Article 11A (i)(a) to the Interpretation clause vide Special Resolution passed at EGM held on 28.03.07.*

***Amended vide Special Resolution Passed at EGM held on 28.03.07.*

**** Inserted vide Special Resolution passed at EGM held on 28.03.07.*

The President

“The President” means the President of India.

***1Register of Members/
Debenture holders**

“Register of Members/Register of Debenture holders” or “the Register” means the Register of Members / Register of Debenture holders to be kept pursuant to provisions of the Act and also the Register and Index of beneficial owners maintained by the Depository (ies) under Section 11 of the Depositories Act, 1996.

****Registered Owner**

“Registered Owner” means a Depository whose name is entered as such in the records of the Company.

****Rematerialization**

“Rematerialization” is the process of conversion of electronic holdings back into the physical form and issue of fresh share / debenture / security certificate(s) in favour of the share / debenture / security holder(s).

Registrar

“Registrar” means Registrar of the Companies of the State in which the Registered Office of the Company is situated.

These presents or Regulations

“These presents or regulations” means these Articles of Association as originally framed or altered from time to time and include Memorandum where the context so requires.

Seal

“Seal” means the Common Seal for the time being of the Company.

*****1SEBI**

“SEBI” means the Securities & Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

*****2Security**

“Security” means such security(ies) as may be specified by SEBI from time to time and includes all kinds of shares or debentures or other securities of any description issued or may be issued, from time to time, by the company and which are entitled or required to be dematerialised.

***2 Singular Number**

Words importing the singular number include the plural number.

Shares

“Shares” means the shares or stock into which the capital is divided and the interest corresponding with such shares or stock.

***1Writing**

“Writing” shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form.

**1Amended vide Special Resolution Passed at EGM held on 28.03.07.*

**2Amended vide Special Resolution Passed at AGM held on 24.09.91.*

***Inserted vide Special Resolution Passed at EGM held on 28.03.07.*

****1Inserted vide Special Resolution passed at EGM held on 13.11.01 and shifted from Article 11A (i)(c) to the Interpretation Clause vide Special Resolution passed at EGM held on 28.03.07.*

****2Inserted vide Special Resolution passed at EGM held on 13.11.01 and shifted from Article 11A (i)(d) to the Interpretation Clause vide Special Resolution passed at EGM held on 28.03.07.*

Expression in the Act to bear the same meaning in Article

Subject as aforesaid, any words or expression defined in the Act shall, except where the subject or context forbids, bear the same meaning in these Articles.

Marginal Notes

The marginal notes hereto shall not affect the construction hereof.

Table A not to apply

2. The Regulations in Table 'A' in the First Schedule to the Act, shall not apply to the Company except so far as the same are repeated or contained in or expressly made applicable by these Articles or by the Act.

***Company to be governed by these Articles**

3. The Regulations for the management of the Company and for the observance of the members thereof and their representatives shall subject as aforesaid and to any exercise of the statutory powers of the Company in reference to the repeal or alteration of or addition to its Articles of Association by Special Resolution, as prescribed or permitted by the Act, be such as are contained in these Articles.

CAPITAL AND SHARES

***Share Capital**

4. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital and divide the shares in the capital of the Company for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights including as to voting, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act.

****Allotment of Shares**

5A(i). Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and subject to the provisions of Section 77A of the Act with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or at premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital

**Amended vide Special Resolution Passed at EGM held on 28.03.07.*

***Amended and renumbered vide Special Resolution Passed at EGM held on 28.03.07.*

of the Company on payment in full or part of any property sold and transferred or subject to the provisions of Section 79A of the Act for any services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

***Calls on Shares/Debentures** 5A(ii) The Board of Directors may from time to time, make calls upon the members or debenture-holders or holders of securities issued by the Company in respect of any moneys unpaid on their shares or debentures or securities and specify the time or times of payments and each member or debenture holder or the holder of the securities shall pay to the Company at the time or times so specified the amount called on his shares / debentures / securities.

Provided however that the Directors may from time to time at their discretion extend the time fixed for the payment of any call.

***When interest on calls payable**

5A(iii) If the sum payable in respect of any call be not paid on or before the day appointed for payment thereof, the holder for the time being or allottee of the share / debenture / securities in respect of which a call shall have been made, shall pay interest on the same at such rate as the Board of Directors shall fix, from the day appointed for the payment thereof to the day of actual payment, but the Board of Directors may waive payment of such interest wholly or in part.

***Calls paid in advance**

5A(iv) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as may be decided by Directors provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by them until the same would but for such payment, become presently payable.

**Inserted vide Special Resolution passed at EGM held on 28.03.07.*

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures and other securities of the Company.

***Sums deemed to be call** 5A(v) Any sum which by the terms of issue of a share / debenture/ security becomes payable on allotment or at any fixed date, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non – payment all the relevant provisions of these Articles as to payment of interest and forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

***Partial payment not to preclude forfeiture** 5A(vi) Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member / debenture holder / holder of securities to the Company in respect of his shares / debentures / securities, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares / debentures / securities as provided in these Articles.

UNDERWRITING & BROKERAGE

***Payment of Commission** 5B(i) Subject to the provisions of Section 76 of the Act, as may be applicable, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares or debentures or other securities issued by the Company, but so that the commission shall not exceed in the case of shares five percent (or such percent as may be prescribed by the Act or the Rules framed thereunder or by any statutory authority) of the price at which the shares are issued and in case of debentures or other securities two and a half percent (or such percent as may be prescribed by the Act or the Rules framed thereunder or by any statutory authority) of the price at which the debentures or other securities are issued. Such commission may be satisfied by payment of cash or allotment of fully or partly paid shares / debentures / securities or partly in one way and partly in the other.

***Payment of Brokerage** 5B(ii) The Company may pay a reasonable and lawful sum of brokerage.

**Inserted vide Special Resolution passed at EGM held on 28.03.07.*

CERTIFICATES

***Right of Members or Debenture holders to certificates**

6. Subject to the requirements of Listing Agreement and the bye laws of the Stock Exchanges where the securities issued by the Company are listed for trading, every member / debenture holder shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares / debentures of each class or denomination registered in his name, or if the Directors so approve (upon paying such fees as the Directors may from time to time determine) to several certificates, each for one or more of such shares / debentures and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares / debentures, as the case may be. Every certificate of shares / debentures shall be under the seal of the Company and shall specify the number and distinctive numbers of shares / debentures in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of shares / debentures held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares / debentures to one of several right holders shall be sufficient delivery to all such holders.

Provided that in case of securities held by the Member / Debenture holder in dematerialized form, no Share / Debenture Certificate(s) shall be issued.

***Issue of new certificates in place of one defaced, lost or destroyed**

7. Subject to the requirements of the Act or the Securities Contracts (Regulation) Act, 1956 and the Rules or Regulations made thereunder or the Listing Agreement and the bye laws of the Stock Exchanges where the securities issued by the Company are listed for trading, or any other applicable law, if a security certificate is defaced, lost or destroyed, torn, mutilated, worn out or where the pages on reverse for recording transfers have been utilized, a new certificate shall be issued free of charge, and if any such certificate be lost or destroyed, then on such terms, evidence and indemnity and payment of expenses incurred by the Company, as the Directors may think fit.

**Amended by Special Resolution passed at EGM held on 28.03.07.*

*LIEN, FORFEITURE OF SHARES OR DEBENTURES

*Company's lien on shares or debentures

- *7(A) The Company shall have a first and paramount lien -
- i) On every share or debenture (not being a fully paid share or debenture), for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share or debenture; and
 - ii) On all shares or debentures (not being fully paid up) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company.
 - iii) On all shares or debentures for which the allotment money (whether in full or part) was deferred or kept as term deposit, as a condition of subscription by allottee to the shares or debentures.

Provided that the Board of Directors may at any time declare any share or debenture to be wholly or in part exempt from the provisions of this Article.

- **iv) The Company's lien, if any, on a share or debenture shall extend to all dividends, bonus or interest payable thereon.
- **v) The Company's lien, if any, on a share or debenture shall extend to the proceeds of the sale of any such shares / debentures provided that no equitable interest in any share shall be created except upon the condition that this Article will have full effect.

Unless otherwise agreed, the registration of a transfer of shares/ debentures shall operate as a waiver of the Company's lien, if any, on such shares / debentures.

- *7(B) The Company may sell, in such manner as the Board thinks fit, any shares or debentures on which the Company has a lien provided that no sale shall be made-
- i) Unless a sum in respect of which the lien exists is presently payable, or
 - ii) Until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the

**Added vide Special Resolution passed at E.G.M. held on 9.11.93.*

***Inserted vide Special Resolution passed at E.G.M. held on 28.03.07.*

time being of the share or debenture or the person entitled thereto by reason of his death or insolvency.

*7 (C) (i) To give effect to any such sale, the Board may authorise some person to transfer the shares or debentures sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares or debentures comprised in any such transfer.

*7 (D) (i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall subject to a like lien for sums not presently payable as existed upon the shares or debentures before the sale, be paid to the person entitled to the shares or debentures at the date of the sale.

Forfeiture of shares or debentures

*7 (E) (i) If a member or debenture-holder fails to pay any call or the allotment money which was deferred or kept as term deposit as a condition of subscription or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or allotment money or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

(ii) The notice aforesaid shall:

(a) Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares or debentures in respect of which the call was made will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid are not complied with, any shares or debenture in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

* Added vide Special Resolution passed at E.G.M. held on 9.11.93.

- (iii) A forfeited share or debenture may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
 - (iv) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- *7(F)
- (i) A person whose share or debenture have been forfeited shall cease to be a member or holder in respect of the forfeited shares or debentures, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the share or debenture.
 - (ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares or debentures.
- *7(G)
- (i) A duly verified declaration in writing that the declarant is a Director, Manager or the Secretary of the Company, and that a share or debenture in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated, as against all persons claiming to be entitled to the shares or debentures.
 - (ii) The Company may receive the consideration, if any, given for the share or debenture on any sale or disposal thereof and may execute a transfer of the share or debenture in favour of the person to whom the share or debenture is sold or disposed of.
 - (iii) The transferee shall thereupon be registered as the holder of the share or debenture.
 - (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share or debenture.
 - (v) The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the term of issue of a share or debenture, becomes payable at a fixed time, whether on account of the nominal value of the share or debentures by way of premium, as if

** Added vide Special Resolution passed at E.G.M. held on 9.11.93.*

the same had been payable by virtue of a call duly made and notified.

***Company may buy back its own Securities**

7H. Notwithstanding any provision to the contrary in these Articles, the Company may buy back its own securities subject to the provisions contained in Sections 77A, 77AA and 77B of the Act, as amended from time to time.

***Surrender of Shares / Debentures/Securities**

7I. Subject to applicable provisions of the law, the Board may accept from any shareholder/Debenture/security holder on such terms and conditions as shall be agreed a surrender of all or any of his shares / debentures / securities.

***Register and Index of Members /Debenture holders**

7J. The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members/Debenture holders (the Register) in accordance with Section 150 and 151 and other applicable provisions of the Act and the Depositories Act, with the details of shares / debentures held in physical and dematerialized form in any medium as may be permitted by law including any form of electronic medium.

The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also deemed to be the Register and Index of Members/Debenture holders for the purpose of the Companies Act and any amendment or re-enactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members / Debenture holders for the resident in that State or Country.

****TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES OR OTHER SECURITIES**

Transfer and transmission of shares or debentures or other securities

8(i) The Company shall register the transfer of securities subject to the applicable provisions of the Act, Depositories Act, Listing Agreements with the Stock Exchanges where the securities of the Company are listed and any other applicable law from time to time. Further, the Board may, at its own absolute and uncontrolled discretion, but subject to applicable law and further subject to the right of appeal, and by giving reasons, decline to register or acknowledge any transfer of shares/debentures/other securities, whether fully paid or not and the right of refusal, shall not be affected by the circumstances that

**Inserted vide Special Resolution passed at E.G.M. held on 28.03.07.*

*** Amended vide Special Resolution passed at E.G.M. held on 9.11.93 and further amended and renumbered vide Special Resolution passed at EGM held on 28.03.07.*

the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares / debentures / other securities in whatever lot shall not be refused.

The instrument of transfer in case of shares/debentures/ other securities held in physical form shall be in writing and all provisions of Section 108 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares / debentures / other securities and registration thereof.

A common form of transfer of shares or debentures or other securities as the case may be, shall be used by the Company.

Further, the Board may, subject to applicable law and these Articles and further subject to the right of appeal, decline to register:

- a) the transfer of a share or debentures not being fully-paid, to a person of whom they do not approve;
- b) any transfer of shares or debentures on which the Company has a lien, or when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor;
- c) when the transferor objects to the transfer, provided he serves on the Company within a reasonable time a prohibitory order of a Court of competent jurisdiction.

***No fees to be charged**

8. (ii) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

** Inserted vide Special Resolution passed at E.G.M. held on 28.03.07.*

- *1Register of Transfers** 9. The Company shall, if the Shares / Debentures / Securities of the Company are not in dematerialized form, keep a Register of Transfer of Shares (and Debentures or other securities) and therein enter the particulars of several transfers or transmission of any shares or debentures or other securities.
- *1Execution of transfers** 10. (i). The instrument of transfer of any share or debenture or other securities in the Company shall be executed both by the transferor and the transferee, and the transferor shall be deemed to remain holder of the share or debenture or security until the name of the transferee is entered in the Register of Members or Debenture holders / other Security holders in respect thereof.
- **Closing of Registers of Members and Debenture / Other Security holders** 10. (ii). The Register of Members / Debenture / Securities holders may be closed for any period or periods not exceeding 45 days in each year but not exceeding 30 (thirty) days at any one time after giving not less than 7 days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated.
- *1Transmission of shares** 11. Nothing contained in Article 8(i) shall prejudice any power of Company to register as share holder (or debenture holder) any person to whom the right to any shares (or debentures) in the Company has been transmitted by operation of Law.

*****1DEMATERIALIZATION OF SECURITIES**

***211A(i)(a) to (d) []

- *2Dematerialization / Rematerialization of securities** 11A. (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialize its securities held in the Depositories and / or offer its fresh securities in dematerialized form pursuant to the provisions of the Depositories Act, 1996 and the rules framed thereunder, if any.
- (ii) Every person subscribing to or holding securities of the Company shall have the option to receive security's certificates or to hold the securities with the Depository. Such person who is the Beneficial Owner of the securities can at any time opt out of the Depository, if permitted by law, in respect of any security in the manner and within the time prescribed.

*1 Amended vide Special Resolution passed at E.G.M. held on 28.03.07.

*2 Renumbered vide Special Resolution passed at E.G.M. held on 28.03.07.

** Inserted vide Special Resolution passed at E.G.M. held on 28.03.07.

***1 Inserted vide Special Resolution passed at E.G.M. held on 13.11.2001 and renumbered and amended vide Special Resolution passed at EGM held on 28.03.07.

***2 Shifted to Interpretation Clause vide Special Resolution passed at E.G.M. held on 28.03.2007. Consequently Articles 11A (ii) to (x) be renumbered seriatim as Articles 11A (i) to 11A (ix).

***Securities in Depository to be in Fungible Form**

If a person opts to hold his securities with Depository, the Company shall intimate such Depository, the details of allotment of the security and in receipt of the information, the Depository shall enter in its record the name of the allottees as the Beneficial Owner of the securities.

- (iii) All securities in depository shall be dematerialized and be in fungible form. Nothing contained in Section(s) 153, 372A and such other provisions of the Act as may be applicable, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners. In such event the right(s) and obligation(s) of the shareholder(s) / debenture holder(s) and the matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, 1996 or any statutory modification thereto or re-enactment thereof.

****Rights and Liabilities of Beneficial Owner(s)**

- (iv) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owners.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the Security(ies) shall not have any voting right(s) or any other right(s) in respect of the security(ies) held by it.
- (c) The Beneficial Owner of securities shall be entitled to all the right(s) and benefit(s) and be subject to all the liabilities in respect of Security(ies), which are held by a Depository.

****Service of Documents**

- (v) Notwithstanding anything to the contrary contained in the Act or Articles, where Security (ies) are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode by delivery of floppies or discs.

****Provisions of Articles not to apply to security (ies) held in Depository**

- (vi) Nothing contained in Section 108 of the Act or Articles 6 to 11 of the Articles of Association, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

****Allotment of Securities to be dealt within a Depository**

- (vii) Where securities are to be dealt with by the Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

** Amended and renumbered vide Special Resolution passed at E.G.M. held on 28.03.07.*

*** Renumbered vide Special Resolution passed at E.G.M. held on 28.03.07.*

*Dist held

**Tra Dem

***Re Bene

**Nor

*Renum
** Insert
***Delet
appear

- | | | |
|--|----------|--|
| *Distinctive number of securities held in dematerialized form | (viii) | Nothing contained in the Act or the Articles regarding the necessity of having distinctive numbers on securities issued by the Company shall apply to securities held with a Depository. |
| **Trading of securities in Demat Mode | (ix) | Notwithstanding anything contained in these Articles, the Company shall have the right to issue Securities in a public offer in dematerialized form as required by applicable laws and subject to the provisions of applicable law, trading in the Securities of the Company post-listing shall be in the demat segment of the relevant Stock Exchange(s) where the securities issued by the Company are listed for trading, in accordance with the directions of SEBI, the Stock Exchanges and in terms of the listing agreements to be entered into with the said Stock Exchange(s). |
| ***Register and index of Beneficial Owners | (x) | [] |
| **Nomination | 11B. (i) | Every share/debenture/security holder and a depositor under the Company's Public Deposit Scheme (Depositor) of the Company may at any time, nominate in the prescribed manner, a person to whom his shares/debentures/securities or deposits in the Company standing in his name shall vest in the event of his death. |
| | (ii) | Where the Shares or Debentures or Securities or Deposits in the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures or securities or deposits in the Company, as the case may be, shall vest in the event of death of all the joint holders. |
| | (iii) | Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such shares/debentures, securities or deposits in the Company, where a nomination made in the prescribed manner purport to confer on any person the right to vest the shares/debentures/securities or deposits in the Company, the nominee shall on the death of the share/debenture/security holder or a depositor or on the death of the joint holders as the case may be, become entitled to all the rights in such shares/ |

**Renumbered vide Special Resolution passed at E.G.M. held on 28.03.07.*

*** Inserted vide Special Resolution passed at E.G.M. held on 28.03.07.*

****Deleted vide Special Resolution passed at E.G.M. held on 28.03.07 in view of change in definition of Register appearing under Interpretation clause.*

debentures/security or deposits, as the case may be, all the joint holders in relation to such shares/debentures/security or deposits, to the exclusion of all persons, unless the nomination is varied, cancelled in the prescribed manner.

- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares/debentures/security or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares/debentures/securities or deposits in the Company, in the event of his death, during the minority.

***Transmission of Securities by Nominee**

11C. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- (i) To be registered himself as holder of the share/debenture / security or deposits, as the case may be; or
- (ii) To make such transfer of the share / debenture / security or deposits, as the case may be, as deceased share/debenture / security holder or depositor could have made.
- (iii) If the nominee elects to be registered as holder of the share/debenture/security or deposits, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share/debenture/ security holder or depositor, as the case may be;
- (iv) A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the shares/debentures/securities or deposits except that he shall not, before being registered as a member in respect of his share/debenture/security or deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company or the meetings of the holders of the debenture / security or deposits.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares/debentures/ securities or deposits, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or

** Inserted vide Special Resolution passed at E.G.M. held on 28.03.07.*

other money(s) payable or right(s) accruing in respect of the shares/debentures/ securities or deposits, until the requirements of the notice have been complied with.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

- *Increase of Capital** 12. (i) Subject to the provisions of the Act, the Company in General Meeting, may increase the share capital by such sum to be divided into shares of such amount, as the Resolution shall prescribe.
- **Terms of issue of Debentures/Other Securities** 12. (ii) Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
- *On what condition new shares may be issued** 13. New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation whereof shall direct.
- **Further Issue of Shares** 13A. 1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:
- (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on those shares at the date.
 - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the

* Amended vide Special Resolution passed at E.G.M. held on 28.03.07.

**Inserted vide Special Resolution passed at E.G.M. held on 28.03.07.

offer and the offer if not accepted, will be deemed to have been declined.

- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in sub-clause (b) hereof and shall contain a statement of this right, provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
2. Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever:
- (a) If a special resolution to that effect is passed by the Company in General Meeting, or
 - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
- a) to extend the time within which the offer should be accepted; or

b) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- (i) to convert such debentures or loans into shares in the Company; or
- (ii) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf; and
- b) in the case of debentures or loans or other than debentures issued to or loans obtained from the Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

***When to be offered to existing members**

14. The new shares (resulting from an increase of capital as aforesaid) may be issued or disposed of in accordance with the provisions of Article 5A(i) to 5A(vi).

Same as original capital

15. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

***Reduction of capital**

16. Subject to the provisions of Section 100 - 104 of the Act, the Company may, from time to time, by special resolution, reduce

** Amended vide Special Resolution passed at EGM held on 28.03.07.*

its capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may deem expedient, and capital may be paid off upon the footing that it may be called upon, again or otherwise.

***Sub-Division and consolidations of shares**

17. Subject to the provisions of the Act, the Company in a General Meeting may from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by sub-section (i) (a) to (e) of Section 94 of the Act, and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.

BORROWING POWERS

****Power to borrow**

18. Subject to the provisions of Section 58A, 292 and 293 of the Act, and Government Guidelines issued from time to time, the Board may by means of a resolution passed at the meeting of the Board, from time to time, borrow or secure the payment of any sum or sums of the money for the purpose of the Company on such terms and conditions as may be approved by the Board, subject, however, that the Board shall not without the sanction of the Company in a General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the Paid up Capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

*****Issue at discount etc. or with special privileges**

19. Subject to Section 79 and 117 of the Act, any debentures may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings and allotment of shares.

GENERAL MEETINGS

Notice of General Meeting

20. At least Twenty one clear days' notice in writing, specifying the place day and hour of General Meetings, with a statement of the business to be transacted at the meeting shall be served on every member in the manner provided by the Act but with the consent, in writing, of all the members entitled to receive notice of the same, any General Meeting may be convened by such

**Amended vide Special Resolution passed at AGM held on 24.9.91 and further amended vide Special Resolution passed at EGM held on 28.03.07.*

***Amended vide Special Resolution passed at EGM held on 22.03.2001 and further amended vide Special Resolution passed at EGM held on 28.03.07.*

****Amended vide Special Resolution passed at EGM held on 28.03.07.*

- shorter notice and in such manner as those members may think fit.
- Omission to give notice not to invalidate a resolution passed** 21. The accidental omission to give notice to or the non-receipt thereof by any member shall not invalidate any resolution passed at any such meeting.
- Quorum** 22. Five Members present in person or by duly authorised representative shall be quorum for a General Meeting of the Company.
- Chairman of General Meeting** 23. The Chairman of the Board of Directors or in his absence the Vice-Chairman shall be entitled to take the Chair at every General Meeting but if neither the Chairman nor the Vice-Chairman is to be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and, if no Director shall be present or if all the Directors present declined to take the chair, then the Members present shall choose one of their Members to be Chairman.
- * Chairman's decision conclusive** 24. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

VOTES OF MEMBERS

- **Votes** 25. (i) Every Member entitled to vote and present in person or by proxy shall have one vote on a show of hands and upon a poll one vote for each share held by him.
- ***Postal Ballot** 25. (ii) Notwithstanding anything contained in the Articles of the Company, the Company may in respect of any business but shall in respect of the businesses prescribed in the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 in respect of the matters specified in said Rules as modified from time to time, adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot (which includes voting by electronic mode) instead of transacting such business in a General Meeting of the Company subject to compliances with the procedure for such Postal Ballot and/ or other requirements prescribed in the aforesaid rules in this regard.

**Amended vide Special Resolution passed at AGM held on 24.9.91.*

*** Renumbered vide Special Resolution passed at EGM held on 28.03.07.*

**** Inserted vide Special Resolution passed at EGM held on 28.03.07.*

its capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may deem expedient, and capital may be paid off upon the footing that it may be called upon, again or otherwise.

17. Subject to the provisions of the Act, the Company in a General Meeting may from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by sub-section (i) (a) to (e) of Section 94 of the Act, and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.

BORROWING POWERS

18. Subject to the provisions of Section 58A, 292 and 293 of the Act, and Government Guidelines issued from time to time, the Board may by means of a resolution passed at the meeting of the Board, from time to time, borrow or secure the payment of any sum or sums of the money for the purpose of the Company on such terms and conditions as may be approved by the Board, subject, however, that the Board shall not without the sanction of the Company in a General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the Paid up Capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

19. Subject to Section 79 and 117 of the Act, any debentures may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings and allotment of shares.

GENERAL MEETINGS

20. At least Twenty one clear days' notice in writing, specifying the place day and hour of General Meetings, with a statement of the business to be transacted at the meeting shall be served on every member in the manner provided by the Act but with the consent, in writing, of all the members entitled to receive notice of the same, any General Meeting may be convened by such

***Sub-Division and consolidations of shares**

****Power to borrow**

*****Issue at discount etc. or with special privileges**

Notice of General Meeting

**Amended vide Special Resolution passed at AGM held on 24.9.91 and further amended vide Special Resolution passed at EGM held on 28.03.07.*

***Amended vide Special Resolution passed at EGM held on 22.03.2001 and further amended vide Special Resolution passed at EGM held on 28.03.07.*

****Amended vide Special Resolution passed at EGM held on 28.03.07.*

shorter notice and in such m fit.

21. The accidental omission to thereof by any member st passed at any such meeting

22. Five Members present in representative shall be que Company.

23. The Chairman of the Board the Vice-Chairman shall be General Meeting but if r Vice-Chairman is to be pre time appointed for holding s as Chairman, the members Director as Chairman and, if all the Directors present de Members present shall cho Chairman.

24. The Chairman of any Meeti validity of every vote tendere present at the time of taking t the validity of every vote ten

VOTES OF MEMBERS

25. (i) Every Member entitled by proxy shall have or upon a poll one vote fr

25. (ii) Notwithstanding anythi Company, the Compan but shall in respect of Companies (Passing o Rules, 2001 in respect Rules as modified from passing resolutions by means of Postal Bal electronic mode) inste in a General Meeting compliances with the f and/ or other requirem rules in this regard.

**Amended vide Special Resolution passed at AGM held on 24.9.91.*

***Renumbered vide Special Resolution passed at EGM held on 28.03.07.*

****Inserted vide Special Resolution passed at EGM held on 28.03.07.*

its capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may deem expedient, and capital may be paid off upon the footing that it may be called upon, again or otherwise.

***Sub-Division and consolidations of shares**

17. Subject to the provisions of the Act, the Company in a General Meeting may from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by sub-section (i) (a) to (e) of Section 94 of the Act, and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.

BORROWING POWERS

****Power to borrow**

18. Subject to the provisions of Section 58A, 292 and 293 of the Act, and Government Guidelines issued from time to time, the Board may by means of a resolution passed at the meeting of the Board, from time to time, borrow or secure the payment of any sum or sums of the money for the purpose of the Company on such terms and conditions as may be approved by the Board, subject, however, that the Board shall not without the sanction of the Company in a General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the Paid up Capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

*****Issue at discount etc. or with special privileges**

19. Subject to Section 79 and 117 of the Act, any debentures may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings and allotment of shares.

GENERAL MEETINGS

Notice of General Meeting

20. At least Twenty one clear days' notice in writing, specifying the place day and hour of General Meetings, with a statement of the business to be transacted at the meeting shall be served on every member in the manner provided by the Act but with the consent, in writing, of all the members entitled to receive notice of the same, any General Meeting may be convened by such

**Amended vide Special Resolution passed at AGM held on 24.9.91 and further amended vide Special Resolution passed at EGM held on 28.03.07.*

***Amended vide Special Resolution passed at EGM held on 22.03.2001 and further amended vide Special Resolution passed at EGM held on 28.03.07.*

****Amended vide Special Resolution passed at EGM held on 28.03.07.*

Omission to give
to invalidate a re
passed

Quorum

Chairman of Gen
Meeting

* Chairman's dec
conclusive

**Votes

***Postal Ballot

*Amended vide Sp

** Renumbered vic

*** Inserted vide S

- shorter notice and in such manner as those members may think fit.
- Omission to give notice not to invalidate a resolution passed** 21. The accidental omission to give notice to or the non-receipt thereof by any member shall not invalidate any resolution passed at any such meeting.
- Quorum** 22. Five Members present in person or by duly authorised representative shall be quorum for a General Meeting of the Company.
- Chairman of General Meeting** 23. The Chairman of the Board of Directors or in his absence the Vice-Chairman shall be entitled to take the Chair at every General Meeting but if neither the Chairman nor the Vice-Chairman is to be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and, if no Director shall be present or if all the Directors present declined to take the chair, then the Members present shall choose one of their Members to be Chairman.
- * Chairman's decision conclusive** 24. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

VOTES OF MEMBERS

- **Votes** 25. (i) Every Member entitled to vote and present in person or by proxy shall have one vote on a show of hands and upon a poll one vote for each share held by him.
- ***Postal Ballot** 25. (ii) Notwithstanding anything contained in the Articles of the Company, the Company may in respect of any business but shall in respect of the businesses prescribed in the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 in respect of the matters specified in said Rules as modified from time to time, adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot (which includes voting by electronic mode) instead of transacting such business in a General Meeting of the Company subject to compliances with the procedure for such Postal Ballot and/ or other requirements prescribed in the aforesaid rules in this regard.

**Amended vide Special Resolution passed at AGM held on 24.9.91.*

*** Renumbered vide Special Resolution passed at EGM held on 28.03.07.*

**** Inserted vide Special Resolution passed at EGM held on 28.03.07.*

***Vote in respect of shares of deceased members**

26. (i) Any person entitled under the Transmission clause to transfer any share may vote at a General Meeting in respect thereof as if he was registered holder of such shares provided that at least 72 hours before the time of holding the Meeting or adjourned Meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

****No member to vote unless calls are paid up**

26. (ii) No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

Form of Proxy

27. Every instrument of proxy for a specified meeting or otherwise shall as nearly as circumstances will admit be in the form or to the effect following:

POWER GRID CORPORATION OF INDIA LTD.

I _____ a member of _____ do hereby appoint _____ of _____ (or failing him) _____ of _____ as my proxy to attend and vote for me and on my behalf at the Annual / Extraordinary General Meeting of the Company to be held on the _____ day of _____ and at any adjournment thereof.

As witness my hand this _____ day of _____

Signed by the said _____

*****Company not bound to recognise any interest in shares other than that of the registered holders**

28. Save as otherwise provided in these presents, the Directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not

* Amended vide Special Resolution passed at AGM held on 24.09.91 and renumbered vide Special Resolution passed at EGM held on 28.03.07.

** Inserted vide Special Resolution passed at EGM held on 28.03.07.

***Amended vide Special Resolution passed at EGM held on 28.03.07.

*1 Company to be by a Board of D

*Number of Dir

Appointment of Directors

*1 Amended vide

*2 Deleted vide

*Amended vide

passed at EGM

**Amended vide

(except as ordered by a court of Competent jurisdiction or as by law required) be bound to recognise any benami trust or equitable, contingent or other claim to or interest in such share on the part of any person whether or not it shall have expressed or implied notice thereof.

BOARD OF DIRECTORS

***1Company to be managed by a Board of Directors** 29. The business of the Company shall be managed by the Board of Directors subject to the compliance of conditions stipulated in Department of Public Enterprises Office memorandum No. DPE/11 (2)/97-Fin dated 22nd July, 1997 as modified from time to time.

*29(A) []

***Number of Directors** 30. The President shall from time to time determine the number of Directors of the Company which shall not be less than 4 (four) and not more than 18 (eighteen). These Directors may either be whole time Directors or part-time Directors.

Appointment of Board of Directors **31.(i)(a) The Chairman shall be appointed by the President. All other members of the Board of Directors including Vice-Chairman shall be appointed by the President in consultation with the Chairman of the Company. No such consultation will be necessary in case of appointment of Directors representing the Government and Nominee Directors appointed by Financial Institutions / Banks.

(b) The President may, from time to time, appoint the Chairman or any of the Directors to the Office of Managing Director(s) of the Company for such term and such remuneration (whether by way of salary or otherwise) as he may think fit and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places in accordance with the provision of Article 32. Any such Chairman/Director appointed to any such office shall, if he ceases to hold the office of Chairman/Director from any cause, ipso facto, immediately cease to be Managing Director(s).

(c)(i) The Directors shall be paid such salary and/or allowances as the President may, from time to time determine subject to the provisions of Section 314 of the Act, such reasonable additional remuneration as may be fixed by the President may be paid to any one or more of the Directors for extra or special services rendered by him or them or otherwise.

*1 Amended vide Special Resolution dt. 18.08.09 passed through Postal Ballot.

*2 Deleted vide Special Reslution dt. 18.08.09 passed through Postal Ballot.

*Amended vide Special Reslution passed at AGM held on 24.09.91 and further amended vide Special Resolution passed at EGM held on 13.06.2006.

**Amended vide Special Resolution passed at EGM held on 28.03.07.

- (ii) The Chairman will be appointed subject to such terms and conditions as may be determined by the President.
- *(iii) Two-thirds (any fraction to be rounded off to the next number) Directors of the Company shall be persons whose period of office shall be liable to determination by rotation and save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

At every Annual General Meeting of the Company held next after the date of General Meeting in which first Directors are appointed, in accordance with Section 255 of the Act, one-third of such Directors for the time being liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office.

Directors to retire by rotation at every Annual General Meeting shall be those (other than the Chairman cum Managing Director of the Company and such other non-retiring Directors, if any) who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, unless otherwise agreed among themselves, be determined by lot.

A retiring Director shall be eligible for re-election. The Company at the Annual General Meeting in which Director retires, may fill-up the vacated office by appointing the retiring Director or some other person thereto.

If the place of retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, at the same time and place, and if at the adjourned meeting also, the place of retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless:

- (i) at that meeting or at the previous meeting, a resolution for the re-appointment of such director has been put to the meeting and lost;
- (ii) the retiring director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his un-willingness to be so re-appointed;

*Amended vide Special Resolution passed at EGM held on 28.03.07.

73A

*Alternate Dir

Delegation of

**Matters rese
the President

* Title amended vi

** New title given

- (iii) he is not qualified or disqualified for appointment;
 - (iv) a resolution, whether, Special or Ordinary, is required for his appointment by virtue of any provisions of the Act;
 - (v) the proviso to sub-section (2) of Section 263 is applicable to the case.
- (iv) A Director representing a Ministry of the Government of India shall retire on his ceasing to be an official of that Ministry.
 - (v) The President may from time to time remove any part-time Director, from office at his absolute discretion. Chairman and whole - time Directors may be removed from office in accordance with the terms of appointment or if no such terms are specified, on the expiry of 3 months notice issued in writing by the President or with immediate effect on payment of the pay in lieu of the notice period.
 - (vi) The President shall have the right to fill any vacancy in the office of the Directors caused by removal, resignation, death or otherwise.

***Alternate Director**

- 32. In place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from the State in which meetings of the Directors are ordinarily held, the President may appoint, in consultation with the Chairman of the Company any person to be an Alternate Director during his absence out of India or his absence of not less than three months from the State in which the meetings of the Board are ordinarily held and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of Meetings of the Board and to attend and to vote thereat accordingly.

Delegation of Powers

- 33. Subject to provisions of Section 292 and 293 of the Act, the Board may, from time to time, entrust and confer upon the Chairman, Managing Director, Director for the time being such of the powers as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restriction as they may think expedient and, may from time to time revoke, withdraw, alter or vary all or any such powers.

****Matters reserved for the President**

- 34. Without prejudice to the generality of the other provisions contained in these Articles, the Board shall reserve for the decision of the President any matter relating to:

* Title amended vide Special Resolution passed at EGM held on 28.03.2007.

** New title given and Article amended vide Special Resolution dt. 18.08.09 passed through Postal Ballot.

***Powers of President to issue directives**

- (i) The Company's revenue budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Government
- (ii) The Annual and Five -Year Annual Plans for Development.
- (iii) Winding up of the Company
- (iv) Sale, lease, disposal or otherwise of the whole or substantially the whole of the undertaking of the Company
- (v) Any other matter which in the opinion of the Chairman and Managing Director be of such importance as to be reserved for the approval of the President.

35. Notwithstanding anything contained in all these Articles, the President may from time to time issue such directives or instructions as may be considered necessary in regard to conduct of business and affairs of the company and in like manner, may vary and annul any such directive or instruction. The Directors shall give immediate effect to the directives or instructions so issued. In particular, the President will have the powers:

- (i) To give directives to the Company as to the exercise and performance of its functions in matters involving national security or substantial public interest
- (ii) To call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time.
- (iii) To determine in consultation with the Board annual, short and long term financial and economic objectives of the Company.

Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall except where the President considers that the interest of national security requires otherwise, incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the Company.

36. No action shall be taken by the Company in respect of any proposal or decision of the Directors reserved for the approval of the President until his approval to the same has been obtained. The President shall have the power to modify such proposal or decision of the Directors.

**Amended vide Special Resolution passed at AGM held on 24.09.91 and further amended vide Special Resolution dt. 18.08.09 passed through Postal Ballot.*

***Directors ma
of Companie
the Company**

Omission to

**Questions at
how decided**

**Who is to pre
meetings of t**

****Quorum**

***Board may s
Committee**

**Meetings of C
how to be gov**

** Amended vide
** Inserted vide S*

- *Directors may be Directors of Companies promoted by the Company** 37. The Chairman or a Director of the Company may be or become a Director of any Company promoted by this Company or in which it may be interested as a vendor, member or otherwise and such Director(s) shall be accountable for the benefits received as per rules in force.
- Omission to give notice** 38. The accidental omission to give notice of any meeting of the Directors to a Director shall not invalidate any resolution passed at any meeting.
- Questions at Board meeting how decided** 39. A Director may at any time convene a meeting of the Directors. Questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote.
- Who is to preside at meetings of the Board** 40. All meetings of the Directors shall be presided over by the Chairman if present or in his absence by the Vice-Chairman if present. If at any meeting both the Chairman and the Vice Chairman are not present at the time appointed for holding the same, the Directors shall choose one of the Directors then present to preside at the meeting.
- **Quorum** 40A. The quorum necessary for the transaction of business at the meeting of the Board of Directors shall be one – third of the total strength of Directors (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher as provided in Section 287 of the Act.
- *Board may set up Committee** 41. The Board may, subject to the provisions of Section 292 of the Act, delegate any of their powers to Committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors. The proceedings of such a Committee shall be placed before the Board of Directors at the next Board Meeting or in a subsequent meeting of the Board held within a period of three months.
- Meetings of Committee how to be governed** 42. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions of the Act for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

** Amended vide Special Resolution passed at EGM held on 22.03.2001.*

*** Inserted vide Special Resolution passed at EGM held on 28.03.07.*

- | | | |
|--|-----|---|
| Chairman of meetings of Committees | 43. | A committee may elect a Chairman at its meeting, if no such Chairman is elected, or if at any meeting the Chairman is not present, within 15 minutes after the time appointed for holding the same, the members present may choose one of their members to be Chairman of the meeting. |
| General powers of the Board | 44. | The Board of Directors may pay all expenditure incurred in setting up and registering the Company. |
| Specific Powers given to the Board | 45. | Subject to the provisions of the Act and without prejudice to the general power conferred by these Articles, the Board shall have the following powers, that is to say, powers:- |
| To make bye-laws | (a) | To make, vary and repeal from time to time bye-laws for the regulation of the business of the Company, its officers and servants; |
| To pay & charge interests, etc. | (b) | To pay and charge to the capital account of the Company any interest lawfully payable thereat under the provisions of the Act; |
| To acquire property | (c) | To purchase, take on lease or otherwise acquire for the Company property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit; |
| To pay for property in debentures | (d) | To pay for any property or rights acquired by or services rendered to the Company, either wholly etc. or partially in cash or in shares, bonds, debentures, debenture stock or in shares that may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon or any part of the property of the Company and its uncalled capital or not so charged; |
| To secure contracts by mortgage | (e) | To secure the fulfillment of any contracts or engagements entered into, the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they think fit; |
| To refer to arbitration | (f) | To refer any claim or demand by or against the Company to arbitration and observe and perform the awards; |
| *To invest money | (g) | To invest and deal with any of the moneys of the Company in any currency not immediately required for the purposes thereof, upon such securities and in such manner as they may think fit and from time to time to vary or realise such investment, subject to compliance of RBI and Government guidelines as issued from time to time. |

* Amended vide Special Resolution dt. 18.08.09 passed through Postal Ballot.

To give bonus, provident fund

To subscribe to

To create deprec other funds

738

To give bonus, to create provident fund

- (h) To provide for the welfare of employees or ex-employees of the Company or of its predecessors in business and the wives, widows and families of the dependents or connections of such employees or ex-employees by building or contributing to building of houses, dwellings or chawls or by grants of money allowances, bonuses, profit sharing bonuses, or benefit of any other kind or by creating and from time to time subscribing or contributing to provident and other association, institution funds, profit sharing or other schemes or trusts or by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and any other form of assistance, welfare or relief as the Directors shall think fit;

To subscribe to other funds

- (i) To subscribe or otherwise to assist or to guarantee money to scientific institutions or objects;

To create depreciation & other funds

- (j) To set aside before recommending any dividend out of the profit of the Company such sums as they may think proper for depreciation or to Depreciation Fund, Reserve or to Reserve Fund to meet contingencies or Insurance Fund or any special or other fund to meet contingencies or to repay Redeemable Preference Share, and for special dividends and for equalising dividends and for repairing, replacements, improving, extending and maintaining any part of the properties of the Company and for such other purposes (including the purposes referred to in the sub - clause (i) as the Director may in their absolute discretion think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to restrictions imposed by the Act) as the Directors may think fit; and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit for the Company; in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Directors may think fit and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the

Company or in the purchase or repayment of Redeemable Preference Shares and that without being bound to keep the same separate from the other assets and without being bound to pay or allow interests on the same, with power, however, to the Directors at their discretion to pay or allow to credit such fund interest at such rate as the Director may think proper, not exceeding 6% per annum;

***To create posts**

(k)(i) To create such posts, other than those to which appointment is made by the President, as they may consider necessary for the efficient conduct of the Company's affairs and to determine the scale of pay and other terms thereof;

** (ii) To structure and implement schemes relating to Personnel and Human Resource Management Training, Voluntary or Compulsory Retirement Scheme etc.;

*****To appoint officers**

(l) To appoint and at their discretion remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants from permanent, temporary or special service, as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and require security in such instances and such amounts as they may think fit and also without prejudice as aforesaid from time to time to provide for the management and transaction of the affairs of the Company in specified locality in India in such manner as they think fit;

(m) Subject to Section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretion for the time being vested in the Directors, subject however, to the ultimate control and authority being retained by them;

Authority to sub-delegate powers

(n) Any such delegate or attorney as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them;

To lend money

(o) To lend money to subsidiaries and associated organisations, on such terms and conditions as they may consider desirable.

* Renumbered vide Special Resolution passed at EGM held on 22.03.2001.

** Inserted vide Special Resolution passed at EGM held on 22.03.2001.

*** Amended vide Special Resolution passed at AGM held on 24.09.91 and further amended vide Special Resolution passed at EGM held on 22.03.2001.

*1 Creation of subsidiaries and of shareholding and Subsidiary

*2 To comply with NLDO Licencing with DOT

The seal and i

Issue of the se

*Division of pr

*1 Inserted vide Sp

*2 Inserted vide Sp

* Amended vide Sp

***1 Creation of joint venture(s)/ subsidiaries and disinvestment of shareholding of Joint Venture and Subsidiaries**

(p) To establish joint venture(s) and subsidiary companies in India or abroad, and to transfer assets, and divest shareholding in joint ventures and subsidiaries, subject to compliance of Government Guidelines issued from time to time.

***2 To comply with the NLDO Licencing Agreement with DOT**

45A. The Company acknowledges compliance with the National Long Distance Operator (NLDO) Licence Agreement entered into with Department of Telecommunication (DOT) and agrees that any violation of the licence agreement shall automatically disable the Company to carry on the business of National Long Distance Operator (NLDO).

THE SEAL

The seal and its custody

46 (a) The Board of Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof . The Board of Directors shall provide for the safe custody of the seal.

Issue of the seal

(b) The seal of Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf and except in the presence of at least two Directors and of Secretary or such other persons as the Board may appoint for the purpose and those two Directors or such other persons aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence. A Director (s) may, however, sign a share/debenture certificate by affixing his signature (s) thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director (s) shall be responsible for the safe custody of such machines, equipment, or other metal used for this purpose.

DIVISION OF PROFITS AND DIVIDEND

***Division of profits**

47. (i) The profits of the Company available for payment of division of profits or dividend subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of the Act and these presents as to the reserve fund and amortisation of capital shall be divisible among the members in proportion to the amount of capital paid-up

**1 Inserted vide Special Reslution dt. 18.08.09 passed through Postal Ballot.*

**2 Inserted vide Special Resolution passed at EGM held on 13.06.2006.*

** Amended vide Special Resolution passed at EGM held on 28.03.07.*

by them respectively. Provided always that unless the terms of issue otherwise provide, any capital paid-up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.

- (ii) No dividend shall be declared or paid by the Company for any financial year except out of profits of the Company for that year arrived after providing for the depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of profits of the Company for any previous financial year or years arrived after providing for the depreciation in accordance with applicable laws and remaining undistributed or out of both or out of moneys provided by the Government for the payment of dividend in pursuance of a guarantee given by the Government. No dividend shall carry interest against the Company.
- (iii) For the purpose of the last preceding Article, the declaration by the directors as to the amount of the profits of the Company shall be conclusive.
- (iv) Subject to the provisions of Section 205 of the Act as amended, no dividend shall be payable except in cash.
- (v) A transfer of shares shall not pass the right to any dividend declared thereon after transfer and before the registration of the transfer.
- (vi) Any one of the several persons, who are registered as the joint holders of any share, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.
- (vii) Unless otherwise directed any dividend may be paid by cheque or demand draft or warrant or such other permissible means to the registered address of the member or person entitled or in the case of joint holding, to the registered address of that one whose name stands first in the Register in respect of the joint holding and every cheque, demand draft or warrant so sent shall be made payable to the member or to such person and to such address as the shareholder or the joint shareholders in writing may direct.

The Company in General Meeting may declare a dividend

48. The Company in General meeting may declare a dividend to be paid to the members according to their respective right and interest in the profits and may fix the time for payment but no dividend shall exceed the amount recommended by the Board.

Interim dividend

49. The Directors may from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

***Unpaid or Unclaimed Dividend**

49A. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called the "Power Grid Corporation of India Limited Unpaid Dividend Account." Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to a Fund known as Investor Education and Protection Fund established under Section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

***Capitalisation**

49B. (1) The Company may in a General Meeting, upon the recommendation of the Board, resolve that it is desirable to capitalize the whole or any part of any moneys standing to the credit of the Share Premium Account or Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits of the Company (including profits or surplus moneys realised on sale of capital assets of the Company) standing to the credit fund or reserve of the Company or in the hands of the Company and available for dividend:-

- (a) By the issue and distribution, among the holders of the shares of the Company or any of them on the footing that they become entitled thereto as capital in accordance with their respective rights and interests and in proportion to the amount paid or credited as paid thereon of paid up shares, bonds or other obligations of the Company; or
- (b) By crediting shares of the Company which may have been issued and are not fully paid up, in proportion to the amounts paid or credited as paid thereon respectively, with the whole or any part of the same remaining unpaid thereon.
- (c) By increasing the par value of the shares which have been issued by the Company.

(2) The Board shall give effect to such resolution passed by the Company pursuant to this Article, provided that

* Inserted vide Special Resolution passed at EGM held on 28.03.07.

- (i) no such distribution or payment shall be made unless recommended by the Board and if so recommended, such distribution and payment shall be accepted by such shareholders in full satisfaction of their interest in the paid capital sum.
- (ii) any sum standing to the credit of a Security Premium Account or a Capital Redemption Reserve Fund shall not be paid in cash but may only, in accordance with the applicable provisions of the Companies Act, for the purposes of the Articles, only be applied in or towards:
 - (a) Paying up any amount for the time being unpaid on any shares held by such Members;
 - (b) Paying up in full un-issued shares of the Company to be allotted, distributed and credited as fully paid up;
 - (c) Partly in the way specified in sub-clause (a) and partly in the way specified in sub-clause (b) above.

Provided that the Company in a General Meeting may resolve that any surplus money arising from the realization of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company, be distributed among the Members.

- (3) For the purpose of giving effect to any such resolution the Board may settle any difficulty which may arise regard to the distribution or payment as aforesaid they think expedient and in particular they may issue fractional certificates and generally may make such arrangements for the acceptance, allotment and sale of such shares, bonds or otherwise as they may think fit and may make cash payment to any holders of shares on the footing of the value so fixed in order to adjust rights and may vest any shares, bonds or other obligations in trustees upon such trust for adjusting such rights as may seem expedient to the Board.
- (4) In cases where some of the shares of the Company are fully paid and others are partly paid, only such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares as

crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares and the partly paid shares, the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares is in direct proportion to the amounts than already paid or credited as paid on the existing fully paid and partly paid shares respectively.

- (5) Where deemed requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, such appointment shall be effective.

ACCOUNTS

- Inspection by members of accounts and books of the Company** 50. The Directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being directors and no members (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.

AUDIT

- Accounts to be audited annually** 51. Once at least in every financial year the Accounts of the Company shall be examined and the correctness of the Profit and Loss Accounts and Balance Sheet ascertained by one or more auditors.

- Appointment of Auditors** 52. The Auditor/Auditors of the Company shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor General of India, in accordance with the provisions of Section 619 of the Act.

- Powers of the Comptroller & Auditor General** 53. The Comptroller and Auditor General of India shall have powers:
- (i) To direct the manner in which the Company's account shall be audited by the Auditor /Auditors appointed in pursuance of Article 52 hereof and to give such Auditor/ Auditors instructions in regard to any matter relating to the performance of his/their functions as such;
 - (ii) To conduct a supplementary or test audit of the company's accounts by such persons as he may deem fit on his behalf and for the purpose of such audit to require information or additional information to be furnished to any person or persons and in such form as the Comptroller

- and Auditor General may, by general or special order, direct;
- (iii) The Auditor/Auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may think fit;
- (iv) Any such comment upon, supplement to the Audit Report shall be placed before the Annual General Meeting of the Company in the same manner as the Audit Report.
- * Auditors' right to attend meetings** 54. The Auditors of the Company shall be entitled to receive notice of and to attend any General Meeting of the Company at which any accounts which have been examined or reported on by them are to be laid before the Company and may make any statement of explanation they desire with respect to the accounts
- When accounts to be deemed finally settled** 55. Every account of the Company when audited and approved by a General Meeting shall be conclusive.
- Notice on persons acquiring shares on death or insolvency of members** 56. **NOTICE**
A notice may be given by the Company to the persons entitled to a share in consequence of death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title or representatives of the deceased assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.
- Distribution of assets** 57. **WINDING UP**
If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up, on the shares held by them respectively. And if in a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the paid up capital, such assets shall be distributed amongst the members in proportion to the original paid up capital as the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of share issued upon special terms and conditions.
- Secrecy clause** 58. **SECRECY**
No member shall be entitled to visit or inspect the Company's work without the permission of a Director or to require discovery

* Amended vide Special Resolution passed at AGM held on 24.09.91.

of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors will be inexpedient in the interest of the members of the Company to communicate to the Public.

INDEMNITY AND RESPONSIBILITY

**Directors' and others'
right to indemnity**

- 59 (i) Subject to the provisions of Section 201 (i) of the Companies Act, every Director, Manager, Auditor, Secretary or other Officer or Employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which any such Director, Manager, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him or them as such Director, Manager, Officer or Servant or in any other way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other claims
- (ii) Subject as aforesaid, every Director, Manager or Officer of the Company shall be indemnified against any liability incurred by him or them in defending any proceedings whether civil or criminal in which judgement is given in his or their favour or in which he is or they are acquitted or in connection with any application under Section 633 of the Act in which relief is given to him or them by the Court.

***Not responsible for acts
of others**

60. Subject to the provision of Section 201 of the Act, no Director, Manager or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director, or Officer, or for joining in any receipt or other act for the sake of conformity or for any loss or expenses; happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by an error of judgement or oversight on his or their part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his or their office or in relation thereto unless the same happens through his own dishonesty.

** Amended vide Special Resolution passed at EGM held on 28.03.07.*

Name of subscriber, address, description and occupation, if any.	Number of Equity shares taken by each Subscriber.	Signature of Subscribers.	Signature of witnesses and their addresses description & occupation, if any.
President of India through Shri S. Rajgopal, S/o Late S.R.S. Raghavan, Secretary to the Govt. of India, Ministry of Energy, Dept. of Power, N. Delhi.	5	sd/- (S. Rajgopal)	sd/- (A.K. Agarwal) S/o Shri Shanti Swarup Agarwal, Manager (P) NHPC, N. Delhi.
Bahadur Chand, S/o Late Shri U.B. Jhamb, Chairman, Central Electricity Authority, Sewa Bhavan, R.K. Puram, New Delhi.	1	sd/- (Bahadur Chand)	-do-
U.V. Bhat S/o Shri U.R. Bhat Jt. Secy. (Finance) Dept. of Power, N. Delhi	1	sd/- (U.V. Bhat)	-do-
R.K. Nair S/o Dr. K.R. Nair Jt. Secy., Dept. of Power, New Delhi.	1	sd/- (R.K. Nair)	-do-
C.S. Chadha S/o Shri H.S. Chadha, Jt. Secy., Dept. of Power, GOI, New Delhi.	1	sd/- (C.S. Chadha)	-do-
V. K. Sibal, S/o Shri A.N. Sibal, Director, Min. of Energy, Dept. of Power, N. Delhi	1	sd/- (V. K. Sibal)	-do-
T.P. Radhakrishnan, S/o Late Shri. M.P.K. Pisharoti, Desk Officer, M/O Energy, Dept. of Power, New Delhi.	1	sd/- (T.P. Radhakrishnan)	-do-

11 (ELEVEN)

NEW DELHI, Dated this 17th October 1989.

POWER GRID CORPORATION OF INDIA LIMITED

(Company Secretariat)

Ref.No.: C/COS/

Dated: 19.10.2012

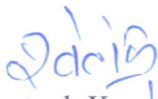
From: Company Secretariat

To: DGM (DMS)

Sub: Power of Attorney

Please find enclosed herewith the Power of Attorney issued in favour of Shri Venkat Subramanyam Tata, GM (Distribution).

Thanking you,


Shwetank Kumar
(Secretarial Officer)



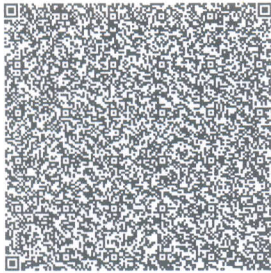
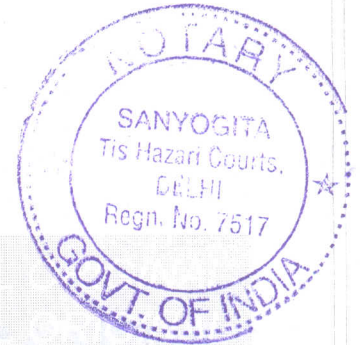
सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No. : IN-DL31969658714245K
Certificate Issued Date : 11-Oct-2012 04:57 PM
Account Reference : IMPACC (IV)/ dl740303/ DELHI/ DL-DLH
Unique Doc. Reference : SUBIN-DL74030364021244224271K
Purchased by : POWER GRID CORPORATION OF INDIA LTD
Description of Document : Article 48(c) Power of attorney - GPA
Property Description : NA
Consideration Price (Rs.) : 0
(Zero)
First Party : POWER GRID CORPORATION OF INDIA LTD
Second Party : NA
Stamp Duty Paid By : POWER GRID CORPORATION OF INDIA LTD
Stamp Duty Amount(Rs.) : 50
(Fifty only)



.....Please write or type below this line.....

POWER OF ATTORNEY

KNOW ALL MEN that by these presents that, Power Grid Corporation of India Ltd., a Company incorporated under the Companies Act,1956 and having its Registered Office at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110016 and Corporate Office at SAUDAMINI, Plot No. 2, Sector - 29, Gurgaon, Haryana-122 001 (hereinafter referred to as 'POWERGRID' which expression shall unless repugnant to the context or meaning thereof, include its successors, administrators and assigns) do hereby nominate, constitute and appoint **Mr. Venkat Subramanyam Tata, General Manager, POWERGRID** as its true and lawful attorney to do the following acts, deeds and things:

Sanyam
CMD.

Statutory Alert:

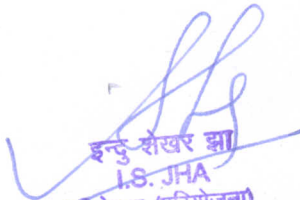
1. The authenticity of the Stamp Certificate can be verified at Authorised Collection Centers (ACCs), SHCIL Offices and Sub-registrar Offices (SROs).
2. The Contact Details of ACCs, SHCIL Offices and SROs are available on the Web site "www.shcilestamp.com"


1. To sign and submit the Application Form for grant of a Distribution License in the State of Orissa.
2. To do all and whatsoever the Attorney in pursuance of the power and authorities shall lawfully to do or cause to be done by virtue of these presents the Company hereby allows, ratifies and confirms as good and valid and the company agrees to undertake to ratify whatever the said attorney shall lawfully do by virtue of the powers conferred on him by these presents.

IN WITNESS WHEREOF, I, the executor of this Power of Attorney affixed my signature on this Power of Attorney on .17. th day of October, 2012 and executed these presents under the Common Seal of the Company in presence of witness mentioned below:

For and on behalf of
Power Grid Corporation of India Limited

WITNESS


इन्दु शेखर झा
I.S. JHA
निदेशक (परियोजना)
Director (Projects)
पावरग्रिड/POWERGRID



आर. पी. ससमल
R. P. SASMAL
निदेशक (प्रचालन)
Director (Operations)



दिव्या टण्डन / Divya Tandon

कंपनी सचिव / Company Secretary

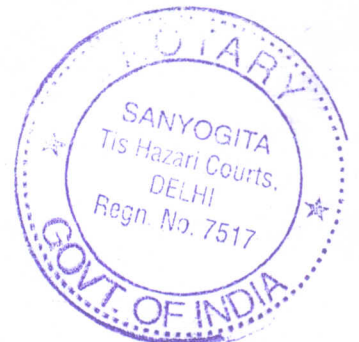
पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड
Power Grid Corporation of India Ltd.
प्लॉट सं०-2, सेक्टर-29, गुरुगाँव-122 001 (हरियाणा)
Plot No.2, Sector-29, Gurgaon-122 001 (HARYANA)


रविन्द्र नाथ नायक
R. N. NAYAK
अध्यक्ष एवं प्रबन्ध निदेशक
Chairman & Managing Director
पावरग्रिड/ POWERGRID

ATTESTED

NOTARY PUBLIC DELHI

17 OCT 2012





Ref.No. C-DMS-OERC

October 15, 2012

**Subject: POWERGRID's entry into Distribution Business –
Filing of Petition for undertaking Wire Business to OERC**

- 1.0 CESU, vide its letter dated Sept.15, 2012, has expressed its intent for allowing POWERGRID to take up Distribution Network Management activities in Odisha ranging from 33 kV and below as Wire Business, for which POWERGRID need to take a separate Distribution Wire Business License from OERC for activities in Odisha State. (Copy enclosed at Flag 'A').
- 2.0 The matter was further discussed in a meeting with Chairman, OERC, Chairman, CESU and other State officials on Sept.29, 2012, wherein they had suggested POWERGRID to initiate action for submission of petition to OERC to explore feasibility of issuance of Distribution License for Wire Business only, in the CESU areas. (Record Note of the Meeting enclosed at Flag 'B').
- 3.0 POWERGRID's intent to enter into Distribution Business was deliberated during 278th Board Meeting held on October 14, 2012 at Agra, wherein the Board have given their in- principle clearance for filing of the petition to explore feasibility of issuance of "Distribution License for Wire Business" only, in the CESU areas. (Flag 'C').
- 4.0 Accordingly, a petition for filing with OERC has been drafted along with the relevant Annexures and the same is enclosed herewith for perusal and approval before submission to the Statutory Authorities. (Flag 'D').

Contd.....



5.0 It is further submitted that as per Odisha Government Notification that every petition u/s 15 of the Act for grant of license by OERC needs to be accompanied by a fees of ₹ 1,00,000/- (Rupees one lakh only), by way of Demand Draft through a Nationalised Bank in favour of Secretary, OERC. (Flag 'E').

6.0 Proposal:

6.1 The Competent Authority may approve filing of the petition as per the draft enclosed at Flag 'D' with OERC for issuance of "Distribution License for Wire Business only" in CESU areas.

6.2 Approval for payment of ₹ 1,00,000/- as Petition Fee, to be released through ER-II on approval.

Submitted please.

(Anil Jain)
GM (DMS)

HOD (Law)

ED (Comml)

ED (BDD & PI)
ED (FIN)

DIR (PROJ)

DIR (FIN)

CMD

GM (TBCB & RC)

ED (Comml)
GM (TBCB & RC)

GM (F) / AC
GM (F) / AC

222/160 Comml
15/10/12

222/160 Comml
16/10/12



Dr. V.S. Tata, GM (Dist)

हिन्दी में काम करना आसान है, शुरु तो कीजिए।

ANNUAL REPORT 2007-08



A NAVRATNA PSE



पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)



Integrated Management Policy

POWERGRID is committed to:

- Establish and maintain an efficient and effective "National Grid" with due regard to time, cost, technology and value additions,
- Sustainable development through conservation of natural resources and adopting environment friendly technology on principle of Avoidance, Minimization and Mitigation,
- Ensure safe, occupational hazard free and healthy work environment, to the satisfaction of stakeholders in all areas of its management systems and practices in conformity to legal and regulatory provisions.



CONTENTS

Reference Information.....	04
Directors' Profile	05
List of Senior Executives	08
POWERGRID's Performance	09
Five Years' Summary	10
Chairman's Address	12
Directors' Report.....	17
Annexure I - MD&A	30
Annexure II Particulars of employees u/s 217(2A)	45
Annexure III Particulars u/s 217(1)(E)	46
Annexure IV Comments of C & AG	49
Annexure V - Report On Corporate Governance.....	50
Certificate On Corporate Governance	67
Revenue Expenditure on Social Overheads	70
Accounting Policies	71
Balance Sheet	76
Profit & Loss Account.....	77
Schedules	78
Auditors' Report	117
Annexure To Auditors' Report	118
Cash Flow Statement	120
Annual Report of Subsidiary	
● Byrnihat Transmission Company Limited	121



Mission

Establishment and Operation of Regional and National Power Grids to facilitate transfer of power within and across the regions with reliability, security and economy, on sound commercial principles.

Objectives

The Corporation has set following objectives in line with its mission and its status as “Central Transmission Utility”:

- Undertake transmission of energy through Inter-State Transmission System.
- Discharge all functions of planning and coordination relating to Inter-State Transmission System with -
 - (i) State Transmission Utilities;
 - (ii) Central Government;
 - (iii) State Governments;
 - (iv) Generating Companies;
 - (v) Regional Electricity Boards;
 - (vi) Authority;
 - (vii) Licensees;
 - (ix) Any other person notified by the Central Government on this behalf.
- Exercise supervision and control over the Inter-State Transmission System.
- Efficient Operation and Maintenance of Transmission Systems. Establish and operate all Regional Load Despatch Centres and Communication facilities.
- To facilitate private sector participation in transmission system through Independent Private Transmission Company, Joint Ventures.
- To assist various SEBs and other utilities in upgradation of skills & sharing of expertise by organising regular conferences, tailor-made training workshops directed towards specific technological and O&M areas and extending laboratory facilities for testing purposes etc.
- Restoring power in quickest possible time in the event of any natural disasters like super-cyclone, flood etc. through deployment of Emergency Restoration Systems.
- To provide consultancy services at national and international levels in transmission sector based on the in-house expertise developed by the organisation.
- To participate in long distance Trunk Telecommunication business ventures.



Powertel

Touching lives everywhere

Diversified into telecommunication to mobilise additional resources to establish much needed National Grid.



- Established Broadband Telecom Network of 20,000 kms
- connecting over 100 cities on extensively spread Transmission Infrastructure.
- Only utility in the country having overhead optic fibre on its Extra
- High Voltage Transmission Network.
- POWERGRID Telecom Network
 - Sturdy & Secure
 - Free from rodent menace and vandalism.
- Network has multiple self resilient rings for complete redundancy in backbone as well as intra-city access networks. To offer Total Solutions and to meet specific needs of the customers.
- Reliability of Telecom Network 99.99%.
- Bandwidth capacity available on all the metros & major cities.
 - Delhi, Mumbai, Chennai, Kolkata,
 - Jammu, Jalandhar, Shimla, Guwahati, Shillong, Imphal, Kohima, Hyderabad, Bangalore, Cochin, Ahmedabad, Indore etc.
- Extend telecom network to serve uneconomic and backward areas for the benefit of the common man.
- Plan to extend network to neighbouring countries for terrestrial SAARC Telecom Grid.

- Possesses National Long Distance (NLD), Internet Service Provider (ISP) Category -A and Infrastructure Provider Category-I (IP-I) Licenses to provide Telecom services in the country.
- Plan to Introduce other Value Added Services.
 - Video Conferencing
 - Virtual Local Area Network (VLANs)
 - Multi Protocol Label Switching (MPLS) based on VPNs Data Centres.
 - Voice Over Internet Protocol (VOIP)





REFERENCE INFORMATION

Registered Office

B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi - 110 016

Corporate Office

“Saudamini”, Plot No. 2, Sector 29,
Gurgaon - 122 001 (Haryana)

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Plot No.: 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Ph.: 040-23420815 to 824
Fax : 040-23420814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

Shares Listed at

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Company Secretary

Ms. Divya Tandon

Statutory Auditors

A. R. & Co.

Chartered Accountants
A-403, Gayatri Apartment, Airlines Group
Housing Society, Plot No. 27, Sector-10
Dwarka, New Delhi - 110 075

Umamaheswara Rao & Co.

Chartered Accountants
Flat No. 5-H 'D' Block, 8-3-324,
Krishna Apartments, Yellareddyguda Lane
Ameerpet 'X' Roads, Hyderabad - 500 073

S R I Associates

Chartered Accountants
3-B, Garstin Place
Kolkata - 700 001

Bankers

Indian Overseas Bank
ICICI Bank
Union Bank of India
Bank of Baroda
State Bank of Hyderabad
State Bank of India
State Bank of Patiala
Corporation Bank
Canara Bank
Dena Bank
Punjab National Bank
Indian Bank
J & K Bank
IDBI Bank
HDFC Bank
Allahabad Bank
Bank of India



DIRECTORS' PROFILE

SHRI S. K. CHATURVEDI

Chairman & Managing Director



Shri S. K. Chaturvedi, aged 57 years, is the Chairman & Managing Director of our Company. He is a First Class First Graduate and Post Graduate in Science from University of Lucknow. He holds a Post Graduate Diploma in Personnel Management & IR and is a seasoned HR professional with varied experience of more than 30 years in the area of Human Resource Management, Industrial Relations and Organisational Development. He has also worked with Steel Authority of India Ltd., NTPC Ltd., POWERGRID (for more than thirteen years in POWERGRID from August 1991) in various capacities in HR and then joined NHPC Ltd. as Director (Personnel) in October, 2004. A strong votary of human development, Shri Chaturvedi has introduced several new concepts of employee development and was responsible for initiating several progressive HR policies in the organizations he has served. Shri Chaturvedi joined POWERGRID as Chairman & Managing Director on 01.08.2008.

SHRI S. MAJUMDAR

Director (Projects)

Shri S. Majumdar, aged 59 years, is the Director (Projects) of our Company. He graduated with a Bachelor in Engineering degree from Calcutta University. He has 37 years of diverse work experience in the fields of corporate planning, distribution management services and contract services and materials. Prior to joining our Company in January 1991, he has worked in organisations such as National Thermal Power Corporation Limited, Damodar Valley Corporation, Calcutta Telephones, and Indo-German Prototype Development Training Centre. He was appointed as a Director on our Board in September 2005. He also held additional charge of Chairman & Managing Director of POWERGRID from 30.05.2008 to 31.07.2008.



SHRI J. SRIDHARAN

Director (Finance)



Shri J. Sridharan, aged 57 years, is the Director (Finance) of our Company. He graduated with a Bachelor of Commerce degree from Madras University. He is a member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He has 33 years of work experience primarily in the field of financial management. Prior to joining our Company in 2000, he has worked in organisations such as Airport Authority of India and Bharat Heavy Electricals Limited. He was appointed as a Director on our Board in December, 2005.

SHRI G. B. PRADHAN

Govt. Nominee Director

Shri G. B. Pradhan, aged 55 years, is a government nominee Director of our Company. He graduated with a Master of Arts degree in History from Delhi University, master of Public Administration degree from the School of Public Administration, Carleton University, Ottawa and a master in military science degree from National Defence College, New Delhi and is an officer in the Indian Administrative Services since 1977. He is currently Additional Secretary in the MoP. He was appointed as a Director on our Board in November, 2003.





SHRI RAJESH VERMA
Govt. Nominee Director



Shri Rajesh Verma, aged 43 years, is a government nominee Director of our Company. He holds a bachelor's degree in Technology (Electrical Engineering) from the Indian Institute of Technology, Delhi. He has been a part of the IAS since 1987 and is presently Joint Secretary and Financial Advisor to the MoP. He has also held the post of Director (Hydro) in the MoP where he was responsible for ensuring planning and investment approval of hydro-electric power projects in the Central Sector and formulation of policies for providing impetus to the development of hydro sector in the country. He has also served as the Joint Secretary, Department of Industries, Orissa, Executive Director of the Rajasthan Industrial and Investment Corporation and Managing Director of the Orissa Industrial Infrastructure Development Corporation. He was honoured by the Government of Rajasthan with the State Award for excellent performance in the field of public service. He is also holding the additional charge of Joint Secretary and Financial Advisor to the Ministry of Labour and Employment. He was appointed as a Director on our Board in August, 2007.

DR. P. K. SHETTY
Independent Director

Dr. P. K. Shetty, aged 46 years, is an Independent Director of our Company. He graduated with a Master of Science degree from University of Agricultural Science, Dharwad, Karnataka and also holds a PhD from the Indian Agricultural Research Institute, New Delhi. He was the Head of the Environmental Studies Unit and also served as the Dean (Administration) at the National Institute of Advanced Studies, Bangalore. He is currently the Professor and Dean (School of Natural Sciences and Engineering) at National Institute of Advanced Studies, Bangalore; Director, Advanced Research Institute, Bangalore and is also the Honorary Chairman, MEDT Group of Institutions, Bangalore. He was appointed as a Director on our Board in July, 2007.



DR. A. S. NARAG
Independent Director



Dr. A. S. Narag, aged 62 years, is an Independent Director of our Company. He graduated with a Master of Science degree and PhD from Delhi University and also holds an ITP Certificate from Graduate School of Business Administration, Harvard University. He has served as the Dean, Faculty of Management Studies, University of Delhi and has held various important positions in the University of Delhi. He is currently a professor at the Faculty of Management Studies, University of Delhi. He was appointed as a Director on our Board in July, 2007.

SHRI ANIL K. AGARWAL
Independent Director

Shri Anil K. Agarwal, aged 53 years, is an Independent Director of our Company. He graduated with a Master of Commerce degree from University of Delhi and also holds a Post Graduate Diploma in Business Management from University of Delhi. He has been actively involved in Industry Associations, for development of International Trade and Investments and was the President of the Associated Chambers of Commerce and Industry of India (the 'ASSOCHAM'). He is currently the Chairman of the International Affairs of the ASSOCHAM and a Council Member of the Institute of Chartered Accountants of India. He was appointed as a Director on our Board in July, 2007.

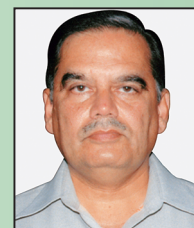


SHRI F. A. VANDREVALA**Independent Director**

Shri F. A. Vandrevala, aged 57 years, is an Independent Director of our Company. He graduated with a Bachelor of Technology degree in Electrical Engineering from Indian Institute of Technology, Kharagpur and also holds a Post Graduate Diploma in Business Management from Xavier's Labour Relations Institute, Jamshedpur. He has over 34 years of work experience primarily in the field of Steel, Power and Telecom. He is currently the Chairman and Managing Director of Hirco Developments Private Limited. He was appointed as a Director on our Board in July, 2007.

SHRI S. C. TRIPATHI**Independent Director**

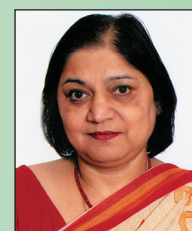
Shri S. C. Tripathi, aged 62 years, is an Independent Director of our Company. He holds a master's degree in Science (Physics – Spl. Electronics) from Allahabad University, LL.B, Diploma in Development (Cantab.), AIMA Diploma in Management. He joined the Indian Administrative Services in 1968 and retired as Secretary to the Government of India, Ministry of Petroleum and Natural Gas on 31.12.05. He has held important positions in Government both at the State and Central level. He spent nearly 20 years in Finance and Industry Sector at Chief Executive/Secretary level at State and Chief Executive/Jt. Secretary/Addl. Secretary/Secretary level at Central Govt. and in representative capacity at International levels. He was appointed as a Director on our Board in April, 2008.

**SHRI ASHOK KHANNA****Independent Director**

Shri Ashok Khanna, aged 60 years, is an Independent Director of our Company. He is a first class B.Tech. (Hons.) in textile from Bradford University (U.K.). He is Ex. President of PHD Chamber of Commerce and Industry (PHDCCI) and Founder Chairman of Confederation of Indian Industry (CII), Himachal Pradesh. He has been on the Managing Committee of Federation of Indian Chambers of Commerce and Industry (FICCI) and also remained Member/Director of various important organizations/associations. Presently, he is on the Managing Committee of Associated Chambers of Commerce and Industry of India (ASSOCHAM) and is Chairman-Internal Trade Committee of ASSOCHAM. He was appointed as Director on our Board in April, 2008.

SMT. SARITA PRASAD**Independent Director**

Smt. Sarita Prasad (61) is an independent Director of our Company. She holds a Masters Degree in Economics from the Delhi School of Economics and Diploma in Development Administration from Birmingham University U.K. She joined the Indian Administrative Service in 1969 and retired as Secretary to Government of India, Ministry of Social Justice and Empowerment on 31.08.2006. She has held important postings in the Central and State Government. She was Managing Director of three State Corporations and Financial Commissioner, Irrigation and Water Supply in the State Government. In the Government of India she worked as Director in the Ministry of Defence and Joint Secretary in the Ministry of Personnel. She is a Director of our Board with effect from August, 2008.

**SHRI S. NANDKEOLYAR****Chief Vigilance Officer**

Shri S. Nandkeolyar, aged 51 years, belongs to the Indian Audit & Accounts Service (1982). During his service career he has had wide experience in the fields of Audit & Financial management, besides serving with distinction with Govt. of India as Under Secretary, Dy. Secretary and Director in Cabinet Secretariat and DOP&T. He has also conducted audit of Indian Embassies abroad and the United Nations. He has been appointed as Chief Vigilance Officer of POWERGRID on July, 2005.



LIST OF SENIOR EXECUTIVES (BELOW BOARD LEVEL) AND REGIONAL / RLDC HEADS

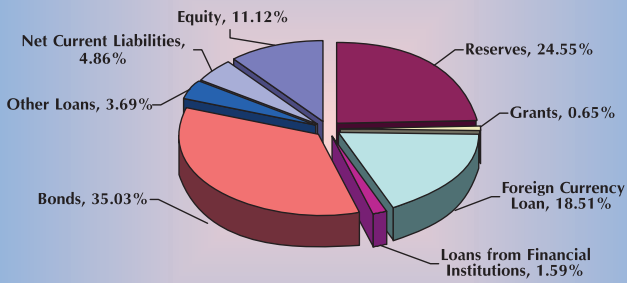
Sl	Name (S/Shri)	Designation
1	R.G.Yadav	ED (OS), CC
2	Umesh Chandra	ED (Commercial), CC
3	V.K. Prasher	ED (LD&C), CC
4	R.N. Nayak	ED (Engg & QA&I), CC
5	I.C. Jaiswal	ED (CP & ESMD), CC
6	V.M. Kaul	ED (PI & BDD), CC
7	Ganesh Singh	ED (DMS-Proj), CC
8	S.K. Soonee	ED (SO), CC
9	V. Mittal	ED (NLDC), CC
10	I.S. Jha	ED (CMG), CC
11	T.S.P. Rao	ED (Law), CC
12	Ravi P.Singh	ED (HR & Corp.Comm.), CC
13	R.P. Sasmal	ED (HVDC & DMS Engg), CC
14	R.T. Agarwal	ED (Fin), CC
15	Sachidanand Singh	ED (CS), CC
16	D. Chowdhury	ED (ER-II)
17	P.C. Pankaj	ED (NER)
18	Prabhakar Singh	ED (NR-I)
19	R.K. Vohra	ED (NR-II)
20	Anand Mohan	ED (SR-I)
21	D.G. Sohony	ED (SR-II)
22	D.K.Valecha	ED (WR-I)
23	A.K. Dutta	ED (WR-II)
24	J.P. Singh	GM(I/c) (ER-I)
25	Arun Kumar	GM(I/c) (DMS/ST/RE), ER-I
26	V K Agrawal	GM (NRLDC)
27	Dr L Hari	GM (ERLDC)
28	L K Kanungo	GM (NERLDC)
29	P.R. Raghuram	GM (SRLDC)
30	M.G. Raoot	GM (WRLDC)
On deputation to other Organizations		
1	R.B. Mishra	ED-On deputation to Jaypee POWERGRID
2	Anjan Roy	ED -On deputation to MSETCL

As on 07.08.2008

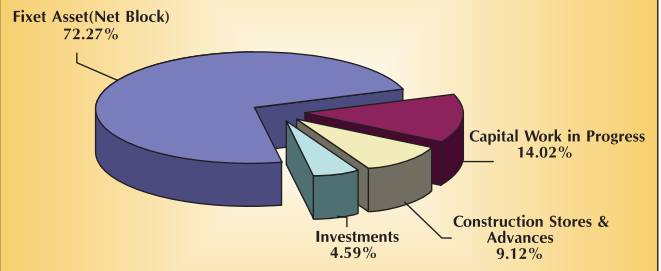


POWERGRID'S PERFORMANCE

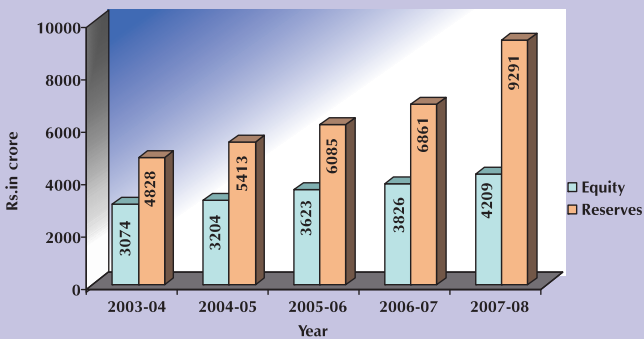
Sources of Funds (%) 2007-08



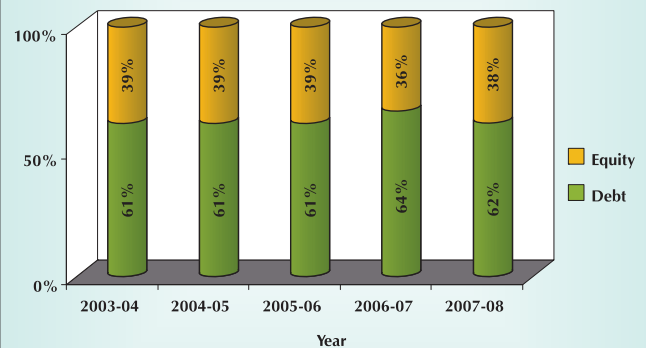
Application of Funds (%) 2007-2008



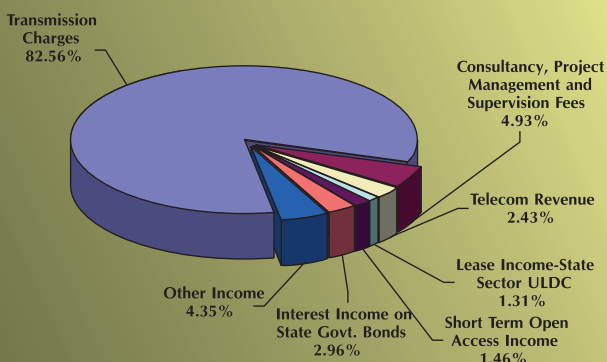
EQUITY AND RESERVES



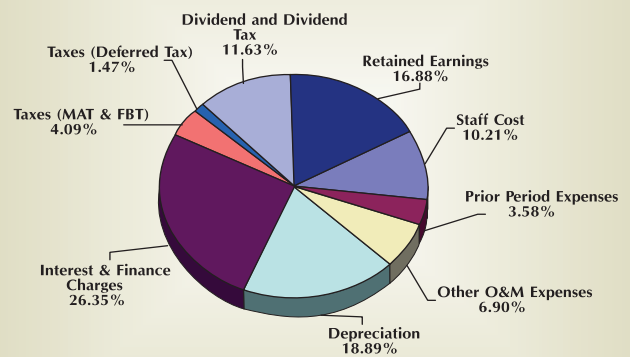
Debt Equity Ratio (%)



INCOME BREAK-UP (%) 2007-08



Distribution of Revenue - 2007-08





FIVE YEAR SUMMARY

OPERATING RESULTS

(Rs.in crore)

	2007-08	2006-07	2005-06	2004-05	2003-04
(A) EARNED FROM :					
Transmission Charges	4188.52	3248.00	2905.27	2296.83	2190.61
Consultancy & other income	893.01	849.15	649.04	534.45	615.14
Total Earnings	5081.53	4097.15	3554.31	2831.28	2805.75
(B) PAID & PROVIDED FOR :					
Employees Remuneration & Benefits	519.06	338.88	256.81	227.18	235.29
Transmission Expenses	171.55	164.44	92.57	87.18	71.80
Administration Expenses	162.42	142.05	122.36	109.14	111.87
Other Expenses(Including Prior Period Adj.)	189.51	-9.15	80.17	-26.43	43.29
Deferred Revenue Expenditure	5.43	8.19	8.86	9.31	13.85
Provisions	3.83	2.74	132.77	65.58	17.98
Total Expenditure (Excluding Depreciation & Interest)	1051.80	647.15	693.54	471.96	494.08
Profit before Depreciation & Interest	4029.73	3450.00	2860.77	2359.32	2311.67
Depreciation	959.65	827.58	744.33	642.26	606.42
Interest & Finance Charges	1339.55	1140.42	947.45	808.69	990.96
Net Profit after Interest & Depreciation but before Tax	1730.53	1482.00	1168.99	908.37	714.29
Provision for tax (MAT)	197.11	134.09	83.16	64.81	16.64
Fringe Benefit Tax	10.50	8.72	7.74		
Net Profit after MAT and FBT	1522.92	1339.19	1078.09	843.56	697.65
Deferred Tax	74.45	109.82	69.16	58.04	-50.55
Profit after Deferred Tax	1448.47	1229.37	1008.93	785.52	748.20
Dividend	505.08	368.82	302.68	184.00	125.00



FINANCIAL POSITION

	(Rs.in crore)				
	2007-08	2006-07	2005-06	2004-05	2003-04
(A) WHAT THE COMPANY OWNED:					
Gross Fixed Assets	35417.14	29014.63	24888.25	21930.56	19876.23
Less: Depreciation	8061.94	7198.56	6372.01	5635.04	4992.40
Net Fixed Assets	27355.20	21816.07	18516.24	16295.52	14883.83
Capital Work-in-Progress & Construction					
Stores & Advances	8758.09	9440.39	6400.86	5024.79	3876.06
Investments	1736.22	1967.00	2139.41	1882.42	1851.13
Current Assets ,Loans & Advances	5376.78	3509.72	2724.08	2611.27	2924.80
TOTAL (A)	43226.29	36733.18	29780.59	25814.00	23535.82
(B) WHAT THE COMPANY OWED:					
Borrowings From:					
-Govt. of India		49.53	59.34	66.53	72.11
-Financial Institutions	602.84	643.27	727.79	812.30	897.40
-Foreign Loans	7006.16	6135.66	5707.39	5507.53	5188.75
-Bonds	13257.81	10999.54	7133.28	5502.51	5058.12
-Other Loans	1396.67	1497.50	1398.33	1499.17	1050.00
Total Loans	22263.48	19325.50	15026.13	13388.04	12266.38
Current Liabilities & Provisions	5024.98	4835.16	3641.46	2574.04	2202.51
Deferred Tax Liability	493.78	419.33	309.51	240.35	182.31
Advance against Depreciation	1697.07	1201.17	822.23	610.33	395.33
TOTAL (B)	29479.31	25781.16	19799.33	16812.76	15046.53
(C) NET WORTH OF THE COMPANY REPRESENTED BY :					
i) Equity capital(including Deposit)	4208.84	3826.22	3623.44	3204.06	3074.06
ii) Free Reserves and Surplus	9298.53	6874.21	6105.59	5442.65	4867.49
iii) Less: Misc. Exp. to the extent not written off	7.19	12.86	20.73	29.69	39.00
TOTAL (C)	13500.18	10687.57	9708.30	8617.02	7902.55
(D) COMMITTED RESERVES & LIABILITIES					
i) Capital Reserves				94.00	94.00
ii) Grants in Aid	246.80	264.45	272.96	290.22	297.51
iii) Development Surcharge Reserve					195.23
TOTAL (D)	246.80	264.45	272.96	384.22	586.74
TOTAL (B+C+D)	43226.29	36733.18	29780.59	25814.00	23535.82
CAPITAL EMPLOYED	25516.15	18870.13	16467.12	15482.07	15028.48
(Net Fixed Assets+Net Current Assets)					
(E) RATIOS					
Net Profit to Capital Employed(%)	5.68	6.51	6.13	5.07	4.98
Net Profit to Net Worth(%)	10.73	11.50	10.39	9.12	9.47
Net Worth per Rupee of Paid-up Capital (in Rs.)	3.21	2.79	2.68	2.69	2.57
Debt/Equity Ratio	62:38	64:36	61:39	61:39	61:39
Liquidity Ratio	0.75:1	0.54:1	0.57:1	0.76:1	1.05:1

Note: Previous Year figures have been regrouped/ rearrange wherever necessary



Chairman Speaks

at the 19th Annual General Meeting
held at New Delhi on 18th September, 2008.

Ladies and Gentlemen,

On behalf of the Board of Directors, it is my privilege and pleasure to extend a warm welcome to all of you at the 19th Annual General Meeting of your Company.



It fills me with immense pleasure to address the Annual General Meeting of POWERGRID. It is a big challenge to lead a transmission utility at a time when the Indian economy is growing at more than 9% and commensurate growth is required for the power sector. I hope that I shall be able to provide the desired impetus and growth to meet the requirements of a rising economy and enhance the value of our shareholders.

Friends, for the period ending 31st March, 2008, the Directors' Report and the Audited Accounts of the Company have already been provided. With your permission, I take them as read.

The year 2007-08 has been another year of significant achievements for POWERGRID, bringing it in the forefront of country's progress path. The overwhelming response to the Company's IPO during the year is a testimony of your confidence in the Company and its growth prospects. On behalf of POWERGRID, I convey my sincere thanks to all the investors for their interest & trust.

You would be glad to know that the Company has been conferred 'Navratna' status by GoI in May, 2008, the highest honour for a Public Sector Enterprise. This reflects GoI's confidence in our capability and the ability to discharge enhanced responsibilities. This has provided a discerning fillip to the status of your Company.

The Company's performance during the year 2007-08 exceeded the performance parameters set for "Excellent" rating under Memorandum of Understanding (MoU) signed with GoI. You will be glad to know that POWERGRID is the only utility in Power Sector to have been chosen for the prestigious "**MoU Excellence Award**" for the year 2006-07, for being amongst the top ten Public Sector Enterprises by the Department of Public Enterprises, GoI. Besides, your Company has also bagged the "**National Awards for Meritorious Performance**" instituted by GoI, for the year 2006-07 for three of its projects.

FINANCIAL PERFORMANCE

The year 2007-08 has been another year of impressive financial performance of your Company. Gross Turnover for the year grew by about 25% to **Rs. 5,082 Crore**. Similarly, Profit after Tax during the year increased to **Rs. 1,448 Crore** from Rs. 1,229 Crore in FY 2006-07, thereby **registering a growth of about 18%**.

It brings pride and pleasure when we pause to note that this enviable stature has been attained in only a decade and a half, since our humble beginning in the year 1992-93. Our total assets have grown about ten times to **Rs. 35,400 Crore**, proclaiming exponential growth during this period. Financial strength resulting from sustained performance of this order certainly constitutes the foundation to scale even greater heights in the years to come.

We made a capital investment of **Rs. 6,615 Crore** during the year for implementation of various transmission projects, which was arranged from domestic market, multilateral funding agencies like The World Bank (WB) and Asian Development Bank (ADB), and proceeds from IPO, besides cash generated from our operations.

PROJECT IMPLEMENTATION

We successfully met our project implementation targets for the year and made available our transmission systems for evacuation of power from planned generation projects. We commissioned transmission projects worth about **Rs. 6,000**



Core during the year, adding about 7,350 Circuit Kms, 9 numbers of EHV AC sub-stations and transformation capacity of more than 13,700 MVA to our transmission network. **This year, we also introduced next higher transmission voltage i.e 765 kV by commissioning and operating country's 1st 765 kV transmission line , namely Sipat-Seoni line, alongwith 765/ 400/ 220 kV Seoni Sub-station at 765 kV at its rated voltage, in October'07.** This is a major milestone in the process of gearing ourselves in meeting the future requirement.

OPERATIONAL PERFORMANCE

The Company, with its alert and responsible task force and systems, has delivered unparallel operational discipline. Our gigantic transmission network of about **67,000 ckt. Km. of EHV AC & HVDC transmission lines** along with **111 sub-stations** having **transformation capacity of more than 73,000 MVA**, spread over the entire stretch of the country, was maintained at an availability of **99.65%**. We continued to carry about 40-45% of total power generated in the country.

NATIONAL GRID

Friends, strong power sector is the backbone of a strong economy and is essential to support GDP growth in the country. A well designed integrated transmission system and National Grid could go a long way in optimal utilization of generated energy and encourages larger goals of environmental sustainability. POWERGRID has been persistent in its efforts to enhance inter-regional power transfer capacity of the National Grid. This year, we enhanced the inter-regional power transfer capacity to about 17,000 MW from 14,100 MW, which has further strengthened the transmission corridors of Eastern-Southern and Eastern-Northern/ Western Regions, promoting economic power exchanges across the country. We have planned to enhance the inter-regional power transmission capacity of the National Grid to more than 37,000 MW by the year 2012.

GRID MANAGEMENT AND OPEN ACCESS

It is my proud privilege to share that like last five and a half years, this year too, we have emulated our glorious past and

have succeeded to keep the country free from any kind of major Grid disturbance. As the famous Greek scientist and philosopher 'Aristotle' puts it:

"We are what we repeatedly do. Excellence, then, is not an act, but a habit."

I may inform you that grid disturbances which were more than 70 just about 6 years back have been reduced to 'Nil'.

We also facilitated Non-discriminatory open access and real time transfer of power on the number our transmission network by utilizing surplus capacity available. During the year, there was an increase of 30% in number of transactions involving 30,000 MUs of energy under short term open access. Further, energy worth **about Rs. 10,100 Crore** was transacted through Un-scheduled Interchanges (UI), compared to Rs. 6,814 Crore last year, an increase of 48%. These are very good indicators to gauge company's performance in managing the grids and utilising the available energy in an effective manner

TECHNOLOGY INITIATIVES

Evolution is the law of nature and thus, continuous up-gradation in technology is of paramount importance in order to stay vibrant

and dynamic. The Company emphasizes on evolving and adopting new technologies continuously to effectively meet the challenges of power transmission in India.

With a focus on long term sustainability and to serve the growing energy needs, we continued our efforts towards introducing 1200 kV AC voltage in India. POWERGRID is establishing a 1200kV Ultra High Voltage AC Test Station at





Bina (WR) as a collaborative effort with manufacturers for indigenous development of 1200KV equipment. Besides, we have also formulated an action plan to implement $\pm 800\text{kV}$, 6000 MW HVDC Bi-pole line from North Eastern region to Northern Region (Agra). This link shall pass through the chicken neck area of the North Eastern Region, transferring large quantum of power over more than 2000 Kms. These technologies are pioneering efforts even globally.

QUALITY CONSCIOUSNESS



We are well aware that the path to Excellence can not be traversed without adopting the invincible quality systems. It was keeping up with this vision that the Company acquired unique distinction of being the **First Power Utility and Second Company in the world** to get certified with Integrated Management System (IMS) as per Publicly Available Specification, **PAS 99:2006**. We achieved another milestone during the year in our quest for quality and got certified to **Social Accountability Standard SA 8000:2001** after successful audit.

CONCERN FOR ENVIRONMENT

POWERGRID is aware that any development bereft of environmental concerns cannot be enduring and fulfilling. In order to address environmental issues effectively, POWERGRID is following its unique **Environmental and Social Policy & Procedures (ESPP)** in every sphere of project implementation since 1998. This has not only led to reduction in forest involvement in our projects but the resettlement & rehabilitation issues involved are also being addressed

in a systematic manner leading to faster project execution. We are continually upgrading these policies keeping in view the evolving practices nationally and internationally which would go a long way in addressing the critical issues in building the future transmission networks.

SYNERGIC BUSINESS AREA

POWERGRID's telecom business is on the path of accelerated growth. We have completed telecom network of 20,000 Km and connectivity has been provided to all metros, major cities & towns. The Company is one of the few telecom players with presence even in remote areas including North-Eastern Region and J&K. We have achieved a growth of 62% over the last year by generating revenue of about Rs. **124 Crore during 2007-08** as compared to Rs 77 Crore last year. We have made plans for further enlarging the horizon of our telecom services in the areas of entertainment and door-to-door service.

CONSULTANCY – A WIN WIN

Your Company with its strong in-house expertise in various facets of Transmission, Sub-transmission, Distribution and Telecom sectors is offering consultancy services at national and international levels. We made new forays in Consultancy business during FY 2007-08 and secured various assignments.

Besides working in Bhutan, Nepal and Afghanistan, we have further broadened our customer base internationally by securing an Engineering Consultancy assignment for 2 nos. 400kV GIS Sub-stations and associated Overhead Transmission Lines in Dubai from Dubai Electricity & Water Authority (DEWA). During the year, we also made foray into Nigeria and are providing Consultancy to Power Holding Company of Nigeria (PHCN) for Review and Updating of Telecommunication and Substation Automation Systems Specifications. During FY 2007-08 we realized a consultancy fee of about **Rs. 250 Crore**, an increase of over 11% from the last year.

POWERGRID's IPO

One of the most significant achievements during the year was entry of POWERGRID into the capital market with an IPO through 100% book building process in Sept'07. Through IPO, we offered 573.9 million equity shares of Rs. 10/- each comprising 10% (ten percent) of fresh issue of existing paid-up capital along with disinvestment of 5% (five percent) of the GoI shareholding in the Company with a price band of Rs. 44 to Rs. 52 per equity share.



Our IPO issue received an overwhelming response. The global enthusiasm for the issue (\$30 billion in bids) has particularly been excellent. The issue mopped up Rs. 4,12,260 million through 12.59 lakh applications. In the post-issue scenario, the holding of Government of India is 86.36% of the paid-up equity share capital, while the remaining 13.64% is held by public.

SUPPLEMENTING GOI EFFORTS BY FACILITATING PRIVATE PARTICIPATION

We realize that we need our friends in private sector to meet the ambitious task of developing seamless transmission networks to meet the power needs of the country. Our first Public-Private Partnership project with M/s Tata Power Ltd. for Transmission System associated with Tala HEP is under successful operation. This provided us further momentum to work towards enhancing private participation in the sector.

We have established four JVs with **M/s Reliance Energy Ltd., M/s Torrent Power Ltd., M/s Jaiprakash Hydro Power Ltd. and M/s. Teesta Urja Ltd.**; the Independent Power Producers (IPPs) for development of their dedicated transmission systems. POWERGRID's stake in these Joint Venture Companies would be 26%. Another JV with IL&FS has been set up to undertake project development of Intra-State Transmission and Sub-Transmission works for state power utilities.

We also facilitated establishment of Independent Power Transmission Company (IPTC) with 100% private investment for implementation of specific transmission lines under Western Region Strengthening Scheme-II Project.



SECTOR SUPPORT: TOGETHER WE GROW

Your Company had taken a lead role in making contribution in the distribution sector reform programme of Government of India (GoI).

Under **Accelerated Power Development and Reform Program (APDRP)** of GoI, we are Advisor cum Consultant and extending our managerial and technical expertise for improvement of distribution system in 177 power distribution circles / schemes spread over 18 States with estimated cost of about Rs. 6,626 Crore. About 81% of the schemes have been commissioned and balance is expected to be completed by March, 2009. Besides this, we are also implementing some of these schemes on bilateral arrangement in the States of Bihar, Goa, Meghalaya, Uttar Pradesh, Tripura and Gujarat at a cost of about Rs. 1,100 Crore, 90% of which have been completed.

Under **Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)**, with ambitious target of GoI of providing electricity to all rural households by 2009, your Company has been making significant contribution through its involvement in projects for electrification of approximately **87,300** Villages of 68 Districts at an estimated cost of **Rs. 9,400 Crore**. Out of this, we have established infrastructure for electrification of **22,082** villages cumulatively till March, 2008.



AIMING HIGHER

Electricity is the key driver for economic development of the country. India, being a developing country, the demand of power is increasing every year. To meet the increasing demand, capacity addition of 78,000 MW has been planned for XI Plan period. Considering the large requirement of funds for the sector, given its highly capital intensive nature, Government of India has initiated several policy initiatives including sectoral reforms. Government of India's vision of "Power to All by 2012" is the driving force for all players in the sector.

POWERGRID, as the Central Transmission Utility (CTU) of the country, is providing matching evacuation systems for generation capacity addition under central sector and other generation projects for which transmission system is required to be built by POWERGRID including Ultra Mega Power Projects.

The investment programme of the Company for XI plan period is about **Rs. 55,000 Crore**. For the year 2008-09, although we have kept a target investment of about Rs. 8000 Crore,



we are working towards achieving much more. We are taking a variety of measures to ensure the availability of resources; the three Ms: men, money & material, to achieve such ambitious targets for the year and the XI plan.

One of my priorities is to ensure an excellent work environment and offer opportunities for learning and personal growth for the employees to enable them to actualize their potential so as to meet the challenges before us. Besides a variety of regular programmes on technical and management subjects, we undertook programmes on Competence Mapping in association with leading HR consultants during the year so that the contribution of employees could be optimized and the level of job satisfaction could be enhanced.

I would also like to call upon my employees to take one extra step to deliver to the society and the nation. I am confident that with our dedicated team of employees and valuable support of our esteemed shareholders, Company will be able to put its best foot forward to discharge its responsibilities to all sections of the society and deliver value to its stakeholders.

As regards "Money", POWERGRID, on its own, would be contributing about Rs. 15,000 Crore in XI plan which is envisaged to be met through internal resources expected to be generated from the Company's operations. Your Company also took proactive steps and signed loan agreements with The World Bank for USD 600 Million (PSDP-IV) and Asian Development Bank (ADB) for US\$ 400 million in Mar'08. In addition, another loan of US \$ 400 million from World Bank and US \$ 200 million from ADB is expected to be signed shortly and the balance funds shall be arranged as per yearly requirement.

Regarding 'material', we are taking all pro-active steps to ensure their timely availability. The task ahead of us is gigantic and a slew of measures need to be undertaken to achieve them. We are developing new vendors and regular vendor meets are also being organized.

ACKNOWLEDGEMENTS

I take this opportunity to express my sincere thanks to the Government agencies, particularly Ministry of Power, Ministry of Finance, Department of Public Enterprises, Planning Commission, Ministry of Environment & Forests, Central Electricity Authority and Central Electricity Regulatory Commission for their encouragement and support. I would also like to thank our Board of Directors especially the Independent Directors for their valuable inputs and laudable support.

I would also like to sincerely thank all our esteemed shareholders for their faith in the Board of Directors and the Management of the Company, the State Power Utilities, Financial Institutions etc. both domestic and international for their unstinted support at all times. Their active involvement has been a source of great encouragement and inspiration for us.

Thank you,



(S. K. Chaturvedi)
Chairman & Managing Director

Place: New Delhi
Date: 18th September, 2008



DIRECTORS' REPORT

Dear Members,

It gives me immense pleasure to present on behalf of the Board of Directors, the 19th Annual Report on the performance of your Company during the financial year ended on March 31, 2008 together with Audited Statement of Accounts, Auditors' Report and comments on the Accounts by the Comptroller and Auditor General of India for the reporting period.



Your Company has displayed commendable performance in all its areas of operation. The major achievement during the year was listing of the Company on stock exchanges (BSE and NSE). We are now a much larger family comprising over 1.0 million shareholders. Powered with your strength, the Company would scale newer heights in the coming years.

The Initial Public Offering met with a resounding success, demonstrating investor's confidence in the Company and its growth prospects. This has further enhanced your Company's quest for excellence and with our professional work culture and employees' strong commitment, we would certainly exceed your expectations.

During the year, your Company has once again exceeded the performance targets set forth under Memorandum of Understanding (MoU) with Ministry of Power (MoP), Government of India. Based on overall performance, your Company is poised to achieve 'Excellent' rating for FY 2007-08 also.

Your Company has been chosen for the prestigious "MoU Excellence Award" for year 2006-07 for being amongst the top ten Public Sector Enterprises by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India. It's worth mentioning here that your Company is the only utility in Power Sector which has been chosen for this award.

In fact, your Company has always exceeded the challenging targets set under MoU with Ministry of Power. The MoU rating of the Company has consistently been in the highest bracket ("Excellent") since signing of its first MoU with Ministry of Power in 1993-94. The Company had received this prestigious MoU Excellence Award in the past also on six occasions.

Three projects of POWERGRID have bagged the prestigious "National Awards for Meritorious Performance" instituted by the Government of India for the year 2006-07. While 132 kV Transmission System in North-Eastern Region received the Gold award, the Silver awards were conferred for the 220 kV and 400 kV Transmission System in Western Region and the 400 kV Double Circuit Kahalgaon-Patna-Ballia Transmission Line in Eastern Region.



Your Company, in a span of only 16 years, has grown by leaps and bounds and has carved a niche for itself amongst the largest transmission utilities in the world. The Company has been contributing significantly towards development of power sector in India through continuous innovations in technical & managerial fields and by undertaking coordinated development of power transmission network along with effective and transparent operation of regional grids.

FINANCIAL RESULTS



	2007-08	Rs. Crore 2006-07
Turnover	5082	4097
Gross Margin	4217	3449
Less:		
Depreciation	960	828
Prior period Adjustment	182*	(9)
Deferred Revenue Expenses written off	5	8
PBIT	3070	2622
PBT	1730	1482
PAT	1448	1229
APPROPRIATIONS		
Transfer to Bonds Redemption Reserve	400	337
Interim Dividend	210	115
Proposed final Dividend	295	254
Tax on Interim Dividend	36	16
Provision for Dividend Tax on proposed final dividend	50	43
Transfer to General Reserve	550	600
Transfer to Self Insurance Reserve	30	25

* includes Rs.179 crore on account of change in accounting treatment of FERV as detailed in note no. 21 to 23 of Notes on Accounts.

OPERATIONAL EXCELLENCE

Your Company has developed strong in-house expertise in various facets of power transmission business. At the end of FY 2007-08, around 67,000 ckt. kms. of Extra High Voltage transmission lines and 111 Sub-stations with transformation capacity of more than 73,000 MVA, spread over the length and breadth of the country, are under operation. The availability of this huge transmission network is consistently maintained over 99%.

This excellent operational efficiency has been achieved through deployment of state-of-the-art operation & maintenance techniques such as Hot Line Maintenance, Hotline Washing of Insulators, Emergency Restoration Systems, Software based interpretation techniques, Equipment Condition Monitoring techniques including Dynamic testing of relays, Thermo-vision scanning of switchyard, Frequency Response Analysis (FRA) for transformers and reactors, etc.

As a result, average availability of transmission systems during the year 2007-08 was maintained at meritorious 99.65%. POWERGRID continues to wheel about 45% of total power generated in the country through its transmission network.

QUALITY MANAGEMENT

Your Company is continuously striving to provide cost effective & quality services to its valued customers thereby deriving high customer satisfaction. To achieve this, your Company is implementing appropriate quality measures at every stage from conceptualisation of project till commissioning and subsequently during operation phase. Quality improvement techniques are being adopted to identify the areas of improvement and develop action plan for continuous quality





improvement in all of its activities. Various quality improvement measures taken up through process inspections at manufacturers' works have reduced the rejection during pre-dispatch inspection of material by 19%.

Your Company achieved unique distinction of being First Power Utility and Second Company in the world to get certified with Integrated Management System (IMS) as per Publicly Available Specification, PAS 99:2006 integrating requirement of ISO 9001:2000 (Quality), ISO 14001:2004 (Environment) & OHSAS 18001:1999 (Occupational Health & Safety Management System) after extensive audit.

During the year, your Company achieved another milestone in its quest for quality and got certified

to Social Accountability Standard SA 8000:2001 after successful audit by British Standards Institution (BSI), India.

GRID MANAGEMENT AND OPEN ACCESS

Due to the strong and robust transmission network set up by POWERGRID, the Central Sector Generating Stations have not faced any generation evacuation problem on account of transmission constraints during the year. Further, the state-of-the-art Unified Load Despatch & Communication (ULDC) schemes have continued to bring quality and economy in operation of power system besides improving data availability, visibility and transparency. For overall co-ordination at national level, we are implementing National Load Despatch Centre (NLDC) at Delhi with back up at Kolkata, which is expected to be completed by Sept'08. NLDC shall be the apex body to ensure integrated operation of the national power system.

As a result of modernisation of Regional Load Despatch Centres (RLDCs) coupled with adoption of best operational practices, proactive preventive maintenance, Availability Tariff and round the clock vigil of the grid, we successfully managed to arrest occurrence of any major grid disturbance in the country during last more than five and half years. Minor grid disturbances in regional grids also came down significantly.

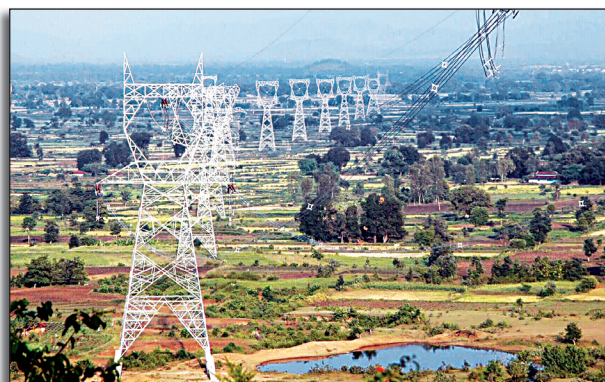
Our strong transmission network and modernised RLDCs have also facilitated manifold growth in inter-regional power exchanges across the country on real-time basis. During FY 2007-08, about 43,000 MUs of inter-regional energy transfer was facilitated across the country, an increase of about 13% compared to previous year (about 38,000 MU). Growth of inter-regional power exchange helped in meeting more demand in energy deficit regions besides achieving overall economy.

The surplus capacity available with our robust transmission network by virtue of inherent design and variation of power flow facilitated non-discriminatory open access and real time transfer of power. During the year, more than 9,560 transactions involving 30,000 MUs of energy were approved under open access compared to 5787 transactions and 23,000 MUs of energy during 2006-07, an increase of 30%. Further, energy worth about Rs. 10,100 Crore was transacted through un-scheduled interchanges (UI) mechanism compared to Rs. 6,814 Crore during last year, an increase of 48%.

PROJECT IMPLEMENTATION

Your Company puts best efforts to implement transmission projects within stipulated time frame to derive maximum economic benefits. For timely implementation of projects, your Company takes a variety of measures such as advanced and cost effective Integrated Project Management and Control System (IPMCS) for total project review and monitoring, Standardisation of Designs, Project Review Meetings (PRMs) at regular intervals through video conferencing, pre-emptive measures and advance actions on various project linked activities such as land acquisition, survey and soil investigations, tender activities, funding tie-up, etc. in parallel with project investment approval process.

Your Company displayed excellent performance on project implementation front during FY 2007-08. Transmission projects





worth about Rs. 5958 Crore were commissioned during the year, thereby adding about 7,350 Circuit Kms, 9 EHV AC sub-stations and transformation capacity of more than 13,700 MVA to our transmission network. Major projects commissioned during the year include, Kahalgaon –II (Phase-I) Transmission System, Vindhychal –III Transmission System, Bina – Nagda Transmission Line, System Strengthening –III of Southern Region, etc. These additions to the Company's network have helped in improving power supply situation in various regional grids, facilitating enhanced inter-regional power transfer capacity and reliability of the system.

It may be mentioned that the average cost of Transmission lines of POWERGRID for 400 kV D/C line {twin moose} is Rs. 0.95 Crore / Km.) as compared to the costs internationally Rs. 4.9 Crore / Km. in USA

POWERGRID has fully met its construction targets during the year. Special achievements made on project implementation

front include,

1. The 1st 765 kV transmission system, namely 765 kV Sipat-Seoni line alongwith 765/ 400/ 220 kV Seoni Sub-station under Sipat-I transmission system, successfully implemented and put into operation in Oct'07.
2. 220 kV Unchahar-III transmission system was commissioned in Jul'07, 10 months ahead of schedule.
3. The project for augmentation of transfer capacity of ± 500 kV Talcher-Kolar HVDC Bipole link from 2000 MW to 2500 MW was completed in Jul'07, 9 months ahead of schedule.
4. 400 kV Bina – Nagda Transmission System successfully commissioned in Oct'07, 5 months ahead of schedule.
5. 400 kV Teesta – Siliguri line for evacuation of power from Teesta-V HEP was made ready in Jan'08, 4 months ahead of schedule.
6. 400 kV RAPP – Kankroli transmission line for evacuation of power from RAPP 5&6 has been made ready ahead of the generation project, in Mar'08.

During the year, 9 new projects with an estimated cost of more than Rs. 2,500 Crore involving about 1,650 Ckt Kms of transmission lines, 4 new sub-stations and transformation capacity of about 4,255 MVA were approved and taken up for implementation. At the end of March, 2008, transmission projects at a cost of about Rs. 22,000 Crore involving 20,000 Ckt Kms of transmission lines and 29 new sub-stations are under various stages of implementation.

Major ongoing projects include:

- **Generation Linked:** Transmission System associated with Sipat-I (1980 MW) (part), Kahalgaon Stage-II Phase-II (500 MW), Neyveli-II Exp. (500 MW), Kaiga 3&4 (470 MW), Kudankulam APP (2000 MW), RAPP 5&6 (440 MW), Barh (1980 MW), Gandhar-II (1350 MW), Parbati-II HEP (800MW), Parbati -III HEP (520 MW), Koldam HEP (800MW), Sewa-II (120MW), Koteswar HEP (400MW), Uri-II (240MW);
- **Grid Strengthening Schemes:** Northern Region System Strengthening Schemes (six in number, e.g. I, III, V, VI, VII and VIII), Western Region System Strengthening Schemes (seven in number, e.g. I, II, III, IV, V, VI and VII), East -West & North-West Transmission Corridor Strengthening Schemes, Eastern Region System Strengthening Schemes (two in number, e.g. I and II);
- **Load Despatch & Communication scheme:** National Load Despatch & Communication (NLDC) scheme.

In addition, 21 new projects with an estimated cost of more than Rs. 50,000 Crore, involving about 24,000 Ckt. Kms of 765/400/220/132 kV transmission lines and 25 new sub-stations with transformation capacity of 87,830 MVA and HVDC terminals of 12,500 MW have been conceptualized and are presently under process of investment approval. Your Company has also been entrusted by Gol to develop associated transmission systems for evacuation of power from Ultra Mega Power Projects (UMPPs). Accordingly, Feasibility Report cum Detailed Project Reports (FR cum DPRs) for Sasan, Mundra and Krishnaptnam UMPPs have been prepared and are under process of investment approval.

FINANCIAL MANAGEMENT

Your Company has recorded an impressive financial performance during FY 2007-08, achieving a turnover of Rs. 5,082 Crore and Net Profit of Rs. 1,448 Crore as compared to Rs. 4,097 Crore and Rs. 1,229 Crore respectively during FY 2006-07. The gross asset base of the Company has been enhanced to more than Rs. 35,400 Crore from Rs. 29,015 Crore



in 2006-07, an increase of about 22%.

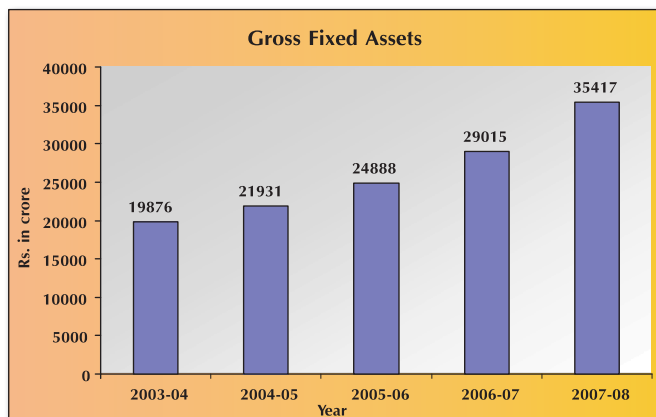
Your Company has undertaken other kind of synergetic businesses such as Telecom and consultancy with assignments at National and International level in transmission, distribution, telecom sectors, etc to further enhance value for our shareholders.

Capital investment and fund mobilisation

The Company undertook capital investment of Rs. 6,615 Crore during the financial year 2007-08 as against an approved capital investment of Rs. 6,504 Crore. The requisite funds were mobilised from domestic market and proceeds of ongoing loans from multilateral funding agencies, The World Bank (WB) and Asian Development Bank (ADB) were utilised, besides internal resources of POWERGRID.

During FY 2007-08, POWERGRID mobilised Rs. 2,769 Crore from domestic market through private placement of bonds with attractive coupon rates. Domestic credit rating agencies namely, CRISIL, CARE and ICRA have assigned credit ratings of AAA/ Stable (triple AAA with stable outlook), AAA and LAAA respectively for our bonds issue. These credit rating agencies have also assigned AAA (Highest Safety) and LAAA ratings for long-term borrowings.

In addition to above, process of mobilization of additional loans from The World Bank (WB) and ADB was also taken up during the year to arrange funds for implementation of various transmission projects during XI plan. As a part of this, POWERGRID has signed loan agreements with The World Bank for USD 600 Million (PSDP-IV) and Asian Development Bank (ADB) for US\$ 400 million in Mar'08. Government of India has extended guarantee for these loans.



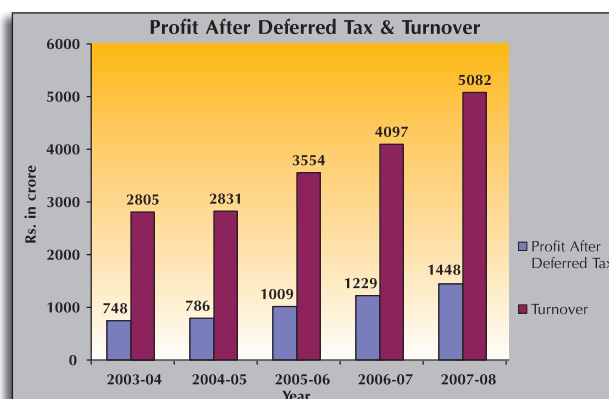
of 573.9 million shares received overwhelming response and was fully subscribed soon after opening. The book was subscribed 1.08 times on the very first day. The issue was closed on September 13, 2007. Overall, the issue was subscribed 64.50 times; the Qualified Institutional Buyers – about 115.47 times, Non-Institutional investors – 39.75 times, Retail Individual Investors – 6.68 times and Employees – 3.28 times. The global enthusiasm for the issue has been overwhelming. The issue mopped up Rs. 41,226 Crore with a valid demand for 37024.38 million equity shares through 12.59 lakh applications. Over 99% of the total book was built at the highest end of the price band, i.e. at Rs. 52 per share. Hence, the issue price of each equity share was fixed at Rs. 52. After the due process of approval by the Stock Exchanges, listing and trading at NSE and BSE was commenced on 5th October, 2007.

This tremendous response shows the growth potential of the Company and the faith of people/investors in the Company.

In the post-issue scenario, the holding of Government of India is reduced to 86.36% of the paid-up share capital of the Company. A sum of Rs. 994.82 Crore was paid to the Government of India towards "Offer for Sale" and Rs. 1989.63 Crore being the proceeds of fresh issue was retained by the Company.

Dividend Payout

For the financial year 2007-08, your company has proposed a final dividend of Rs.0.70 per share in addition to Rs.0.50 per share of interim dividend paid in March, 2008. The final dividend shall be paid after your approval at the Annual General Meeting. Thus total dividend pay out for the year amounts to Rs.505.08 Crore (including an interim dividend of Rs.210.46 Crore) as against Rs. 368.82 Crore paid during the previous year. The total dividend pay out accounts for



Initial Public Offering (IPO)

POWERGRID entered the equity segment of capital market with an IPO through 100% book building process during the FY 2007-08. IPO of 573.9 million equity shares of Rs. 10 each comprising 10% (ten percent) of fresh issue of existing paid-up capital along with disinvestment of 5% (five percent) of Government of India's shareholding in the Company with a price band of Rs. 44 to Rs. 52 per equity share was floated.

As per schedule, the issue was opened on 10th September, 2007 and closed on 13th September, 2007. The total issue

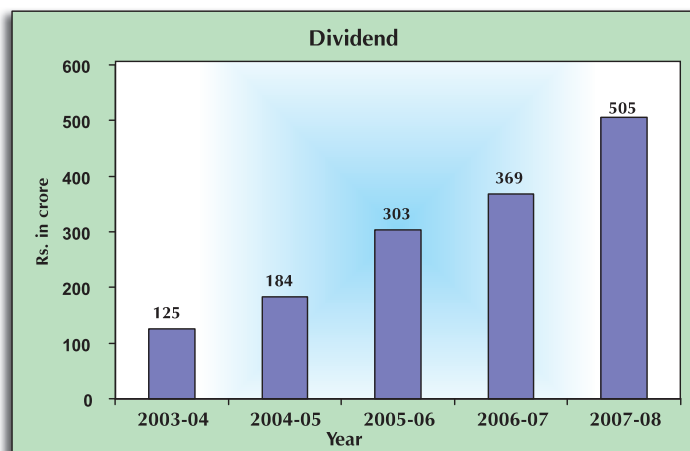


34.87% of Profit after Tax of the Company.

Directors' Responsibility Statement

As required u/s 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- The Directors have taken proper and sufficient care in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.



XI Plan Investment programme

Investment programme of the Company for XI Plan has been estimated based on generation capacity addition in Central sector and other generation projects for which transmission system is required to be built by POWERGRID including Ultra Mega Power Projects (UMPPs). Based on this, an investment of about Rs. 55,000 Crore is envisaged to be made during XI Plan period. POWERGRID is fully confident of mobilising resources for meeting the above capital investment and already initiated necessary actions in this direction.

COMMERCIAL PERFORMANCE

The Company's performance on commercial front in terms of revenue realisation has been highly satisfactory. Current realisation of about Rs. 4,503 Crore stood at about 100% of billed amount during the year 2007-08. POWERGRID is continuously realising 100% of its current receivable dues for the last four years. Post-securitisation, outstanding dues (beyond 90 days of billing) stands at nil as on March 31, 2008. The present LC coverage of Rs. 280.03 Crore is equivalent to more than 100% of average monthly billing.

TOWARDS NATIONAL GRID

The Company has planned to create a strong National Grid in a phased manner to ensure optimum utilization of generating resources and bringing security & reliability in power system operation. Towards this, a perspective transmission plan has been evolved for strengthening the regional grids and to support the generation capacity addition program of about 78,000 MW during XI Plan. In line with this plan to establish an Integrated National Grid in a phased manner, various inter-regional transmission schemes have been commissioned/ undertaken for implementation/ planned by the Company.

During the year, inter-regional power transfer capacity of National Grid has been enhanced to about 17,000 MW from 14,100 MW at the end FY 2006-07 through upgradation of Talcher-Kolar HVDC bi-pole and commissioning of Patna-Balia 400 kV D/c line (2nd Circuit) & Biharshariff-Balia 400 kV D/c line. Commissioning of these inter-regional links has strengthened the transmission corridors of Eastern-Southern and Eastern-Northern/ Western regions and would promote economic exchanges by facilitating transfer of power across the country.

Further strengthening of this National Grid is being undertaken through implementation of various inter-regional links as a part of planned generation projects. Accordingly, the Inter-regional power transfer capacity of National Grid is envisaged to be enhanced to more than 37,000 MW by year 2012.

RESEARCH AND DEVELOPMENT (R&D)

The Company has undertaken several technological innovations aimed at conserving Right-of-Way (RoW), minimizing impact on natural resources & human habitat and cost effectiveness in evacuation of power from the future generation projects.

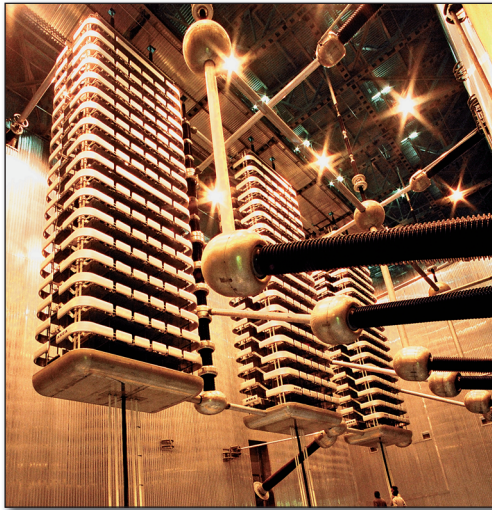
The Company has been continuously upgrading and uprating its existing transmission lines to meet the short-term requirements. 400 kV EHV AC lines with triple/ quad conductor and/ or application of series compensation have been implemented to handle bulk transfer of power over short distances. POWERGRID has taken initiative for development



of major transmission highways using higher transmission voltage levels, i.e. 765 kV EHV AC and ± 500 kV HVDC as a viable alternatives to achieve efficient utilisation of existing RoW and increased power transfer capability for transfer of bulk power over long distances.

1200kV UHVAC Transmission System – A Breakthrough

In order to meet the long-term power transfer requirement by the year 2027 & beyond and to take care of environmental considerations, development of an overlaying Super Grid comprising 1200kV UHVAC system is being envisaged. At present, there are no standardized parameters available for 1200kV AC system and equipment at this voltage level are also not available commercially worldwide. Your Company has taken leadership initiative to carry out R&D in this area to develop the 1200kV system indigenously. A 1200kV UHVAC Test Station along with a 1200kV test line is being established at Bina substation in Madhya Pradesh (Western Region) of POWERGRID, as a collaborative effort with equipment manufacturers, for indigenously development of 1200kV equipment in India.



± 800 kV HVDC Bi-pole line

The Company is also getting ready with its action plan to implement ± 800 kV, 6000 MW HVDC Bi-pole line from North Eastern Region to Northern Region (Agra). This shall be the first of its kind (± 800 kV HVDC line) having the largest power carrying capacity and transmitting power over distance more than 2000 Kms.

Smart Grid

For keeping pace with increasing complexities of grid operation in a dynamically changing electricity market, continuous upgradation of the load dispatch centres through Wide Area Monitoring, Adoptive Islanding, Voltage Security Assessment, Dynamic Security Assessment leading to Smart Grid is also being explored.

INITIATIVE FOR STRATEGIC ALLIANCES

Your Company has been successful in facilitating private investment in transmission sector. The first Public-Private Partnership project with M/s Tata Power Limited for the Transmission system associated with Tala HEP is under successful operation.

Rejuvenated with the success achieved, we have established four more Joint Ventures (JVs) and facilitated one transmission project with 100% private investment through Independent Power Transmission Company (IPTC) route. Details as mentioned below:

- M/s Parbati-Koldam Transmission Company Limited, a JV Company with M/s Reliance Energy Limited (REL), has been established for implementation of transmission system associated with Koldam & Parbati-II HEPs.
- M/s Torrent POWERGRID Limited, a JV Company with M/s Torrent Power Ltd. has been for implementation of transmission system associated with 1100MW generating project at Surat.
- M/s Jaypee POWERGRID Limited, a JV Company with M/s Jaiprakash Hydro Power Ltd. has been established for implementation of transmission system associated with 1000MW Karcham-Wangtoo HEP.
- POWERGRID IL&FS Transmission Company Pvt. Ltd., a JV with M/s. IL&FS has been formed to undertake project development of intra-State transmission and sub-transmission works for State power utilities.
- POWERGRID is also facilitating the implementation of transmission lines under Western Region Strengthening Scheme-II (Project B&C) through 100% private sector participation (IPTC route). Implementation agreement for above projects was signed in November, 2007 with M/s Reliance Energy Transmission Ltd., who was selected based on tariff based bidding through International Competitive Bidding Process.



PERFORMANCE IN TELECOM



In Telecom business, your Company has installed over 20,000 Km. Telecom Network on its transmission infrastructure and connectivity has been provided to all metros, major cities & towns. It is a matter of pride that your Company is one of the few telecom players with a marked presence in remote areas and has acquired IP-II, ISP Category A & NLDO licences to provide a variety of services. Customers of POWERGRID include prime telecom companies such as BSNL, VSNL, Bharti Airtel, Vodafone, Idea, Reliance, Tata Teleservices, prestigious Government organizations such as ERNET, STPI, NIC and various Government Ministries. The Company is also planning to attract customers from entertainment and broadcasting industry.



The Company has earned a revenue of about Rs. 124 Crore from its telecommunication business during FY 2007-08, a growth of 62% over last year (Rs. 77 Crore).

BUSINESS DEVELOPMENT & CONSULTANCY

Your Company has strong expertise in various facets of Power Transmission, Sub-transmission, Distribution and Telecom sectors and is utilising this expertise to offer consultancy services world wide. Besides various domestic assignments, the Company is taking keen interest in development of transmission system in the neighbouring countries viz. Bhutan, Nepal, Afghanistan. Besides, a pre-feasibility report has been prepared for proposed under-sea interconnection with Sri Lanka.

Your Company has realised revenue of about Rs. 250 Crore during FY 2007-08 as a consultancy fee from its various ongoing assignments. We secured various new consultancy assignments during the year 2007-08 with project cost of about Rs. 1,840

Crore.

Some of the major assignments secured during the year are as detailed below:

(A) INTERNATIONAL

POWERGRID in consortium with M/s Sigma Enterprises, our local associate in Dubai, has secured Consultancy assignment from Dubai Electricity & Water Authority (DEWA) for providing Engineering Consultancy Services for 2 nos. 400kV GIS Sub-stations and associated Overhead Transmission Lines.

Consultancy to Advance Engineering Associates International, inc (AEAI) for providing engineering design, preparation of bid documents and environmental assessment services for Sheberghan – Mazhar – Naibabad Transmission Line in Afghanistan funded by USAID.

Engineering Consultancy to Ministry of Energy and Water (MEW), Afghanistan for construction of 220/20 kV Aybak Substation funded by World Bank / USAID.

Consultancy to Power Holding Company of Nigeria (PHCN) for the Review and Updating of Telecommunication and Substation Automation Systems Specifications.

M/s Power Transmission Company Nepal Ltd.(PTCN) has awarded a contract for carrying out Study Pertaining to Dynamic Stability and Oscillations between India & Nepal grids with operation in synchronous mode through proposed 220kV Dhalkebar - Muzzaffarpur line.

(B) DOMESTIC

Turnkey execution of 220 kV D/C Misa - Byrnihat line alongwith new Sub-station at Byrnihat, on cost plus basis, for Meghalaya State Electricity Board (MeSEB).

Quadripartite agreement was signed amongst Ministry of Power, Govt. of Bihar, Bihar State Electricity Board and POWERGRID for providing Consultancy services for Turnkey execution of works of scheme, namely 'Strengthening of Sub-transmission Scheme under Phase II, Part II in Bihar'.

New Delhi Municipal Council (NDMC) has awarded consultancy work for Turnkey execution of System Strengthening Works in NDMC areas. The Project includes construction of new 66/11kV & 33/11 kV GIS stations, augmentation of existing stations, under ground cabling works, etc.



CONTRIBUTION IN DISTRIBUTION REFORMS

Your Company has taken lead role and is making valuable contribution in Govt. of India's nation building schemes of Accelerated Power Development and Reforms Programme (APDRP) and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) which are aimed at bringing qualitative improvement in the distribution and reform sector.

Under APDRP, the Company is acting as Advisor-cum-Consultant (AcC) to lend its managerial and technical expertise for improvement of distribution system in 177 distribution circles/ towns/ schemes spread over 18 States at an estimated cost of about Rs. 6,626 Crore. 81% of the schemes have been commissioned and the remaining sanctioned schemes are expected to be completed by March, 2009. The Company is also implementing some of these schemes on deposit work basis under bilateral arrangement in the States of Bihar, Goa, Meghalaya, Uttar Pradesh, Tripura and Gujarat at a cost of about Rs. 1,100 Crore, 90% of which have been completed.

Under RGGVY, the Company had entered into a quadripartite agreement with Rural Electrification Corporation (REC), State Government and State Power utility, for undertaking rural electrification works in the country. The Company has been assigned the job for execution of rural electrification works in 68 districts in the country covering 87,300 villages at an estimated cost of about Rs. 9,400 Crore. Cumulatively till Mar'2008, POWERGRID has established infrastructure for electrification of 22,082 villages including 3 Lac BPL (Below Poverty Line) connections under rural electrification programme.



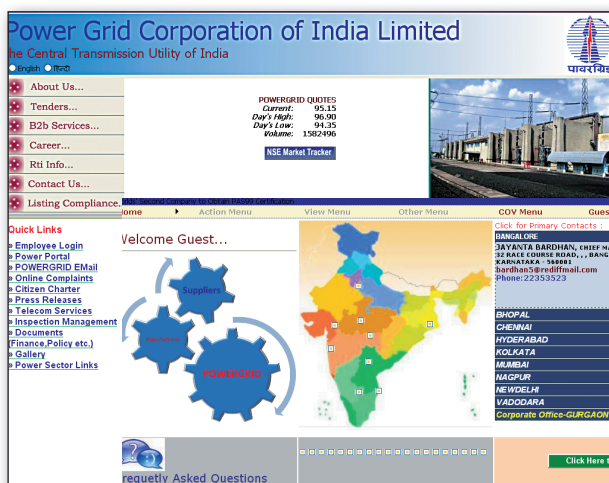
E-GOVERNANCE:

POWERGRID has made remarkable strides in the area of Information Technology (IT) and systematically developed, through in-house efforts, software applications for most of the functional areas for deploying IT for efficient and effective discharge of its objectives.

The Company's initiatives for e-governance was recognized at National level and the Company received bronze medal for "In-house development of Web Based Inspection Call Management System" under National Awards for e-Governance 2007-08 scheme for "Exemplary usage of ICT by PSU's category.

Major IT endeavours during the year include the following:-

- All the transmission asset and maintenance details for three of the regions are now available on internet for anytime anywhere use of information for decision support system.
- Design of Enterprise Project Management completed for substation and transmission line projects.
- Facility Management service at Corporate office through single window has reduced the IT infrastructure downtime considerably.



ENVIRONMENTAL AND SOCIAL SAFEGUARDS MANAGEMENT

The Company since its inception endeavours to protect the environment in all areas of its activity right from planning to completion and subsequent operation of the project. The transmission projects are environmentally clean and non-polluting in nature and don't generate solid waste. The developmental activities carry certain environmental and social impacts, mostly minor in nature.

In order to address such issues, the Company had developed Environmental and Social Policy and Procedures (ESPP) in 1998 and subsequently upgraded the same in 2005, in line with trends and international best practices, to pre-empt all possible environmental issues. The ESPP outlines POWERGRID's approach and commitment to deal with environmental and social issues, relating to its transmission projects and lays its management procedures and protocol to mitigate the same. POWERGRID is committed towards achieving sustainable development, as stated in its environment and social policy:



“POWERGRID is committed to the goal of sustainable development and conservation of natural resources, through continually improving of its management system. Assessing specialist knowledge for management of significant environmental and social issues and introducing new state-of-the-art and international proven technology while strictly following the principle of avoidance, minimization and mitigation.”

Towards conservation of natural resources particularly forest, POWERGRID has achieved tremendous success after implementation of ESPP. The forest involvement, which was about 6% in about 27,000 ckt. kms. of transmission network constructed till 1998 has come down to 2% in about 40,000 ckt. kms. constructed during last 10 years after implementation of ESPP.

CORPORATE SOCIAL RESPONSIBILITY

POWERGRID has also been working towards the development and well being of the community. A number of social development schemes are being promoted involving socially weaker sections especially the SC/ST, people with special needs and women welfare. The Company, independently or through NGOs, emphasises overall development of the region in which it operates by undertaking various community development schemes in villages adjoining the substations through providing medical, education, drinking water besides other infrastructure facilities like roads, community centres etc. Further, we have been assisting people in times of natural disasters.

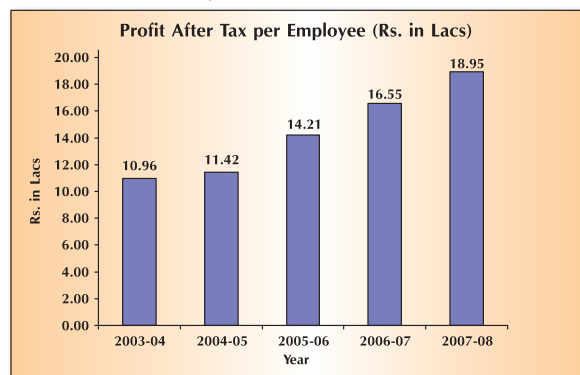
PEOPLE, OUR PRIME MOVERS

Human Resource Development

Human Resource Development (HRD) continues to be our key focus area, as we take pride in commitment, competence & character of our 7650 strong workforce in all realms of business. The approach is now towards an integrated development of our employees to achieve development of skill, enhancing productivity and quality of work, building employee loyalty to the Company besides increasing individual and organizational performance to achieve business results.

HRD activities are planned in advance based on Training Need Assessment (TNA) conducted for all employees across the organization, levels & departments and is enlisted for the year in Human Resource Development Action Planner. Around 3800 employees have undergone class-room in-house as well as external training programs this year. Training is being imparted in all functional areas including programs on Sub-station Automation, Latest Survey Techniques, Developing Marketing Skills for Telecom Business, Advanced Features in IT, Networking Administration and Security, Power System Analysis, etc.

To improve the character and personality, attitude and behaviour as also to bring about a paradigm shift in thinking of employees; several programs on soft skills have also been conducted across levels and regions. Additionally, employees have been deputed for conferences & seminars for sharing of experience. Employees working at the grass-root level have been exposed to hands on training at manufacturer sites. All newly recruited employees are made to undergo an induction program. 125 Executive Trainees have been put through a one year induction training program during the year, which included class-room training, industry visits and on the job training. Employees promoted across categories are subjected to programs to enhance their skills. As a step towards integrated development of employees, we encourage employees to take up membership of professional bodies through reimbursement of the professional fees.

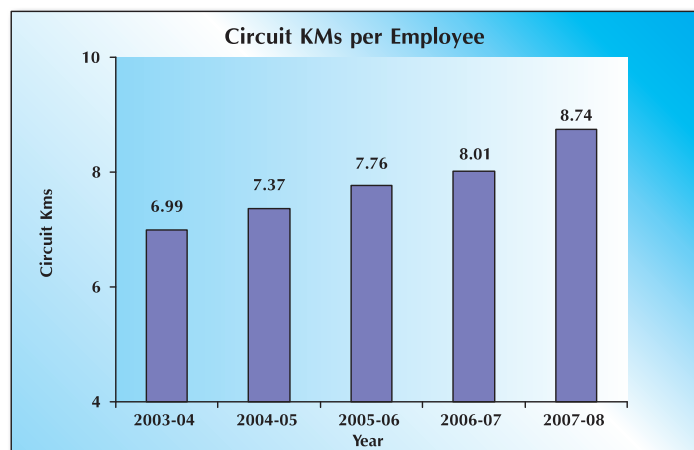


Our Employee Development Centres at Kishenpur, Itarsi, Hyderabad & Misa are accredited by the central organizations. We sponsor employees for long duration professional courses in Energy Management and MBA programs of the leading management institutions. POWERGRID has also taken up training of employees of State Electricity Boards and other power utilities within the country and overseas.

Employee welfare

We are first Company in Indian Power Sector to get our entire establishments certified under Social Accountability 8000:2001. The Cafeteria in the Corporate Office and Food Lounge of Multi





Purpose hall of your Company is conferred with ISO 22000: 2005 where quality food is being served to employees. POWERGRID has also been certified compliant under OHSAS 18001:1999 for providing a healthy working environment for employees by ensuring norms for occupational health and safety in the workplace.

Keeping in pace with changing needs and welfare of employees, various policies and rules are being revised / amended from time to time. Policy on Annual Health Check-up in respect of Non-executives is in process. Clinic located at our Sector-43 Township in Gurgaon has been tie-up with M/s Paras Hospitals for providing "round the clock" medical services to our employees and their family members. Further, various hospitals

adjacent to our establishments have been empanelled both at Corporate Centre as well as in the regions for benefit of Employees and their dependents.

Cultural programmes are conducted periodically for promoting healthy community living and entertainment on various occasions like, Diwali get-together, Holi Milan, New Year, Raising Day, etc.

The Company has also been organizing Intra-Regional Sports Competitions for Kabbaddi, Cricket, Volleyball, Chess, Badminton etc. and regularly been participating in the Inter-PSU Sports Meet. POWERGRID players in Kabbaddi, Table tennis and Lawn-Tennis have stood meritorious and bagged awards in the Inter-PSU tournaments.

Citizen's charters

The Company formulated its Citizen's Charters providing a visible front of its objectives, mission, commitments, terms of service and its obligation to various stakeholders. Information about its schemes, policies, project plans of the Corporation and issues of general interest to stakeholders is available in all of our offices. This information is also available on POWERGRID web site and is updated from time-to-time. This is intended to provide all information on schemes, plans and practices to users outside the organisation as well as information about accessing the services.

Implementation of official language

POWERGRID had proved its commitment for implementation of Rajbhasha Policy of Govt. of India and is sensitive towards our heritage, social and cultural concerns.

POWERGRID has made all out efforts to ensure use of Hindi in all aspects of management at all levels in the Corporation. In order to motivate employees for extensive use of Rajbhasha, lectures on heritage, social and cultural concerns are being arranged by eminent scholars on regular basis. For increased use of Official language, various activities were undertaken such as organizing workshops to impart training in translation through 'Anuvad Abhyaas Karyakram', enhancing working knowledge through organizing computer trainings and Hindi classes, etc. Various activities such as Akhil Bhartiya Rajbhasha Sammelan, Kavi Sammelan (poetry sessions), Drama, Publication of Hindi Magazines/papers, competitions and meetings, etc. are regularly organized. For providing further inspiration to work in Hindi, employees are nominated for external Hindi training programmes. The efforts made by POWERGRID in implementation of Rajbhasha have been applauded in many forums and we received many accolades.

Renewed commitment to transparency

In POWERGRID, the role of vigilance has been considered as an essential management arm. Accordingly, a number of steps have been taken to improve vigilance functioning in the organisation as well as for effective implementation of the CVC's directives through leveraging technology. Publication of NITs and contract documents on website, Bill tracking system & E-payments, etc. have already been implemented and e-procurement is being implemented.

Besides above, to improve transparency in our working, information such as status of sub-vendor approval, publication of HR Rules and policies, details of Contracts awarded (> Rs. 1 crore) as well as evaluation criteria are made available





on the website for use of various stakeholders. Further, the Rules and Regulations of the Company are also periodically uploaded on the website as per the requirements of the RTI Act, etc.



In accordance with the CVC directives, the Company is striving to intensify the preventive aspect and minimising the punitive aspect. This new dimension is to plan process online inspections in such a manner that critical activities of pre-award and post-award functions are inspected while they are being performed and at the critical time.

During the year, 34 complaints were received, out of which 15 were signed complaints, including 4 complaints referred to by CTE's Organisation and 3 cases instituted out of vigilance inspections. Investigations into complaints resulted in issue of advisory memos in 7 cases and imposition of penalties in 20 cases. 15 disciplinary cases were received during this period, out of which penalties were imposed on 7 employees.

88 internal inspections were carried out during the year and recoveries were affected during this period. Replies were sent on 422 paras referred to by the CTE. Out of this, 180 paras and 7 packages have been closed by CTE. CTE conducted 7 intensive examinations of major works during the period. Scrutiny of Annual Property Returns of 4062 executives and supervisors of the Corporation, both at the regions as well as in Corporate Centre were completed during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the issues in the Directors' reports, some issues have been brought out in report on Management Discussion and Analysis placed at Annexure-I.

PARTICULARS OF EMPLOYEES

The particulars of employees of the Corporation who were in receipt of remuneration in excess of the limit prescribed under Section 217 (2A) of the Companies Act, 1956 is given in Annexure-II to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per requirements of disclosures under Section 217(1) (e) of Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 information relating to conversation of energy, technology absorption and foreign exchange earnings and outgo, information is given in Annexure-III to this Report.

COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

Comments on the accounts for the year ended 31st March, 2008 by the Comptroller and General of India under Section 619(4) of the Companies Act, 1956 are given in Annexure-IV to this report.

CORPORATE GOVERNANCE

A report on the Corporate Governance, forming part of this report, together with the Certificate thereon is given in Annexure-V to this report.

BOARD OF DIRECTORS

Shri. S. K. Chaturvedi has assumed the charge of the post of Chairman & Managing Director, Power Grid Corporation of India Ltd. with effect from 1st August, 2008 vide Office Order dated 8th July, 2008 of Ministry of Power, Govt. of India. The Board extends a very warm welcome to Shri Chaturvedi on assumption of post of CMD. Sh. S. Majumdar, Director (Projects) who had assumed the additional charge of the post of Chairman & Managing Director on 30th May, 2008, relinquished the same on 1st August, 2008.

Dr. R. P. Singh has relinquished the charge of post of CMD, POWERGRID w.e.f. 30th May, 2008 on acceptance of his resignation by President of India vide Ministry of Power, Office Order dated 30th May, 2008. The Board wishes to





place on record its deep appreciation and gratitude for invaluable contribution and unstinted support to the Company made by Dr. R. P. Singh during his tenure as the Chairman & Managing Director.

Shri Rajesh Verma, Joint Secretary & Financial Advisor, Ministry of Power, joined the Board of the Company on 2nd August, 2007 in place of Shri M. Sahoo who ceased to be the Director of the Company on 30th June, 2007, in terms of the provisions of Article 31 (c) (iv) of the Articles of Association of the Company. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri M. Sahoo during his association with POWERGRID.

Five Non-official Part-time Directors viz. Dr. P.K. Shetty, Shri M.S. Kapur, Dr. A.S. Narag, Shri Anil K. Agarwal and Shri F.A. Vandrevala were appointed on the Board of POWERGRID on 10th July, 2007. Further, two Non-official Part-time Directors viz. Shri S.

C. Tripathi, former Secretary to the Govt. of India and Shri Ashok Khanna were appointed on the Board of POWERGRID on 25th April 2008. Ministry of Power vide their Order dt. 23.07.2008 conveyed the appointment of Smt. Sarita Prasad, IAS (Retd.) as part-time non-official Director on the Board of POWERGRID. The Board extends a very warm welcome to them. Shri M. S. Kapur, Non-Official Part Time Director, resigned from the post of Director w.e.f. 5th October, 2007.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 read with Article 31 (iii) of the Articles of Association of the Company three directors – Dr. P. K. Shetty, Shri J. Sridharan and Sh. S. Majumdar shall retire by rotation at the Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

The Board of Directors, acknowledges with deep sense of appreciation the co-operation received from the Govt. of India, particularly the Ministry of Power, Ministry of Finance, Ministry of Statistics and Programme Implementation, Ministry of Environment & Forests, Planning Commission, Department of Public Enterprises, Central Electricity Authority, Central Electricity Regulatory Commission, State Governments, Regional Power Committees and State Power Utilities as well as from Securities Exchange Board of India, National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd., Mumbai.

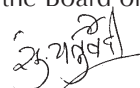
The Board also conveys its gratitude to the shareholders, various International and Indian Banks/Financial Institutions for the confidence reposed by them in POWERGRID. Board's special appreciation and thanks are due to the valued customers, the purchasers of power as also to valued consultancy clients, who have reposed confidence in your Company.

The Board also appreciates the contribution of Contractors, Vendors and Consultants in the implementation of various projects of the Company. The Board acknowledges with thanks the constructive suggestions received from C&AG and the Statutory Auditors.

To end up, the Board wishes to place on record its appreciation for the relentless efforts and contributions made by the employees at all levels including their family members to ensure that the Company continues to grow and excel.



For and on behalf of the Board of Directors



(S. K. Chaturvedi)

Chairman & Managing Director

Place : New Delhi

Date : 06 August, 2008



MANAGEMENT DISCUSSION AND ANALYSIS

The Government of India has conferred “Navratna” status to POWERGRID on 1st May, 2008 which provides us with powers to undertake new transmission projects of any amount without Government approval. Earlier, POWERGRID was a Mini-Ratna Category-I public sector undertaking since October 1998.

Growth in Transmission:

Keeping in view the large incremental capacity addition requirements of the current Plan and to fulfill the macro objective of Power sector i.e. power to all by 2012, POWERGRID is oriented towards implementation of generation evacuation schemes, strengthening of regional grids, development of an integrated National Grid with flexibility for power transfer from one region to another and has in place the requisite Load Despatch facilities for real time grid operation. POWERGRID has, till 31st March, 2008:

- Transmission Network of around 67000 Circuit kms. of Extra High Voltage transmission lines with 111 nos. of EHVAC & HVDC sub-stations.
- Inter-regional power transfer capacity of about 17,000MW,
- Consistently maintained the transmission system availability at 99.65% at par with the International utilities.
- Wheel about 45% of the total power generated in the Country.

POWERGRID’s commitment towards furtherance of National Grid

During the year, the Company has added transmission network of 7,350 Circuit Kms. 9 EHV AC sub-stations and transformation capacity of 13,700 MVA. The target and achievement of POWERGRID in project implementation during the year 2007-08 have been as under:

Works	Target to achieve excellent rating as per MOU	Achievement	Percentage
Foundation (Nos.)	10000	10894	109%
Tower Erection (Nos.)	9000	9832	109%
Stringing (in CKms.)	6200	6372	103%
Transformation Capacity addition (MVA)	12405	13075	105%

- POWERGRID being the primary agency to establish the requisite transmission capacity in the Central sector to match the generation capacity addition and facilitate inter-state/ inter-regional exchange of power is focusing on creation of a reliable and strong National Grid by adding about 60,000 circuit kilometers of Transmission Network by 2012. This would require capital investment of over Rs.55,000crore during XI Five Year Plan for supporting generation capacity addition plan of 78,500 MW. Such an integrated grid will carry 60% of the power generated in the country by 2012.
- POWERGRID is also entrusted with role of Central Transmission Utility (“CTU”) by Gol. In this role, the company operates as one of the chief agencies responsible for the planning and development of the country’s nationwide power transmission network, including interstate networks.
- The company has taken the initiative to develop certain new transmission lines and systems with private parties, in public-private joint ventures. The detail in this regard has been provided later in the discussion.
- Leveraging on our strengths, we have diversified into the consultancy business. Since Fiscal 1995, our consultancy division has provided transmission-related consultancy services to more than 90 clients in over 225 domestic and international projects. Our consultancy role have facilitated the implementation of various Gol-funded projects for the distribution of electricity to end-users, such as the Accelerated Power Development and Reform Programme (“APDRP”) in urban and semi-urban areas and the Rajiv Gandhi Grameen Vidhyutikaran Yojana (the “RGGVY”) in rural areas.



During Fiscal 2008, the company had submitted an Expression of Interest to the Power Sector Assets and Liabilities Management Corporation (“PSALM”) of Philippines in respect of their invitation to bid for the privatization by way of concession of the facilities and assets of the National Transmission Corporation of the Philippines. POWERGRID, along with the local partners viz. M/s Citadel Holdings Inc., pre-qualified to participate in the bidding process. However, as the due-diligence process was underway, M/s Actis. U.K., the financial partner proposed additionally, withdrew from the bidding process and the consortium in which POWERGRID was a partner did not submit the financial bid.

- Your company has also diversified into the telecommunication business, by creating a telecommunication network mainly using our overhead transmission infrastructure. We own and operate a fibre-optic cable network over 19,000 kilometres long and connected over 60 Indian cities, including all major metropolitan areas. We have been leasing bandwidth on this network to more than 60 customers, including major telecom operators such as Bharat Sanchar Nigam Limited, Videsh Sanchar Nigam Limited, Tata Teleservices Limited, Reliance Communications Limited and Bharti Airtel Limited.
- On the commercial front, under the Securitization Scheme, out of the total securitization dues of Rs.2105crore, Bonds of Rs.87.73crore (for DESU period), are pending for issuance. During 2007-08, bonds worth Rs.239.89crore have been redeemed by the SEBs including full redemption from Karnataka and Tamil Nadu and part redemption from Rajasthan. In addition, Rs.15.43 crore has been received against long term advances from Delhi (Delhi Vidut Board).

POWERGRID has realized almost 100% of its Transmission Charges during the Year 2007-08. Till 31st March, 2008 the Company has realized Rs.4503crore against the actual billing of Rs.4504crore, a collection of 99.97%. Post securitization, dues of (from 1.10.01 to 31.03.08) Rs.4.14 crore are outstanding and these dues are from Meghalaya. Further, during the year 2007-08, the LC Coverage went upto Rs.280.03 crore as against Rs.260.57crore during the year 2006-07.

- The Regional Load Despatch Centres (RLDCs) of Central Electricity Authority were transferred to the Company (along with associated manpower) during the earlier years as per orders of Ministry of Power, Government of India. From 1994 to 1996, POWERGRID took over the operation of all five of the country’s existing RLDCs in a phased manner. The Assets of RLDCs are being used by the Company pending transfer of ownership and determination of cost of assets so taken over. Keeping in view the necessity of load despatch in real time with reliability and security on an economical basis, POWERGRID modernised the existing five RLDCs and state load despatch centres and their communication networks, down to the level of individual sub-stations. It undertook and completed this work under (“Unified Load Despatch and Communication) ULDC Project. POWERGRID is also setting up National Load Despatch Centre (NLDC). The Ministry of Power has in July, 2008 with the approval of Competent Authority advised your Company to set up a wholly owned subsidiary Company of POWERGRID responsible for independent system operation with separate accounting and Board structure. This subsidiary company will be gradually made independent from Power Grid Corporation of India Ltd., at the appropriate time.

POWERGRID Board has on 12.07.08 granted “in-principle” approval to the setting up of a wholly- owned subsidiary company of POWERGRID responsible for Independent Power System Operation in line with the advice of GOI, on the arrangement of the operation of national and regional load dispatch Centres, received by POWERGRID. Further steps and action in this regard will be taken up by your Company.

Overcoming Construction Challenges

POWERGRID would be implementing major quantum of works towards transmission development in the next 5-6 years. In addition, many projects under consultancy assignments are being executed. These entail multi-dimensional challenges. The challenges mainly relate to accessibility, construction feasibility, technical restrictions, conservation of environment and right of way etc. POWERGRID has taken following measures to meet the massive task:

- **Route Alignment & Detailed Survey Using Modern Techniques**

The route alignment and detailed survey of transmission lines is being carried out after examining various alternatives with the help of latest GIS techniques using Satellite imagery obtained from NRSA (National Remote Sensing Agency) and topographic maps from Survey of India. As a result of the updated/latest information, details available through Satellite images, optimal selection of transmission line route involving minimal environmental impact is possible.



Further, various details, constraints related to the line route like topographical and geotechnical details, forest & environmental constraints etc. are obtained in advance so that a secure and reliable system is designed and necessary engineering aspects are taken care of before execution. Elaborate definition of the project through surveys in advance also facilitate preparation of realistic bill of quantities for tendering, identification of appropriate strategies for project execution, scheduling & cost optimization.

- **Vendor Development Programme**

Considering the large number of transmission systems planned for XI and XII Five Year Plans, activities for development of additional indigenous manufacturers for various components having long production cycle such as conductor, transformer, reactor etc. and more erection contractors for substations, have been initiated. The increased vendor base shall help in meeting the targets in a time bound and cost effective manner.

A large number of sub-vendors were developed and added in POWERGRID's Compendium of Suppliers during the year 2007-08 for POWERGRID projects as well as for RE/DMS projects being executed by POWERGRID for different states.

- **Towards Standardisation**

POWERGRID has given thrust on standardisation of the repetitive and package-wise post award engineering activities viz. finalisation and approval of design/drawing/testing of various equipment/items standardisation of designs/drawings and incorporating the same in the technical specifications or through finalising manufacturer specific designs/drawings applicable for all future packages. The standardisation of designs/drawings/type testing has helped in minimizing post award engineering activities for regular packages.

- **Forest Clearances**

Forest clearance under Forest (Conservation) Act 1980 is a prerequisite for starting construction in forest area. Such clearances are issued after Forest advisory Committee (FAC) of Ministry of Environment & forests (MOEF) review & recommend proposal for approval of Hon'ble Minister of Environment and Forests. However in Oct.'06 Hon'ble Supreme Court (SC) had stayed the constitution of Forest Advisory Committee (FAC). Hence, no forest proposal was processed for approval in the absence of FAC. POWERGRID had moved to SC in Jan, '07 with a request for vacating its stay as many projects of National importance were getting delayed due to non availability of forest clearance. Supreme Court after detailed deliberation during 3 hearings on POWERGRID application has vacated the stay vide its order dated 27.04.07 but put an extra condition that all recommendations of FAC shall be put up to Supreme Court through Central Empowered Committee(CEC) and only after permission of Supreme Court forest clearance shall be processed/issued by the MOEF.

POWERGRID has been continuously striving to get timely clearance from CEC and Supreme Court. Through our relentless efforts we were able to get the forest clearance for 773.84 Ha. of forest involved in many important transmission system e.g. Ranchi-Sipat, RAPP'C'- Kota, Parvati II- Koldam etc.

This initiative of POWERGRID and constant follow up has saved many projects from getting delayed and we were able to achieve the target completion date with minimum delay.

- **Preventive Maintenance**

On Maintenance front, thrust is given on preventive maintenance which utilises State-of-the-art maintenance techniques like Condition Monitoring, Hotline Maintenance, Live line detection of insulator failure, Thermo-vision Scanning, dynamic contact resistance measurement, software based interpretation techniques & Reliability Centered Maintenance(RCM) etc. to pre-empt the transmission element failure and take corrective actions in time.

Efforts on IPTC Route:

In deference to the decision of the CERC, POWERGRID initiated bid invitation of Projects B and C of the WRSSS-II through IPTC Route, earlier envisaged to be implemented through Joint Venture Route. Projects B and C comprise of transmission lines in the State of Maharashtra and Gujarat, respectively. The Implementation Agreements have been signed on 23.11.07 with the Developer of the projects viz. Reliance Energy Transmission Limited. The Company has applied for Transmission Licence to CERC on 04.03.08.



Integrated Management Policy:

POWERGRID is committed to:

- establish and maintain an efficient and effective “National Grid” with due regard to time, cost, technology and value addition,
- sustainable development through conservation of natural resources and adopting environment friendly technology on principles of Avoidance, Minimization and Mitigation,
- ensure safe, occupational hazard free and healthy work environment, to the satisfaction of stakeholders in all areas of its activities and shall endeavor to improve continually its management systems and practices in conformity to legal and regulatory provisions.

Grid Management and Performance:

During the Fiscal 2008, the grid performance remained improved due to Availability Based Tariff, Free Governor Mode of Operation of generating units, various inter-regional links, RLDC having State-of-the Art technology and manning of RLDCs by skilled and experienced personnel. The state-of-the-art Unified Load Despatch & Communication Scheme (ULDC), implemented by POWERGRID, are operational in all the five Regions. For overall co-ordination, National Load Despatch Centre (NLDC) at Delhi with back-up at Kolkatta is being made functional.

There has been no major grid disturbance in any part of the Country during the last 5½ years. In fact, tripping of lines and partial grid disturbances of minor nature in regional grids have come down significantly, as to be reckoned to be a benchmark achievement. Over 98% of the time, the frequency has been maintained in the range of 49 to 50.5 Hz, which is well within the prescribed Indian Electricity Grid Code (IEGC) band. The frequency profile of the system is a clear indicator of the load-generation balance in the Regions.

System availability has been maintained at 99.65% during Fiscal 2008.

Internal Control

POWERGRID has a comprehensive Internal control to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. Keeping in view the time schedule of conducting Internal Audit and the increase in the number of Audit Units, the internal audit for the year 2007-08 has been finalized with in-house Audit Department and experienced firms of Chartered Accountants. Steps have also been taken in regard to strengthening of the compliance mechanism. Adhering to the Corporate Governance norms, the company has an Audit Committee in place as per clause 49.

Comparison of Fiscal 2008 to Fiscal 2007

Your company's total income in Fiscal 2008 was Rs.5081.53crore, which represented an increase of 24.03% over the total income of Rs. 4097.15crore in Fiscal 2007. In Fiscal 2008, transmission and transmission-related activities constituted 83.46% of our total income, with the balance coming from our consultancy, telecommunication businesses and other incomes.

Income

Revenue from Operations

(Rs. in crore)

Revenue from Operations	Fiscal 2008	Fiscal 2007
Revenue from transmission charges	4188.52	3248.00
Transmission income from short term open access	52.73	38.75
Consultancy fees	250.04	226.00
Revenue from telecom	123.53	77.10
Total	4614.82	3589.85



The revenue was higher in Fiscal 2008 as compared to Fiscal 2007 mainly on account of the commissioning of new transmission assets worth Rs.5958.19 crore and full year impact of transmission assets worth Rs. 3142.87 crore commissioned during fiscal 2007 including the major projects 765 kV S/C BINA (PG) - GWALIOR 235 KM; 400 kV Kahalgaon-Patna Line I & II; 400 kV Balia-Lucknow CKT-I & II, 400 kV Balia-Mau CKT-I, 400 kV D/C Patna-Balia Line including Associated Bays at Patna-Balia; Maithon - Ranchi with Sub-station at Ranchi; 400 kV D/C Lucknow-Bareilly CKT-I & II Transmission Line alongwith Associated Bays; CKT-I of 400 kV D/C Biharsharif-Balia (KH II) from ER-I; Bina-Nagda; 765 kV Sipat-Seoni CKT-I; CKT-II at Nagda Dehgam. The projects commissioned in Fiscal 2008 have generated revenue from the date of commercial operation during the year.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Tariff norms

Our charges for transmission customers are governed by tariffs norms determined by the Central Electricity Regulatory Commission ("CERC") pursuant to central government tariff policy and legislation. Under the current tariff regulations, we are permitted to charge our customers fixed annual transmission charges ("ATC") which include components for return on equity, interest on outstanding debt, depreciation, advance against depreciation, operation and maintenance expenditure and interest on working capital. In addition, tariffs allow us to recover income tax we pay with respect to our transmission business and foreign exchange rate variation ("FERV") in respect of our foreign currency loans. We are also provided with an incentive if the availability of our transmission network is above 98% in respect of alternating current systems and above 95% in respect of HVDC systems, and penalized if the availability of our network is below 98% or 95%, respectively. The present tariff norms prescribed by CERC are applicable to all the tariffs we are awarded during the period from April 1, 2004 until March 31, 2009.

For the States of Assam, Tripura, Meghalaya, Manipur, Arunachal Pradesh, Mizoram and Nagaland in the North-Eastern Region, the tariff was based on the Uniform Common Pool Transmission Tariff (UCPTT) agreement @ 35 paise per unit which was being distributed between the owners of transmission assets forming the common pool on pro-rata basis to the capital cost of the assets of each entity. The sharing formula fixed by CERC was challenged with the Appellate Tribunal for Electricity.

The Appellate Tribunal vide their order dated 4th January, 2008 has observed that the sharing of UCPTT revenue should be based on the actual capital cost of the transmission assets of different Transmission Utilities in NER. Whenever, there is a change in the composition of the shares of the different Transmission Utilities in the assets/capital cost, sharing formula should be revised. The Appellate Tribunal has also allowed the appeal of POWERGRID in so far as applicability of revised sharing formula from February, 2000. Further, CERC notified that tariff in the North-Eastern Region (NER) shall be on cost plus basis w.e.f. 01.04.2007 as applicable in the other states of India.

The methodology followed for the tariff for the blocks of 1992-97 and 1997-2001, had resulted in depletion of equity by about Rs.646crore for assets under commercial operation up to 31.3.1997. Govt. of India vide Order dated 16th February, 2005 had directed the company to approach CERC for fixation of tariff after restoration of depleted equity of Rs.646crore. CERC vide Order dated 11th May, 2005 had rejected the company's petition in the aforesaid matter, against which an Appeal was filed with the Hon'ble Appellate Tribunal for Electricity (ATE). The order of the CERC has been set aside by the Hon'ble Tribunal vide its order dated 16th May 2006, and has remitted the matter to CERC for re-determination of tariff w.e.f 01st April 2004. Some of the beneficiaries had filed stay petitions and appeals against the aforesaid order before Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India has not granted the stay of orders passed by ATE. During the year, CERC in accordance with directions of ATE has notified revised tariff considering the above matter for the block period 2004-09. Accordingly the arrears of transmission income of Rs.231.60crore has been recognized during the year.

Upto 31.03.2004, as per CERC norms FERV is to be capitalised with notional funding of Debt and Equity for the purpose of tariff. On the debt portion, interest on loan will be allowed whereas equity portion will be considered for return on equity and reimbursement of depreciation for the purpose of tariff. Some of the beneficiaries appealed against the above provision before the Appellate Tribunal for Electricity. The Appellate Tribunal vide Orders dated 04th October, 2006 and 22nd December, 2006 allowed capitalisation of entire FERV through notional debt only. Capitalisation of FERV through notional equity was not allowed. The company has filed an appeal before the Hon'ble Supreme Court of India against disallowance of notional equity funding by Appellate Tribunal. CERC, subject to the decision of the Supreme Court in the matter, has revised transmission tariff during the year for the periods from 2001-04 and 2004-09 in accordance with



the directions of Appellate Tribunal. Accordingly during the year transmission income has been reduced by Rs.105.92 crore relating to earlier years following the deployment of FERV.

Further, as per the Tariff Policy issued on 6th January, 2006, Central Electricity Regulatory Commission (CERC) shall be guided by the Tariff Policy while specifying the terms and conditions for the determination of tariff. In addition to the provision that the rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting, the Policy includes following major items:

- The return on investment would be notified by CERC based on either return on equity approach or return on capital approach, whichever is considered better in the interest of consumers.
- There would be no need for any Advance Against Depreciation.
- Foreign Exchange Rate Variation will not be pass through. Appropriate cost of hedging and swapping for management of FERV will be allowed.

Short Term Open Access

One of the goals of the Electricity Act, 2003 is to provide electricity generators and users with open access to electric power transmission systems on a non-discriminatory basis, when capacity is available and such access will not disrupt regular fixed charge access or network operation. Our portion of revenue from the short term open access charge is accounted for as revenue from operations. As RLDC, we also charge short term open access customers a separate fee for the scheduling of their access through the relevant load dispatch centres. There has been an increase in Transmission income from short term open access, Rs.38.75crore in Fiscal 2007 to Rs.52.73crore in Fiscal 2008, an increase of 36% over Fiscal 2007.

Revenue from Other Services

Your company also earns revenue from consultancy (including for project management and supervision services) and from our telecommunication business. Our consultancy income mainly consists of fees from work under the APDRP and the RGGVY, the execution of transmission and communication system related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries. Increase in consultancy revenue from Rs.226.00crore in Fiscal 2007 to Rs. 250.04crore in Fiscal 2008 also contributed to your company's higher revenues. The Telecom revenue also grew by 60.2% over Fiscal 2007.

The revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines.

Provisions Written Back

The provisions written back were Rs.8.39crore in Fiscal 2008, as against Rs.133.43 crore (includes Provision Written Back of Rs.130.99crore in respect of CANFINA matter in 2006-07) in Fiscal 2007.

Other Income

Your company's other income was Rs.458.32crore in Fiscal 2008, an increase of 22.59% over the other income of Rs.373.87crore in Fiscal 2007.

(Rs. in Crore)

Other Income	Fiscal 2008	Fiscal 2007
Dividend on trade investments	5.39	1.2
Interest income – bonds and long term advances	149.99	173.24
Interest income – banks/others	108.59	87.74*
Profit on sale of fixed assets	6.14	0.05
Deferred income (transfers from grants in aid)	17.65	17.67
Operational charges in respect of short term open access	21.11	17.59
Transfer from insurance reserves on a/c of loss of fixed assets	1.65	NIL
Lease income from state sector ULDC upgrades	66.54	56.08
Reimbursement from joint venture companies/IPTC companies	19.46	NIL
Surcharge on late payment from customers	0.24	5.16



	Fiscal 2008	Fiscal 2007
Other Income		
Hire charges for equipment	0.39	0.53
FERV gain	42.96	NIL
Miscellaneous income	36.63	28.80
Total Other Income	476.74	388.06
Less: Transfer to incidental expenditure during construction	18.42	14.19
Total Net Other Income	458.32	373.87

*(including Rs.61.09crore for CANFINA Bonds)

The other income increased mainly because of an increase in lease income from state sector ULDCs from Rs.56.08crore in Fiscal 2007 to Rs.66.54crore in the Fiscal 2008, on account of receipt of arrears towards additional capitalization; FERV gain of Rs.42.96crore due to change in accounting treatment of FERV (refer Notes on Accounts No. 21 to 23) and amount recoverable from JV/IPTC Companies for consultancy services.

Expenditures

Your company's total expenditures were Rs.3168.94crore in Fiscal 2008, an increase of 20.75% over the total expenditures of Rs.2624.43crore in Fiscal 2007. The total expenditures as a percentage of total income were 62.36% in Fiscal 2008 compared to 64.06% in Fiscal 2007.

Employees' Remuneration and Benefits

Employees' remuneration and benefits expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and welfare expenses.

Your company had 7,645 employees on our payroll as of March 31, 2008, compared to 7427 employees as of March 31, 2007. Employees' remuneration and other benefits increased by 53.17% to Rs.519.06crore in Fiscal 2008 from Rs.338.88crore in Fiscal 2007. The increase is due to an increase in the number of employees, increase in Dearness allowance, higher incentives paid to employees provisions of Rs.193.18crore made for wage and salary revision which will be backdated to January 1, 2007 when it is finally implemented. The increase is also partially the result of the capitalization of transmission assets worth Rs.5958.19crore in Fiscal 2008 because employee remuneration that was earlier capitalized during the construction of the project is now treated as an operating expense subsequent to the commissioning of the project. Employees' remuneration and benefits represented 10.21 % of our total income in Fiscal 2008.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses consist primarily of costs of the repair and maintenance of buildings, plant and machinery and power charges. Other items in this category include expenditures for travel, security, vehicle hire charges, insurance, rent rates and taxes on our properties.

Transmission, administration and other expenses increased by 11.35% to Rs. 341.42crore in Fiscal 2008 from Rs.306.62crore in Fiscal 2007. The increase is on account of the capitalisation of transmission assets worth Rs.5958.19crore in Fiscal 2008 as certain expenses that were earlier being capitalized during the construction of the project are now treated as an operating expense subsequent to the commissioning of the project.

Depreciation

During the year, the company has provided depreciation at the rates notified for the purpose of recovery of tariff by Central Electricity Regulatory Commission empowered under The Electricity Act, 2003. Currently, the technical life of each depreciable asset class, as prescribed by CERC, is as follows:

- transmission lines – 35 years
- substations – 25 years
- buildings and civil works – 50 years
- power line carrier communications (PLCC) – 15 years.



We depreciate the assets of our consultancy and telecom businesses on the straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

The issue of charging depreciation had been referred by CAG to the Ministry of Power (MOP). MOP has issued Tariff Policy on 6th January, 2006 which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariffs as well as for accounting. Pending formalization of norms by CERC in accordance with the Tariff Policy, the rates notified under present Tariff Norms are considered appropriate for charging depreciation for the year. By charging depreciation at the aforesaid rates the depreciation charge for the year is lower by Rs.625.88crore (previous year Rs.498.01crore) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956 (refer Notes on Accounts No. 17).

Your company's depreciation increased by 15.96% to Rs.959.65crore in Fiscal 2008 from Rs.827.58crore in Fiscal 2007. The increase was mainly because of the commissioning of new transmission assets worth Rs.5958.19crore and full-year impact in Fiscal 2008 of transmission assets which were commissioned during Fiscal 2007.

Interest and Finance Charges

Interest and finance charges increased by 17.46 % to Rs.1339.55crore in Fiscal 2008 from Rs.1140.42crore in Fiscal 2007. The increase was mainly because of the commissioning of new transmission assets worth Rs.5958.19crore and full-year impact in Fiscal 2008 of transmission assets which were commissioned during Fiscal 2007.

These charges include rebates to state power utilities amounting to Rs.67.64crore on account of prompt payment and guarantee fees of Rs.61.57crore payable to the GoI for giving guarantees to the lenders of our foreign currency loans.

Deferred Revenue Expenditure Written Off

Deferred revenue expenditure written off decreased by 33.70% to Rs.5.43crore in Fiscal 2008 from Rs.8.19crore in Fiscal 2007. This decrease was on account that it was the last year (fifth year) of amortization of expenditure for certain projects (refer Accounting Policy No. 12).

Profit before Tax

Your company's profit before tax in Fiscal 2008 was Rs.1730.53crore, an increase of 16.77% over our profit before tax of Rs.1482.00crore in Fiscal 2007.

Provision for Tax

In Fiscal 2008, we provided for Rs.197.11crore of Minimum Alternate Tax, compared to Rs.134.09crore in Fiscal 2007. The increase was primarily due to the increase in our profit. Fringe benefit tax provided in Fiscal 2008 was Rs.10.50crore against Rs.8.72crore in Fiscal 2007. Fringe benefit tax and the Minimum Alternate Tax paid in respect of our transmission business is recovered through our tariffs and such amounts are accounted for as transmission income.

Provision for deferred tax is made net of amounts recoverable through our tariffs and is affected by revenues from consultancy services and Telecom.

Profit after Tax

Your Company's profit after tax in Fiscal 2008 was Rs. 1448.47crore, an increase of 17.82% over our profit after tax of Rs.1229.37crore in Fiscal 2007.

LIQUIDITY AND CAPITAL RESOURCES

Your company depends on both internal and external sources of liquidity to provide working capital and to fund capital requirements. Historically, the capital expenditures have been funded with internally generated funds, grants and equity contributions by the Government and debt financing. As at March 31, 2008, your company had cash and cash equivalents of Rs.1865.59 crore. As at March 31, 2008, we also had committed and undrawn letter of credit facilities for capital requirements of approximately Rs.168.82crore, and committed and undrawn working capital facilities of approximately Rs.300crore ("cash credit").

In the past, we have also received the support of the GoI in part through equity infusions. In Fiscal 2007 the Govt. of India infused equity into the Company to the extent of Rs.200crore. In Fiscal 2008 Shares worth Rs.38.81crore were



allotted to Gol by adjusting share capital deposit of Rs.38.81 crore representing amount payable to Gol as purchase consideration for ex NHPC lines. Further, in Fiscal 2008 under the Initial Public Offering in September 2007 equity infusion in our Company was of Rs.1989.63crore (including share premium of Rs.1607.01crore).

Cash Flows

(Rs. in crore)

	Year ended March 31,	
	2008	2007
Net cash from operating activities	2,989.52	4,345.77
Net cash (used in) investment activities	(5,342.00)	(6,735.76)
Net cash from (used in) financing activities	3,021.25	2,997.76
Cash and cash equivalents at the end of the year	1,865.59	1,196.82

Net Cash from Operating Activities

Your company's net cash flows from operating activities are principally used to service long-term debt, for capital expenditures, for investments and for dividends.

The net cash from operating activities was Rs.2989.52crore in Fiscal 2008. Changes in current assets and liabilities that had a current period cash flow impact consisted mainly of increase in working capital of Rs.1008.47crore, primarily from decrease in trade payables and increase in inventories, loans and advances, trade and other receivables and other current assets.

Your company's net cash from operating activities was Rs.4345.77crore in Fiscal 2007.

Net Cash (Used in) Investment Activities

Your company's net cash used in investing activities was Rs.5342.00crore in Fiscal 2008. This reflected expenditures on fixed assets and capital work-in-progress as well as construction stores and advances paid to contractors for capital expenditure of Rs.5812.83crore, investment in joint ventures of Rs.10.35crore and receipt of interest and dividend income of Rs.155.38crore.

Your company's net cash used in investing activities was Rs.6735.76crore in Fiscal 2007.

Net Cash from (Used in) Financing Activities

In Fiscal 2008, your company's net cash flow from financing activities was Rs.3021.25crore. Your company raised Rs.4868.71crore of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. The company repaid Rs.1930.73crore of borrowings and paid interest of Rs.1339.55crore. In the Fiscal 2007, we paid dividends of Rs.464.28crore comprising final dividend for Fiscal 2007 and an interim dividend for Fiscal 2008. Under Gol guidelines applicable to government companies generally, dividend is payable at a rate of 20% of profit after tax or 20% of share capital, whichever is higher. The minimum dividend payout in respect of infrastructure sector companies is 30% of profit after tax.

In Fiscal 2007, our net cash flow from financing activities was Rs.2,997.76crore.

Capital Expenditures

Your company's capital expenditures are primarily for the installation of new transmission capacity and the expansion of existing capacity. Our capital expenditure in Fiscal 2008 were Rs.6615crore. Capital expenditure budget for Fiscal 2009 has been approved for Rs.8040crore. Your company's capital expenditure budgets are subject to modification as a result of a variety of factors, changes to expansion plans and similar other factors.

Return on Equity

The return on equity that we are generally permitted on transmission assets under our tariffs is 14%. Our actual return on equity from period to period across our entire business is 10.73%, for a number of reasons. For instance, we have significant funds under capital work-in-progress, which do not earn return until the associated transmission projects commence operations. The IPO proceeds, raised during Fiscal 2007, are being deployed in 15 identified construction projects



and will be giving returns after the commissioning of the said projects. When there is a delay in the commencement of operations of a project, whether caused by us or caused by a delay in the generation project from which our transmission project is to draw power, the time during which no return on equity is earned increases. In addition, the SEB bonds that we hold under the One Time Settlement earn a maximum of 8.5% per annum.

Selected Balance Sheet Items

Fixed Assets

Your company's total fixed assets after depreciation were Rs.27,355.20crore and Rs.21,816.07crore as at March 31, 2008 and 2007 respectively. Our fixed assets consist of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment; buildings; land; office equipment; fixtures; and motor vehicles. Fixed assets value (Net Block) increased by 25.39% in Fiscal 2008 as compared to Fiscal 2007. These increases are mainly due to the commissioning of new transmission assets.

Capital Work-in-Progress and Construction Stores and Advances

Your company's capital work-in-progress was Rs.5305.41crore and Rs.6068.85 crore, as at March 31, 2008 and 2007, respectively. The cost of materials consumed, erection charges and other expenses incurred for the implementation of projects are shown on the balance sheet as capital work-in-progress, pending capitalization of the completed project. The change in this amount is due to capitalization of a number of transmission projects on commissioning of these projects and due to undertaking of new transmission projects. Construction stores and advances were Rs.3452.68crore and Rs.3371.54crore as at March 31, 2008 and 2007, respectively. These amounts represent the new as well as ongoing capital expenditure on transmission assets. The increase in these amounts is mainly due to the undertaking of new transmission projects.

Investments

Your company's investments mainly consist of bonds issued by the SEBs as part of the One Time Settlement. We have also invested Rs.12crore in equity shares of PTC India Limited (the power trading company) and Rs.229.32crore in Powerlinks Transmission Limited (the joint venture between us and The Tata Power Company Limited through which the Tala Transmission Project was constructed), Rs.7.81crore in Torrent Power Grid Limited, Rs.2.60crore in Jaypee Powergrid Limited. Our total investments were Rs.1736.22 crore and Rs.1967.00crore as at March 31, 2008 and 2007, respectively.

Loans and Advances

Your company's total loans and advances as at March 31, 2008 and 2007, were Rs.1767.30crore and Rs.1491.26crore, respectively. Loans and advances include advances under the One Time Settlement amounting to Rs.138.82crore in respect of DESU/DVB, a Delhi utility, loans to employees, lease receivables (representing certain capital expenditures made by the company in respect of the state sector ULDCs of all five regions, for which the constituents of those regions are reimbursing the company on a finance lease basis), loans and advances to contractors, advance income tax, TDS and other deposits with tax authorities. The increase in loans and advances from Fiscal 2008 to Fiscal 2007 was principally due to increase in advances to employees, advance tax and TDS. In respect of advance tax, the assessment for the previous year income tax cases has been completed and against the demands, the company has gone to Income Tax Appellate Tribunal and decision is awaited.

Other Current Assets

Our other current assets as at March 31, 2008, 2007 respectively, were Rs.395.17 crore and Rs.147.03crore. Other current assets mainly include interest accrued on investments under the One Time Settlement and interest accrued on employee loans.

Other current assets increased by 168.77% in Fiscal 2008 as compared to Fiscal 2007 due to accounting of deferred expenditure in respect of FERV in other current assets in view of Change of accounting treatment detailed at Sl. No. 21 to 23 of Notes on Accounts.

Inventories

Inventories are valued at cost on a weighted average basis. The costs of inventories were Rs.248.22crore, as at March 31, 2008. Our inventories consists of transmission line items such as tower parts, conductors, insulators and other items, and substation items such as transformers, circuit breakers, ICTs and other items. The cost of our inventories increased in Fiscal 2008 as compared with Fiscal 2007, on account of your company continuing to expand the transmission network and capitalization of new projects.



Sundry Debtors

Sundry debtors consist mainly of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Our sundry debtors amounts as on March 31, 2008 and 2007 were Rs.1100.50 crore and Rs.490.48crore, respectively. Sundry debtors increased by 124.37% in Fiscal 2008 as compared to Fiscal 2007. The increase from Fiscal 2007 to Fiscal 2008 was mainly due to time lags between the provision and accounting of transmission services on certain new projects on accrual basis and the formal notification by CERC of the tariffs relating to those projects in Fiscal 2008 and to some extent due to accounting of certain items of incremented income on account of income tax and other taxes on an accrual basis.

We can recognize certain tariff components that are chargeable on a pass-through/recoverable basis as income, such as income tax and foreign exchange rate variations, without waiting for final tariff notifications. However, other tariff components, such as incentive amounts, are booked as income on a provisional basis based on certification of availability by the relevant Regional Power Committee until final tariff notification is received from CERC.

Substantially all of our receivables are covered by letters of credit pursuant to the One Time Settlement Scheme, following which we have no material debt collection problems.

The comparison of actuals with Financial MOU targets is given below:-

MOU Parameters	MOU 2007-08	Actual 2007-08
Gross Sales (Rs. crore)	4557.00	5081.53
Gross Margin (Rs. crore)	3909.00	4217.22
Net Profit/Net worth (%)	11.69%	10.73%*
Gross Margin/Gross Block	10.40%	11.91%
Gross Profit/Capital Employed (%)	11.07%	12.01%
PBDIT/Total employment (Rs. in lakhs)	49.19	55.26
Inventory/Gross Block(%)	1.00%	0.70%
Added value/Gross Sales (%)	28.89%	32.68%

* The net profit to Net Worth ratio for 2007-08 is 10.73% against MOU target of 11.69%. While formulating the MOU targets, the IPO proceeds were not considered. The IPO proceeds, raised during 2007-08, are being deployed in 15 identified construction projects and will be giving returns after the commissioning of the said projects.

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. A significant part of our external funding has been through long-term foreign currency loans from multilateral agencies such as the World Bank and the Asian Development Bank, with our performance under such loans guaranteed by the GoI.

The following table sets forth, by currency, our outstanding debt and the periods during which debt amounts mature or payment is otherwise due. Currency conversions are as of 31st March, 2008:

(Rs. in crore)

Currency	2008-09	2009-10	2010-11	2011-12	Beyond 2011-12	Total
RUPEES	738.22	920.57	1269.79	1500.54	10078.19	14507.31
US\$	266.76	297.24	330.73	414.79	4555.67	5865.19
EUR	21.24	22.19	23.02	23.90	139.05	229.40
SEK	17.91	17.91	17.91	17.91	89.56	161.20
CHF	111.08	111.08	111.08	111.08	166.62	610.94
JPY	7.34	7.34	7.34	7.34	110.08	139.44

Secured Loans

Your company's secured loans as at March 31, 2008 and 2007 were Rs.17552.13 crore and Rs.13053.30crore, respectively. Secured loans include amounts raised from our private placement of bonds, term loans from banks, loans from the International Bank for Reconstruction and Development, Asian Development Bank and Bank of India. Due to the increased investment in new projects during the last year, our borrowings have increased substantially.



Most of the secured loans have been secured by floating charges on the moveable and immoveable properties of the Company. The following table presents the secured debt as at 31st March, 2008:

	Amount (Rs. in crore)	% of total secured debt
Bonds denominated in Rupees	10488.81	59.76
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	5,858.81	33.38
Denominated in Rupees	1204.51	6.86
Total	17552.13	100

*Loans guaranteed by the Government were Rs. 5,541.52crore.

Unsecured Loans

Our unsecured loans as at March 31, 2008 and 2007 were Rs.4711.35 crore and Rs.6272.20 crore. Unsecured loans mainly include loans from foreign financial institutions such as the European Investment Bank, Kreditanstalt Fur Wiederaufbau in Germany and Scandinavia Enskilda Bank in Sweden and term loans from the Power Finance Corporation and short term loans from Banks.

The following table presents our unsecured debt as at March 31, 2008:

	Amount (Rs. in crore)	% of total unsecured debt
Bonds denominated in Rupees	2769.00	58.77
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	1147.35	24.35
Denominated in Rupees	795.00	16.88
Total	4711.35	100

*Loans guaranteed by the Government were Rs. 375.20 crore.

Advance Against Depreciation (AAD)

Advance against depreciation is a component of tariff that we are permitted to charge under CERC regulations. Our loans are generally of shorter duration compared to the technical life of our assets. Amounts paid to us in respect of depreciation on such assets are generally insufficient to cover our repayment of debts in respect of such assets. Therefore, advances against depreciation allows us to cover such shortfall. AAD is calculated assuming a 10-year loan repayment schedule or actual repayment schedule, whichever is longer. AAD is accounted for as an advance until the tenure of the loan. Subsequent to repayment of the loan, AAD is transferred to income on a pro-rata basis for the remaining useful life of the asset. Definition of useful life of the asset is governed by CERC regulations.

Current Liabilities

Your company's current liabilities as at 31st March,2008 were Rs. 3672.39 crore. The current liabilities include sundry creditors, advances from customers, security deposits, retention money withheld by us and other liabilities.

Current liabilities were 8.23% lower at March 31, 2008 compared to March 31, 2007. These fluctuations are mainly due to the commissioning of particular projects at different times of the year in different fiscal years. When projects are commissioned, the liabilities relating to them are capitalized. If commissioning occurs in the early part of a fiscal year, the related liabilities are usually paid before the end of the fiscal year. In fiscal years when current liabilities are higher, there tends to be more projects commissioned toward the end of the fiscal year, whose related liabilities have not been paid by the end of the fiscal year. Variations in the amounts of advances received under consultancy contracts also result in current liability fluctuations.



Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as at March 31, 2008 and 2007:

(Rs. in crore)

	March 31, 2008	March 31, 2007
Claims against the Company Not Acknowledged as Debt in respect of Arbitration/ Court Cases	1117.31	205.18
Land/Crop/Tree Compensation Cases	545.24	453.49
Others	34.74	25.54
Disputed Tax Demands -Income Tax	69.36	40.25
Disputed Tax Demands – Others	189.67	169.12
Continuity Bonds with Custom Authorities	837.50	981.54
Others	113.50	75.26
Total	2907.32	1950.38

Contingent liabilities increased by 49.06% in Fiscal 2008 compared to Fiscal 2007.

The increase was mainly due to inclusion of an amount of Rs. 973.41 crore in the Contingent Liability for the Fiscal 2008 in respect of arbitration cases. An amount of Rs.915.70crore in respect of the two arbitration cases between POWERGRID and Bhanu Construction Company inherited from NTPC during 1992-93 has been included in the Contingent Liability during the year. The above two cases were decided by Delhi High Court in favour of POWERGRID in the Fiscal 2007 and accordingly contingent liability in respect of these cases was withdrawn during the year ended 31/03/2007. In Fiscal 2008, the party has filed an appeal in Supreme Court against the order of Delhi High Court and therefore the amount has again been included under contingent liability.

BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES:

A) PTC India Limited (PTC):

- **Main Objective and Capital Structure**

The main objective of the Company includes trading of power, import/export of power and purchase of power from identified private power projects and sell to identified SEBs/others.

As on 31.03.2008, PTC has Authorized Share Capital of Rs.750,00,00,000 and paid-up capital of Rs.2,27,41,90,000/-. The promoters i.e. POWERGRID, NTPC, PFC Limited and NHPC Ltd. individually hold 5.28% each or 21.12% collectively of the paid-up equity and subscribed share capital of the Company and the balance of 78.88% of the equity paid-up and subscribed share capital is held by Power Entities, Financial Institutions, Insurance Companies, Banking Institutions, Corporations, Investment Companies, Foreign Institutional Investors, Private Utilities and others including general public at large. The equity shares of the Company are listed on 'Bombay Stock Exchange Limited' (BSE) and 'National Stock Exchange of India Ltd.' (NSE).

- **Financial Highlights of the Company:**

(Rs. in crore)

Particulars	Fiscal 2008	Fiscal 2007
POWERGRID's investment in Equity	12.00	12.00
Gross Income	3949.31	3785.95
Profit after Tax	48.71	35.10
Earning per Share*	2.93	2.34

*Face value per Share is Rs.10/- each.

The Board of PTC has recommended a dividend of 10% for Fiscal 2008.



B) Powerlinks Transmission Limited (POWERLINKS):

- **Main Objective and Capital Structure**

The Company was incorporated to undertake the implementation of Transmission Lines associated with Tala HEP, East-North interconnector and Northern Region Transmission System. This was POWERGRID's first public - private partnership in Power Transmission. POWERGRID and TATA POWER are the Joint Venture Partners in this Joint Venture Company and hold 49% and 51% equity, respectively. As on 31.03.2008, POWERLINKS has Authorized Share Capital of Rs.4,83,60,00,000/- and paid-up capital of Rs.4,68,00,00,000/- out of which POWERGRID holds Shares of Rs.229.32crore and TATA POWER hold shares of Rs.238.68crore.

POWERLINKS has successfully commissioned of the project in August, 2006. The Board of POWERLINKS has recommended a dividend of 8% for Fiscal 2008.

- **Financial Highlights of the Company:**

(Rs. in crore)

Particulars	Fiscal 2008	Fiscal 2007
POWERGRID's investment in Equity	229.32	229.32
Gross Income	255.29	138.45
Profit after Tax	58.41	20.57
Earning per Share*	1.25	0.47

*Face value per Share is Rs.10/- each.

c) JAYPEE POWERGRID Limited (JPL):

- **Main Objective and Capital Structure**

The main objective of the Company is to implement a transmission system to evacuate power to be generated by 1000 MW Karcham Wangtoo Hydro Electric Power Project in Kinnaur District in Himachal Pradesh. The power under the system is to be evacuated from Wangtoo to Abdullapur. As on 31.03.2008, JPL has Authorized Share Capital of Rs. 300 crores and paid-up capital of Rs.10 crore divided into 100,00,000 equity shares of Rs.10 each. The promoters i.e. Jaiprakash Hydro Power Limited, Jaiprakash Power Ventures Limited and POWERGRID individually holds 51%, 23% and 26%, respectively. Since the project is under implementation, the income statement is not prepared.

D) Torrent Powergrid Limited (TPL):

- **Main Objective and Capital Structure**

The main objective of the Company is to establish transmission system associated with 1100MW Gas Based project being implemented by Torrent Power Generation Ltd. (TPGL) at Akhakhol in Surat District of Gujarat. POWERGRID and Torrent Power Transmission Private Ltd. are the Joint Venture Partners in this Company and hold 26% and 74% equity, respectively. As on 31.03.2008, TPL has Authorized Share Capital of Rs.125 crore and paid-up capital of Rs.30,02,50,000/-. Since the project is under implementation, the income statement is not prepared.

E) Parbati Koldam Transmission Company Limited

POWERGRID entered into a Joint Venture Agreement on 23rd November, 2007 with Reliance Energy Limited (REL) for implementation of transmission lines associated with Parbati-II (800 MW) HEP and Koldam (800 MW) HEP. The Company named 'Parbati Koldam Transmission Company Limited' existing with POWERGRID to take up implementation of Parbati and Koldam Transmission systems through Joint venture route was converted to JVC. POWERGRID holds equity of 26% and REL holds the balance 74%. The Company has applied for Transmission Licence.

F) POWERGRID IL&FS Transmission Pvt. Ltd.:

POWERGRID entered into a Joint Venture Agreement in January, 2008 with IL&FS for development of Intra state Transmission/ Sub-transmission projects in different states of the Country and outside India. The Joint Venture Company is named 'POWERGRID ILFS Transmission Private Limited' with shareholding pattern of 50:50 basis. The Company was incorporated on 27.11.2007.



G) Byrnihat Transmission Company Limited

POWERGRID has one subsidiary viz. Byrnihat Transmission Company Limited. The Company was incorporated on 23.03.2006 to take up implementation of Misa Byrnihat Transmission line on JV route. The said Transmission line is being executed by POWERGRID as a consultancy work. Presently, Byrnihat Transmission Company Limited is not doing any business.

Cautionary Statement

Statement in the Management Discussion and Analysis and Directors' Report describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of the Board of Directors

(S. K. Chaturvedi)

Chairman & Managing Director

Place : New Delhi

Date : 06 August, 2008



Annexure II to Directors Report

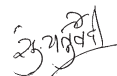
**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF
THE COMPANIES ACT,1956 FOR THE YEAR 2007-08**

Sl. NO	Name	Designation	Qualification	Remuneration (Rs.)	Experience (Years)	Date of commencement of Employment	Age (Years)	Last Employment Held
Employed for part of the year								
1	Reena Kori	ACDE	B.E.(Civil), M.Tech (Civil)	205935	9	01.09.98	33	-
2	R.B.Mishra	Executive Director (CMG)	B.E.(Elect.)	417383	37	16.10.93	59	NTPC Ltd.
3	A.R.Agarwal	Executive Director (BDD)	B.E.(Elect.)	1923127	37	19.11.91	60	NHPC Ltd.
4	Dilip K.Das	General Manager (ESMD)	B.Sc.Engg.(Elect.)	2183508	32	16.08.91	60	NTPC Ltd.
5	Sanjay Mukoo	CDE	B.Sc.Engg.(Elect.)	877249	19	16.10.93	41	NTPC Ltd.
6	Deepak Kumar	General Manager (Telecom)	B.Sc.Engg.(Elect.)	1798982	27	21.01.91	50	NTPC Ltd.
7	A.K.Ralhan	Chief Manager (Materials)	3 Years Diploma in Elect. Engg.	1319455	35	16.08.91	60	NTPC Ltd.
8	T.C.A.Tahilyani	General Manager (BDD)	M.Sc.Engg.(Elect.)	1806969	36	19.11.91	60	NHPC Ltd.
9	Krishan Lal	Dy.General Manager (HR)	B.A(Hons.), PGDPM & IR	913083	40	01.11.91	60	NTPC Ltd.
10	A.K.Khatri	Dy.General Manager (NPMC)	Diploma in Mech. Engg.	888877	40	16.08.91	60	NTPC Ltd.
11	Surendra Singh	Addl.General Manager(ESMD)	B.E.(Elect.)	1494757	37	19.11.91	60	NHPC Ltd.
12	Ajoy Choudhury	Chief Manager(F&A)	ICWA	503150	22	19.11.91	43	NHPC Ltd.
13	S.K.Dube	Executive Director	B.E.(Elect.)	930188	38	16.08.91	59	NTPC Ltd.
14	A.Manglik	Executive Director (Finance)	B.E.(Elect.), M.E(PS), MBA(Fin.)	1470246	39	16.08.91	60	NTPC Ltd.
15	V.L.Dua	General Manager (Internal audit)	PGDDBM, Diploma in Engg. (Mech.)	1671239	39	16.08.91	60	NTPC Ltd.
16	K. Anand Kumar	Addl.General Manager(O&M)	B.E(Elect.), M.E(PS)	1603691	35	16.08.91	60	NTPC Ltd.

Notes:

- 1) Remuneration includes Salary, Allowances, Leave encashment, Leave travel concession, Payment for Subsidised leased accommodations, reimbursement of medical expenses to employees and employer's contribution to Provident fund and other funds. In addition, employees are entitled to Gratuity/Group Insurance in accordance with Company's rules.
- 2) None of the Employees listed above is related to any of the Directors of the Company.
- 3) Remuneration Mentioned above is inclusive of retirement/ separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

For and on behalf of the Board of Directors


(S. K. Chaturvedi)

Chairman & Managing Director

Place : New Delhi

Date : 06 August, 2008



PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1999 READ WITH SECTION 217(1)(E) OF THE COMPANIES ACT, 1956.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken and on hand:

POWERGRID makes all out efforts for conservation of energy in all its projects - right from the planning stage till the execution. Before finalizing the transmission schemes, various alternatives for power transfer are examined and one of the major criteria in selection of final system is lower losses. In fact, POWERGRID has adopted new technologies like 765kV AC, 1200kV AC, ± 500 kV HVDC & ± 800 kV HVDC in its transmission systems which result in lower losses in the system. POWERGRID has implemented/ is implementing 765kV AC lines and ± 500 kV HVDC Bipole system for power transfer across various regions.

At design stage of the transmission system, optimization of various parameters is done so that losses in the transmission system are optimized. The conductors are selected after detailed optimization studies which consider reduction of line losses as one of the primary criteria. The bus bar materials and the clamps and connectors are chosen meeting stringent international requirements so that losses are optimised. During evaluation of transformer & shunt reactor packages, equipment with minimum losses is given weightage. Further, in case of transmission hardware, the material with lower losses is specified. Parameters and types of various other equipments are also chosen in a manner that the losses are optimized. Thus, energy conservation measures are taken by POWERGRID at every step so as to develop an efficient and low-loss transmission network.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of Energy:

As stated above, POWERGRID undertakes energy conservation measures by means of reduction of losses in its transmission schemes right from planning to execution stage.

B. RESEARCH AND DEVELOPMENT

1 & 2 It has been POWERGRID's endeavour to pursue the research and development efforts in the field of new technologies in transmission system to remain at par with international standards. Also, realizing the need for conservation of Right-of-Way and future requirement of development of high capacity transmission system to meet the future power requirement, POWERGRID is actively pursuing seamless integration of new and efficient technologies in Indian power Grid to create environment-friendly transmission system. POWERGRID has been according special emphasis on adoption of new technologies available around the globe for improving the quality of power supply, reduction of losses, optimum utilization of the available transmission assets, conservation of environment and optimizing upon the cost of delivered power. The company is working in collaboration with International/National research institutions, academic institutions and manufacturers, and is thus enhancing its in-house capabilities for design and engineering of state-of-the-art transmission systems.

Specific Areas in which R&D has been carried out by the company and benefits derived thereby are given below:

Completed Projects:

1. 765 kV Transmission lines operated at rated voltage introduced in Indian Power System. For the first time in India, 765kV substations along with 800kV reactors and 765/400kV Transformers commissioned.
2. Enhancement of power transfer capacity of existing transmission lines through implementation of series compensation on 3 numbers transmission corridors of 400kV lines including Quad conductor lines.
3. Upgradation of Talcher-Kolar HVDC link from 2000 MW to 2500 MW.
4. India's first 400kV GIS substation completed.
5. Completed in-house design of 17 numbers towers for transmission lines which included 800 kV HVDC towers (4 Nos.) and 400kV multi-circuit towers with Quad ACSR Moose conductor (2 Nos.) and tested successfully 11 Nos. of towers including 800 kV HVDC towers (2 Nos).
6. Completed in-house design of approx. 300 nos. tower foundations for transmission lines upto 765kV including special foundations. For various transmission lines economy in foundation cost was achieved upto 25% by increasing the depth of foundation from 3 to 3.5 meter wherever feasible.
7. Indigenous development and type testing of extra high strength 320KN & 420 KN insulators for 400kV/765 kV/1200 kV AC transmission lines.



8. Performance evaluation of Polymer composite insulators which were in service for more than 6 years in POWERGRID lines.
9. Introduced High Temperature Resistant INVAR Conductor in Indian System by commissioning twin INVAR 400kV D/C line.
10. Introduction of Delta Phase Configuration Towers which reduce ROW requirement to 64 mtrs. from 85 mtrs. as against horizontal configuration, for use in 765kV lines.
11. Phase-I of Residual Life Assessment testing of 400 kV transmission lines completed.
12. Visual Remote monitoring of closing and opening operations of Isolators of unmanned substations.
13. Implementation of Controlled Switching schemes of circuit breakers for 800kV transmission lines.
14. Performance evaluation of 400kV & 220kV isolators with Indian manufacturers and development of world-class isolators for use in POWERGRID lines.
15. Shallow and deep resistivity measurements for suitability of proposed ground electrode stations for HVDC system using magneto telluric techniques.

Ongoing Projects

1. For development of 1200kV UHVAC Super grid, 1200 kV UHVAC test station is being established at POWERGRID substation at Bina, MP with joint efforts of POWERGRID, Indian Equipment Manufacturers and CPRI. This will facilitate the Indian Equipment Manufacturers to test their 1200 kV class equipment being developed by them. Successful testing will lead to indigenization of 1200 kV class equipment resulting in reduction in project costs.
2. High Capacity, ± 800 kV, 6000 MW HVDC multi terminal system for long distance power transfer over 2000 kms. from NER/ER to NR.
3. 2500 MW, ± 500 kV Balia – Bhiwadi HVDC Bipole with Lapwing conductor under implementation.
4. Planning of 1200kV UHVAC Super grid overlaying the existing 400/765kV system.
5. Upgradation of 400 kV GIS to 800 kV GIS at Koteswar is under implementation.
6. 800 kV Fixed Series Compensation (FSC) at Meerut is under implementation. It will be first 800 kV FSC in India.
7. Re-conductoring of existing 400kV D/C Purnea-Siliguri line with high temperature endurance conductor to enhance the capacity of the transmission corridor by about two times.
8. Development of in-house foundation and tower designs for use in on-going transmission line projects.
9. Implementation of High Surge Impedance Loading (HSIL) line.
10. 400kV Multicircuit towers to accommodate 4 circuits under implementation in forest stretches as an initiative towards Environmental Conservation.
11. Indigenous development and type testing of Polymer long Rod 120KN & 160KN AC insulators for 400kV AC transmission lines in heavily polluted areas.
12. Corona cage studies, Air Gap Insulation studies for 1200 kV transmission system.
13. Interference measurements (Electric field, Magnetic field, Audible Noise & RIV) for 765kV AC Seepat-Seoni transmission line.
14. Indigenous development and type testing of extra high strength 320 KN & 420KN HVDC insulators for ± 800 kV HVDC transmission lines.
15. Line Design & Optimisation studies including experimental tests for 1200kV AC transmission lines.
16. Study of EMI effect on Co-axial and Control Cables in association with CPRI & LRDE, Bangalore.
17. For efficient Grid management, continuous upgradation of the load dispatch centres through technologies like Intelligent Grid comprising Wide area monitoring, adoptive islanding, Voltage Security Assessment, Dynamic Security Assessment.
18. Several existing Substations in different Regions are being augmented for remote operation from nearby Substations so as to reduce the operation cost.
19. Development of GIS in association with Indian manufacturers.
20. Residual Life Assessment testing of substation equipment at very old POWERGRID 400kV substations at Hyderabad and Bangalore in association with CPRI / CESI.



21. Online condition monitoring systems for transformers at Mandola substation and Rihand HVDC station are being established, which will provide the real time data to detect faults at incipient stage and provide alarms in advance in case of fault in the transformers. The system will also provide the dynamic over load capacity of the transformers.
22. Uprating of short circuit current capacity of existing equipments e.g. circuit breakers etc. from 40 kA to 50 kA.
23. Measurement of synchro phasors for wide area monitoring and protection of National Grid.
24. Indigenous Development of SF6 gas filled Current Transformer with BHEL.
25. Implementation of Controlled Switching schemes of circuit breakers for 400kV transmission lines.
26. Development of Optical Instrument Transformers with CPRI/ERDA.
27. Engineering Data Integration on GIS Platform.

Technology Absorption :

1. POWERGRID is employing modern Survey techniques for route selection, length optimisation and estimation of BOQ for transmission lines.
2. Substation Automation with IEC 61850 protocol is being adopted for all new Substations of POWERGRID. This would result in savings in operational cost and increased operational and maintenance efficiency.
3. As a step towards National grid, 765kV AC and ± 500 kV HVDC technology has been implemented in our country. Now, ± 800 kV HVDC and 1200kV UHVAC technologies are being planned for bulk power transfer across the country.
4. For maximum utilization of existing infrastructure, application of Series compensation including TCSC has been adopted on EHV lines.
5. In special areas, compact towers like pole towers, delta configuration towers and narrow based towers which reduce the space occupied by the tower base, are being used. Also tall towers and multi-circuit towers are being used for conservation of scarce right-of-way.
6. Shallow and deep resistivity measurements using magneto telluric techniques for locating ground electrode stations for HVDC system has been adopted.
7. Special insulators like polymer composite insulators have been adopted in transmission lines in polluted areas.
8. High temperature conductors like INVAR have been adopted for increasing the transfer capacity of transmission corridors.
9. GIS technology has been adopted in substations where severe space constraints exist.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings

		(Rupees in crore)
i.	Interest	0.38
ii.	Consultancy Fee	2.28
		<u>2.66</u>

Foreign Exchange outgo

i	Capital goods and Spare Parts	243.40
ii	Professional and Consultancy Fee	0.71
iii	Interest	326.96
iv	Others	10.69
		<u>581.76</u>

For and on behalf of the Board of Directors

(S. K. Chaturvedi)

Chairman & Managing Director

Place : New Delhi

Date : 06 August, 2008



Annexure - IV to Directors' Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER GRID CORPORATION OF INDIA LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH, 2008

The preparation of financial statements of Power Grid Corporation of India Limited, New Delhi for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18th June 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956, of the financial statements of Power Grid Corporation of India Limited, New Delhi for the year ended 31st March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
COMPTROLLER & AUDITOR GENERAL OF INDIA

Sd/-

(Ghazala Meenai)

Principal Director of Commercial Audit
& Ex-officio-Member, Audit Board-III
New Delhi

Place: New Delhi

Date : 31st July, 2008



REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

1. THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in the company. It is a system by which business corporations are directed and controlled. POWERGRID believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POWERGRID's Governance process is focused towards its mission of "establishment and operation of Regional and National Power Grids to facilitate transfer of power within and across the regions with Reliability, Security and Economy on sound commercial principles" based on the well established practices in engineering & design, contracts, project management, finance etc. which are being followed in letter and spirit and are being continually improved upon.

The Corporate Governance of POWERGRID is geared by the following:

- (i) To meet the short term, medium term & long term objectives and specific targets every year set by the GOI and the persons at the helm of affairs, i.e. the Board, by empowering people at the most appropriate levels keeping the job profile/functions in view.
- (ii) To respond to the challenges and the emerging opportunities and to play a pivotal role in the economic development of the country.

The corporate governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are proceeded ahead after approval of the Board.

POWERGRID has been conferred with the status of "NAVRATNA PSE" w.e.f. 1st May, 2008 by the Government of India. POWERGRID bagged such a prestigious status in its 16th years of its commercial operations and joins the club of 16 NAVRATNA Companies.

The NAVRATNA status shall provide the Company greatest flexibility and autonomy in terms of making investment and operational decisions. Now the Board of Directors of POWERGRID may incur capital expenditure on purchase of new items or for replacement without any monetary ceiling. The ceiling on equity investment to establish joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the networth of the Company in one project limited to Rs.1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the Company.

Presently, the Board of Directors comprises of Chairman and Managing Director, Functional Directors, Govt. Nominee Directors and Non Official Part Time Directors. The rights and obligations of the employees are delineated in the policy Manuals published and the amendments are notified from time to time. The powers of the internal participants i.e. top executives and below are laid down in the well established and practiced "Delegation of Powers". POWERGRID has also prepared and implemented "Works and Procurement Policy and Procedure for Pre-award and Post-award Stages" with a view to making the policies and procedures more systematic, transparent and easy to administer with major thrust on expeditious and decentralized decision making coupled with accountability and responsibility. The Board has also constituted several Committees viz. Committee for Award of Contracts relating to RE, APDRP and other Deposit Works, Committee on Feasibility Reports and Revised Cost Estimates, Committee for Bonds, Shareholders/Investors Grievance Committee, Committee on Award of Contracts etc. to have better and more focused attention. A Telecom Advisory Board of eminent persons has also been constituted in May'07 to advise POWERGRID about new/emerging business opportunities in the Telecom sector, formulation of Road Map for Telecom, strategic tie ups etc..

Management Discussion and Analysis is Annexed to Directors' Report.

The Company has complied with the requirements of the Corporate Governance Code, the disclosure requirements of which are given below:

2. BOARD OF DIRECTORS:

2.1 Size of the Board

POWERGRID is a Government Company within the meaning of Section 617 of the Companies Act, 1956 and the President of India presently holds 86.36% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors rests with the President of India. With the public issue made during the current financial year not less than two-thirds of the total number of directors have to be directors liable to retire by rotation and have to be appointed by the company in general meeting.



In terms of Articles of Association of the Company, the strength of our Board shall not be less than four Directors and not more than eighteen Directors. These Directors may be either whole-time Directors or part-time Directors.

2.2 Composition of the Board

As on 31st March, 2008, the Board Comprised nine Directors out of which three were whole time Directors including the Chairman & Managing Director, two Government nominees and four independent Directors.

Government of India has also appointed two Non-official Part-time Directors on 25.04.2008 vide MOP Order dt 25.04.2008 and another Non-official Part-time Director has joined the POWERGRID's Board w.e.f. 04.08.08 in pursuance of MOP Order dt. 23.07.08.

The equity shares of the Company were listed on 5th October, 2007 with NSE and BSE. Clause 49 I (A) of the Listing Agreements with Stock Exchanges stipulated half of the Board members to be Independent Directors. Details regarding Independent Directors on the Board of the Company during the year is as under:

Period	Requirement	Actual
1 st April, 2007 to 10 th July, 2007	5	0
10 th July, 2007 to 5 th October, 2007	5	5
5 th October, 2007 to 31 st March, 2008	5	4

On the appointment of two independent directors viz. Shri S. C. Tripathi and Shri Ashok Khanna on the Board of POWERGRID w.e.f. 25th April, 2008, the composition of POWERGRID's Board is in compliance with Clause 49 I (A) of the Listing Agreements.

2.3 Age Limit and Tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time Directors is 60 years.

The Chairman & Managing Director and other whole-time Directors are appointed for a period of five years from the date of taking over of charge or till the date of superannuation of the incumbent or till further instruction from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

Independent Directors have been appointed by the Government of India usually for tenure of three years.

The tenure of Directors as on 31st March, 2008 were as follows:

Details of Directors		Name	Date of Joining on the Board	Date of superannuation/ completion of Tenure	Remarks	
Category (Functional/ Official/ Non-official)	Designation					
1.	Whole Time Directors	Chairman & Managing Director	Dr. R. P. Singh	23.08.1997	31.07.2008	CMD, POWERGRID tendered his resignation to Ministry of Power which was accepted on 30.05.08 and relinquished the charge of CMD on 30.05.2008
		Director (Projects)	Shri S. Majumdar	27.09.2005	31.08.2009 - date of superannuation.	In pursuance of MOP Office Order dt. 30.05.08, Director (Projects) assumed the additional charge of the post of CMD w.e.f. 30.05.08 and handed over the additional charge of CMD on 01.08.08. *



Details of Directors		Name	Date of Joining on the Board	Date of superannuation/ completion of Tenure	Remarks	
Category (Functional/ Official/ Non-official)	Designation					
	Director (Finance)	Shri J. Sridharan	21.12.2005	For a period of 5 years from the date of taking over charge. (Date of superannuation – 30.04.2011)		
2.	Govt. Nominees Part-time Directors	Addl. Secy., Ministry of Power	Shri G. B. Pradhan	27.11.2003	Till the President desires.	
		JS&FA, Ministry of Power	Shri Rajesh Verma	02.08.2007	Till the President desires.	
3.	Non-official Part-time Directors	Non-official Part-time Director (Independent)	Shri F.A. Vandrevala	10.07.2007	For a period of three years with effect from the date of appointment or until further orders, which ever event occurs earlier.	Shri M. S. Kapur, former CMD, Vijaya Bank, appointed on 10.07.2007 resigned w.e.f. 05.10.2007.
			Shri Anil K. Agarwal	10.07.2007		
			Dr. A.S. Narag	10.07.2007		
			Dr. P.K. Shetty	10.07.2007		

* Shri S. K. Chaturvedi has joined as Chairman and Managing Director of POWERGRID w.e.f. 01.08.2008.

2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are normally held at the Registered office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. Senior management is also invited to the Board meetings to provide additional input to the items being discussed by the Board.

During the financial year ended 31st March, 2008, fifteen Board meetings were held on 4th May, 16th May, 22nd May, 19th June, 2nd August, 14th August, 22nd August, 14th September, 19th September, 26th September, 31st October, 30th November, 18th December of the year 2007 and 30th January and 5th March of the year 2008. The maximum interval between any two meetings during this period was 43 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship / committee membership (viz. Audit Committee



and Shareholders' Grievance Committee as per Clause 49 I (C) – Explanation – 2) held by them during the year 2007-08 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 14.08.07)	No. of Other Directorship held on 31.03.08	No. of Committee Membership in Companies on 31.03.08	
					Chairman	Member
Whole Time Directors						
Dr. R. P. Singh, Chairman & Managing Director (Ceased to be CMD on 30.05.08)	15	15	Yes	5	NIL	NIL
Shri S. Majumdar, Chairman & Managing Director* & Director (Projects)	15	15	Yes	1	NIL	NIL
Shri J. Sridharan, Director (Finance)	15	14	Yes	2	NIL	2
Non-executive Directors (Government Nominees)						
Shri. Rajesh Verma, JS&FA, Ministry of Power (From 02.08.2007)	10	8	Yes	3	2	3
Shri G.B. Pradhan, Addl. Secy., Ministry of Power	15	13	Yes	2	NIL	2
Shri. M. Sahoo, JS&FA, Ministry of Power (Ceased to be Director on 29.06.07)	4	4	-	-	-	-
Independent Directors						
Dr. P. K. Shetty	11	10	Yes	NIL	NIL	NIL
Shri M. S. Kapur (Ceased to be Director on 05.10.07)	6	2	Yes	-	-	-
Dr. A. S. Narag	11	11	Yes	NIL	NIL	NIL
Shri Anil K. Agarwal	11	9	No	4	NIL	2
Shri F. A. Vandrevala	11	7	Yes	3	NIL	3

* Assumed the Additional charge of CMD w.e.f. 30.05.2008 and handed over the additional charge of CMD on 01.08.08.

Shri S. C. Tripathi and Shri Ashok Khanna are appointed as Non-official Part-time Directors w.e.f 25.04.2008 vide MOP Order dt 25.04.2008. Further, Smt. Sarita Prasad has joined POWERGRID's Board as Non-official Part-time Directors w.e.f 04.08.08 in pursuance of MOP Order dt. 23.07.08.

Shri S. K. Chaturvedi has joined as Chairman and Managing Director of POWERGRID w.e.f. 01.08.2008.

2.5 Information to be placed before the Board of Directors, inter alia, include:

The Board has complete access to any information with the Company. The information regularly supplied to the Board includes:

1. Annual operating plans and budgets and any updates.
2. Annual Accounts, Directors' Report, etc.
3. Quarterly results for the company.
4. Minutes of meetings of audit committee and other committees of the Board.



5. Major Investments, formation of Subsidiaries and joint ventures, Strategic Alliances, etc.
6. Award of large Contracts.
7. Disclosure of Interest by Directors about directorship and committee positions occupies by them in other Companies.
8. Monthly Report on Commercial Status of the Company.
9. Report on the status of various ongoing projects/Scheme and Budget Utilization.
10. Report on the O&M Review.
11. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement etc.
12. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
13. Short-Term investment of surplus funds.
14. Other materially important information.

3. **Committee of the Board of Directors**

The Board has constituted the following Committees:

- i) Audit Committee
- ii) Shareholders/Investors Grievance Committee
- iii) Committee for Transfer/Split/Rematerialization/Dematerialization of Shares
- iv) Committee for Award of Contracts relating to RE, APDRP and other Deposit Works
- v) Committee on Feasibility Reports and Revised Cost Estimates
- vi) Committee for Bonds,
- vii) Committee on Award of Contracts

3.1 **Audit Committee:**

POWERGRID has constituted an Audit Committee on January 27, 1999. During the year ending 31st March, 2008, the Audit Committee comprises the following Directors:

- (i) Shri F.A. Vandrevala, Non-official Part-time Director – Member & Chairman
- (ii) Shri Anil K. Agarwal, Non-official Part-time Director - Member
- (iii) Shri Rajesh Verma, JS & FA, MoP - Member

The Company Secretary is the Secretary of the Committee.

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Guideline on Corporate Governance for Central Public Sector Enterprises, 2007, the Companies Act, 1956 and provisions of the Listing Agreement.

Meetings of Audit Committee

The Audit Committee meets at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members present.

Powers of Audit Committee

The Audit Committee have powers, which include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To consider other matters as referred by the Board.



Role of Audit Committee

The role of the audit committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Fixation of audit fees to be paid to statutory auditors appointed by Comptroller & Auditor General under the Companies Act, 1956 and approval for payment with respect to any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
5. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Discussion with internal auditors any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
11. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee generally reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

Composition of Audit Committee during the F.Y. 2007-08:

The composition of Audit Committee at the beginning of the financial year was as under:

Shri S. Majumdar, Director (Projects)	Member & Chairman	Executive Director
Shri M. Sahoo, JS&FA, MOP	Member	Non-Executive Director
Shri G.B. Pradhan, Addl. Secy., MOP	Member	Non-Executive Director



On appointment of Non-official Part Time Directors in the Board of POWERGRID on 10th July, 2007, the Audit Committee was reconstituted as under:

Shri F.A. Vandrevala, Director	Member & Chairman	Non-official Part-time Director
Shri Anil K. Agarwal, Director	Member	Non-official Part-time Director
Shri Rajesh Verma, JS&FA, MOP	Member	Non-Executive Director

Attendance:

During the financial year ended, 31st March, 2008, six meetings of the Audit committee were held on 4th May, 16th May, 19th June, 19th September, 31st October of the year 2007 and 30th January of the year 2008.

Attendance at Audit Committee Meetings during the Financial Year 2007-08:

Name	Audit Committee Meeting held during the tenure	
	Held	Attended
Shri S. Majumdar, Director (Projects)	3	3
Shri M. Sahoo, JS&FA, MOP	3	3
Shri G.B. Pradhan, Addl. Secy., MOP	3	2

On appointment of Non-official Part Time Directors in the Board of POWERGRID on 10th July, 2007, the Audit Committee was reconstituted and their attendance during the year is as under:

Name	Audit Committee Meeting held during the tenure	
	Held	Attended
Shri F. Vandrevala, Director	3	2
Shri Anil K. Agarwal, Director	3	3
Shri Rajesh Verma, JS&FA, MOP	3	1

3.2 Shareholders/Investors Grievance committee.

The Company has constituted 'Shareholders/Investors Grievance Committee in line with the provisions of the Listing Agreements.

Scope of the Committee

The Scope of the Committee shall be to specifically look into the redressal of shareholders and investors grievances/complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc.

Composition

As on 31st March, 2008 the Committee Comprises the following Directors:

- i) Shri Anil K. Agarwal, Non-official Part-time Director – Chairman
- ii) Dr. A. S. Narag, Non-official Part-time Director – Member
- iii) Shri G. B. Pradhan, Addl. Secy., MOP – Member
- iv) Shri J. Sridharan, Director (Finance) – Member

The Company Secretary is the Secretary of the Committee.

Our equity shares got listed with NSE and BSE on 5th October, 2007, one meeting of the Shareholders/Investors Grievance Committee was held during the financial year 2007-08 on 19th November, 2007.

Name and designation of Compliance Officer

Ms. Divya Tandon, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.



Investor Grievances

During the financial year ending 31st March, 2008 Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediment. The details of the complaints received during the year are as under:

COMPLAINTS - FROM 26.09.2007 TO 31.03.2008

Sl. No.	Subject	Received	Attended	Pending
1	Non-Receipt of Electronic Credit	11662	11662	0
2	Non-Receipt of Refund orders	24221	24183	38
3	Received through SEBI	958	903	55
4	Received through Stock Exchanges	116	116	0
5	Advocate Notices	161	130	31
	Total	37118	36994	124

Investor complaints received after March 31, 2008 have been attended subsequently.

3.3 Committee for Transfer/Split/Rematerialization/Dematerialization of Shares

The Company has constituted a Committee for Transfer/ Split/ Repatriation/ Dematerialization etc. and other related issues. The Committee comprises the following Directors as members:

- i) Director (Finance)
- ii) Director (Projects) and
- iii) Director (Personnel)

As on March 31, 2008 no shares transfer request was pending. Share Transfers have been effected during the year well within the time prescribed by the Stock Exchanges.

3.4 Committee for Award of Contracts relating to RE, APDRP and other Deposit Works

This committee was constituted to conduct RGGVY Programme of Govt. of India. The powers of this committee is to award the contracts relating to RE, APDRP and other Deposit Works for more than Rs. 20 Cr. and up to Rs.75 Cr. As on March 31, 2008 the committee comprises the following:

- i) CMD – Chairman,
- ii) Director (Finance) – Member,
- iii) Director (Projects) – Member,
- iv) Director (Personnel) – Member, and
- v) Director (Operations) – Member.

3.5 Committee on Feasibility Reports and Revised Cost Estimates

The Board has constituted this committee to consider and examine the Feasibility Report and various Revised Cost Estimate proposals as may be required, for seeking investment sanction from the Board. As on March 31, 2008, the committee comprises the following:

- i) Director (Projects) – Chairman
- ii) Director (Finance) – Member
- iii) Director (Operations) – Member

3.6 Committee for Bonds

The Board of Directors of the Company has constituted a Committee to consider and approve allotment, transfer, transmission, splitting and consolidation of POWERGRID Bonds/Allotment Letter and other matters relating to the Bonds including appointment of Merchant Bankers, Registrar to the Issue etc. As on March 31, 2008, the Committee for Bonds comprises the following members:

- i) CMD – Chairman
- ii) Director (Finance) – Member
- iii) Director (Operations) – Member
- iv) Director (Projects) – Member



3.7 Committee on Award of Contracts

This Committee has been constituted for approval of award of contracts of value more than Rs.20 Cr. but not exceeding Rs.75 Cr. As on March 31, 2008, the following Directors were member of the Committee:

- i) Dr. R. P. Singh, CMD – Chairman
- ii) Shri S. Majumdar, Director (Projects) – Member
- iii) Shri J. Sridharan, Director (Finance) – Member
- iv) Shri G. B. Pradhan, Addl. Secretary, MOP – Member
- v) Shri F. A. Vandrevala, Director – Member
- vi) Shri A. S. Narag, Director – Member

Remuneration of Directors

Our Company, being a Government Company, the appointment, tenure and remuneration of Directors are decided by the President of India. Hence, the Board does not decide the remuneration of the Directors. Independent Directors are paid only sitting fees at rate fixed by the Board within the ceiling fixed under the Companies Act, 1956 and in accordance with the Government Guidelines for attending the Board Meeting as well as Committee Meetings.

The remuneration paid to the Whole time Directors during the year 2007-08 is as under:

S No.	Directors	Designation	Remuneration (Rs. in Lacs)
1.	Dr. R. P. Singh	Chairman & Managing Director	10.76
2.	Shri S. Majumdar	Director (Projects)	13.27
3.	Shri J. Sridharan	Director (Finance)	11.47

The Government nominee Directors on the POWERGRID's Board do not draw any remuneration/ sitting fee for Board/ Committee meetings from the company. Independent Directors are being paid sitting fee of Rs.10,000/- for attending Board/Committee Meetings.

Details of Payment made towards sitting fee to Independent Directors during the year 2007-08 are given below:

Name of Non-official Part-time Directors	Sitting Fees		Total (Rs.)
	Board Meeting (Rs.)	Committee Meeting (Rs.)	
Dr. P. K. Shetty	1,00,000	10,000	1,10,000
Shri M. S. Kapur	20,000	NIL	20,000
Dr. A. S. Narag	1,10,000	40,000	1,50,000
Shri Anil Kumar Agarwal	90,000	40,000	1,30,000
Shri F. A. Vandrevala	70,000	60,000	1,30,000

As on 31.03.2008 the Directors' Shareholding are as under:

Name of Directors	No. of Equity Shares Held	
	As a Nominee of the President of India	Individual Capacity
Dr. R. P. Singh	100	15051
Mr. J. Sridharan	100	5000
Mr. S. Majumdar	100	240
Mr. G. B. Pradhan	100	1178
Mr. Rajesh Verma	100	5602
Dr. P. K. Shetty		1568
Dr. A. S. Narag		3136
Mr. Anil K. Agarwal		15051
Mr. F. A. Vandrevala		15051



4. General Body Meetings:

Date, time and location where the last three Annual General Meetings were held are as under:

Year	Date	Time	Venue	Special Resolution
2004-2005	16 th September, 2005	4.15p.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2005-2006	3 rd August, 2006	3.00p.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2006-2007	14 th August, 2007	1.00p.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL

Ordinary Resolution passed through Postal Ballot

Company has passed an Ordinary Resolution to enhance the borrowing limits of its Board of Directors from Rs.25,000 Crore to Rs.50,000 Crore through postal ballot. Notice dated 12th March, 2008, was served to all shareholders for voting through postal ballot as per provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and said resolution was approved by the shareholders on 29th April, 2008.

Ms. Savita Jyoti, Practicing Company Secretary, was appointed as scrutinizer to conduct Postal Ballot. Out of total 3665229764 Ballot Papers received, 3657238002 (representing 99.78% of total valid votes cast) voted in favour of the resolution.

5. Disclosures

- (I) The transactions with related parties contain (i) payment to Companies under Joint Venture Agreement and on account of contracts for works/services, (ii) remuneration to key management personnel, and (iii) equity contribution to subsidiaries, which are not in nature of potential conflicts of interest of the Company at large. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.
- (II) The CEO & CFO of the Company have certified to the Board, the specified matters, as required under Clause 49 V of the Listing Agreement.
- (III) POWERGRID do not have a material non listed Indian Subsidiary Company.
- (IV) The Company has complied with all the requirements of the Listing Agreement with Stock exchanges as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the year.
- (V) The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the financial year 2007-08 have been prepared as per the Accounting Standard referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (VI) The Company has adopted all suggested items to be included in the Report of Corporate Governance. Information on adoption (and compliance) / Non-adoption of the non-mandatory requirements is at Annex-I.

6. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site.

Information and latest updates and announcement regarding the Company can be accessed at Company's website: [www. powergridindia.com](http://www.powergridindia.com) including the following:

- Quarterly /Half-Yearly /Annual Financial Result
- Shareholding Pattern
- Corporate disclosures made from time to time to Stock Exchanges

Quarterly Results

Newspapers	Date of Publication of Financial Results for the quarter ended	
	30.09.2007	31.12.2007
Financial Express	01.11.2007	31.01.2008
Hindustan	01.11.2007	31.01.2008

These Results are also displayed at Company's website www. powergridindia.com



7. Code of Conduct

The Board of Directors has laid down two separate Code of Conduct – one for Board Members and another for Senior Management Personnel in alignment with Company’s Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Codes of Conduct is available at the website of the Company.

Declaration required under Clause 49 of the Listing Agreements

All the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2008.

New Delhi
Dt. : 22.04.2008

Sd/-
(Dr. R. P. Singh)
Chairman & Managing Director

8. Code of Insider Trading

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992, the Board has laid down “Code of Conduct for Prevention of Insider Trading” with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this code, Insiders (i.e. Designated Employees) are prevented to deal in the Company’s shares during the closure of Trading Window. To deal in Securities, beyond limits specified permission of Compliance Officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to Stock Exchanges, whenever necessary. Company Secretary has been designated as Compliance Officer for this Code.

9. Shareholders’ Information

i) Annual General Meeting

Date : 18th September, 2008
Time : 10.00 a.m.
Venue : Air Force Auditorium, Subroto Park, New Delhi – 110 010

ii) Financial Year

The Company’s financial year is from 1st April to 31st March.

iii) Book Closure

The Register of Member and Share Transfer Books of the Company will remain closed from 3rd September, 2008 to 18th September, 2008 (both days inclusive)

iv) Payment of dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 7% (Rs. 0.70 per share) for the financial year ended 31st March, 2008 in addition, an Interim Dividend of 5% (Rs. 0.50 per share) paid on 20th March, 2008. (Dividend paid in the Previous Year is Rs. 368.82 Crore)

v) Dividend History

Year	Total Paid-up Capital (Rs. in Crore)	Total Amount of Dividend Paid (Rs. in Crore)	Date of AGM in which dividend was declared	Date of Payment of Final Dividend
2002-03	3035.25	100.00	29.09.2003	27.10.2003
2003-04	3035.25	125.00	28.09.2004	18.10.2004
2004-05	3165.25	184.00	16.09.2005	13.10.2005
2005-06	3584.63	302.68	03.08.2006	23.08.2006
2006-07	3787.41	368.82	14.08.2007	24.08.2007
2007-08	4208.84	210.46	05.03.2008*	20.03.2008#

* Date of Board Meeting

Date of Payment of Interim Dividend



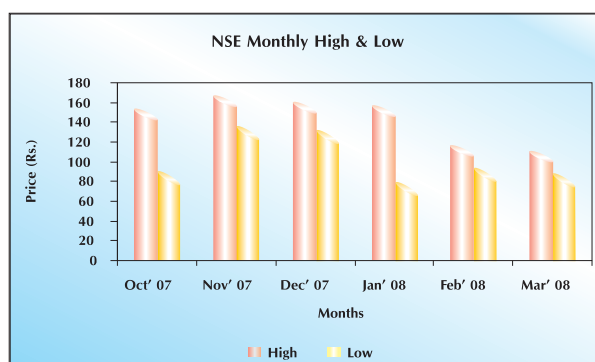
vi) Listing on Stock Exchange

POWERGRID equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Scrip Code : POWERGRID EQ	Scrip Code: 532898
Stock Code: ISIN – INE752E01010	

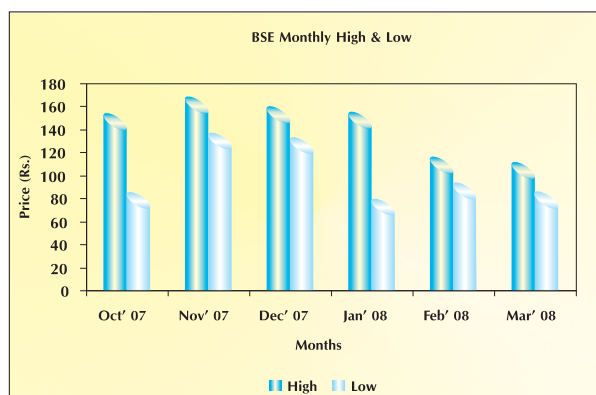
vii) Market Price Data - NSE

Month	High (Rs.)	Low (Rs.)	Closing (Rs.)
Oct' 07	153.1	90.35	149.8
Nov' 07	167.5	135.55	147.9
Dec' 07	159.65	132	143.95
Jan' 08	156	78.95	102.2
Feb' 08	116.15	92.95	109.9
Mar' 08	110	87	98.3



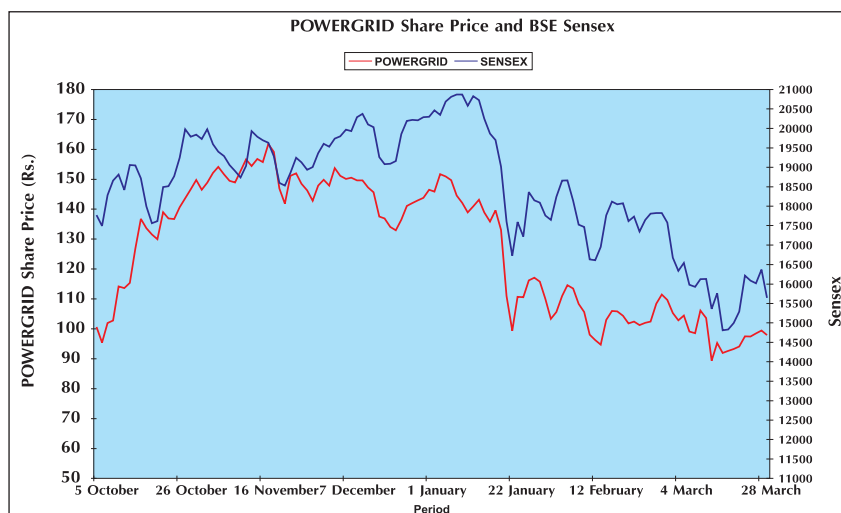
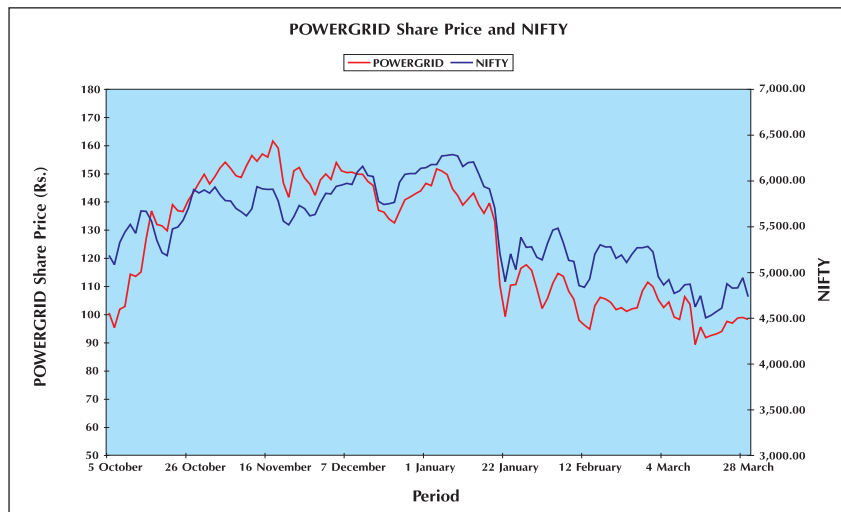
viii) Market Price Data - BSE

Month	High (Rs.)	Low (Rs.)	Closing (Rs.)
Oct' 07	153.25	85	149.75
Nov' 07	167.45	135.90	147.90
Dec' 07	158.40	132.25	143.80
Jan' 08	156	80	103.35
Feb' 08	116.20	92.90	109.70
Mar' 08	111.50	87.20	97.95





ix) Performance in comparison to indices BSE Sensex, NSE NIFTY and POWERGRID



x) Registrar and Transfer Agents.

EQUITY SHARES

Karvy Computershare Pvt. Ltd.
 Plot No.: 17 to 24, Vittalrao Nagar,
 Madhapur, Hyderabad - 500 081
 Ph: 040-23420815 to 824
 Fax:- 040-23420814
 Email: einward.ris@karvy.com

BONDS

MCS Limited,
 Srivenkatesh Bhavan,
 W-40, Okhla Industrial Area,
 Phase-II, New Delhi- 110 020.
 Ph.: 011-41406148/49/51 Telefax : 011-41406148
 Email : admin@mcsdel.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of transfer, etc. Share transfers are approved by Sub-Committee of the Board for Allotment and Post Allotment activities of POWERGRID's Securities.

Pursuant to clause 47 C of the Listing Agreement with Stock Exchange, certificate on half-yearly basis confirming due compliance of shares transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.



xii) Distribution of Shareholding

Share held by different categories of shareholders and according to the size of the holdings as on 31st March, 2008 are given below:

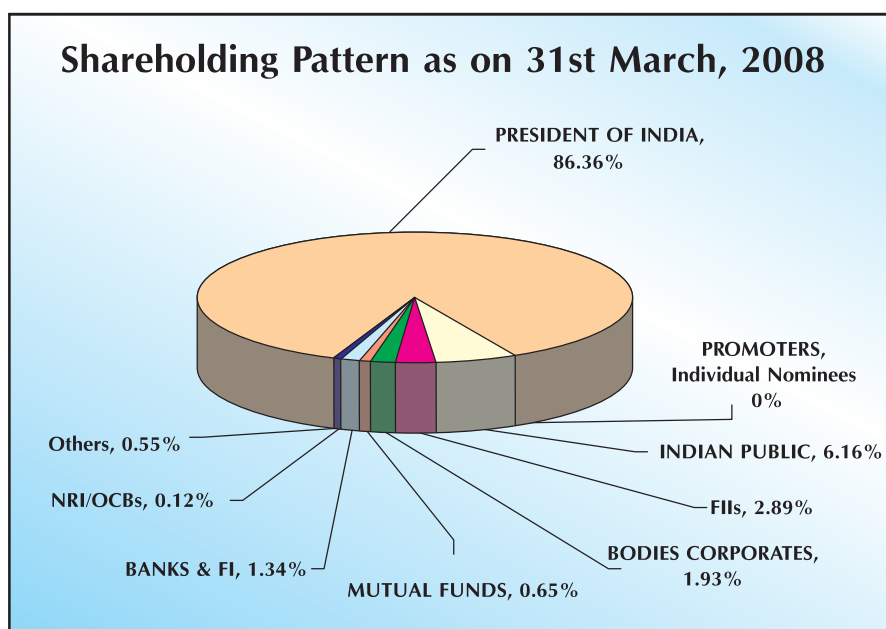
According to Size

b. Distribution of shareholding according to size, % of holding as on 31st March, 2008:

Number of Shares			Number of shareholders	% of share holders	Total No of Shares	% of shares
1	-	5000	1047437	93.61%	168553957	4.00%
5001	-	10000	43659	3.90%	33571832	0.80%
10001	-	20000	16024	1.43%	23521070	0.56%
20001	-	30000	4154	0.37%	10543039	0.25%
30001	-	40000	2012	0.18%	7148487	0.17%
40001	-	50000	1529	0.14%	7219871	0.17%
50001	-	100000	2473	0.22%	17568000	0.42%
100001	&	Above	1688	0.15%	3940714974	93.63%
Total			1118976	100%	4208841230	100%

c. Shareholding pattern as on 31st March, 2008

S.No	Category	Total Shares	% To Equity
1	PRESIDENT OF INDIA (Promoter)	3634907735	86.36
9	PROMOTERS (Individual Nominees)	600	0.00
2	INDIAN PUBLIC	259078815	6.16
3	FII's	121598869	2.89
4	BODIES CORPORATE	81168904	1.93
5	MUTUAL FUNDS	27455532	0.65
6	BANKS & FI	56216002	1.34
7	NRI/OCBs	5233768	0.12
8	Others	23181005	0.55
Total		4208841230	100.00





d. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on 31st March, 2008 are given below:

S.No	Name of shareholders	No of Shares	% to paid up capital	Category
1	PRESIDENT OF INDIA (POI)	3533637935	83.96	POI
2	PRESIDENT OF INDIA (POI)	101269800	2.41	POI
3	JANUS CONTRARIAN FUND	51197250	1.22	FII

xiii) Dematerialization of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.

No. of shares held in dematerialized and physical mode

S.No		No of shares	% of total capital issued
1	PHYSICAL	16392	0.00039
2	Held in dematerialized form in NSDL	4125066602	98.00956
3	Held in dematerialized form in CDSL	83758236	1.99005
	Total	4208841230	100.00

The name and addresses of the Depositories are as under:

- National Securities Depository Limited
Trade World, 4th Floor,
Kamala Mills Compound,
Senapathi Bapat Marg,
Lower Parel, Mumbai – 400 013.
- Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers,
28th Floor, Dalal Street,
Mumbai – 400 023.

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

xv) Location of POWERGRID Plants

POWERGRID has no plants as it is in the business of Transmission of Power.

xvi) Address for correspondence:

Power Grid Corporation of India Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai,
New Delhi – 110 016.



	Telephone No.	Fax No.
Registered Office	011-26560112, 26560121, 26564812, 26564892	011-26601081
Investor Services Department	0124-2571897	0124-2571897
E-mail ID	investors@powergridindia.com	
Public Spokesperson Shri I. C. Jaiswal Executive Director (Corporate Planning)	0124-2571960	0124-2571961
E-mail ID	icj@powergridindia.com	
Company Secretary Ms. Divya Tandon	0124-2571968	0124-2571969
E-mail ID	dtandon@powergridindia.com	



Certificate on Corporate Governance :

The Certificate on Corporate Governance is being published as an annexure to the Directors' Report.

For and on behalf of the Board of Directors

(S. K. Chaturvedi)

Chairman & Managing Director

Place : New Delhi

Date : 06 August, 2008

Annex - I

Non-Mandatory Requirements

1. The Board:

The Company is headed by an executive Chairman. No person has been appointed as an independent director who has been a Director, in the aggregate, not exceeding a period of nine years.

2. Remuneration Committee:

POWERGRID has not constituted Remuneration Committee.

3. Shareholder Rights:

The financial results for the half year ended 30th September, 2007 were published in Financial Express and Hindustan dated 1st November, 2007 and also put up on website. Separate half year report has, however, not been sent to each household of shareholders. Significant events have been disclosed on the Company website: www.powergridindia.com.

4. Audit qualifications:

The financial statement for the year 2007-08 has no audit qualifications.

5. Training of Board Members:

On induction of Independent Directors, a comprehensive presentation by various Departments viz. Corporate Planning, Finance, Engineering, Human Resource and Telecom etc. was made to them so as to give them an insight into the functioning of POWERGRID.

6. Whistle Blower Policy:

The Company has separate vigilance department which deals with fraud or suspected fraud involving employees of the Company as well as representatives of suppliers, contractors, consultants, service provider or any other party doing any type of business with POWERGRID. All reports of fraud or suspected fraud are investigated with speed.



CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Power Grid Corporation of India Limited

I have examined the compliance of conditions of corporate governance by Power Grid Corporation of India Limited, for the year ended on 31st March, 2008 as stipulated in the Clause 49 of the Listing Agreement in respect of Equity Shares of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that except the composition of the Board of Director as reported in para 2.2 of Report on Corporate Governance, the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

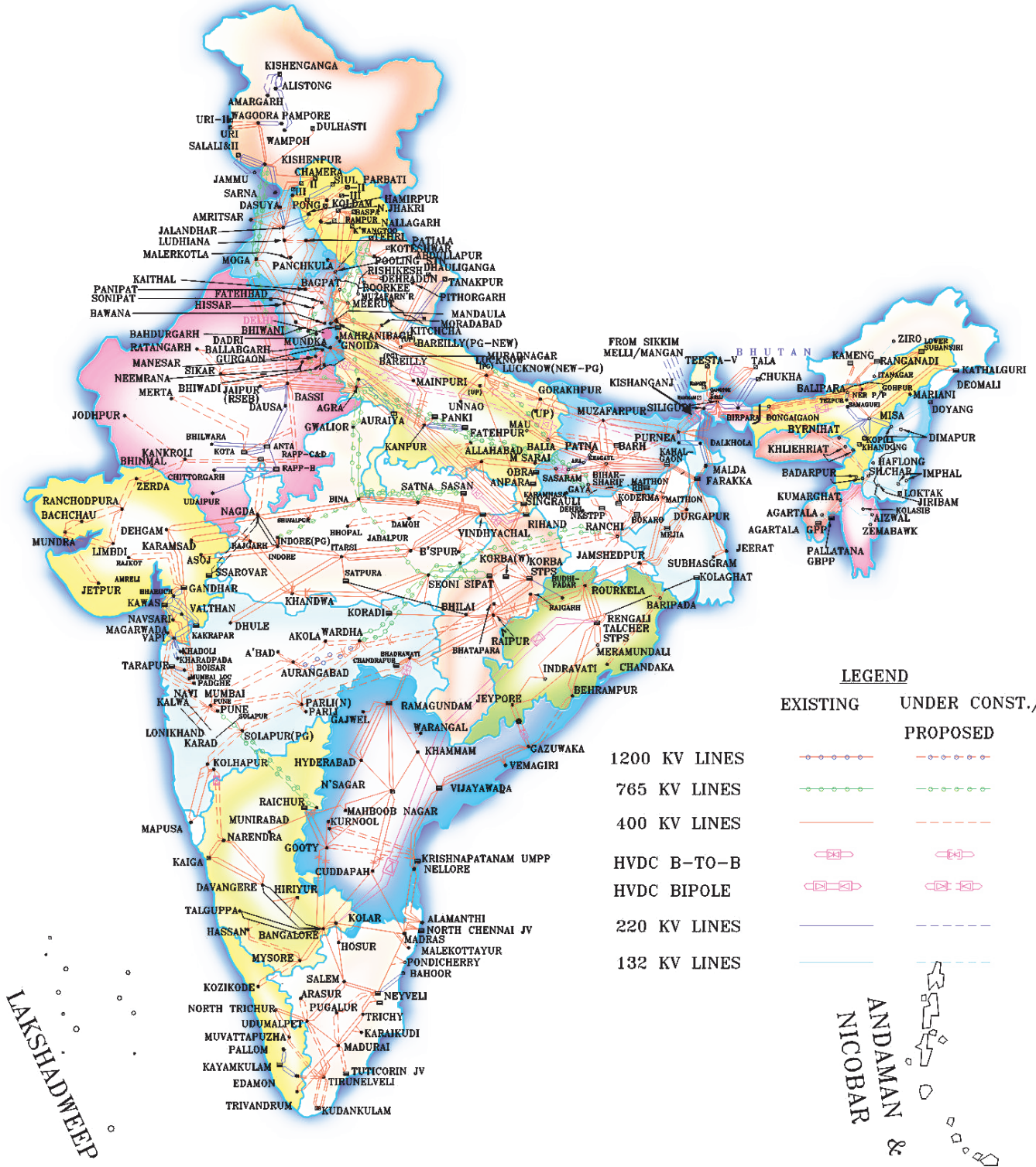
Place: New Delhi
Dated: 05.08.2008

Sd/-
(T. V. NARAYANASWAMY)
PRACTISING COMPANY SECRETARY
PCS No.:203



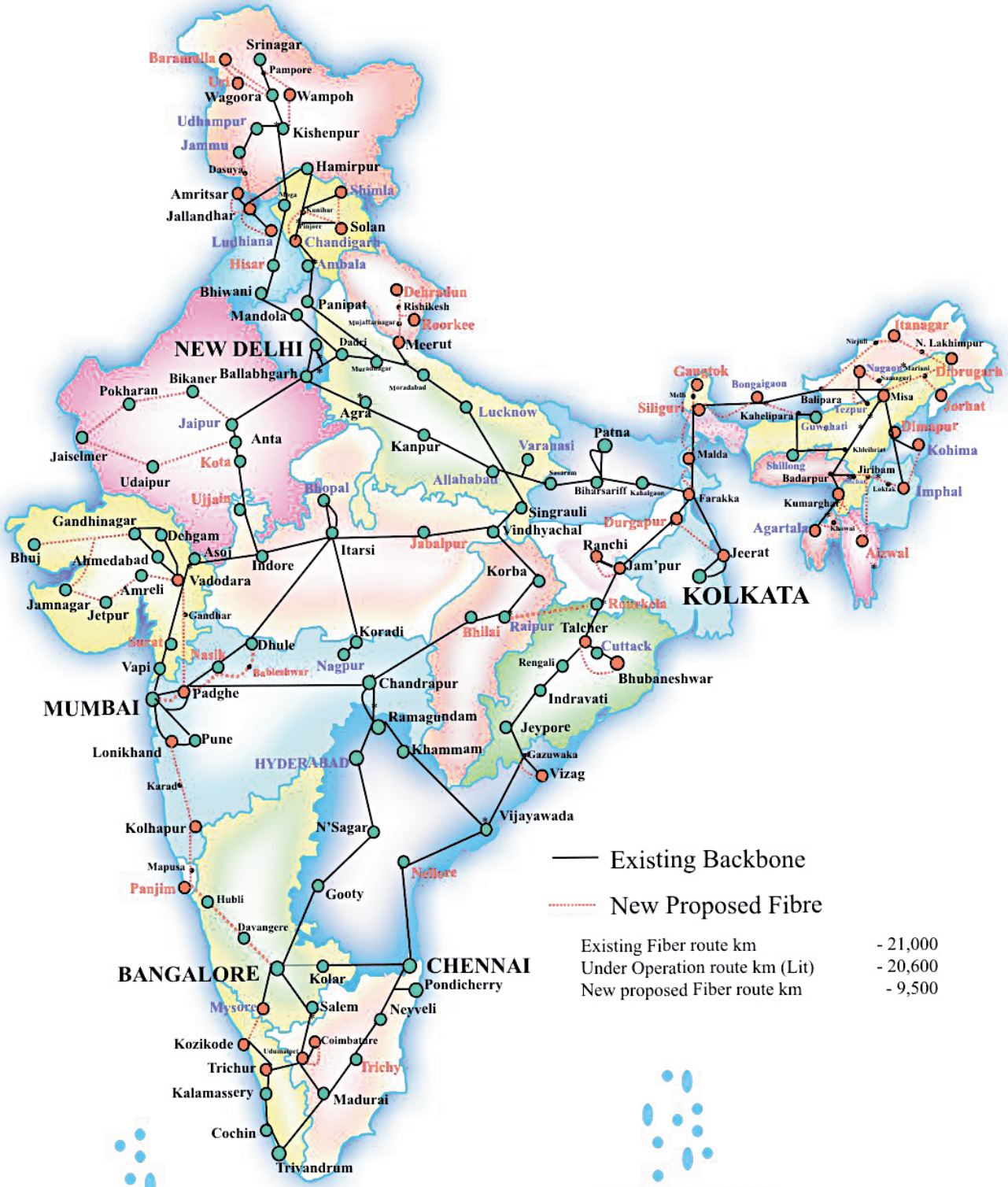
POWER MAP OF INDIA

POWERGRID LINES



POWERGRID

BROADBAND TELECOM NETWORK



— Existing Backbone
 New Proposed Fibre

Existing Fiber route km	- 21,000
Under Operation route km (Lit)	- 20,600
New proposed Fiber route km	- 9,500

LAKSHADWEEP

ANDAMAN & NICOBAR



**REVENUE EXPENDITURE ON SOCIAL OVERHEADS
FOR THE YEAR ENDED 31ST MARCH,2008**

	(Rs.in crore)	
	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Township		
a) Depreciation	7.39	6.99
b) Repair & Maintenance	6.30	4.26
c) Others	<u>6.00</u>	<u>5.71</u>
	19.69	16.96
Educational & School Facilities	1.91	2.01
Medical Facilities	28.00	23.66
Subsidised Transport	2.00	2.43
Social & Cultural Activities	11.00	8.07
Subsidised Canteen	6.59	5.85
Total	69.19	58.98
Less: Recoveries	1.93	1.74
Net	<u>67.26</u>	<u>57.24</u>



ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable Accounting Standards in India.

2. RESERVES AND SURPLUS

Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except for valve halls of HVDC Bi-pole, HVDC equipments, SVC sub-stations and series compensators) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self Insurance Reserve" under 'Reserves & Surplus'.

3. GRANTS-IN-AID

3.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

3.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the profit and loss account over the useful period of life and in proportion to which depreciation on these assets is provided.

4. FIXED ASSETS

4.1 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.

4.2 In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be affected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.

4.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/ assessments.

4.4 Transmission system assets are considered 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stablization period wherever technically required.

4.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

4.6 Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.

4.7 Capital expenditure on assets not owned by the company is reflected as a distinct item in capital work-in-progress till completion and thereafter in Fixed Assets.

4.8 Insurance spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the residual useful life of the related plant & machinery.

4.9 Mandatory spares in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard.

5. CAPITAL WORK IN PROGRESS (CWIP)

5.1 Cost of material consumed, erection charges thereon along with other incidental expenses incurred for the projects are shown as CWIP till capitalization.

5.2 Incidental expenditure during construction (net) including corporate and regional office expenses (allocated to the projects on prorata basis to their capital expenditure) for the year, is apportioned to capital work in progress (CWIP) on the basis of accretion thereto. Interest during construction is apportioned to CWIP on the closing balance of CWIP.



5.3 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

5.4 Claims for price variation/ exchange rate variation in case of contracts are accounted for on acceptance.

6. CONSTRUCTION STORES

6.1 Construction stores are valued at cost.

7. ALLOCATION OF COMMON EXPENSES

7.1. The common expenses (net) of corporate office and regional offices are allocated to various diversified activities of the company viz. transmission, telecom, consultancy & accelerated power development and reform program (APDRP) in the ratio of the respective income/reimbursement of each activity.

7.2 The common expenses thus allocated are further allocated to Incidental expenditure during construction (IEDC) and revenue in transmission and telecom activities in the ratio of capital outlay thereof to transmission charges (excluding income tax recovery) and telecom income.

7.3 Expenses of the project, common to operation and construction activities are allocated to revenue and incidental expenditure during construction in the proportion of transmission income (excluding income tax recovery) and capital outlay.

8. BORROWING COST

8.1 All the borrowed funds are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, front end fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.

8.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

8.3 Foreign exchange rate variation (FERV) (Unfavorable) on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is regarded as borrowing cost.

9. TRANSACTION IN FOREIGN CURRENCY

9.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates of exchange ruling on the date of the Balance Sheet.

9.2 FERV (except the amount considered as 'borrowing cost' under para 8.3 above) arising on transactions contracted prior to April 1, 2004 is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets. For the transactions contracted after April 1, 2004, the same is charged to profit & loss account.

9.3 FERV, accounted for as per policy no 8.3 & 9.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central electricity regulatory commission (CERC) norms w.e.f 1st April, 2004 or Date of commercial operation (DOCO) which ever is later.

Above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:

a) FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognized as income/expense in profit and loss account in the same proportion in which FERV is apportioned between carrying cost of fixed assets and profit and loss account.

b) FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'.

c) FERV recoverable/payable adjusted in profit and loss referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'.



- d) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
- e) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding credit/debit to the debtors.

9.4 FERV in respect of current assets is charged off to revenue.

10. INVESTMENTS

10.1 Long term investments are carried at cost less provisions, if any, for permanent diminution in the value of such investments.

11. INVENTORIES

- 11.1. Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value.
- 11.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
- 11.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
- 11.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.

12. DEFERRED REVENUE EXPENDITURE

Deferred revenue expenditure (DRE) created up to March 31, 2003 (prior to the date AS-26 became mandatory) are amortized over a period of 5 years from the year of commercial operation/earning of revenue.

13. REVENUE RECOGNITION

- 13.1.1 Transmission Income is accounted for based on tariff notified by CERC. In case of transmission projects where tariff rates is yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. The shortage/excess, if any, is adjusted based on final notification of tariff by CERC. Transmission income on account of additional capitalization, if any, is accounted for on the basis of specific order by the CERC.
- 13.1.2 Income from short term open access is accounted for on the basis of regulations notified by CERC.
- 13.1.3 Advance against depreciation (AAD), forming part of tariff pertaining to subsequent years, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.
- 13.2 Surcharge recoverable from debtors is not treated as accrued due to uncertainty of its realization and is, therefore, accounted for on receipt/certainty of receipt basis.
- 13.3 Liquidated damages / warranty claims and Interest on advances to suppliers are not treated as accrued due to uncertainty, and are, therefore, accounted for on receipt / acceptance basis.
- 13.4 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 13.5.1 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 13.5.2 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for against advance received in phased manner as under:
- 10% on issue of Notice Inviting Tender for execution
 - 5% on Award of Contracts for execution
 - Balance on the basis of actual progress of work including supplies
- 13.6 The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional power committees and in accordance with the norms notified / approved by CERC.



- 13.7 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 13.8 Dividend income including interim dividend is recognized in the year of declaration.

14. LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 14.1 State sector unified load dispatch centre (ULDC) assets leased to the SEBs are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted as Lease Receivables under Loans & Advances. Wherever grant in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.
- 14.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by CERC.
- 14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenor of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

15. DEPRECIATION

- 15.1.1 Depreciation is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of tariff on pro-rata basis except for the following assets in respect of which depreciation is charged at the rates mentioned below:

a) Computers & Peripherals	30%
b) Mobile Phones	25%
c) Software	33.33%

- 15.1.2 ULDC assets are depreciated @ 6% per annum as determined by CERC for levellized tariff.
- 15.1.3 Depreciation on assets of telecom and consultancy business, is provided on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- 15.1.4 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC.
- 15.1.5 Capital expenditure on assets not owned by the company is amortized over a period of four years from the year in which the first line/sub-station of the project comes into commercial operation and, thereafter, from the year in which the relevant assets are completed and become available for use.
- 15.1.6 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing Rs.5000/- or less, or where the written down value is Rs. 5000/- or less as at the beginning of the year, are charged off to revenue.
- 15.1.7 Leasehold land is depreciated over the tenure of the lease.
- 15.2 In the case of assets of National thermal power corporation limited (NTPC) , National hydro-electric power Corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

16. EXPENDITURE

- 16.1 Pre-paid/prior-period items up to Rs.100000/- are accounted for to natural heads of account.
- 16.2 Expenses of research and development, other than fixed assets, are charged to revenue in the year of incurrence.



- 16.3 Expenditure, except the cost of equipment capitalized, incurred for activating the last mile connectivity of telecom links are amortized over the period of agreement with the customer.

17. IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in the profit & loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

18. EMPLOYEE BENEFITS

- 18.1 The liabilities for retirement benefits of employees in respect of Gratuity, which is ascertained annually on actuarial valuation at the year end, is provided and funded separately.

- 18.2 The liabilities for compensated absence (both for Earned & Half Pay Leave), leave encashment, leave travel concession, post retirement medical benefits & Settlement Allowance to employees are ascertained annually on accrual basis based on actuarial valuation at the year end and provided for.

19. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the schedule of contingent liability on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

Balance Sheet As At 31st March, 2008

(Rupees in crore)

	Schedule No.		As at 31st March, 2008	As at 31st March, 2007
SOURCES OF FUNDS				
Shareholders' Fund				
Share Capital	01		4208.84	3826.22
Reserves and Surplus	02		<u>9298.53</u>	<u>6874.21</u>
			13507.37	10700.43
Deferred Revenue				
Advance Against Depreciation (AAD)	03		1697.07	1201.17
Grants in Aid	04		<u>246.80</u>	<u>264.45</u>
			1943.87	1465.62
Loan Funds				
Secured Loans	05A		17552.13	13053.30
Unsecured Loans	05B		<u>4711.35</u>	<u>6272.20</u>
			22263.48	19325.50
Deferred Tax liability (Net)			493.78	419.33
TOTAL			38208.50	<u>31910.88</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	06		35417.14	29014.63
Less: Depreciation			<u>8061.94</u>	<u>7198.56</u>
Net Block			27355.20	21816.07
Capital Work-in-Progress	07		5305.41	6068.85
Construction Stores and Advances	08		<u>3452.68</u>	<u>3371.54</u>
			36113.29	31256.46
Investments	09		1736.22	1967.00
Current Assets, Loans & Advances				
Inventories	10	248.22		184.13
Sundry Debtors	11	1100.50		490.48
Cash and Bank Balances	12	1865.59		1196.82
Other Current Assets	13	395.17		147.03
Loans and Advances	14	<u>1767.30</u>		<u>1491.26</u>
			5376.78	3509.72
Less: Current Liabilities & Provisions				
Current Liabilities	15	3672.39		4001.79
Provisions	16	<u>1352.59</u>		<u>833.37</u>
			<u>5024.98</u>	<u>4835.16</u>
Net Current Assets			351.80	(1325.44)
Miscellaneous Expenditure (to the extent not written off or adjusted)	17		7.19	12.86
TOTAL			38208.50	<u>31910.88</u>
Contingent Liabilities	18		2907.32	1950.38
Notes on accounts	28			

Schedules 1 to 28 and Accounting Policies form an integral part of Accounts

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(J. Sridharan)
Director(Finance)

(S. Majumdar)
Director(Projects) & CMD (Addl. Charge)

As per our report of even date

For A. R. & Co.
Chartered Accountants
(Anil Gaur)
Partner
M.N. 017546

For S R I Associates
Chartered Accountants
(R N Roy Choudhury)
Partner
M.N. 007437

For Umamaheswara Rao & Co
Chartered Accountants
(R R Dakshina Murthy)
Partner
M.N. 211639

Place: Gurgaon
Date: 18th June, 2008

Profit and Loss Account for the year ended 31st March, 2008

	Schedule No.	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
(Rupees in crore)			
INCOME			
Revenue from Operations	19	4614.82	3589.85
Provisions written back	20	8.39	133.43
Other Income	21	458.32	373.87
TOTAL		5081.53	4097.15
EXPENDITURE			
Employees' Remuneration & Benefits	22	519.06	338.88
Transmission, Administration and Other Expenses	23	341.42	306.62
Depreciation	06	959.65	827.58
Provisions	24	3.83	2.74
Interest and Finance Charges	25	1339.55	1140.42
Deferred Revenue Expenditure written Off		5.43	8.19
TOTAL		3168.94	2624.43
Profit for the year before tax and Prior period Adjustments		1912.59	1472.72
Less: Prior Period Expenditure/(Income) (Net)	26	182.06	(9.28)
Profit Before Tax		1730.53	1482.00
Less: Provision for Taxation			
- Current Year		197.12	134.06
- Earlier Years		(0.01)	0.03
		197.11	134.09
Fringe Benefit Tax			
- Current Year		10.50	8.68
- Earlier Years			0.04
		10.50	8.72
Profit after Current Tax		1522.92	1339.19
Less: Provision for Deferred Tax			
Total Deferred tax Liability		546.81	473.11
Less: Recoverable from beneficiaries		472.36	363.29
		74.45	109.82
Profit after Tax		1448.47	1229.37
Add: Balance of Profit brought forward		16.24	54.63
Add: Bond Redemption Reserve Written Back		140.68	121.93
Total Amount Available for Appropriation		1605.39	1405.93
Appropriation			
Interim Dividend Paid		210.46	115.00
Corporate Dividend Tax Paid		35.77	16.13
Proposed Final Dividend		294.62	253.82
Provision for Corporate Dividend Tax		50.07	43.13
Transfer to Self Insurance Reserve		30.32	24.60
Transfer to Bonds Redemption Reserve		400.18	337.01
Transfer to General Reserve		550.00	600.00
Balance of Profit carried over to Balance Sheet		33.97	16.24
		1605.39	1405.93
Earning per Share-Basic [In Rs.per share]		3.6019	3.3146
Face value of Rs.10/- each			
Earning per Share-Diluted [In Rs.per share]		3.6007	3.2803
Face value of Rs.10/- each			
Incidental Expenditure During Construction	27		
Notes on Accounts	28		
Schedules 1 to 28 and Accounting Policies form an integral part of Accounts			

For and on behalf of the Board

(Divya Tandon)
Company Secretary(J.Sridharan)
Director(Finance)(S.Majumdar)
Director(Projects) & CMD (Addl. Charge)

As per our report of even date

For A. R. & Co.
Chartered Accountants
(Anil Gaur)
Partner
M.N. 017546For S R I Associates
Chartered Accountants
(R N Roy Choudhury)
Partner
M.N. 007437For Umamaheswara Rao & Co
Chartered Accountants
(R R Dakshina Murthy)
Partner
M.N. 211639Place: Gurgaon
Date: 18th June, 2008

Schedule 01 – Share Capital

Description	(Rupees in crore)	
	As at 31st March, 2008	As at 31st March, 2007
AUTHORISED		
10,00,00,00,000 (Previous year 10,00,00,00,000) equity shares of Rs. 10/- each	<u>10000.00</u>	<u>10000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
4,20,88,41,230 (Previous Year 3,78,74,07,300) equity shares of Rs 10/- each fully paid up.		
Of the above 1,81,25,29,500 (Previous Year 1,77,37,17,500) equity Shares have been allotted as fully paid up pursuant to a contract without payment being received in cash.	<u>4208.84</u>	<u>3787.41</u>
Share Capital Deposit	<u>—</u>	<u>38.81</u>
TOTAL	<u>4208.84</u>	<u>3826.22</u>

Schedule 02 – Reserves and Surplus

Description	(Rupees in crore)			
	As at 1st April, 2007	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2008
Share Premium		1607.01	23.87	<u>1583.14</u>
Self Insurance Reserve				
Through Appropriation of Profit	62.00	30.32		<u>92.32</u>
Through Charge to Profit & Loss account	70.44		1.65	<u>68.79</u>
General Reserve	5757.70	550.00	14.72	<u>6292.98</u>
Bonds Redemption Reserve	967.83	400.18	140.68	<u>1227.33</u>
	6857.97	2587.51	180.92	<u>9264.56</u>
Balance in Profit & Loss Account	16.24			<u>33.97</u>
TOTAL	<u>6874.21</u>			<u>9298.53</u>

Schedule 03 – Advance Against Depreciation (Deferred Revenue)

Description	(Rupees in crore)			
	As at 1st April, 2007	Additions During the Year	Reversals/ Adjustments during the year	As at 31st March, 2008
Advance Against Depreciation	1201.17	497.19	1.29	<u>1697.07</u>
TOTAL	<u>1201.17</u>	<u>497.19</u>	<u>1.29</u>	<u>1697.07</u>
Previous Year	822.23	380.43	1.49	<u>1201.17</u>

Schedule 04 – Grants in Aid (Deferred Revenue)

Description	(Rupees in crore)			
	As at 1st April, 2007	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2008
Grants in aid	264.45	—	17.65	<u>246.80</u>
	264.45	—	17.65	<u>246.80</u>
Previous Year	272.96	13.06	21.57	<u>264.45</u>

Schedule 05A – Secured loans

Description	(Rupees in Crore)	
	As at 31st, March, 2008	As at 31st, March, 2007
LOANS THROUGH BONDS		
BONDS VI SERIES		
13% Taxable, Secured, Redeemable, Non-cumulative Non-convertible Bonds of Rs.1000/-each redeemable at par in 10(ten) equal annual installments from 6th December, 2002 Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Gandhar Stage-I Transmission System	40.00	50.00
BONDS VII SERIES		
13.5% Taxable Secured, Redeemable, Non-cumulative Non-convertible Bonds of Rs.1000/-each redeemable at par in 5(five) equal annual instalments from 4th August, 2003 Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Kahalgaon Transmission System and Ramagundam Stage-I & II Transmission System.	–	40.00
BONDS VIII SERIES		
10.35% Taxable, Secured, Redeemable, Non-cumulative Non-convertible Bonds of Rs.1000/-each redeemable at par in 10(Ten) equal annual instalments w.e.f. 27th April, 2005 Secured by floating charge over the Fixed Assets of the Corporation	14.00	16.00
BONDS IX SERIES		
12.25% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs. 1,00,000/-each redeemable at par in 10(Ten) equal annual instalments w.e.f. 22nd August, 2003 Secured by way of Registered Debenture Trust Deed on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and Sub-stations of parts of NJTL system.	288.25	345.90
BONDS X SERIES		
10.90% Taxable, Secured, Redeemable, Non-cumulative Non-convertible Bonds of Rs. 12 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f. 21.06.2004 Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-I, Farakka & Chamera Transmission system	507.68	571.14



Schedule 05A – Secured loans (Cont.)

(Rupees in Crore)

Description	As at 31st, March, 2008	As at 31st, March, 2007
BONDS XI SERIES		
a) 9.80% Taxable Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs 3 Crore each consisting of 12 STRPPs of Rs 25 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 07-12-2005 Secured by way of Registered Debenture Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta, Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahabad, LILO of Singrauli-Kanpur and Allahabad Sub-station	407.25	452.50
b) 9.20% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible bonds of Rs 3 Crore each consisting of 6 STRPPs of Rs 50 lakh each, redeemable at par in 6 (six) equal annual instalments w.e.f 07-12-2003 Secured by way of Registered Debenture Trust Deed ranking pari-passu, on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Guajrat and mortgage & hypothecation on assets of Uri Transmission system	34.50	69.00
	441.75	521.50
BONDS XII SERIES		
9.70% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs 1.5 Crore each consisting of 12 STRPPs of Rs 12.50 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 28.03.2006. Secured by way of Registered Debenture Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System	138.38	153.75
BONDS XIII SERIES		
a) 8.63% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs 1.5 Crore each consisting of 12 STRPPs of Rs 12.50 lakh each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 31.07.2006. Secured by way of Registered Debenture Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System	675.00	742.50



Schedule 05A – Secured loans (Cont.)

Description	(Rupees in Crore)	
	As at 31st, March, 2008	As at 31st, March, 2007
b) 7.85% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs 1.5 Crore each consisting of 06 STRPPs of Rs 25 lakh each, redeemable at par in 6 (six) equal annual instalments w.e.f 31.07.2003	41.75	83.50
Secured by way of Registered Debenture Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of NLC Lines Trichy, Neyveli- Bahoor Line, Neyveli-Trichy Transmission System		
	716.75	826.00
BONDS XIV SERIES		
6.10% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of Rs. 1.5 Crore each consisting of 12 STRPP's of Rs. 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments w.e.f. 17.07.2004.	466.00	524.25
Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambhet Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the Company.		
BONDS XV SERIES		
6.68% Taxable, Secured, Non-Cumulative, Non-convertible Bonds of Rs.1.50 Crore each consisting of 12 STRPP's of Rs 12.50 lakhs each redeemable at par in 12 (twelve) equal annual instalments w.e.f 23.02.2008.	825.00	900.00
Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		
BONDS XVI SERIES		
7.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs 1.00 crore each consisting of 10 STRPP's of Rs 10.00 lakh each redeemable at par in 10 (Ten) equal annual installments w.e.f. 18.02.2009	750.00	750.00
Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		



Schedule 05A – Secured loans (Cont.)

Description	(Rupees in Crore)	
	As at 31st, March, 2008	As at 31st, March, 2007
BONDS XVII SERIES		
7.39% Taxable, Secured, Redeemable, Non-convertible, Non-cumulative Bonds of Rs 1.00 Crore each consisting of 10 STRPP's of Rs. 10.00 lakh each redeemable at par in 10(ten) equal annual installments w.e.f 22.09.2009	1000.00	1000.00
Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		
BONDS XVIII SERIES		
8.15% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs.1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 09.03.2010.	999.00	999.00
Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		
BONDS XIX SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 24.07.2010	495.00	495.00
Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		
BONDS XX SERIES		
8.93% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.09.2010	1500.00	1500.00
Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		



Schedule 05A – Secured loans (Cont.)

Description	(Rupees in Crore)	
	As at 31st, March, 2008	As at 31st, March, 2007
BONDS XXI SERIES		
8.73% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs 1.50 crore each consisting of 12 STRPP's of Rs 12.50 lakh each redeemable at par in 12 (Twelve) equal annual installments w.e.f. 11.10.2010 Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.	510.00	*
BONDS XXII SERIES		
8.68% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.12.2010. Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.	690.00	*
BONDS XXIII SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 09.02.2011 Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.	307.50	*
BONDS XXIV SERIES		
9.95% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 26.03.2011 Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.	799.50	*
	10488.81	8692.54

* Bonds XXI to XXIV series are included under Unsecured Loans in previous year

Schedule 05A – Secured loans (Cont.)

(Rupees in Crore)

Description	As at 31st, March, 2008	As at 31st, March, 2007
Term Loans from Banks/ Financial Institutions		
Secured by a floating charge on the fixed assets of the Company		
Indian Overseas Bank	50.00	60.00
Corporation Bank	55.00	65.00
Punjab National Bank-Loan-I	100.00	120.00
Punjab National Bank-Loan-II	200.00	225.00
Oriental Bank of Commerce	166.67	187.50
Life Insurance Corporation of India-II	514.12	588.27
Life Insurance Corporation of India-III	43.72	
	1129.51	1245.77
ICICI Bank Ltd.		
Secured by first pari passu charge over the assets of the Company	75.00	90.00
Bank of India, Cayman Islands		
Secured by a Floating charge on the immovable properties of the company	317.29	369.35
Loan from Asian Development Bank , Philippines (Guaranteed by Govt. of India)		
ADB-I	569.45	*
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-II	948.76	*
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-III	671.00	*
Secured by pari passu interest in the liens created on the assets as security for the debts.		
	2189.21	
* Loans from ADB-I to III are included under Unsecured Loans in Previous year		
Loan from International Bank for Reconstruction and Development, USA (Guaranteed by Govt. of India)		
PSDP I	502.23	556.04
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyaachal and Rihand Transmission system.		
PSDP-II	1660.15	1894.57
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-III	1189.93	205.03
Secured by pari passu interest in the liens created on the assets as security for the debts.		
	3352.31	2655.64
	7063.32	4360.76
Total Secured Loans	17552.13	13053.30
Due for repayment/redemption within one year	994.44	836.20

Schedule 05B – Unsecured Loans

Description	(Rupees in Crore)	
	As at 31st, March, 2008	As at 31st, March, 2007
LOANS THROUGH BONDS		
BONDS XXI SERIES		
8.73% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs 1.50 crore each consisting of 12 STRPP's of Rs 12.50 lakh each redeemable at par in 12 (Twelve) equal annual installments w.e.f. 11.10.2010 To be secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.	*	510.00
BONDS XXII SERIES		
8.68% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f. 07.12.2010. To be secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.	*	690.00
BONDS XXIII SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f. 09.02.2011 To be secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.	*	307.50
BONDS XXIV SERIES		
9.95% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f. 26.03.2011 To be secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.	*	799.50



Schedule 05B- Unsecured Loans (Cont.)

(Rupees in Crore)

Description	As at 31st, March, 2008	As at 31st, March, 2007
* Bonds XXI TO XXIV series are included under Secured Loans in current year		
BONDS XXV	1065.00	-
10.10% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 12.06.2011 To be secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		
BONDS XXVI	999.00	
9.30% Taxable,secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 07.03.2012 To be secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		
BONDS XXVII	705.00	
9.47% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 31.03.2012 To be secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at MoujeAmbheti Taluka Kaparada in district Valsaad Gujarat and floating charge on the assets of the company.		
	<u>2769.00</u>	<u>2307.00</u>
Loans in Indian Currency		
Short Term Loans from Banks	750.00	750.00
Term Loans		
Power Finance Corporation Limited	45.00	55.00
Government of India	<u>-</u>	<u>49.53</u>



Schedule 06 – Fixed Assets

(Rupees in Crore)

Description	Gross Block				Depreciation				Net Block	
	As at 1st April, 2007	Additions during the year	Adjustments during the year	As at 31st March, 2008	As at 1st April, 2007	Additions during the Year	Adjustments during the year	As at 31st March, 2008	As at 31st March, 2008	As at 31st March, 2007
Land										
a) Freehold	302.04	13.03	7.23	307.84					307.84	302.04
b) Leasehold	45.49	25.76	(0.01)	71.26	3.05	0.80	(0.01)	3.86	67.40	42.44
c) Unclassified	0.18		0.18							0.18
Buildings										
a) Sub-Stations & Office	366.77	22.82	(1.72)	391.31	84.02	10.21	(0.21)	94.44	296.87	282.75
b) Township	283.77	14.82	4.51	294.08	39.20	5.18	0.71	43.67	250.41	244.57
Temporary Erection	6.98	0.72	0.02	7.68	5.44	0.35	(0.02)	5.81	1.87	1.54
Roads & Bridges	76.20	17.97	(1.23)	95.40	12.65	1.50	0.01	14.14	81.26	63.55
Water Supply Drainage & Sewerage	49.29	5.46	(0.05)	54.80	10.31	1.19	0.04	11.46	43.34	38.98
Plant & Machinery										
a) Transmission Lines	16824.20	4792.18	267.38	21349.00	3497.17	480.68	20.94	3956.91	17392.09	13327.03
b) Substation	9244.92	1869.26	210.85	10903.33	3144.33	346.94	61.52	3429.75	7473.58	6100.59
c) ULDC	700.37	0.68	12.81	688.24	138.96	31.99	0.32	170.63	517.61	561.41
d) Telecom links	839.18	25.42	41.02	823.58	135.23	50.47	0.93	184.77	638.81	703.95
Constrn.and Workshop equipment	33.03	16.61	0.01	49.63	9.36	1.50		10.86	38.77	23.67
Electrical Installation	48.23	3.46	(0.71)	52.40	17.40	2.65	(0.11)	20.16	32.24	30.83
Vehicles	2.83		0.05	2.78	2.06	0.18	0.03	2.21	0.57	0.77
Furniture Fixtures & Office equipment	88.73	10.82	(0.15)	99.70	34.10	4.73	0.29	38.54	61.16	54.63
EDP/WP Machines	46.56	5.06	0.27	51.35	34.73	4.63	0.43	38.93	12.42	12.27
Miscellaneous Assets/ Equipments	48.48	7.31	0.41	55.38	25.16	4.81	0.10	29.87	25.51	22.88
Capital Exp. on Assets not owned by the Company	10.54	0.66	(0.27)	11.47	8.43	1.04	(0.03)	9.50	1.97	2.11
Intangible Assets										
Afforestation Charges		113.54	(0.17)	113.71		1.49		1.49	112.22	
Softwares	0.84	0.17		1.01	0.40	0.23		0.63	0.38	0.44
Grand Total	29018.63	6945.75	540.43	35423.95	7202.00	950.57	84.94	8067.63	27356.32	21816.63
Less: Provisions for assets discarded				6.81				5.69	1.12	
				35417.14				8061.94	27355.20	
Previous Year	24892.25	4099.36	(27.02)	29018.63	6375.45	834.03	7.48	7202.00	21816.63	
Less: Provisions for assets discarded				4.00				3.44	0.56	
				29014.63				7198.56	21816.07	
						<u>31.12.2008</u>				31.03.2007
Depreciation (Addition during the year)						950.57				834.03
Less: Transferred to Incidental Expenditure During Construction						5.36				6.45
						945.21				827.58
Add: Depreciation amortised due to FERV adjustment						14.44				
Charged to Profit & Loss Account						959.65				827.58

Schedule 07 – Capital Work In Progress

(Rupees in Crore)

Description	Balance As at 01.04.2007	Additions during the year	Adjustments during the year	Capitalised during the year	Balance As at 31.03.2008
Land					
Development of land	20.34	6.50	4.23	3.37	19.24
Buildings					
a) Sub-Stations & Office	28.56	23.91	4.42	21.74	26.31
b) Township	23.49	38.10	(0.52)	14.32	47.79
Temporary erection	0.56	0.55	0.08	0.66	0.37
Roads & Bridges	10.98	16.74	0.17	17.59	9.96
Water Supply Drainage and Sewerage	3.35	7.84	0.08	4.57	6.54
Plant & Machinery (including associated civil works)					
a) Transmission Lines	5045.98	3825.74	98.95	4773.28	3999.49
b) Sub-Station	740.53	2075.96	4.72	1859.94	951.83
c) ULDC	2.97	0.72		0.06	3.63
d) Telecom links	35.81	11.67	2.06	25.22	20.20
Furniture, Fixtures & Other office equipment	0.08	0.04	0.02	0.01	0.09
Electrical installations	5.14	8.15	0.85	3.40	9.04
Survey, Investigation, Consultancy & Supervision Charges	53.62	10.80	5.89	11.24	47.29
Difference in Exchange on foreign Loans	(2.88)	(288.94)	(183.99)	(88.21)	(19.62)
Capital expenditure on assets not owned by Company	2.68	0.71	(0.22)	0.64	2.97
Incidental Expenditure during Construction	97.64	497.02	516.84		77.82
Intangible Assets					
Afforestation Charges		69.89	(146.11)	113.54	102.46
TOTAL	6068.85	6305.40	307.47	6761.37	5305.41
Previous Year	3635.78	6861.40	415.77	4012.56	6068.85

Schedule 08 - Construction Stores and Advances

(Rupees in crore)

Description	As at 31st March, 2008	As at 31st March, 2007
Construction Stores {Including Material in transit/pending issue to contractors and with contractors of Rs.2606.60 Crore(Previous Year Rs 2691.47 Crore)}		
Towers	625.75	610.31
Conductors	1086.71	895.28
Other Line Materials	398.94	271.18
Sub-Station Equipments	477.55	823.34
HVDC Equipments		70.99
ULDC Materials	3.01	1.89
Telecom Materials	10.66	18.03
Steel	1.25	0.75
Cement		0.01
Others	14.53	20.56
	<u>2618.40</u>	<u>2712.34</u>
Less: Provision for Shortages and obsolete material	<u>0.01</u>	<u>3.93</u>
	2618.39	2708.41
Advances for Capital Expenditure		
Secured		
Considered Good	1.67	1.56
Unsecured		
Considered Good		
a. Against Bank guarantees	641.97	625.38
b. Others	190.65	36.19
Considered Doubtful	1.91	1.91
	<u>834.53</u>	<u>663.48</u>
Less: Provision for Bad & Doubtful Advances	<u>1.91</u>	<u>1.91</u>
	<u>832.62</u>	<u>661.57</u>
	<u>834.29</u>	<u>663.13</u>
	3452.68	3371.54

Schedule 09 – Investments

(Rupees in Crore)

Description	As at 31st, March, 2008	As at 31st, March, 2007
LONG TERM		
A . TRADE INVESTMENTS		
I. Govt.Securities (Unquoted):-		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of:		
Andhra Pradesh	144.42	162.47
Arunachal Pradesh	4.18	4.70
Assam	134.24	151.02
Bihar	129.71	145.93
Gujarat	56.03	63.03
Haryana	64.40	72.45
Himachal Pradesh	2.26	2.55
Jammu & Kashmir	129.58	145.78
Karnataka	-	21.38
Less: bonds payable to NLC	-	<u>1.26</u>
	-	20.12
Kerala	19.29	21.70
Madhya Pradesh	83.25	93.65
Maharashtra	10.78	12.12
Manipur	25.36	28.53
Meghalaya	0.35	0.39
Mizoram	0.02	0.02
Nagaland	11.14	12.54
Punjab	37.55	42.25
Rajasthan	10.90	19.62
Sikkim	9.01	10.14
Tamil Nadu	-	31.53
Tripura	0.73	0.82
Uttar Pradesh	369.17	415.31
Uttaranchal	41.01	46.14
West Bengal	64.39	72.44
Jharkhand	<u>89.21</u>	<u>100.36</u>
	1436.98	1675.61
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017, Interest payable semi-annually, redeemable w.e.f 30.11.2007	21.93	23.08
15 years 8.5% J&K Govt. Bonds 2018, Interest payable semi-annually, redeemable w.e.f 31.03.2008	<u>25.52</u>	<u>26.87</u>
	47.45	49.95
II. Equity Shares-Fully Paid up :-		
Quoted		
120,00,006(Previous year 120,00,006) Shares of Rs.10/- each fully paid up of PTC India Ltd.	12.00	12.00

Schedule 09 – Investments (Cont.)

Description	(Rupees in Crore)	
	As at 31st, March, 2008	As at 31st, March, 2007
{Market Value Rs 116.16 crore @ 96.80 (NSE) per share(Previous year Rs. 71.46 crore @ 59.55 (NSE) per share)}		
Unquoted		
Subsidiary Company		
50,000(Previous year 50,000) Equity shares of Rs 10/- each fully paid up in Byrnihat Transmission Co Ltd.	0.05	0.05
Joint Venture Companies		
Torrent Power Grid Ltd.		
13,000 (Previous Year 13,000) Equity Shares of Rs. 10/- each Fully paid up.	0.01	0.01
1,55,87,000 (Previous year NIL) Equity shares of Rs 10/- each out of which Rs 5/- per share called up and paid up.	<u>7.80</u>	
	7.81	
Jaypee Powergrid Ltd.		
26,00,000 (Previous year 13,000)Equity Shares of Rs. 10/- each fully paid up.	2.60	0.01
Parbati Koldam Transmission Company Ltd.		
13,000 (Previous Year 50,000) Equity shares of Rs 10/- each fully paid up.	0.01	0.05
Powerlinks Transmission Ltd		
229320000 (Previous year 229320000) Equity shares of Rs 10/- each fully paid up	<u>229.32</u>	<u>229.32</u>
	<u>239.79</u>	<u>229.44</u>
TOTAL (A)	<u>251.79</u>	<u>241.44</u>
B. Non-trade investments (Unquoted)		
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Itarsi (Rs.5000/-)		
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Nagpur (Rs.5000/-)		
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Jabalpur (Rs. 5000/-)		
TOTAL (B)		
GRAND TOTAL (A+B)	<u>1736.22</u>	<u>1967.00</u>

Note : 22,93,19,997 shares (Previous year 22,93,19,997) of Powerlinks Transmission Ltd. held by the Company have been pledged as continuous security with consortium of financial institutions against financial assistance obtained by Powerlinks Transmission Ltd.

Schedule 10 – Inventories

(Rupees in Crore)

Description	As at 31st March, 2008	As at 31st March, 2007
Components, Spares & other spare parts (Valuation as per Accounting policy No.11)		
i) Transmission Inventory		
Towers	79.74	53.09
Conductors	20.92	15.41
Other Line Materials	40.88	32.73
ii) Sub-Station Equipments/Spares	61.18	47.91
iii) HVDC Equipments/spares	23.16	22.92
iv) ULDC Spares	1.91	
v) Telecom Spares	5.63	0.90
vi) Other Stores	13.28	10.35
Consumable stores	0.96	0.37
Loose tools	0.76	0.64
	<u>248.42</u>	<u>184.32</u>
Less Provision for Shortages	0.20	0.19
	<u>248.22</u>	<u>184.13</u>

Schedule 11 – Sundry Debtors

(Rupees in Crore)

Description	As at 31st March, 2008	As at 31st March, 2007
Debts Outstanding for a period exceeding Six Months		
Considered Good	27.07	19.18
Considered Doubtful	<u>77.26</u>	<u>79.37</u>
	104.33	98.55
Other Debts		
Considered Good	<u>1073.43</u>	<u>471.30</u>
	1177.76	569.85
Less: Provision for bad & doubtful debts	<u>77.26</u>	<u>79.37</u>
	<u>1100.50</u>	<u>490.48</u>

(The debtors are unsecured except to the extent of Rs 280.03 crore (Previous year Rs 260.57 crore) for which Letters of Credit held by the Company from SEBs as on 31st March, 2008)

Schedule 12 – Cash and Bank Balances

(Rupees in Crore)

Description	As at 31st March, 2008	As at 31st March, 2007
Cash, Stamps and Imprest	0.11	0.14
Drafts/Cheques in Hand	12.39	126.73
Remittance in transit		40.34
Balances with scheduled banks-		
-In Current Accounts/Flexi deposit Account (Including Rs 592.11 crore (Previous year Rs 564.60 crore) lying in designated accounts meant for specific disbursement)	973.09*	1003.80
-In Term Deposits	880.00#	25.81
	<u>1865.59</u>	<u>1196.82</u>

*Includes Rs 5.31 crore on account of unclaimed Dividend

Unutilised money out of public issue

Schedule 13 – Other Current Assets

Description	(Rupees in Crore)	
	As at 31st March, 2008	As at 31st March, 2007
Interest accrued on:		
Investments (Bonds)	67.91	78.26
Employee loans	61.84	61.57
Term/Fixed deposits	<u>30.34</u>	-
	160.09	<u>139.83</u>
Deferred Income/Expenditure from Foreign Currency Fluctuation (Net)	234.72	
Others	<u>0.36</u>	<u>7.20</u>
	<u>395.17</u>	<u>147.03</u>

Schedule 14 – Loans and Advances

Description	(Rupees in Crore)	
	As at 31st March, 2008	As at 31st March, 2007
a) Loans to		
-Employees	76.95	86.14
-Long Term Advances(Under securitisation scheme)	138.82	154.25
-Others	<u>0.12</u>	<u>0.07</u>
	215.89	<u>240.46</u>
b) Lease Receivables(State sector ULDC)	737.45	822.12
c) Advances		
Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers (Including Material issued on loan)	15.18	6.25
Employees	81.70	8.07
Claims recoverable	3.09	4.06
Others	<u>107.64</u>	<u>66.78</u>
	207.61	<u>85.16</u>
Less: Provision for bad and doubtful Advances and Claims	<u>8.91</u>	<u>8.01</u>
	198.70	77.15
Balance with Customs, Port Trust and other authorities Advance Tax & TDS	22.28 <u>592.98</u>	20.64 <u>330.89</u>
	813.96	<u>428.68</u>
TOTAL	<u>1767.30</u>	<u>1491.26</u>
Particulars of Loans and Advances		
Secured	71.76	348.99
Unsecured Considered Good	1695.54	1142.27
Considered doubtful	<u>8.91</u>	<u>8.01</u>
	1776.21	<u>1499.27</u>
Less: Provision for Bad & Doubtful Claims	<u>8.91</u>	<u>8.01</u>
	<u>1767.30</u>	<u>1491.26</u>
Due from Directors & Officers of the company		
Directors	0.04	0.04
Officers	16.50	10.41
Directors Maximum Amount	0.05	0.06
Officers Maximum Amount	20.27	12.74

Schedule 15 – Current Liabilities

(Rupees in Crore)

Description	As at 31st March, 2008	As at 31st March, 2007
Sundry Creditors		
For capital expenditure	851.55	1561.36
Other goods and services	<u>133.60</u>	<u>138.93</u>
	985.15	1700.29
Advance from Customers	698.04	731.22
Deposits Retention money from contractors and others.	850.87	874.40
Less: Investments held as security	<u>0.28</u>	<u>0.36</u>
	1548.63	1605.26
Investor Education and Protection Fund		
Un-paid (Un-claimed) matured bonds*	0.04	0.11
Unclaimed Dividend *	5.31	
Deferred Foreign Currency Fluctuation Asset/ Liability(Net)	119.90	
Other Liabilities	479.02	226.00
Interest Accrued But Not Due On Loans From		
Government of India		1.22
Indian Banks, Financial Institutions & Corporations	37.07	42.55
Foreign Banks & Financial Institutions	71.58	75.71
Secured/Unsecured redeemable Bonds	<u>425.69</u>	<u>350.65</u>
	534.34	470.13
Total	3672.39	4001.79

* No amount is due for payment to investor Education and Protection Fund

Schedule 16 – Provisions

(Rupees in Crore)

Description	As at 31st March, 2008	As at 31st March, 2007
Taxation (Including interest on Tax & FBT)		
As per last balance sheet	290.97	182.84
Additions during the year	207.61	142.81
Amounts utilised/paid during the year		<u>34.68</u>
	498.58	290.97
Employee Benefits		
As per last balance sheet	194.48	114.73
Additions during the year	91.52	94.53
Amounts utilised/paid during the period/year	<u>22.23</u>	<u>14.78</u>
	263.77	194.48
Transmission incentive& exgratia/special incentive		
As per last balance sheet	23.75	4.18
Addition during the year	25.15	23.75
Amount paid/adjusted during the year	<u>23.75</u>	<u>4.18</u>
	25.15	23.75

Schedule 16 – Provisions (Cont.)

Description	(Rupees in Crore)	
	As at 31st March, 2008	As at 31st March, 2007
Provision for Wage revision		
As per last balance sheet	27.22	
Additions during the year	193.18	27.22
	<u>220.40</u>	<u>27.22</u>
Proposed Final Dividend		
As per last balance sheet	253.82	215.45
Additions during the year	294.62	253.82
Amounts paid during the year	253.82	215.45
	<u>294.62</u>	<u>253.82</u>
Dividend Tax		
As per last balance sheet	43.13	30.21
Additions during the year	50.07	59.26
Amounts paid during the year	43.13	46.34
	<u>50.07</u>	<u>43.13</u>
TOTAL	<u>1352.59</u>	<u>833.37</u>

Schedule 17 – Miscellaneous Expenses (To the extent not written off or adjusted)

Description	(Rupees in crore)			
	As at 1st April, 2007	Additions/ Adjustments during the year	Deductions during the year	As at 31st March, 2008
Deferred Revenue Expenditure	12.62		5.43	7.19
Share Issue Expenses [Adjusted with share premium (Schedule 2) during the year]	0.24	23.63	23.87	
TOTAL	<u>12.86</u>	<u>23.63</u>	<u>29.30</u>	<u>7.19</u>
Previous Year	20.73	0.32	8.19	12.86

Schedule 18 – Contingent Liabilities

Description	(Rupees in Crore)	
	As at 31st March, 2008	As at 31st March, 2007
Claims against the Company not acknowledged as debt in respect of		
Arbitration / Court Cases	1117.31	205.18
Land / Crop/Tree Compensation cases	545.24	453.49
Others	34.74	25.54
Disputed Tax Demands-Income Tax	69.36	40.25
Disputed Tax Demands-Others	189.67	169.12
Continuity Bonds with Custom Authorities	837.50	981.54
Others	113.50	75.26
Total	<u>2907.32</u>	<u>1950.38</u>

Schedule 19 – Revenue from Operations

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Revenue from Transmission Charges (Refer Note No.19 of Schedule 28)	4613.83	3626.94
Less: Advance Against Depreciation	497.19	380.43
	4116.64	3246.51
Add: Revenue Recognised out of AAD	1.29	1.49
	4117.93	3248.00
FERV recoverable/payable as adjustment to Transmission income (Net)	70.59	
	4188.52	3248.00
Income from Short Term Open Access Consultancy, Project Management and Supervision Fees	52.73	38.75
Revenue from Telecom	250.04	226.00
	125.51	78.22
	4616.80	3590.97
Less: Inter Divisional Transfer (Telecom)	1.98	1.12
	4614.82	3589.85

Schedule 20 – Provisions written Back

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Provision for Interest & Principal on Bonds (CANFINA)		130.99
Doubtful debts	2.81	0.89
Obsolete construction stores	3.92	1.38
Doubtful claims	1.51	
Others	0.15	0.17
	8.39	133.43

Schedule 21 – Other Income

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Dividend on Trade Investments	5.39	1.20
Interest From		
Govt. Securities		
8.5% Tax Free Bonds	133.65	154.31
Taxable Bonds [TDS NIL (Previous year 0.27 crore)]	4.21	5.82
Loan to State Govt. in settlement of dues from Customers	12.13	13.11
Indian Banks [TDS 13.48 crore (Previous year 6.90 crore)]	80.55	11.38
Others [TDS Rs. NIL (Previous year 13.71 crore)]	28.04	76.36*
	258.58	260.98



Schedule 21 – Other Income (Cont.)

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Profit on sale of fixed assets	6.14	0.05
Deferred Income (Transferred from Grants-in-aid)	17.65	17.67
Short Term Open Access-Other Charges	21.11	17.59
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	1.65	
Lease Income-State Sector ULDC	66.54	56.08
Reimbursement from Joint Venture/IPTC Companies	19.46	
Surcharge on late payments from Customers	0.24	5.16
Hire charges for equipments	0.39	0.53
FERV gain	42.96	
Miscellaneous income	36.63	28.80
	476.74	388.06
Less: Income transferred to incidental expenditure during construction-Sch 27(E)	18.42	14.19
TOTAL	458.32	373.87

* (Including Rs. 61.09 crore for CANFINA Bonds)

Schedule 22 - Employees' Remuneration and Benefits

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Salaries, wages, allowances & benefits	565.05	371.77
Contribution to provident and other funds	41.23	36.52
Welfare expenses	85.32	59.92
	691.60	468.21
Less: Transferred to Incidental Expenditure during Construction-Schedule 27(A)	168.95	125.38
	522.65	342.83
Less: Recoverable from MOP on account of APDRP	3.59	3.95
	519.06	338.88

Schedule 23 – Transmission, Administration and other Expenses

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Repair & Maintenance		
Buildings	15.52	11.22
Plant & Machinery		
Sub Station	78.17	83.86
Transmission lines	13.16	15.25
Construction equipment	0.01	0.01
Others	17.36	13.13
	108.70	112.25

Schedule 23 – Transmission, Administration and other Expenses (Cont.)

(Rupees in Crore)

Description		For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Power charges	53.47		49.86
Less: Recovery from contractors	<u>1.72</u>		<u>0.17</u>
		51.75	49.69
Expenses of Diesel Generating sets		3.51	2.50
Stores & spares consumed		0.03	0.01
Water charges		0.69	0.52
Right of Way charges(Telecom)		<u>1.42</u>	<u>0.46</u>
		181.62	176.65
Training & Recruitment expenses	6.65		6.74
Less: Fees for training and application	<u>0.23</u>		<u>0.55</u>
		6.42	6.19
Legal expenses		3.26	4.86
Professional charges		2.37	1.88
Consultancy expenses		1.37	1.45
Communication expenses		9.00	7.87
Travelling & Conveyance Expenses	49.36		44.60
Foreign travel	<u>4.70</u>		<u>4.04</u>
		54.06	48.64
Tender expenses	3.27		2.18
Less: Sale of tenders	<u>1.03</u>		<u>0.90</u>
		2.24	1.28
Remuneration to auditors			
Audit Fees	0.10		0.10
Tax Audit Fees	0.03		0.03
In Other Capacity	0.15		0.16
Out of pocket Expenses	<u>0.48</u>		<u>0.43</u>
		0.76	0.72
Advertisement and publicity		7.20	5.90
Printing and stationery		4.22	3.90
Books,Periodicals and Journals		3.35	3.14
EDP hire and other charges		1.96	1.54
Entertainment expenses		1.37	1.29
Brokerage & Commission		0.09	0.05
Donations		0.37	0.16
Research & Development expenses		0.34	1.32
Cost Audit Fees		0.03	0.03
Rent		4.91	4.15
Miscellaneous expenses		17.00	9.24
Horticulture Expenses		3.34	2.38
Security Expenses		29.49	23.80
Hiring of Vehicle		31.10	29.82
Insurance		9.83	16.30
Rates and taxes		20.23	16.74

Schedule 23 – Transmission, Administration and other Expenses (Cont.)

(Rupees in Crore)

Description	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Bandwidth charges, Dark fibre lease charges (Telecom) etc.	6.13	2.42
Bad debts written off		0.93
Non operating expenses	0.59	0.15
Transit Accomodation Expenses	2.29	1.61
Less : Recovery for usage	<u>0.67</u>	<u>0.15</u>
	<u>1.62</u>	<u>1.46</u>
	<u>222.65</u>	<u>197.61</u>
	<u>404.27</u>	<u>374.26</u>
Less: Transferred to Incidental Expenditure during Construction-Sch. 27(B)	<u>69.59</u>	<u>66.80</u>
	<u>334.68</u>	<u>307.46</u>
Less: Recoverable from MOP on account of APDRP	<u>0.71</u>	<u>0.97</u>
	<u>333.97</u>	<u>306.49</u>
Loss on Disposal/Write off of Fixed Assets	<u>7.45</u>	<u>0.13</u>
TOTAL	<u>341.42</u>	<u>306.62</u>
Stores & spares consumption included in repair and maintenance	25.81	16.94

Schedule 24 – Provisions

(Rupees in Crore)

Description	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Shortage on physical verification of Fixed assets	0.56	
Doubtful debts loans and advances	1.48	1.92
Doubtful Insurance Claims		0.82
Doubtful claim	1.23	
Others	0.56	
TOTAL	<u>3.83</u>	<u>2.74</u>

Schedule 25 – Interest and Finance Charges

(Rupees in Crore)

Description	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Interest on Loan from		
Government of India	3.46	8.28
Indian Banks, Financial Institutions & Corporations	247.89	224.85
Foreign Banks and Financial Institutions	304.69	279.91
Secured/Unsecured redeemable Bonds (Previous year amount includes Rs 138.95 crore for CANFINA Bonds)	1015.94	864.11
Others	21.58	
	1593.56	1377.15
Add/Less: FERV as adjustment to borrowing cost	76.26	(62.35)
	1669.82	1314.80
Finance Charges		
Rebate to Customers	67.64	60.62
Commitment charges	5.80	7.47
Foreign Exchange Rate Variation	0.37	0.05
Guarantee fee	61.57	53.07
Other finance charges (Previous year amount includes Rs. 9.20 crore being Front end fee in respect of CANFINA Bonds)	4.30	17.70
	139.68	138.91
	1809.50	1453.71
Less: Transferred to Incidental Expenditure during Construction-Schedule 27 (D)	469.95	313.29
TOTAL	1339.55	1140.42

Schedule 26 – Prior Period Expenditure/(Income) (Net)

(Rupees in Crore)

Description	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Income		
Transmission charges	3.20	10.35
Revenue from Telecom	0.05	0.17
Depreciation written back	2.35	7.43
FERV gain	8.12	
FERV recoverable/payable as adjustment to Transmission income (Net)	56.20	
Depreciation written back on account of FERV	33.15	
Others	5.36	1.55
	108.43	19.50



Schedule 26 – Prior Period Expenditure/(Income) (Net) (Cont.)

(Rupees in Crore)

Description	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Expenditure		
Power charges		0.16
Rates and taxes	0.21	0.06
Depreciation	2.06	2.56
Depreciation amortised due to FERV	2.05	
Transmission charges written back on account of revision of tariff	3.68	3.80
Telecom Revenue written back		0.13
Transmission charges written back on a/c of FERV(Net)	10.13	
FERV adjustment to Borrowing cost(Net)	264.57	
Others	8.22	2.80
	<u>290.92</u>	<u>9.51</u>
Prior period expenditure/(income) (Net)	<u>182.49</u>	<u>(9.99)</u>
Less: Transferred to Incidental Expenditure during Construction -Schedule 27	0.43	(0.71)
	<u>182.06</u>	<u>(9.28)</u>

Schedule 27 – Incidental Expenditure During Construction

(Rupees in Crore)

Description	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
A. Employees Remuneration & Benefits		
Salaries, wages, allowances and benefits	135.90	97.89
Contribution to provident and other funds	10.07	10.16
Welfare expenses	22.98	17.33
Total(A)	<u>168.95</u>	<u>125.38</u>
B. Other Expenses		
Repairs and Maintenance		
Buildings	3.71	3.02
Construction equipment		0.08
Others	1.36	1.96
	<u>5.07</u>	<u>5.06</u>
Power charges	5.27	4.72
Less: Recovered from contractors	1.39	0.13
	<u>3.88</u>	<u>4.59</u>
Expenses of Diesel Generating sets	1.09	0.69
Water charges	0.03	0.06
Training & recruitment Expenses	3.43	4.15
Legal expenses	1.68	2.27
Professional charges	1.22	0.90
Consultancy expenses	0.35	0.45
Communication expenses	2.84	2.88
Travelling & Conv.exp. (Including Foreign Travel)	17.31	17.99
Tender expenses	2.25	1.75
Less: Income from sale of tenders	0.66	0.67
	<u>1.59</u>	<u>1.08</u>

Schedule 27 – Incidental Expenditure During Construction

(Rupees in Crore)

Description	For the Year Ended 31st March, 2008	For the Year Ended 31st March, 2007
Payment to Auditors	0.45	0.45
Advertisement and Publicity	3.63	3.12
Printing and stationery	1.73	1.77
Books,Periodicals and Journals	1.00	1.09
EDP hire and other charges	0.73	0.57
Entertainment expenses	0.50	0.54
Brokerage and commission	0.01	0.01
Rent	1.41	1.30
Miscellaneous expenses	7.95	4.76
Horticulture Expenses	0.53	0.41
Security Expenses	4.08	3.15
Hiring of Vehicles	7.81	8.36
Insurance	0.11	0.11
Rates and taxes	0.47	0.49
Bandwidth,Dark fibre, lease charges etc	0.01	0.05
Transit Accomodation Expenses	0.69	0.49
Less:Income from guest house	0.01	0.04
	<u>0.68</u>	<u>0.45</u>
Non Operation Expenses		0.05
Total (B)	<u>69.59</u>	<u>66.80</u>
Prior Period adjustment (net)	0.43	(0.71)
Total (B1) (including prior period)	<u>70.02</u>	<u>66.09</u>
C. Depreciation	<u>5.36</u>	<u>6.45</u>
D. Interest and Finance Charges		
Interest on Loans from		
Indian Banks,Financial Institutions and Corporations	27.45	14.35
Foreign Banks and Financial Institutions	81.22	45.93
Secured/Unsecured Redeemable Bonds	336.25	248.44
Add/Less: ERV as adjustment to borrowing cost	-	(22.34)
	<u>444.92</u>	<u>286.38</u>
Finance Charges		
Commitment charges	5.79	7.25
Guarantee fee	18.63	9.82
Other Finance Charges	0.61	9.84
	<u>25.03</u>	<u>26.91</u>
Total (D)	<u>469.95</u>	<u>313.29</u>
E. Less: Other Income		
Interest from		
Indian banks	5.93	4.80
Others	9.23	7.34
Sub-Total	<u>15.16</u>	<u>12.14</u>
Miscellaneous income	2.99	1.98
Hire charges	0.27	0.07
Total (E)	<u>18.42</u>	<u>14.19</u>
GRAND TOTAL (A+B1+C+D-E)	<u>695.86</u>	<u>497.02</u>

SCHEDULE 28 : NOTES ON ACCOUNTS

- 1
 - a) The land owned by the company has been classified into freehold and leasehold to the extent possible based on available documentation and the balance has been shown as unclassified.
 - b) The company's land in the State of Jammu & Kashmir and in certain other cases, the conveyancing of title to the freehold land and execution/registration of lease agreement (value not ascertained) in favour of the company is pending completion of legal formalities.
 - c) Freehold land includes Rs. 31.91 crore (previous year Rs. 31.91 crore) in respect of land acquired for residential complex at Gurgaon for which conveyance deed in favour of the Company is yet to be executed.
 - d) Leasehold land includes Rs. 7.64 crore (previous year Rs.7.64 crore) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence no depreciation is charged.
- 2 Township buildings includes Rs.7.27 crore (previous year Rs.7.27 crore) for 28 flats at Mumbai, for which registration in favour of the company is pending.
- 3 As per the directions of Ministry of Power, the company has transferred switchyards at Faridabad and Kayamkulam Power Station to NTPC w.e.f. 1st September, 2007 for a purchase consideration of Rs. 19.80 crore & Rs. 60.29 crore respectively and accounted for accordingly.
- 4 Plant and machinery under substation in fixed assets (Schedule No 6) includes company's share of Rs. 5.62 crore (previous year Rs.5.62 crore) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.
- 5 Cash equivalent of deemed exports benefits availed, in respect of supplies affected for East south inter connector-II transmission project (ESI) and Sasaram transmission project (STP), was refunded in accordance with the decision taken in the meeting by Director General of Foreign Trade (DGFT) on 22nd February, 2002 in view of non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP. Consequent upon World Bank agreeing on 18th March, 2004 to finance the ESI project, as originally envisaged and World Bank financing of subsequent supplies of STP, the management is of the opinion that the entire supplies for both the projects become eligible for deemed export benefits.

The matter has been taken up with DGFT and concerned customs and excise authorities for getting refund of the amount paid by the company to the authorities in respect of deemed exports benefits. In the meeting taken by DGFT, it has been agreed that since World Bank assistance was made available as originally envisaged, it should be treated as continuation of the old project and procedural delay in claiming the refund may be relaxed considering the peculiar nature of the case.

Principal amount of deemed exports benefits paid by the company continues to be included in the capital cost and shall be de-capitalised on refund of the amount or specific orders in this regard. Accordingly, the amount refunded during the year to the tune of Rs. 2.85 crore (previous year Rs. 0.46 crore) has been de-capitalised. However, the liability towards interest is included under contingent liability.
- 6 Pending reconciliation, materials amounting to Rs. 35.26 crore (previous year Rs.27.66 crore) in commissioned lines is shown as construction stores lying with contractors.
- 7 The transmission systems situated in Jammu and Kashmir associated with National Hydroelectric Power Corporation Ltd. (NHPC) have been taken over by the Company w.e.f. 1st April,1993 as mutually agreed upon terms with NHPC pending completion of legal formalities.
- 8 The Regional Load Despatch Centres (RLDCs) of Central Electricity Authority were transferred to the company (along with associated manpower) during the earlier years as per orders of Ministry of Power, Government of India (GOI). The Assets of RLDCs are being used by the company pending transfer of ownership and determination of cost of assets so taken over.



- 9 Hon'ble High Court of Karnataka has declared the Karnataka Special Tax on Entry of Certain Goods Act, 2004 as illegal and directed the concerned authority to refund the amount of Entry Tax collected since inception of the Act. The Company capitalised Rs. 13.62 Crore paid towards entry tax. The same will be decapitalised upon receipt of refund for which application was made.
- 10 a) Balances in Loans & Advances, material with contractors, Sundry Creditors, Advances from customers and Sundry Debtors are subject to confirmation and consequential adjustments if any.
 b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- 11 Cash & Bank Balances include Rs. 26.74 crore (previous year Rs. 23.47 crore) on account of deduction of tax at source on perquisites to employees as per the provisions of the Income Tax Act, 1961, which was deposited in a separate bank account as per Orders of the Hon'ble Calcutta High Court.
- 12 Share capital deposit of Rs. 38.81 crore (previous year Rs. 38.81 crore) representing amount payable to Government of India as purchase consideration for ex-NHPC lines, has been adjusted by allotment of shares for consideration other than cash on April 14, 2007.
- 13 During the year the company had made Initial Public Offer (IPO) of 573,932,895 equity shares of Rs. 10/- each for cash at a price of Rs. 52/- per share including premium of Rs. 42/- consisting of fresh issue of 382,621,930 equity shares by the company including reservation of 13,978,000 equity shares for its employees and offer for sale of 191,310,965 equity shares by the President of India acting through Ministry of Power, Government of India aggregating to Rs. 2,984.45 crore including premium. The company retained Rs. 1,989.63 crore as its share of the issue proceeds including share premium of Rs. 1,607.01 crore and the sale proceeds of the equity of Government of India amounting to Rs. 994.82 crore was paid to Govt. of India (GOI). Out of the proceeds, a sum of Rs. 1085.87 crore has been utilised during the year for part financing the capital expenditure on the projects specified for utilisation and balance amount has been invested as per the investment policy of the company.
- 14 Government of India's share in the issue expenses amounting to Rs. 4.34 crore, as agreed by the company with Government of India, has been accounted for as amount recoverable and included under the head claims (Schedule- 14). The balance amount of issue expense of Rs. 23.87 crore has been adjusted against Share premium account (Schedule - 2).
- 15 In respect of Bond series XXV to XXVII aggregating to Rs. 2769 crore, issued during the year, trust deed has not been executed till the finalisation of financial statements. In accordance with the past practice, the bonds though issued on secured terms, are shown as unsecured.
- 16 Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of AS-7 on "Construction Contracts (revised 2002)".

Rs. in crore

Particulars		Year ended 31.03.2008	Year ended 31.03.2007
i)	The amount of revenue recognised on cost plus consultancy contract work in 2007-08	227.25	211.42
ii)	The methods used to determine the contract revenue recognised in the period: 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii)	Cumulative amount of costs incurred on construction contracts	4845.82	3024.72
iv)	Cumulative amount of advance received from customers	5609.41	4137.40
v)	Amount of retention money with customers	15.28	7.11
vi)	Gross amount due from customers for contract work as an asset	0	25.23
vii)	Gross amount due to customers for contract work as a liability	300.99	636.54

- 17 a) During the year the company has continued to provide depreciation at the rates notified for the purpose of recovery of tariff, by CERC (a body constituted under erstwhile Electricity Regulatory Commission Act, 1998 and recognised under the Electricity Act, 2003) which are different from the rates specified under Companies Act, 1956. The issue of charging depreciation at rates different from the rates specified under Companies Act has been referred by CAG to Ministry of Power and the same is pending for disposal with Ministry of Power, Govt. of India. However, MOP has issued tariff policy which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariffs as well as accounting. Pending formalization of norms by CERC in accordance with the Tariff Policy, the rates notified under present Tariff Norms are considered appropriate for charging depreciation for the year. However, by charging depreciation at the aforesaid rates the depreciation charge for the year is lower by Rs. 625.88 crore (previous year Rs.498.01 crore) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956.
- b) Further the company has been providing depreciation in accordance with the relevant accounting policy in respect of the transmission assets for which rates are not specified by the CERC/competent government as stated at 17(a) above.
- 18 Wage revision of the employees of the company is due w.e.f. 1st January, 2007. The 2nd Pay revision committee constituted by Government of India has submitted its recommendations on 30th May, 2008. The same are yet to be approved by the Central Government and accordingly be made applicable to the company. Pending such approval, the company has made a provision of Rs. 193.18 crore towards the impact of the recommendations as against previous year provision of Rs. 27.22 crore based on earlier wage revision principles.
- 19 a) Central Electricity Regulatory Commission (CERC), constituted under erstwhile Electricity Regulatory Commission Act, 1998, issued orders in December, 2000 with respect to the norms, principles and availability based tariff. An appeal was filed by the company against the above orders before the Hon'ble Delhi High Court, which is yet to be disposed. Pending disposal of appeal, CERC notified tariff norms, for the block period April, 2001 to March, 2004 and for the block period April, 2004 to March, 2009, are being followed by the company for recognition of income. Since the subject matter of the appeal is for restoration of certain components of tariff on par with the erstwhile Government of India (GOI) norms, which will be more favourable than CERC norms, the impact of the appeal shall not result in reduction of revenue.
- b) During the year transmission income has been recognized following the final tariff orders wherever issued by CERC. In respect of transmission lines where final tariff orders are awaited, the transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. On issuance of final tariff orders by CERC, adjustments are being made wherever transmission income was recognised on provisional basis in earlier years and the same is treated as income of the years on consistent basis.
- c) Transmission Tariff in respect of North-eastern region (NER) transmission projects have been notified by CERC, effective from 1st April, 2007, as per CERC (terms and conditions of tariff) regulations, 2004 in place of Unified common pool transmission tariff (UCPTT) rates of Rs. 33.465764 paisa per unit. Accordingly, transmission income of Rs. 210.22 crore in respect of NER constituents has been recognized during the year.
- d) Govt. of India vide order dated 16th February, 2005 had directed the company to approach CERC for fixation of tariff after restoration of depleted equity of Rs. 646 crore. CERC vide order dated 11th May, 2005 has rejected the company's petition in the aforesaid matter, against which an appeal was filed with the Hon'ble Appellate Tribunal for Electricity (ATE). The order of the CERC has been set aside by the Hon'ble Tribunal vide its order dated 16th May 2006, and has remitted the matter to CERC for re-determination of tariff w.e.f 01st April 2004. Some of the beneficiaries have filed stay petitions and appeals against the aforesaid order before Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India has not granted the stay of orders passed by ATE. During the year, CERC in accordance with directions of ATE has notified revised tariff in respect of above matter for the block period 2004-09. Accordingly arrears of transmission income of Rs. 231.60 crore has been recognized during the year.
- e) On the issue of deployment of FERV, the Hon'ble Appellate Tribunal for Electricity has issued Order dated 04th October, 2006 and 22nd December, 2006 in favour of the appellant beneficiaries. The company had filed an appeal before the Hon'ble Supreme Court of India. CERC, subject to the decision of the Hon'ble Supreme Court in the matter, has revised transmission tariff for the period from 2001-09 during the year in accordance with directions of ATE. Accordingly during the year transmission income has been reduced by 105.92 crore relating to earlier years following the deployment of FERV.



- f) During the year, upon resolution of the Issue relating to tariff in respect of notionally capitalized elements of IDC and IEDC for delayed/suspended period of commercial operation by CERC in one of the petitions filed, an amount of Rs35.07crore has been recognised as Transmission Income.
- g) As per the “Tariff Policy” issued on 6th January, 2006, CERC shall specify the terms and conditions for the determination of tariff. The Policy includes the following major items:
- The Return on investment would be notified by CERC based on either Return on Equity (ROE) approach or Return on Capital approach whichever is considered better in the interest of consumers.
 - The rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting. There would be no need for any Advance against depreciation.
 - Foreign Exchange Rate Variation (FERV) will not be pass through. Appropriate cost of hedging and swapping for management of FERV will be allowed.

Pending further notification by CERC in respect of aforesaid components, tariff is continued to be recognized as income as per the CERC norms.

- 20 a) (i) FERV loss (to the extent not exceeding the difference between the Interest on foreign currency borrowing and local currency borrowing) has been adjusted to borrowing cost amounting to Rs. 76.26 crore (net of Nil FERV loss for the construction projects){previous year FERV gain of Rs.40.01crore (net of Rs. 22.34 crore FERV gain for the construction projects) } towards loan liabilities attributable to fixed assets (previous year only with respect to fixed assets not acquired from a country outside India).
- (ii) FERV Gain of Rs. 288.94 crore (previous year FERV loss Rs. 32.22 crore) has been adjusted in the respective carrying amount of Fixed Assets / Capital work in Progress (CWIP).
- (iii) FERV Gain of Rs 42.96 crore has been recognized as income in the profit & loss Account in terms of provisions of AS-11 (revised 2003)
- b) Finance charges for the year include an amount of Rs. 0.37 crore (previous year Rs. 0.05 crore) being the FERV loss on Current Assets.

- 21 Pending receipt of opinion from Expert Advisory Committee (EAC) of Institute of Chartered Accountant of India (ICAI), the company has changed the accounting treatment of FERV gain on loans contracted before 1st April, 2004 towards fixed assets not acquired from outside India, which was hitherto considered as an adjustment to borrowing cost, has now been adjusted in the carrying cost of the related fixed assets. This change has been effected w.e.f. 1st April, 2000 when the AS-16 “Borrowing Costs” became applicable.

In respect of loans contracted on or after 1st April, 2004, such FERV gain which was hitherto considered as an adjustment to borrowing cost has now been taken to profit & loss a/c.

This has resulted in increase of prior period expenditure by Rs. 264.57 crore, with a corresponding increase in prior period income by way of depreciation written back of Rs. 33.15 crore, prior period FERV gain of Rs. 8.12 crore and decrease in carrying cost of assets/CWIP by Rs 223.30 crore. In addition, there is an increase in FERV gain accounted as other income by Rs. 39.26 crore (included in note no.20(a)(iii) above) during the current year.

- 22 FERV, on restatement of loans, is either taken to profit & loss a/c or adjusted to carrying cost on accrual basis as per the relevant accounting policy Such FERV is recoverable/payable on actual payment basis as per CERC Norms with effect from 1st April, 2004 or date of commercial operation whichever is later. As per the opinion given by EAC of ICAI, which was sought by the company, such FERV is accounted for as per accounting policy no 9.3.

This has resulted in increase in profit by Rs 100.17 crore out of which prior period income is Rs. 44.02 crore.

- 23 Upon clarification issued by the Ministry of Company Affairs, with reference to treatment of FERV in respect of assets acquired from a country outside India, which was hitherto adjusted in the carrying cost of the related asset is now being accounted for as an adjustment to borrowing cost to the extent it does not exceed domestic borrowing cost in accordance with AS-16 read with ASI 10 and balance as an adjustment to carrying cost in respect of loans contracted upto 31st March, 2004. In respect of loans contracted after 1st April, 2004 the same is taken to profit & loss a/c. The change has resulted in increase in borrowing cost by Rs 49.41 Crore (included in note no.20(a)(i) above), increase in FERV gain accounted as other income by Rs 3.70 Crore (included in note no.20(a)(iii) above) on account of FERV gain and decrease in carrying cost of the assets by Rs 45.71 crore and decrease in depreciation by Rs 2.91crore.



- 24 Other Income includes Rs 17.65 crore (previous year Rs.17.67 crore) being the amount transferred from Grants-in-Aid (received in respect of Chandrapur HVDC, NER ULDC and Salakati) as per Accounting Policy No. 3.1.
- 25 Since 2006-07, the company has adopted AS-15 (revised 2005) 'Employee Benefits' which is made mandatory from 01-04-2007.

Defined employee benefit schemes are as under:-

A. *Provident Fund*

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to profit & loss a/c. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. The fair value of the assets of the provident fund including the returns on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan.

B. *Gratuity*

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service subject to a maximum of Rs. 3.50 Lacs, on superannuation, resignation, termination, disablement or on death. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis.

C. *Leave Travel Concession (LTC)*

The company has a scheme of providing Leave Travel Concession (LTC) to employees and their dependents. The scheme is unfunded and is recognised in profit & loss a/c on the basis of actuarial valuation on annual basis.

D. *Post-Retirement Medical Facility (PRMF)*

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in profit & loss a/c on the basis of actuarial valuation on annual basis.

E. *Other Defined Retirement Benefits (ODRB)*

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in profit & loss a/c on the basis of actuarial valuation on annual basis.

The summarised position of various defined benefits recognized in the Profit & Loss Account, Balance Sheet and the funded status are as under:-

- a) Expenses recognised in profit & loss account

(Rs in crore)

	GRATUITY		PRMF		LTC	ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Current Year	Previous Year
Current Service Cost	7.25	5.99	2.28	1.93	4.72	7.79	0.52
Interest cost on benefit obligation	10.06	8.25	3.73	2.89	1.25	0.57	0.46
Expected return on plan assets	(10.10)	(9.34)	-	-	-	-	-
Net actuarial (gain)/loss recognized in the year	3.75	4.86	1.18	3.38	6.06	(7.53)	(0.09)
Expenses recognized in the profit & loss a/c.	10.96	9.70	7.19	8.20	12.03	0.83	1.07

- b) Weighted average rate of return on plan assets during the year 8.71%

c) The amount recognized in the Balance Sheet

(Rs in crore)

	GRATUITY		PRMF		LTC	ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Current Year	Previous Year
Present value of obligation as at 31/03/2008(i)	143.46	125.85	53.14	46.63	16.69	7.82	7.10
Fair value of plan assets as at 31/03/2008 (ii)	130.58	118.50	-	-	-	-	-
Difference (ii) – (i)	(12.88)	(7.35)	(53.14)	(46.63)	(16.69)	(7.82)	(7.10)
Net asset (liability) recognized in the Balance Sheet	(12.88)	(7.35)	(53.14)	(46.63)	(16.69)	(7.82)	(7.10)

d) Changes in the present value of the defined benefit obligations:

(Rs in crore)

	GRATUITY		PRMF		LTC	ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Current Year	Previous Year
Present value of obligation as at 01/04/2007	125.86	109.96	46.63	38.59	15.61	7.10	6.22
Interest cost	10.06	8.25	3.73	2.89	1.25	0.57	0.47
Current Service Cost	7.25	5.99	2.28	1.93	4.72	7.78	0.52
Benefits paid	(4.33)	(3.20)	(0.68)	(0.16)	(10.95)	(0.10)	(0.18)
Net actuarial (gain)/loss on obligation	4.62	4.86	1.18	3.38	6.06	(7.53)	(0.09)
Present value of the defined benefit obligation as at 31/03/2008	143.46	125.86	53.14	46.63	16.69	7.82	7.10

e) Changes in the fair value of plan assets:

(Rs in crore)

	GRATUITY		PRMF		LTC	ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Current Year	Previous Year
Fair value of plan assets as at 01/04/2007	118.87	106.79	-	-	-	-	-
Expected return on plan assets	10.10	9.34	-	-	-	-	-
Contribution by employer	5.07	5.51	-	-	-	-	-
Benefits paid	(4.33)	(3.20)	-	-	-	-	-
Actuarial gain/(loss)	0.87	0.06	-	-	-	-	-
Fair value of plan assets as at 31/03/2008	130.58	118.50	-	-	-	-	-

f) During the year the company has provided liability towards contribution to the Gratuity Trust of Rs 12.88 crore (Previous Year Rs. 7.35 crore) , PRMF of Rs 6.51 Crore (Previous Year Rs. 8.04 crore) and to ODRB of Rs 0.72 crore (Previous Year Rs. 0.89 crore).

F. Other Employee Benefits

(i) Provision for Leave encashment amounting to Rs 45.37 crore (Previous Year Rs. 38.15 crore) for the year have been made on the basis of actuarial valuation at the year end and charged to Profit & Loss Account.

- (ii) In terms of AS-15 (revised 2005) on "Employee Benefits", LTC has been accounted for on the basis of actuarial valuation. Accordingly a provision of Rs. 1.08 crore for the year has been made and an amount of Rs. 0.82 crore (excluding 0.26 crore pertaining to IEDC) charged to P&L a/c. An amount of Rs. 0.89 crore for the year 2006-07 has been accounted for as prior period expenditure including 0.22 crore pertaining to IEDC. The liability towards LTC as on 1st April, 2006 amounting to Rs. 14.72 crore has been adjusted against opening balance of General Reserve as per transitional provisions of AS -15 (revised 2005).

G. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2008 are as follows:-

(Rs. in Crore)

		(At Purchase Value)	
		Current Year	Previous Year
i)	State Government Securities	21.59	21.84
ii)	Central Government Securities	32.30	29.66
iii)	Corporate Bonds/Debentures	80.02	61.17
iv)	RBI Special Deposit	5.13	5.13
		139.04	117.80

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected unit credit (PUC)
- Discount rate - 8%
- Expected rate of return on assets (Gratuity only) - 8.50%
- Future salary increase - 5.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

26 Segment Reporting

Rs. in crore

	Transmission		Consultancy		Telecom		ULDC/RLDC		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue:												
Revenue from Operations	4474.91	3598.99	253.29	226.40	123.86	77.30	224.08	193.26	0.00	0.00	5076.14	4095.95
Inter Segment Revenue					1.98	1.12			-1.98	-1.12	0.00	0.00
Net Revenue from Operations	4474.91	3598.99	253.29	226.40	125.84	78.42	224.08	193.26	-1.98	-1.12	5076.14	4095.95
Segment result	1574.57	1357.83	160.93	157.63	-17.95	-44.50	9.45	12.23			1727.00	1483.19
Unallocated Corporate interest and other income											5.39	1.20
Unallocated corporate expenses, interest and finance charges											1.86	2.39
Income tax (Net)											282.06	252.63
Profit after Tax											1448.47	1229.37
Other information:												
Segment Assets	38299.29	32651.77	49.45	60.04	764.43	808.80	1477.00	1548.33			40590.17	35068.94
Unallocated Corporate and other assets											2636.12	1664.24
Total Assets											43226.29	36733.18
Segment Liabilities:	24999.63	21953.38	638.13	955.08	614.94	625.34	1279.13	1270.48			27531.83	24804.28
Unallocated Corporate and other liabilities											1947.48	976.88
Total liabilities											29479.31	25781.16
Depreciation	874.53	740.28	0.20	0.15	42.93	44.06	41.99	43.09			959.65	827.58

Note : Loss of Telecom segment has been reduced by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.



a) **Business Segments**

The company's principal business is transmission of bulk power across different States of India. However, ULDC/RLDC, telecom & consultancy business are also treated as a reportable segment in accordance with para 27 (b) of AS-17 "Segment Reporting".

b) **Segment Revenue and Expense**

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses. Consultancy allowance paid to all the employees has been considered as expense of 'Consultancy Segment'.

c) **Segment Assets and Liabilities**

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include loan liabilities, current liabilities and provisions.

d) The company has transmission projects located within the country and no geographical segment is distinguishable.

27 **Related Party Disclosures:-**

a) **Related Parties:-**

i) **List of Joint Ventures:-**

Powerlinks Transmission Limited, Torrent Power Grid Limited, Jaypee Powergrid Limited, Parbati Koldam Transmission Company Ltd, POWERGRID IL&FS Transmission Pvt. Ltd.

ii) **Subsidiary:- Byrnihat Transmission Company Limited**

iii) **Key Management Personnel**

Dr. R. P. Singh	Chairman and Managing Director (ceased to be CMD on 30 th May, 2008 due to resignation)
Sh. S. Majumdar	Director (Projects) (Additional Charge as CMD w.e.f. 30 th May, 2008)
Sh. J. Sridharan	Director (Finance)
Sh. G. B. Pradhan	Director
Sh. Rajesh Verma	Director (w.e.f. 2 nd August, 2007)
Sh. M. Sahoo	Director (ceased to be Director on 29 th June, 2007)
Sh. P. K. Shetty	Director (w.e.f. 10 th July, 2007)
Dr. A. S. Narag	Director (w.e.f. 10 th July, 2007)
Sh. Anil K. Agarwal	Director (w.e.f. 10 th July, 2007)
Sh. F. A. Vandrevala	Director (w.e.f. 10 th July, 2007)
Sh. M. S. Kapur	Director (from 10 th July, 2007 to 5 th October, 2007*)
Sh. S. C. Tripathi	Director (w.e.f. 25 th April, 2008)
Sh. Ashok Khanna	Director (w.e.f. 25 th April, 2008)

* Communication received from MOP on 15th October, 2007.

b) **Transactions with the related parties at a (i) above are as follows:**

(Rs. in crore)

Particulars	Current year	Previous Year
Contracts for Works/Services for services received by the Company	Nil	Nil
Transactions during the year	Nil	Nil
Amount recoverable from related parties	Nil	Nil
Amount payable to related parties	Nil	Nil
Contracts for Works/Services for services provided by the Company		
Transactions during the year*	26.67	1.49
Amount recoverable from related parties*	21.00	0.97
Dividend Received	4.19	Nil
Deputation of Employees		
Transactions during the year	0.04	Nil
Amount recoverable from the related parties	Nil	Nil



*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

- c) Remuneration to whole time directors including chairman and managing director(including earlier CMD) is Rs 0.35 crore (previous year Rs.0.71 crore) and amount of dues outstanding to the company as on 31st March, 2008 are Rs 0.04 crore (previous year Rs. 0.04 crore)
- 28 a) Employees remuneration and benefits include the following for the directors, including chairman and managing director(including earlier CMD) and excluding arrears paid to ex-directors.

Rs. in crore

	Current Year	Previous year
Salaries and Allowances	0.28	0.43
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	0.02	0.05
Other benefits	0.05	0.23
Directors fees	0.05	Nil

- b) In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of Rs. 780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29.11.64 as amended.
- 29 Loans & Advances (Schedule 14) include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 “Leases” issued by the Institute of Chartered Accountants of India.

The reconciliation of the lease receivables (as per project cost data submitted to / approved by CERC for tariff fixation) is as under :

Particulars	Rs. in crore	
	Amount as on 31.03.2008	Amount as on 31.03.2007
Gross value of assets acquired & leased at the beginning of the year	912.88	912.88
Less : Adjustment for gross value of assets acquired prior to the beginning of the year.	15.08	-
Revised Gross value of the assets at the beginning of the year	927.96	912.88
Less : Capital recovery provided up to the beginning of the year	164.68	117.63
Add: Capital recovery for assets acquired prior to the beginning of the year.	(0.77)	0.00
Revised Capital recovery provided up to the beginning of the year	163.91	117.63
Capital recovery outstanding as on 31 st March of last financial year	764.05	795.25
Add: Gross value of assets capitalised and leased during the year	-	-
Less : Capital recovery for the current year	49.96	47.05
Lease receivables (*)	714.09	748.20

* Does not include FERV and additional capitalisation after the date of commercial operation which are subject to approval of CERC, except for NRULDC where FERV and additional capitalisation, as notified by CERC vide order dated 11.04.2008, has been included in Lease Receivables as on 31.03.2008.

The value of contractual maturity of such leases as per AS-19 are as under :-

Rs. in crore

Particulars	Rs. in crore	
	Amount as on 31.03.2008	Amount as on 31.03.2007
Gross investment in lease	1023.29	1084.98
Unearned finance income	309.20	336.78
Present value of minimum lease payment (MLP)	714.09	748.20

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2008 for each of the periods are as under:

Particulars	Rs. in crore			
	Gross Investment in lease		Present Value of MLPs	
	2007-08	2006-07	2007-08	2006-07
Not later than one year	101.18	97.74	53.30	50.21
Later than one year and not later than five years	404.73	389.32	250.01	234.35
Later than five years	517.38	597.92	410.78	463.64
Total :	1023.29	1084.98	714.09	748.20

The unearned finance income as on 31.03.2008 is Rs.309.20 crore (previous year Rs. 336.78 crore).

30 Earning per share calculated in accordance with the provisions of AS-20

Numerator	As at 31.03.2008	As at 31.03.2007
Profit after tax as per Profit & Loss Account (Used as Numerator) (Rs. in crore)	1448.47	1229.37
Denominator		
Number of equity shares (Face value of Rs 10/- each)	4208841230	3787407300
Number of Shares allotted during the year	421433930	202778700
Weighted Average number of equity shares for calculating Basic earning per share	4021378772	3708927912
Weighted Average number of equity shares for calculating Diluted earning per share	4022757340	3747739912
Basic earning per share (Rs. / per share) (Face value of Rs 10/- each)	3.6019	3.3146
Diluted earning per share (Rs. / per share) (Face value of Rs 10/- each)	3.6007	3.2803

31 **Consolidated Financial Statements**

The company has an investment of Rs.0.05 crore in the equity shares of Byrnihat Transmission Company Ltd, a subsidiary company. No consolidated financial statements are prepared since the transactions of the subsidiary are not material.

32 a) The company has been providing deferred tax liability after adjusting the amount recoverable from beneficiaries. During the year the company has provided Rs 74.45 crore (previous year Rs. 109.82 crore) as deferred tax liability.

b) Major components of deferred tax liabilities and assets are given as under:

Particulars	Rs. in crore	
	As on 31.03.2008	As on 31.03.2007
<u>Deferred Tax Liability</u>		
Towards Fixed Assets (Net) (A)	516.53	432.68
<u>Deferred Tax Asset</u>		
Transfer to Self Insurance Reserve	0.82	0.90
Income during Construction	5.67	4.80
Wage revision and Employee Benefits	12.23	3.41
Provisions	4.03	4.24
Sub Total (B)	22.74	13.35
Net Deferred Tax Liability (A-B)	493.78	419.33

- 33 During the year, the company has changed the treatment of capitalisation of 'afforestation charges' from related plant and machinery to Intangible Assets based on the opinion of Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India (ICAI). Accordingly Intangible assets are amortised over the useful life and where lease agreement is in force, the Intangible Asset is amortised over its useful life or lease period whichever is less. This has resulted in increase in intangible assets by Rs 113.71 crore under gross block and Rs. 102.46 crore under CWIP with a corresponding decrease in Plant & Machinery under gross block and CWIP. This has also resulted in increase in depreciation by Rs 0.15 crore with a corresponding decrease in profit during the year.
- 34 Joint Venture entities:-

Name of the company	Proportion of ownership as on	
	31/03/2008	31/03/2007
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid Limited	26%	26%
Jaypee Powergrid Limited	26%	26%
Parbati Koldam Transmission Company Ltd	26%	*

*JV Agreement signed in Financial Year 2007-08

In addition, the company has entered into an agreement for 50% stake in the joint venture company namely POWERGRID IL&FS transmission pvt. ltd.

The company's share in assets and liabilities as on 31st March 2008 and income and expenses for the year in respect of above joint venture entities based on audited accounts except for POWERGRID IL&FS transmission pvt. Ltd, the transactions of which are negligible are given below:-

Rs. in crore

		31/03/2008	31/03/2007
A.	Assets		
	Long Term Assets	704.44	722.80
	Investments	33.56	56.39
	Current assets	76.20	15.21
	Profit and Loss A/C	0.33	0.00
	Misc Expenditure	0.65	0.09
	Total	815.18	794.49
B.	Liabilities		
	Equity	268.98	235.48
	Long Term Liabilities	511.04	517.18
	Current Liabilities and Provisions	35.16	41.83
	Total	815.18	794.49
C.	Contingent Liabilities	0.00	0.00
D.	Capital Commitments	91.35	0.76
		Current Year	Previous Year
E.	Income	125.09	67.84
F.	Expenses(Including provision for taxes)	120.38	64.13

- 35 In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of transmission activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. Similarly, impairment analysis of telecom assets was carried out during 2006-07 and since the recoverable amount was more than the carrying amount of assets, no impairment loss was recognized. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.



- 36 Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 5495.63 crore (previous year Rs. 6677.30 crore).
- 37 No provision has been made for tax demands amounting to Rs. 259.03 crore (previous year Rs. 209.37 crore) and other demands (amount not ascertainable), for which appeals / litigation are pending, and the same have been shown as contingent liabilities under schedule no.18.
- 38 Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets':

Contingent Liabilities:

- a) Contingent Liabilities as stated in Schedule 18 are dependent upon the outcome of court/appellate authorities/ out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, disposal of appeals.
- b) Reimbursement of outflow in respect of 'Claim against the Company not acknowledged as debt' and 'Disputed tax demands-Income Tax' (limited to Income Tax on core activity only) as stated in Schedule 18 of Contingent Liability, is dependent on the admittance of petition to be filed with CERC and in remaining cases no reimbursement is expected.
- 39 a) Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2008.
- b) No payment is due for more than 30 days as at 31st March, 2008 in respect of purchases / services made from small scale/ancillary industries.

40 a) **VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

Rs. in crore

	Current Year	Previous Year
i) Capital Goods	243.40	337.01
ii) Spare Parts	Nil	3.46

b) **EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS) :**

Rs. in crore

	Current Year	Previous Year
i) Professional and Consultancy fees	0.71	1.78
ii) Interest	326.96	309.68
iii) Others	10.69	13.98

c) **VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :**

Rs. in crore

	%	Current Year	%	Previous Year
i) Imported	25.07%	6.47	9.78%	1.57
ii) Indigenous (Including fuel)	74.93%	19.34	90.22%	14.49

d) **EARNINGS IN FOREIGN EXCHANGE :**

Rs. in crore

	Current Year	Previous Year
Interest	0.38	Nil
Consultancy Fee	2.28	0.45



41 **ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) REGISTRATION DETAILS :

Registration No.	55-38121
State Code	55
Balance Sheet Date	31 st March 2008

ii) CAPITAL RAISED DURING THE YEAR

Rs in crore

Public Issue (Including Share Premium of Rs. 1607.01 crore)	1989.63
Rights Issue	NIL
Private Placement, pursuant to a contract, for consideration other than cash (Issued to Govt. of India)	38.81
Bonus Issue	NIL

iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Rs in crore

Total Liabilities	43233.48
Total Assets	43233.48

Sources of funds	
Paid up Capital	4208.84
Reserves and Surplus	9298.53
Secured Loans	17552.13
Unsecured Loans	4711.35
Advance against Depreciation	1697.07
Grants in Aid	246.80
Deferred Tax Liability	493.78
Application of Funds	
Net Fixed Assets	27355.20
Capital Work-in-Progress (including Construction, Stores and Advances)	8758.09
Investments	1736.22
Net Current Assets	351.80
Miscellaneous Expenditure	7.19

iv) PERFORMANCE OF COMPANY

Rs in crore

Turnover/Income	4614.82
Other Income (including Transfer from Grants in Aid)	466.71
Total expenditure	3351.00
Profit before Tax	1730.53
Profit after MAT and Deferred tax	1448.47
Earning per share (Basic) (Rs.)	3.60
Dividend Amount	505.08



v) **GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICE OF COMPANY**

Item code no. : Not Applicable

Product Description : Transmission, Central Transmission Utility function.

- 42 a) Figures have been rounded off to nearest rupees in crore.
b) Previous year figures have been regrouped/rearranged wherever necessary.

For and on behalf of the Board

(Divya Tandon)
Company Secretary

For A.R.& Co.
Chartered Accountants

(Anil Gaur)
Partner
M.No. 017546

(J. Sridharan)
Director (Finance)

For S R I Associates
Chartered Accountants

(R.N.Roy Choudhury)
Partner
M.No. 007437

(S.Majumdar)
Director(Projects) & CMD (Addl. Charge)

For Umamaheswara Rao & Co.
Chartered Accountants

(R.R.Dakshina Murthy)
Partner
M. No. 211639

Place: Gurgoan

Dated: 18th June, 2008



AUDITORS' REPORT

To,
The Members,
Power Grid Corporation of India Limited,

1. We have audited the attached Balance Sheet of Power Grid Corporation of India Ltd. as at March 31, 2008, and the Profit and Loss Account and also the Cash Flow Statement 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 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 mis-statements. 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, 1998, 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 the 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 (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India 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.
5. We draw attention to Note No. 19 of Schedule -28 to the financial statements in respect of the accounting of transmission charges.
6. Further to our comments in the annexure referred to in paragraph 4 & 5 above, 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 the books.
 - c) The Balance Sheet, Profit and 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 Accounting Standards 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 17.7.2003, 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 a Government Company.
 - f) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on Accounts given in Schedule 28 and Accounting Policies annexed thereto, in so far as these are not inconsistent with the Electricity Act, 2003, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
 - ii) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For A.R.& Co.
Chartered Accountants

(Anil Gaur)
Partner
M.No. 017546

For S R I Associates
Chartered Accountants

(R.N.Roy Choudhury)
Partner
M.No. 007437

For Umamaheswara Rao & Co.
Chartered Accountants

(R.R.Dakshina Murthy)
Partner
M. No. 211639

Place : Gurgaon
Dated : 18th June, 2008



ANNEXURE TO THE AUDITORS' REPORT

RE: POWER GRID CORPORATION OF INDIA LIMITED ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

1. a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situation of Fixed Assets .
- b) The assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled/adjusted in the books of account. In our opinion, frequency of verification is reasonable.
- c) During the year the company has not disposed off substantial part of its Fixed Assets.
2. a) Physical verification of inventory has been conducted by external agencies during the year, except for the materials lying with contractors. In our opinion frequency of verification is reasonable.
- b) The procedures of physical verification of inventories, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of the inventory have been properly dealt with in the books of account except material lying with contractors where verification is not undertaken.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause iii of paragraph 4 of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and income from transmission, telecom and consultancy activities. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems .
5. According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act 1956, during the year, to be entered in the register maintained under that section. Accordingly Clause (v) of paragraph 4 of the Order is not applicable.
6. Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58-A, 58-AA and other relevant provisions of Companies Act, 1956, and rules framed thereunder, does not arise.
7. The Company has an Internal Audit system. In our opinion, the scope and coverage of internal Audit are commensurate with the size and nature of its business. However, the compliance and implementation mechanism, needs to be further improved.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 in respect of Transmission & Telecom Operations 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. a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, custom duty, excise duty and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31.3.2008 for a period of more than six months from the date they became payable.
As informed, the provisions of the Employees State Insurance Act are not applicable to the Company.
Unclaimed bonds of Rs. 0.04 crore and unclaimed dividend of Rs. 5.31 crore which has not exceeded the time limit prescribed under Section 205C of the Companies Act, 1956 are lying as liability towards Investor Education & Protection Fund.
- b) According to information and explanation given to us, following disputed income tax / sales tax / customs duty/ wealth tax / service tax / excise duty / cess dues have not been deposited.

Particulars	Amount (Rs. in crore)	Forum Where Pending
Entry Tax	2.07	Appellate Additional Commissioner Commercial Tax (Appeal), Jabalpur
Entry Tax	37.75	High Court of MP, Jabalpur
Sales Tax	0.36	Appellate Addl. Commissioner Commercial Tax, Jabalpur
Entry Tax	10.66	Chattisgarh Sthaniya Kshetra Me Mal Ke Pravesh par Kar Adhinyam, Dept. of Commercial Taxes, Chattisgarh
Education Cess	0.77	Dehgam Nagar Palika, Dehgam
Property Tax	0.06	Dehgam Nagar Palika, Dehgam
Sales Tax	20.07	J&K State Sales Tax Appellate Tribunal



Sales Tax	21.46	Dy. Commissioner of Sales Tax (Appeal), Jammu, J&K State
Sales Tax	7.18	Hon'ble High Court of Orissa Cuttak
Interest on custom/excise duty for Deemed Export benefit	57.34	Commissioner of Customs & Excise, Mumbai & Trivendrum
Entry tax	11.41	Joint Commissioner of Commercial Tax (Appeal), Patna
Service Tax	1.57	Commissioner of Central Excise, Patna
Interest on custom/ Excise duty	16.43	Commissioner of Customs & Central Excise, Peetampur & Mumbai
Income Tax & Interest	42.84	Income Tax Appellate Tribunal, New Delhi.
Income Tax (TDS) on perquisites	26.74	High Court, Kolkata
Service Tax	2.38	Additional Director General, Central Excise, Intelligence, New Delhi
Income Tax & Interest	26.52	Commissioner of Income Tax Appeals
Entry Tax	0.16	Commissioner, Appellate Tribunal, Allahabad

10. The Company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit, and also in the immediately preceding financial year.
11. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi/mutual benefit fund/society. Accordingly, Clause xiii of paragraph 4 of the Order is not applicable.
14. In our opinion, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause xiv of paragraph 4 of the Order is not applicable.
15. As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. However, the shares held by the Company in Power Link Transmission Limited have been pledged in favour of financial institutions for financial assistance obtained by the said company, as per the terms and conditions of Joint Venture Agreement. In our opinion and to the best of our information and according to explanation given to us, the terms and conditions of share pledge agreement are not, prime facie prejudicial to the interest of the company.
16. In our opinion on an overall basis and according to the information and explanation given to us, the company has applied the term loans for the purpose, they were raised during the year.
17. In our opinion, on an overall basis, and according to the information and explanation given to us, the company has not used the funds raised on short term basis for long term investment.
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 Act during the year.
19. Securities or charge have been created against all the bonds issued by the company except XXV to XXVII Series of Bonds aggregating to Rs.2769 crore issued during the year for which securities or charge have not been created till the finalization of the financial statements.
20. We have verified the end use of money raised by public issue during the year as stated in the prospectus filed with SEBI, offer document and as disclosed in the notes to the financial statements.
21. During the course of our examination of books and records of the company for the year, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instances of fraud on or by the company, nor have we been informed of such cases by the Management.

For A.R.& Co.
Chartered Accountants

(Anil Gaur)
Partner
M.No. 017546

For S R I Associates
Chartered Accountants

(R.N.Roy Choudhury)
Partner
M.No. 007437

For Umamaheswara Rao & Co.
Chartered Accountants

(R.R.Dakshina Murthy)
Partner
M. No. 211639

Place : Gurgaon
Dated : 18th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

(Rupees in crore)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1730.53	1482.00
Adjustment for :		
Depreciation (including prior period)	959.36	822.71
Transfer from Grants in Aid	-17.65	-21.57
Adjustment against General Reserve	-14.72	-32.67
Amortised Expenditure(DRE written off)	5.43	8.43
Provisions	-4.56	0.31
Self Insurance	-1.65	0.00
Interest paid on loans	1339.55	1140.42
Interest earned on bonds/Loans to State Govts.	-149.99	-173.24
Dividend received	-5.39	-1.20
Operating profit before Working Capital Changes	3840.91	3225.19
Adjustment for :		
Trade and other Receivables	-112.01	214.78
Inventories	-64.10	-3.89
Trade payables and other liabilities	-65.53	999.60
Other current assets	-248.14	8.41
Loans and Advances	-139.70	26.54
Deferred Revenue Expenditure	0.00	-0.32
	-629.48	1245.12
Direct taxes paid (including FBT)	-221.91	-124.54
Net Cash from operating activities	2989.52	4345.77
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets	262.32	-109.98
Capital work in progress	-5997.93	-6445.63
Advances for capital expenditure	-77.22	-604.94
Investments in Bonds and others	241.13	196.00
Investments in Joint Ventures and Subsidiaries	-10.35	-23.59
Lease receivables	84.67	77.94
Interest earned on bonds/Loans to State Govts.	149.99	173.24
Dividend received	5.39	1.20
Net cash used in investing activities	-5342.00	-6735.76
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares - Capital	382.62	202.78
Proceeds from issue of Shares - Premium	1607.01	0.00
Share issue expenses	-23.63	-0.24
Receipt of Grant	0.00	13.06
Loans raised during the year - Long Term	4118.71	5188.53
Loans repaid during the year - Long Term	-1180.73	-1089.16
Loans raised during the year - Short Term	750.00	750.00
Loans repaid during the year - Short Term	-750.00	-550.00
Interest paid	-1339.55	-1140.42
Dividend paid	-464.28	-330.45
Dividend Tax paid	-78.90	-46.34
Net Cash from Financing Activities	3021.25	2997.76
D. Net change in Cash and Cash equivalents(A+B+C)	668.77	607.77
E. Cash and Cash equivalents(Opening balance)	1196.82	589.05
F. Cash and Cash equivalents(Closing balance)	1865.59	1196.82

Note: Cash and cash equivalents consist of cash in hand and balance with banks and it includes Rs. 26.74 crore not available for use by the Company.

(Divya Tandon)
Company Secretary

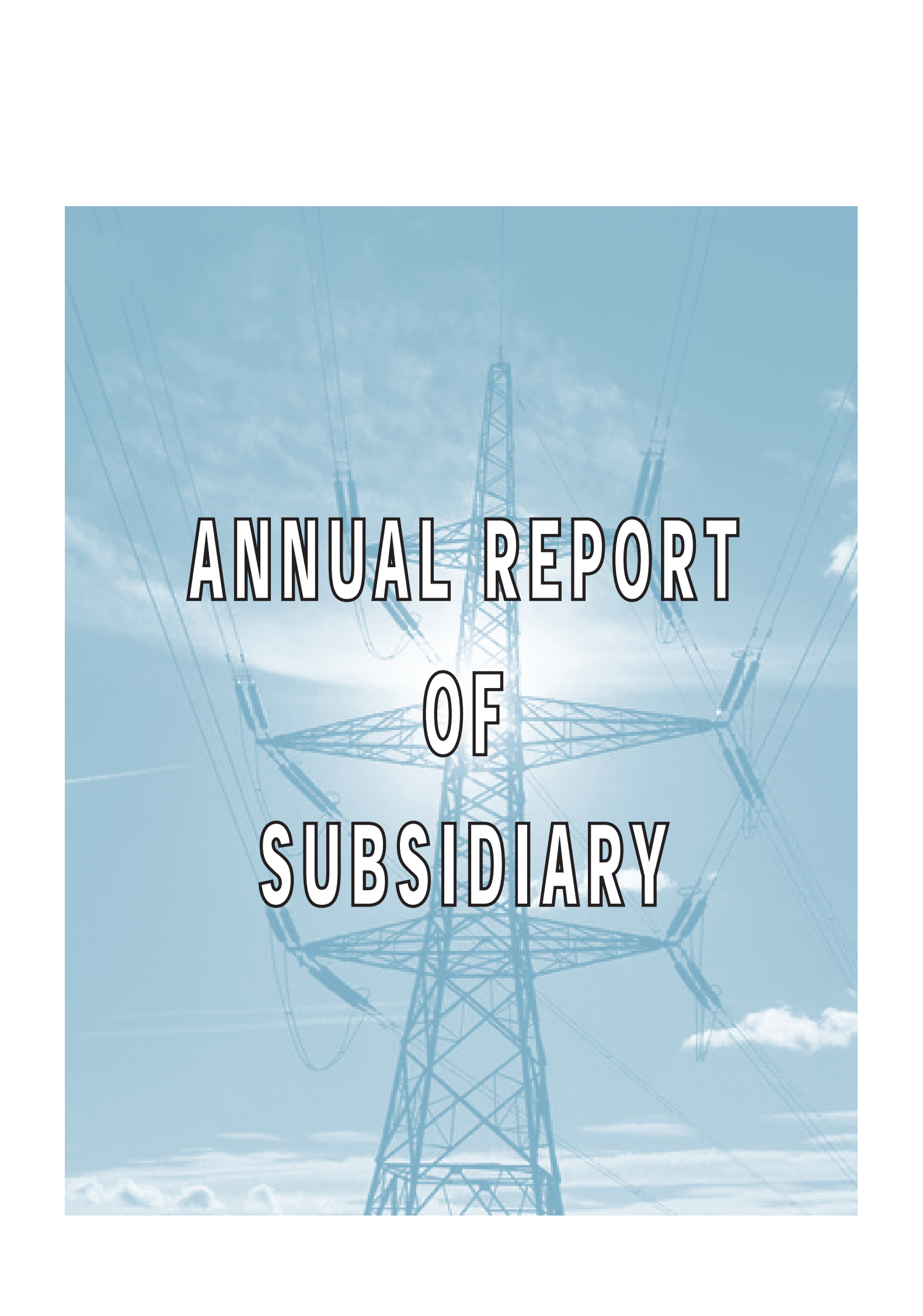
For and on behalf of the Board
(J. Sridharan) Director (Finance)
(S.Majumdar) Director(Projects) & CMD (Addl. Charge)

As per our report of even date
For A.R.& Co.
Chartered Accountants
(Anil Gaur)
Partner
M.No. 017546

For S R I Associates
Chartered Accountants
(R.N.Roy Choudhury)
Partner
M.No. 007437

For Umamaheswara Rao & Co.
Chartered Accountants
(R.R.Dakshina Murthy)
Partner
M. No. 211639

Place: Gurgoan
Dated: 18th June, 2008



ANNUAL REPORT
OF
SUBSIDIARY



BYRNIHAT TRANSMISSION COMPANY LIMITED
(Regd. Off: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi)

DIRECTORS' REPORT

To,

The Members,

I, on behalf of the Board of Directors, present the Second Directors' Report of BYRNIHAT TRANSMISSION COMPANY LIMITED together with the audited Statement of Accounts for the financial year 2007-08.

Your Company had been incorporated on 23rd March, 2006 as a Project specific 'SHELL COMPANY' to take up the implementation of Misa – Byrnihat Transmission Project through formation of a Joint Venture Company between POWERGRID and Meghalaya State Electricity Board (MeSEB) with POWERGRID as 89% equity partner and MeSEB as 11% equity partner. Presently, Byrnihat Transmission Company Limited is not undertaking any business activity.

The Company has not applied for the Certificate of Commencement of Business.

DIRECTORS

During the year few changes took place in the Board of the Company. Consequent upon having demitted the office of CMD, POWERGRID, Dr. R.P.Singh, resigned from the Directorship of Byrnihat Transmission Company Limited w.e.f. 30.05.2008. Shri S.K. Soonee was appointed as an additional Director on the Board of Byrnihat Transmission Company Ltd. w.e.f. 17.07.2008.

At present, Shri J.Sridharan, Shri I.S. Jha and Shri S.K. Soonee are on the Board of the Company.

AUDITORS

Naresh K. Gupta & Co., Chartered Accountants, New Delhi, were appointed by C&AG as Statutory Auditors of the Company for the year 2007-2008.

AUDITORS' REPORT

The Statutory Auditors' Report to the shareholders does not contain any qualifications. Further, the Comptroller & Auditor General of India has decided not to review the Report of the Auditor on the Accounts of the Company and as such C&AG has no comments under Section 619 (4) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2A) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts for the year ended 31st March, 2008 the applicable accounting standards had been followed;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared accounts for year ended 31st March, 2008 on a going concern basis.



PARTICULARS OF EMPLOYEES

Since, the Company has no employee, Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Since no commercial activity was carried out by the Company, particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

ACKNOWLEDGEMENT

The Board extends its sincere thanks to POWERGRID.

For and on behalf of
BYRNIHAT TRANSMISSION COMPANY LIMITED

Date : 14.08.2008

Place: New Delhi

Sd/-

(J. Sridharan)

Director

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BYRNIHAT TRANSMISSION COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH, 2008.

The preparation of financial statements of Byrnihat Transmission Company Limited, New Delhi for the year ended 31 March, 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956, is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 5th August, 2008.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Byrnihat Transmission Company Limited, New Delhi, for the year ended 31 March, 2008 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
COMPTROLLER & AUDITOR GENERAL OF INDIA

Sd/-

(Ghazala Meenai)

Principal Director of Commercial Audit
& Ex-officio-Member, Audit Board-III

New Delhi

Date : 13th August, 2008

Place: New Delhi

BYRNIHAT TRANSMISSION COMPANY LIMITED
BALANCE SHEET AS AT 31st MARCH, 2008

		(Amount in Rs.)	
	Schedule Reference	As at 31st March, 2008	As at 31st March, 2007
SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	500,000	500,000
TOTAL		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
2. Current Assets, Loans and Advances			
Current Assets			
Cash & Bank Balances	2	498,575	499,200
3. Less : Current Liabilities & Provisions			
Current Liabilities	3	<u>68,781</u>	<u>53,709</u>
4. Net Current Assets		429,794	445,491
5. Miscellaneous Expenditure	4	70,206	54,509
(To the extent not written off or adjusted)			
TOTAL		<u>500,000</u>	<u>500,000</u>
Significant Accounting Policies and Notes forming part of Accounts	5		
(Schedule 1 to 5 form integral part of Accounts)			

As per our report of even date

For **NARESH K. GUPTA & CO.**
Chartered Accountants

For and on behalf of Board of Directors

(Nitin Gupta)
Partner
Membership No. 96295

(J.Sridharan)
Director

(I. S. Jha)
Director

Place : New Delhi

Date : 5th August, 2008

BYRNIHAT TRANSMISSION COMPANY LIMITED

Schedules - Forming part of Accounts

(Amount in Rs.)

	As at 31st March, 2008	As at 31st March, 2007
SCCHEDULE '1'		
SHARE CAPITAL		
<u>Authorised</u>		
50,000 equity shares of Rs. 10/- each	<u>500,000</u>	<u>500,000</u>
<u>Issued, Subscribed & Paid-up</u>		
50,000 equity shares of Rs. 10/- each fully paid up.	<u>500,000</u>	<u>500,000</u>

(Amount in Rs.)

	As at 31st March, 2008	As at 31st March, 2007
SCCHEDULE '2'		
Cash & Bank Balances		
Balance with Scheduled Bank-		
in Current Account	<u>498,575</u>	<u>499,200</u>
	<u>498,575</u>	<u>499,200</u>

(Amount in Rs.)

	As at 31st March, 2008	As at 31st March, 2007
SCCHEDULE '3'		
Current Liabilities		
a. Power Grid Corp. of India Ltd.	55,209	41,973
b. Statutory Audit Fees	11,236	11,236
c. Other Liabilities	<u>2,336</u>	<u>500</u>
	<u>68,781</u>	<u>53,709</u>
	<u>68,781</u>	<u>53,709</u>

(Amount in Rs.)

	As at 31st March, 2008	As at 31st March, 2007
SCCHEDULE '4'		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
a. Preliminary Expenses		
	33,555	33,555
b. Pre-operative Exp.		
Balance as at Beginning of the Year	20,954	
Allocation during the year	15,697	20,954
	<u>36,651</u>	<u>20,954</u>
	<u>70,206</u>	<u>54,509</u>

BYRNIHAT TRANSMISSION COMPANY LIMITED

SCHEDULES - FORMING PART OF ACCOUNTS

SCHEDULE '5'

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The Company maintains its accounts on accrual basis following the historical cost convention.

B) NOTES FORMING PART OF ACCOUNTS

1. The company was incorporated on 23rd March, 2006 and certificate of commencement of business has not been obtained so far. As there were no commercial activities during the year, no profit and loss account has been prepared.
2. The Company is governed by the Electricity Act, 2003 and that the said Act read with rules framed there-under have prevailed wherever the same were inconsistent with the Companies Act, 1956.
3. 49,994 equity shares of Rs. 10/- each are held by the holding company, Power Grid Corporation of India Ltd. Balance 6 shares are held in the name of the officers of POWERGRID as its nominees.
4. The breakup of the amount shown under Miscellaneous Expenditure is given below :

Particulars	As at 31 st March,08	As at 31 st March,07
Preliminary Expenses incurred for incorporation of the Company	33555	33555
Pre Operative Expenses		
Balance as at Beginning of the year	20954	
Bank Charges	625	800
Remuneration to Auditors		
Audit Fee	11236	11236
In Other Capacity		8418
Out of Pocket Exp.	2000	
Provision for Stamp Duty		500
ROC filing Fees	1836	
Total	70206	54509

5. There are no contingent liabilities.
6. All figures have been rounded off to the nearest rupee.
7. Previous year figures have been re-grouped / re-arranged where ever necessary.

As per our report of even date

For **NARESH K. GUPTA & CO.**
Chartered Accountants

(Nitin Gupta)
Partner
Membership No. 96295

For and on behalf of Board of Directors

(J.Sridharan)
Director

(I. S. Jha)
Director

Place : New Delhi

Date : 5th August, 2008

BYRNIHAT TRANSMISSION COMPANY LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. U40102DL2006GOI147937

State Code : 055

Balance Sheet Date

31 3 08
DATE MONTH YEAR

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilization and Deployment of funds

(Amount In Rs. Thousands)

Total Liabilities	569	Total Assets	569
Sources of Funds			
Paid-up Capital	500	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	NIL	Investment	NIL
Net Current Assets	430	Misc. Expenditure	70
Accumulated Losses	NIL		

IV. Performance of Company

(Amount in Rs. Thousands)

Turnover	NIL	Total Expenditure	NIL
Profit/Loss before Tax	NIL	Profit/Loss after Tax	NIL
Earning per Share in Rs.	NIL	Dividend Rate %	NIL

V. Generic Name of three principal Product/Services of Company

As per monetary norms)

Item Code No.	N.A.
(ITC) Code	
Product Description	N.A.

As per our report of even date

For **NARESH K. GUPTA & CO.**
Chartered Accountants

For and on behalf of Board of Directors

(Nitin Gupta)
Partner

Membership No. 96295

(J.Sridharan)
Director

(I. S. Jha)
Director

Place : New Delhi

Date : 5th August, 2008



AUDITOR'S REPORT

To the Members of
BYRNIHAT TRANSMISSION COMPANY LIMITED

1. We have audited the attached Balance Sheet of M/S. BYRNIHAT TRANSMISSION COMPANY LIMITED as at 31st March 2008. 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 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 misstatements. 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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, we enclose in the annexure a statement on the matters specified in para 4 and 5 of the said order.
4. Further to above :
 - A. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - B. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - C. The Balance Sheet, dealt with by this report, are in agreement with the books of account.
 - D. In our opinion, the Balance Sheet, dealt with by this report comply with the mandatory accounting standards referred to in sub section 3(c) of section of 211 of the Companies Act, 1956.
 - E. Being a Government company, pursuant to the notification no. GSR 829(E) issued by Government of India, provisions of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 are not applicable to the company.
 - F. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and Notes thereon 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 so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008

For **NARESH K. GUPTA & CO.**
Chartered Accountants

(NITIN GUPTA)
PARTNER

Membership No. 96295

Dated : 05.08.2008
Place : New Delhi



BYRNIHAT TRANSMISSION COMPANY LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in Auditor's report of even date on the accounts of Byrnihat Transmission Company Limited for the year ended 31st March, 2008

1. The company does not own any Fixed Assets and hence 4(i)(a), 4(i)(b), 4(i)(c) of Companies (Auditor Report) (amendment) Order, 2004 are not applicable to the Company.
2. The company does not have inventory and hence 4(ii)(a), 4(ii)(b), 4(ii)(c) of Companies (Auditor Report) (amendment) Order, 2004 are not applicable to the Company.
3.
 - a. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. In view of clause III (a) above, clauses 4(iii)(b), 4(iii)(c), 4(iii)(d) of Companies (Auditor Report) (amendment) Order, 2004 are not applicable to the Company.
 - c. The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - d. In view of clause III (c) above, clauses 4(iii)(f), 4(iii)(g) of Companies (Auditor Report) (amendment) Order, 2004 are not applicable to the Company.
4. Since there are no Fixed Assets and Inventory the clause 4(iv) of Companies (Auditor Report)(amendment) Order, 2004 is not applicable to the Company.
5.
 - a. According to the information & explanation given to us , during the year under Audit , there have been no particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, which needs to be entered in the register required to be maintained under that section.
 - b. In view of the clause v(a) above the clause 4(v)(b) of Companies (Auditor Report)(amendment) Order, 2004 is not applicable to the Company.
6. The Company has not accepted any deposits from the public and in view of this, clause 4(vi) of Companies (Auditor Report)(amendment) Order, 2004 is not applicable to the Company.
7. According to the information & explanation given to us the company did not have an internal audit system in place for the financial year 2007-08.
8. The department of Company affairs has prescribed maintenance of cost accounting records under section 209(1)(d) of the Companies Act, 1956. However, cost accounts have not been prepared since there is no commercial activity during the year.
9.
 - a. The undisputed statutory dues including Income tax, sales tax, wealth tax, service tax, excise duty, customs duty, cess and any other statutory dues wherever applicable have been regularly deposited by the company with appropriate authorities.
 - b. According to the information & explanation given to us there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have been deposited on account of any dispute.
10. The Company has been registered for a period of less than 5 years up to the last day of financial year 2004-05. In view of this, clause 4(x) of Companies (Auditor Report) (amendment) Order, 2004 is not applicable to the Company.
11. Since, the company does not have any borrowings clause 4(xi) of Companies (Auditor Report) (amendment) Order, 2004 is not applicable to the Company.



12. According to the information and explanations given to us the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities.
13. In our opinion, the company is not a Chit Fund or a *nidhi*/mutual benefit fund/society. Therefore the Provisions of clause 4(xiii) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the Provisions of clause 4(xiv) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions
16. Since the Company has taken no loans clause 4(xvi) of Companies (Auditor Report) (amendment) Order, 2004 is not applicable to the Company.
17. Since the company has not raised any funds during the year clause 4(xvii) of Companies (Auditor Report) (amendment) Order, 2004 is not applicable to the Company.
18. According to the information and explanations given to us the Company has not made any preferential allotment to parties or companies covered in the register maintained under section 301 of the Act during financial year 2007-08.
19. According to the information and explanations given to us the Company has not issued any debentures during financial year 2007-08 and therefore the Provisions of clause 4(xix) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
20. According to the information and explanations given to us the company has not raised any money by way of Public Issue during financial year 2007-08.
21. According to the information and explanations given to us no fraud on or by the Company causing a material misstatement in the Financial Statements , has been noticed or reported during the financial year 2007-08.

For **NARESH K. GUPTA & CO.**
Chartered Accountants

(NITIN GUPTA)
PARTNER

Membership No. 96295

Dated : 05.08.2008

Place : New Delhi



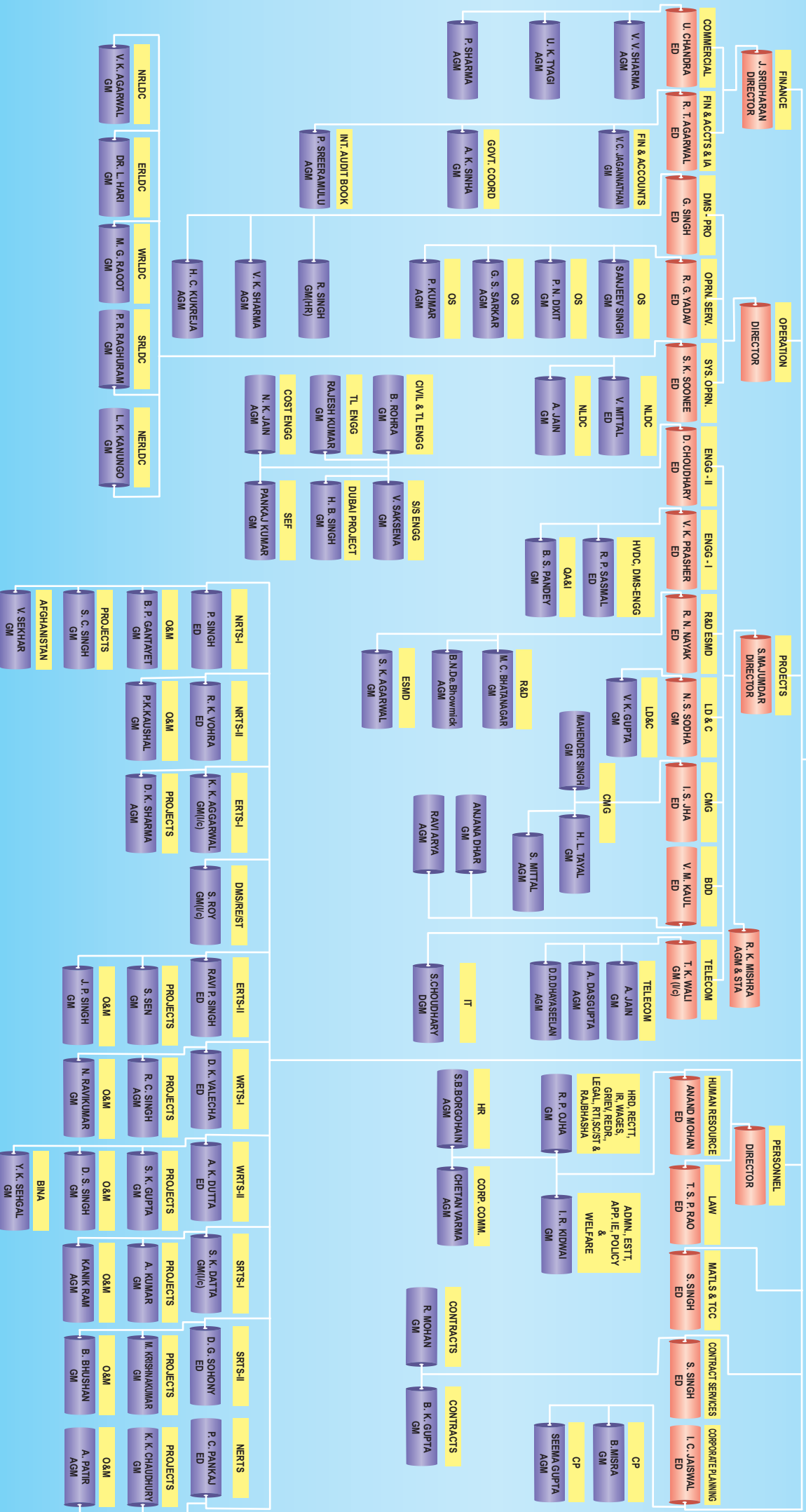
ORGANISATION CHART

Annual Report 2007-08

S. K. CHATURVEDI
C.M.D.



As on 27.08.2008





पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

Corporate Office: 'Saudamini' Plot No. 2, Sector 29, Gurgaon-122001 (Haryana)
Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110 016
Website: <http://www.powergridindia.com>

WORLD-CLASS, FUTURE-READY.

POWERGRID takes its power transmission expertise places...



One of the largest Transmission Utilities in the world wheeling about 45% of the total power generated in India through its transmission network of 71,500 Circuit Kms with availability of more than 99%.

POWERGRID constantly endeavours to evolve and adopt unique and elaborate systems and procedures relating to project planning, execution and maintenance of its EHV transmission system. POWERGRID's core competence includes system studies, design, detailed engineering, procurement, construction, operation and maintenance of extra high voltage AC and HVDC Transmission Systems, Load Dispatch & Communication System and Telecom Infrastructure. By leveraging its strong in-house technical expertise developed over the years, POWERGRID is offering consultancy in execution of large power transmission projects and other related areas from concept to commissioning globally.

Energizing the present, to keep the future charged!

www.powergridindia.com



पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi 110016.
Corporate Office: Saudamini, Plot No.2, Sector 29, Gurgaon (Haryana) 122001.

www.powergridindia.com

ANNUAL REPORT 2008-2009



पावरग्रिड



Transmitting Power... Transmitting Happiness

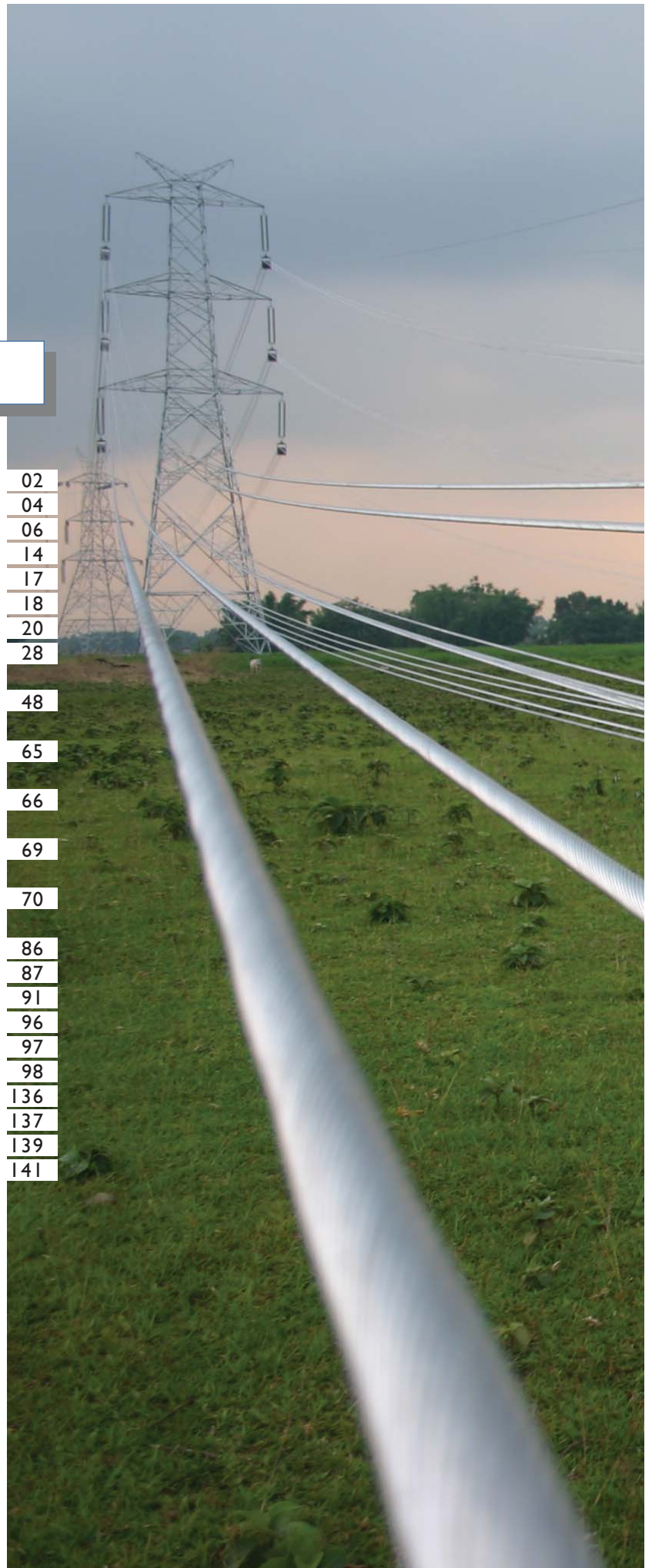
ANNUAL REPORT 2008-2009



Designed & Printed at Shiruli Arts.

CONTENTS

Mission	02
Reference Information	04
Directors' Profile	06
List of Senior Executives	14
POWERGRID's Performance	17
Five Year Summary	18
Chairman Speaks	20
Directors' Report	28
Annexure I	
[Management Discussion & Analysis]	48
Annexure II	
[Particulars of employees u/s 217(2A)]	65
Annexure III	
[Particulars u/s 217(1)(E)]	66
Annexure IV	
[Comments of C&AG]	69
Annexure V	
[Report on Corporate Governance]	70
Annexure VI	
[Certificate on Corporate Governance]	86
Revenue Expenditure on Social Overheads	87
Accounting Policies	91
Balance Sheet	96
Profit & Loss Account	97
Schedules	98
Auditors' Report	136
Annexure to Auditors' Report	137
Cash Flow Statement	139
Annual Report of Subsidiary	141





MISSION

Establishment and Operation of Regional and National Power Grids to facilitate transfer of power within and across the regions with reliability, security and economy, on sound commercial principles.



Meerut Substation

OBJECTIVES

The Corporation has set following objectives in line with its mission and its status as “Central Transmission Utility”:

- Undertake transmission of energy through Inter-State Transmission System.
- Discharge all functions of planning and coordination relating to Inter-State Transmission System with -
 - (i) State Transmission Utilities;
 - (ii) Central Government;
 - (iii) State Governments;
 - (iv) Generating Companies;
 - (v) Regional Electricity Boards;
 - (vi) Authority;
 - (vii) Licensees;
 - (viii) Any other person notified by the Central Government on this behalf.

- Exercise supervision and control over the Inter-State Transmission System.
- Efficient Operation and Maintenance of Transmission Systems.
- Establish augment and operate all Regional Load Despatch Centres and Communication facilities.
- To facilitate private sector participation in transmission system through Independent Private Transmission Company, Joint Ventures.
- To assist various SEBs and other utilities in upgradation of skills & sharing of expertise by organising regular conferences, tailor-made training



workshops directed towards specific technological and O&M areas and extending laboratory facilities for testing purposes etc.

- Restoring power in quickest possible time in the event of any natural disasters like super-cyclone, flood etc. through deployment of Emergency Restoration Systems.
- To provide consultancy services at national and

international levels in transmission sector based on the in-house expertise developed by the organisation.

- To participate in long distance Trunk Telecommunication business ventures.

POWERTEL

Diversified into telecommunication to mobilise additional resources to establish much needed National Grid.

- Established Broadband Telecom Network of 20,000 kms connecting over 100 cities on extensively spread Transmission Infrastructure.
- Only utility in the country having overhead optic fibre on its Extra High Voltage Transmission Network.
- POWERGRID Telecom Network
 - Sturdy & Secure
 - Free from rodent menace and vandalism.
- Network has multiple self resilient rings for complete 6 redundancy in backbone as well as intra-city access networks.
- To offer Total Solutions and to meet specific needs of the customers.
- Reliability of Telecom Network 99.99%.
- Bandwidth capacity available on all the metros & major cities.
Delhi, Mumbai, Chennai, Kolkata, Jammu, Jalandhar, Shimla, Guwahati, Shillong, Imphal, Kohima, Hyderabad, Bangalore, Cochin, Ahmedabad, Indore etc.
- Extend telecom network to serve uneconomic and backward areas for the benefit of the common man.
- Plan to extend network to neighbouring countries for terrestrial SAARC Telecom Grid.
- Possesses National Long Distance (NLD), Internet Service Provider (ISP) Category-A and Infrastructure Provider Category-I (IP-I) Licenses to provide Telecom services in the country.
- Plan to Introduce other Value Added Services.
 - Video Conferencing
 - Virtual Local Area Network (VLANs)
 - Multi Protocol Label Switching (MPLS) based on VPNs Data Centres.
 - Voice Over Internet Protocol (VOIP)



REFERENCE INFORMATION

Registered Office
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi - 110 016

Corporate Office
"Saudamini", Plot No. 2,
Sector 29, Gurgaon - 122 001 (Haryana)

Registrar & Share Transfer Agent
Karvy Computershare Private Limited
Plot No.: 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Ph.: 040-23420815 to 824
Fax : 040-23420814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

Shares Listed at:
National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Depositories
National Securities Depository Limited
Central Depository Services (India) Limited

Company Secretary
Ms. Divya Tandon

Statutory Auditors
A. R. & Co.
Chartered Accountants
A-403, Gayatri Apartment,
Airlines Group Housing Society,
Plot No. 27, Sector 10, Dwarka,
New Delhi - 110 075.

Umamaheswara Rao & Co.
Chartered Accountants
Flat No. 5-H, 'D' Block, 8-3-324,
Krishna Apartments, Yellareddyguda Lane,
Ameerpet 'X' Roads, Hyderabad - 500 073.

S R I Associates
Chartered Accountants
3-B, Garstin Place, Kolkata - 700 001.

Bankers
Indian Overseas Bank
ICICI Bank
Union Bank of India
Bank of Baroda
State Bank of Hyderabad
State Bank of India
State Bank of Patiala
Corporation Bank
Canara Bank
Dena Bank
Punjab National Bank
Indian Bank
J & K Bank
IDBI Bank
HDFC Bank
Allahabad Bank
Bank of India





Directors' Profile

Where Meeting Challenges is a Way of Life...



DIRECTORS' PROFILE



Shri S. K. Chaturvedi

Chairman & Managing Director

Shri S. K. Chaturvedi, aged 58 years, is the Chairman & Managing Director of our Company. He is a First Class First Graduate and Post Graduate in Science from University of Lucknow. He holds a Post Graduate Diploma in Personnel Management & IR and is a seasoned HR professional with varied experience of more than 30 years in the area of Human Resource Management, Industrial Relations and Organisational Development. He has also worked with NMDC, the then a subsidiary of Steel Authority of India Ltd., NTPC Ltd., POWERGRID (for more than thirteen years in POWERGRID from August 1991) in various capacities in HR and then joined NHPC Ltd. as Director (Personnel) in October, 2004. A strong votary of human development, Shri Chaturvedi has introduced several new concepts of employee development and was responsible for initiating several progressive HR policies in the organizations he has served. Shri Chaturvedi joined POWERGRID as Chairman & Managing Director on 01.08.2008.

Shri S. Majumdar*, is the Director (Projects) of our Company. He graduated with a Bachelor in Engineering degree from Calcutta University. He has 38 years of diverse work experience in the fields of corporate planning, distribution management services and contract services and materials. Prior to joining our Company in January 1991, he has worked in organisations such as National Thermal Power Corporation Limited, Damodar Valley Corporation, Calcutta Telephones and Indo-German Prototype Development Training Centre. He was appointed as a Director on our Board in September 2005. He also held additional charge of Chairman & Managing Director of POWERGRID from 30.05.2008 to 31.07.2008.

* Shri S. Majumdar will be superannuating on 31.08.2009.



Shri S. Majumdar
Director (Projects)



Shri J. Sridharan, aged 58 years, is the Director (Finance) of our Company. He graduated with a Bachelor of Commerce degree from Madras University. He is a member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He has 34 years of work experience primarily in the field of financial management. Prior to joining our Company in 2000, he has worked in organizations such as Airport Authority of India and Bharat Heavy Electricals Limited. He was appointed as a Director on our Board in December, 2005.

Shri J. Sridharan
Director (Finance)



Shri V. M. Kaul aged 57 years, is the Director (Personnel) of our Company. He is a first class Bachelor of Mechanical Engineering from IIT, Delhi with MBA Degree from IGNOU. Shri Kaul has over 35 years of work experience primarily in the power sector. He has previously held the position of Executive Director (Human Resource), Executive Director in-charge of Private Investment and Business Development and Corporate Planning. Prior to joining our company Shri Kaul has worked for 23 years in NTPC and handled various multi-disciplinary functions like Contract Management, Project Management, Joint Venture, Quality Assurance and Inspection; five years in Engineers India Limited. He was appointed as a Director on our Board in March, 2009.



Shri V. M. Kaul
Director (Personnel)

Shri R.N.Nayak, aged 53 years, is the Director (Operations) of our Company. He is a first class Bachelor of Electrical Engineering from REC Rourkela and holds an M.Tech(Electrical) from IIT Kharagpur. Shri Nayak has over 31 years of work experience, primarily in the power sector. He has worked for more than 19 years in POWERGRID and handled various multi-disciplinary functions like Engineering, Load Despatch & Communication, Contract Management, Quality Assurance and Inspection; Telecom and Human Resources. He has previously held the positions of Executive Director (Engineering & QA&I); Executive Director (Human Resource), Executive Director (R&D) in POWERGRID. Prior to joining POWERGRID in 1990, he has worked for about 7 years in NTPC and had a stint with SAIL. He has introduced many new technologies in the Indian Power Sector such as ± 800 KV HVDC and 1200 KV AC UHV. He has also published and presented a large number of technical papers in various reputed International/National journals/conferences. Considering his contribution to power sector, he has been awarded P.M. Ahluwalia Award, is a Senior Member of IEEE and has been honored with Fellow of the Indian National Academy of Engineering(INAE) in Electrical Engineering Field. He was appointed as a Director on our Board in May, 2009.



Shri R.N.Nayak
Director (Operations)

Shri Sudhir Kumar, aged 53 years, is a government nominee Director of our Company. He graduated with a Master of Commerce degree from Delhi School of Economics. Shri Kumar is an Indian Administrative Services officer of Bihar cadre since 1982. He is currently Joint Secretary in the Ministry of Power. Prior to that, Shri Kumar was Officer on Special Duty to the Minister for Railways, GOI and has also held various administrative posts in the State of Bihar and Jharkhand. He was appointed as a Director on our Board in May, 2009.



Shri Sudhir Kumar
Government Nominee



Shri Rakesh Jain, aged 52 years, is a government nominee Director of our Company. He holds Masters Degree in Physics from Delhi University. He is an officer of Indian Audit & Accounts Service (1981). He is currently Joint Secretary and Financial Adviser (JS&FA) in the Ministry of Power and also holds additional charge of the post of JS&FA of the Ministry of Labour & Employment. Prior to that, Shri Jain was in the office of C&AG. He has held various important positions such as Director General (Accounts, Entitlement, Complaints & Information System); Principal Director (Report States) – Office of Comptroller & Auditor General of India; Accountant General (AG) (Audit), Rajasthan; AG(AE-II) Madhya Pradesh; Principal Director (Commercial Audit) Ranchi and Principal Director of Audit, Embassy of India, Washington, USA. He was appointed as a Director on our Board in June, 2009.

Shri Rakesh Jain
Government Nominee



Dr. P. K. Shetty, aged 47 years, is an Independent Director of our Company. He graduated with a Master of Science degree from University of Agricultural Science, Dharwad, Karnataka and also holds a PhD from the Indian Agricultural Research Institute, New Delhi. He was the Head of the Environmental Studies Unit and also served as the Dean (Administration) at the National Institute of Advanced Studies, Bangalore. He is currently the Professor and Dean (School of Natural Sciences and Engineering) at National Institute of Advanced Studies, Bangalore; Director, Advanced Research Institute, Bangalore and is also the Honorary Chairman, MEDT Group of Institutions, Bangalore. He was appointed as a Director on our Board in July, 2007.

Dr. P. K. Shetty
Independent Director



Dr. A. S. Narag, aged 63 years, is an Independent Director of our Company. He graduated with a Master of Science degree and PhD from Delhi University and also holds an ITP Certificate from Graduate School of Business Administration, Harvard University. He has served as the Dean, Faculty of Management Studies, University of Delhi and has held various important positions in the University of Delhi. He is currently a professor at the Faculty of Management Studies, University of Delhi. He was appointed as a Director on our Board in July, 2007.

Dr. A. S. Narag
Independent Director

Shri Anil K. Agarwal, aged 54 years, is an Independent Director of our Company. He graduated with a Master of Commerce degree from University of Delhi and also holds a Post Graduate Diploma in Business Management from University of Delhi. He has been actively involved in Industry Associations for development of International Trade and Investments and was the President of the Associated Chambers of Commerce and Industry of India (the 'ASSOCHAM'). He is currently the Chairman of the International Affairs of the ASSOCHAM and a Council Member of the Institute of Chartered Accountants of India. He was appointed as a Director on our Board in July, 2007.



Shri Anil K. Agarwal
Independent Director



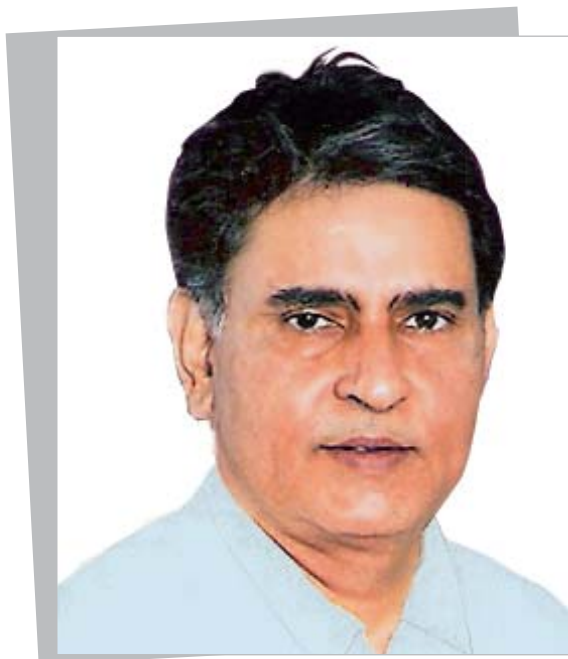
Shri F. A. Vandrevala, aged 58 years, is an Independent Director of our Company. He graduated with a Bachelor of Technology degree in Electrical Engineering from Indian Institute of Technology, Kharagpur and also holds a Post Graduate Diploma in Business Management from Xavier's Labour Relations Institute, Jamshedpur. He has over 35 years of work experience primarily in the field of Steel, Power and Telecom. He is currently the Chairman and Managing Director of Hirco Developments Private Limited. He was appointed as a Director on our Board in July, 2007.

Shri F. A. Vandrevala
Independent Director



Shri S. C. Tripathi, aged 63 years, is an Independent Director of our Company. He holds a Master's degree in Science (Physics – Spl. Electronics) from Allahabad University, LL.B, Diploma in Development (Cantab.), AIMA Diploma in Management. He joined the Indian Administrative Services in 1968 and retired as Secretary to the Government of India, Ministry of Petroleum and Natural Gas on 31.12.05. He has held important positions in Government both at the State and Central level. He spent nearly 20 years in Finance and Industry Sector at Chief Executive/Secretary level at State and Chief Executive/Jt. Secretary/Addl. Secretary/Secretary level at Central Govt. and in representative capacity at International levels. He was appointed as a Director on our Board in April, 2008.

Shri S. C. Tripathi
Independent Director



Shri Ashok Khanna, aged 61 years, is an Independent Director of our Company. He is a first class B.Tech. (Hons.) in textile from Bradford University (U.K.). He is Ex. President of PHD Chamber of Commerce and Industry (PHDCCI) and Founder Chairman of Confederation of Indian Industry (CII), Himachal Pradesh. He has been on the Managing Committee of Federation of Indian Chambers of Commerce and Industry (FICCI) and also remained Member/Director of various important organizations/associations. Presently, he is on the Managing Committee of Associated Chambers of Commerce and Industry of India (ASSOCHAM) and is Chairman-Internal Trade Committee of ASSOCHAM. He was appointed as Director on our Board in April, 2008.

Shri Ashok Khanna
Independent Director

Smt. Sarita Prasad, aged 62 years, is an independent Director of our Company. She holds a Masters Degree in Economics from the Delhi School of Economics and Diploma in Development Administration from Birmingham University U.K. She joined the Indian Administrative Service in 1969 and retired as Secretary to Government of India, Ministry of Social Justice and Empowerment on 31.08.2006. She has held important postings in the Central and State Government. She was Managing Director of three State Corporations and Financial Commissioner, Irrigation and Water Supply in the State Government. In the Government of India she worked as Director in the Ministry of Defence and Joint Secretary in the Ministry of Personnel. She is a Director of our Board with effect from August, 2008.



Smt. Sarita Prasad
Independent Director



Shri S. Nandkeolyar, aged 52 years, belongs to the Indian Audit & Accounts Service (1982). During his service career he has had wide experience in the fields of Audit & Financial Management, besides serving with distinction with Govt. of India as Under Secretary, Dy. Secretary and Director in Cabinet Secretariat and DOP&T. He has also conducted audit of Indian Embassies abroad and the United Nations. He has been appointed as Chief Vigilance Officer of POWERGRID in July, 2005.

Shri S. Nandkeolyar
Chief Vigilance Officer

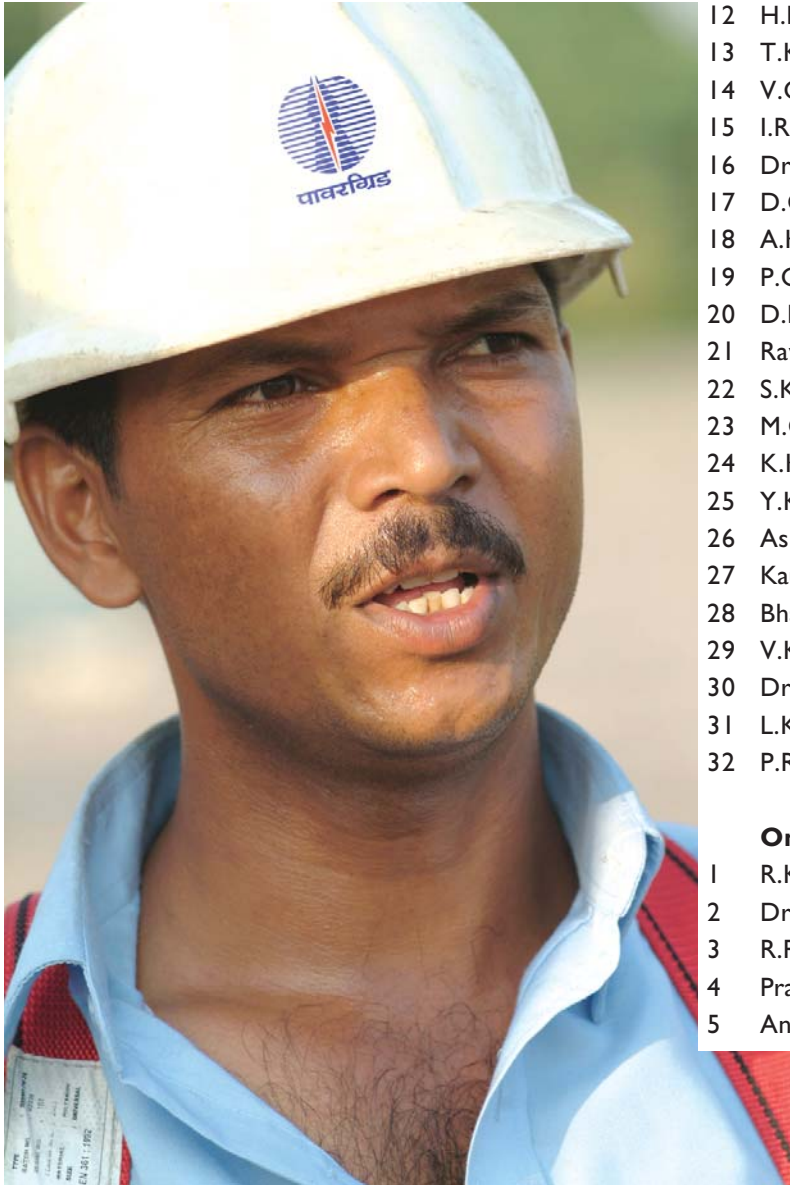


LIST OF SENIOR EXECUTIVES (BELOW BOARD LEVEL) AND REGIONAL / RLDC HEADS

SL	NAME (S/SHRI)	DESIGNATION
1	R.G.Yadav	ED (OS), CC
2	U. Chandra	ED (Commercial), CC
3	I.C. Jaiswal	ED (IB & ESMD), CC
4	Ganesh Singh	ED (DMS), CC
5	S.K. Soonee	ED (SO), CC
6	I.S. Jha	ED (Engg-II), CC
7	D. Chowdhury	ED (CMG), CC
8	T.S.P. Rao	ED (LAW), CC
9	R.T. Agarwal	ED (F&A), CC
10	S. Singh	ED (CS), CC
11	R.P. Ojha	ED (HR), CC
12	H.L. Tayal	ED (BDD), CC
13	T.K. Wali	ED (Telecom), CC
14	V.C. Jagannathan	ED (F&A), CC
15	I.R. Kidwai	ED (HR), CC
16	Dr. S.K. Agarwal	ED (OS), CC
17	D.G. Sohony	ED (I/c Region), SR-II
18	A.K. Dutta	ED (I/c Region), WR-II
19	P.C. Pankaj	ED (I/c Region), NR-I
20	D.K. Valecha	ED (I/c Region), WR-I
21	Ravi P. Singh	ED (I/c Region), ER-II
22	S.K. Datta	ED (I/c Region), SR-I
23	M.G. Raoot	ED (I/c Office), WRLDC
24	K.K.Choudhury	ED (I/c Region), NER
25	Y.K. Sehgal	ED (Testing Stn), WR-II
26	Ashwani Jain	ED (I/c Region), NR-II
27	Kaushal K. Agrawal	ED (I/c Region), ER-I
28	Bharat Bhushan	ED (Dubai Projects), SR-II
29	V.K. Agarwal	GM (I/c Office), NRLDC
30	Dr. L. Hari	GM (I/c Office), ERLDC
31	L.K. Kanungo	GM (I/c Office), NERLDC
32	P.R. Raghuram	GM (I/c Office), SRLDC

On Deputation to other Organisations

1	R.K. Vohra	ED (On Deputation to NETCL)
2	Dr. N.S. Saxena	ED (DG of NPTI)
3	R.P. Sasmal	ED (On Deputation to TPTL)
4	Prabhakar Singh	ED (On Deputation to Jaypee Powergrid)
5	Anjan Roy	ED (On Deputation to MSETC)



As on 25.07.2009

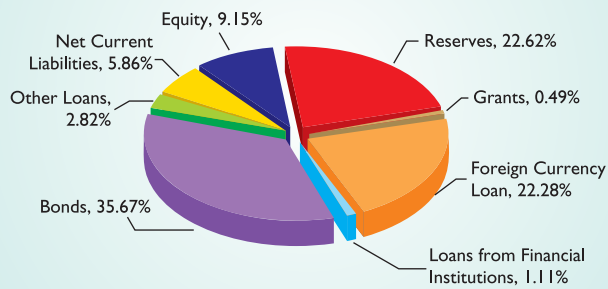


Board of Directors

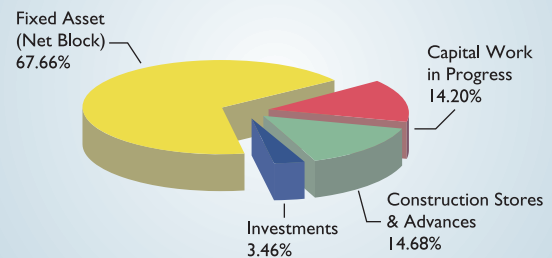


POWERGRID'S PERFORMANCE

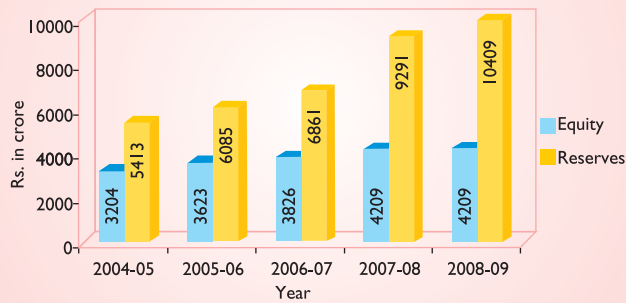
SOURCES OF FUNDS, 2008-09



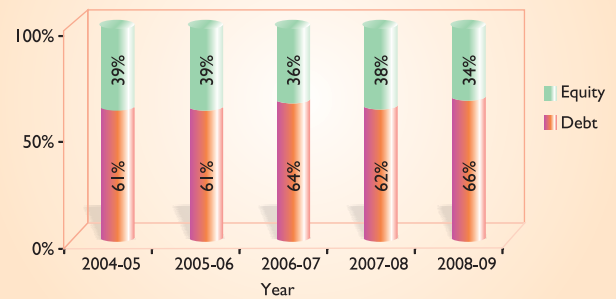
APPLICATION OF FUNDS, 2008-09



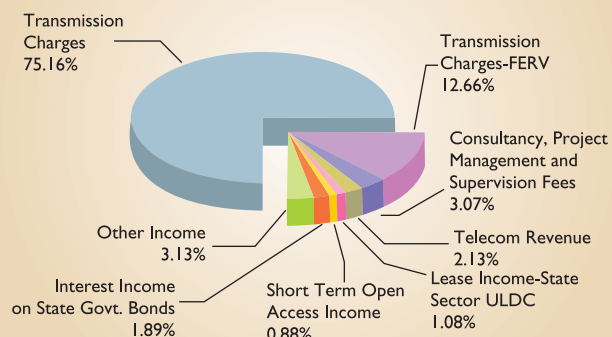
EQUITY AND RESERVES



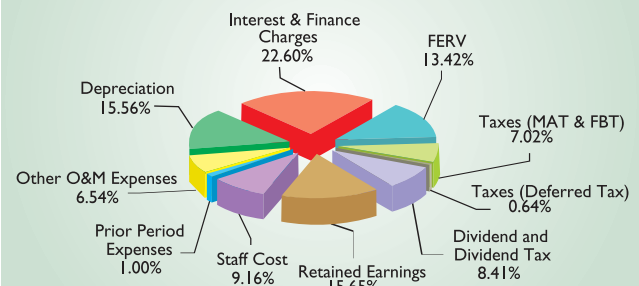
DEBT EQUITY RATIO (%)



INCOME BREAK-UP (%) 2008-09



DISTRIBUTION OF REVENUE - 2008-09





FIVE YEAR SUMMARY

OPERATING RESULTS

(Rs.in crore)

	2008-09	2007-08	2006-07	2005-06	2004-05
(A) EARNED FROM :					
Transmission Charges	6172.66	4188.52	3248.00	2905.27	2296.83
Consultancy & other income	855.88	893.01	849.15	649.04	534.45
Total Earnings	7028.54	5081.53	4097.15	3554.31	2831.28
(B) PAID & PROVIDED FOR :					
Employees Remuneration & Benefits	643.88	519.06	338.88	256.81	227.18
Transmission Expenses	199.61	171.55	164.44	92.57	87.18
Administration Expenses	208.10	162.42	142.05	122.36	109.14
Other Expenses(Including Prior Period Adj.)	74.26	189.51	-9.15	80.17	-26.43
Deferred Revenue Expenditure	1.83	5.43	8.19	8.86	9.31
Provisions	46.23	3.83	2.74	132.77	65.58
Total Expenditure (Excluding Depreciation & Interest)	1173.91	1051.80	647.15	693.54	471.96
Profit before Depreciation & Interest	5854.63	4029.73	3450.00	2860.77	2359.32
Depreciation	1093.97	959.65	827.58	744.33	642.26
Interest & Finance Charges	2532.09	1339.55	1140.42	947.45	808.69
Net Profit after Interest & Depreciation but before Tax	2228.57	1730.53	1482.00	1168.99	908.37
Provision for tax (MAT)	478.60	197.11	134.09	83.16	64.81
Fringe Benefit Tax	14.60	10.50	8.72	7.74	-
Net Profit after MAT and FBT	1735.37	1522.92	1339.19	1078.09	843.56
Deferred Tax	44.76	74.45	109.82	69.16	58.04
Profit after Deferred Tax	1690.61	1448.47	1229.37	1008.93	785.52
Dividend	505.08	505.08	368.82	302.68	184.00

FINANCIAL POSITION
(Rs.in crore)

	2008-09	2007-08	2006-07	2005-06	2004-05
(A) WHAT THE COMPANY OWNED:					
Gross Fixed Assets	40319.33	35417.14	29014.63	24888.25	21930.56
Less: Depreciation	9190.89	8061.94	7198.56	6372.01	5635.04
Net Fixed Assets	31128.44	27355.20	21816.07	18516.24	16295.52
Capital Work in Progress and Construction Stores & Advances	13286.00	8758.09	9440.39	6400.86	5024.79
Investments	1592.83	1736.22	1967.00	2139.41	1882.42
Current Assets ,Loans & Advances	8312.92	5376.78	3509.72	2724.08	2611.27
TOTAL (A)	54320.19	43226.29	36733.18	29780.59	25814.00
(B) WHAT THE COMPANY OWED:					
Borrowings From:					
- Govt. of India	-	-	49.53	59.34	66.53
- Financial Institutions	511.19	602.84	643.27	727.79	812.30
- Foreign Loans	10248.83	7006.16	6135.66	5707.39	5507.53
- Bonds	16409.57	13257.81	10999.54	7133.28	5502.51
- Other Loans	1295.84	1396.67	1497.50	1398.33	1499.17
Total Loans	28465.43	22263.48	19325.50	15026.13	13388.04
Current Liabilities & Provisions	8313.19	5024.98	4835.16	3641.46	2574.04
Deferred Tax Liability	538.54	493.78	419.33	309.51	240.35
Advance against Depreciation	2159.59	1697.07	1201.17	822.23	610.33
TOTAL (B)	39476.75	29479.31	25781.16	19799.33	16812.76
(C) NET WORTH OF THE COMPANY REPRESENTED BY :					
(i) Equity capital(including Deposit)	4208.84	4208.84	3826.22	3623.44	3204.06
ii) Free Reserves and Surplus	10414.75	9298.53	6874.21	6105.59	5442.65
iii) Less: Misc. Exp. to the extent not written off	5.50	7.19	12.86	20.73	29.69
TOTAL (C)	14618.09	13500.18	10687.57	9708.30	8617.02
(D) COMMITTED RESERVES & LIABILITIES					
i) Capital Reserves	-	-	-	-	94.00
ii) Grants in Aid	225.35	246.80	264.45	272.96	290.22
TOTAL (D)	225.35	246.80	264.45	272.96	384.22
TOTAL (B+C+D)	54320.19	43226.29	36733.18	29780.59	25814.00
CAPITAL EMPLOYED (Net Fixed Assets+Net Current Assets)	28430.04	25516.15	18870.13	16467.12	15482.07
(E) RATIOS					
Net Profit to Capital Employed(%)	5.95	5.68	6.51	6.13	5.07
Net Profit to Net Worth(%)	11.57	10.73	11.50	10.39	9.12
Net Worth per Rupee of Paid-up Capital (in Rs.)	3.47	3.21	2.79	2.68	2.69
Debt/Equity Ratio	66:34	62:38	64:36	61:39	61:39
Liquidity Ratio	0.75:1	0.75:1	0.54:1	0.57:1	0.76:1

Note: Previous Year figures have been regrouped/ rearrange wherever necessary



CHAIRMAN SPEAKS

at the 20th Annual General Meeting at New Delhi on 9th September, 2009

Shri S. K. Chaturvedi
Chairman & Managing Director

Ladies and Gentlemen,

On behalf of the Board of Directors, I have great pleasure in welcoming you to the 20th Annual General Meeting of your Company.

It is my proud privilege to address this meeting of POWERGRID.

In the past year, despite global slowdown and recession in developed countries, India has been able to maintain its growth momentum and has registered a GDP growth of 6.70%. Macro-economic indicators like inflation which has been arrested well below 1%, a stable government at the Centre, the expected boost in Govt. spending in infrastructure along with lower interest rate regime are all factors which indicate a strong momentum of growth in our country. There is a perceptible growth in the Energy sector and particularly in power sector.

India has been endowed with abundant natural energy resources to generate electric power. These resources, however, are largely concentrated in certain pockets. About 90% of coal reserves are to be found mainly in five States of Eastern & Central India, viz. Orissa, Jharkhand, West Bengal, Chattisgarh & Madhya Pradesh. Renewable hydro-power potential of about 150,000 MW is available mainly in the hilly belt of the Northern and North-Eastern regions of India. Further, a number of nuclear power plants and coastal location coal based power plants with large generation capacities are coming-up at diverse places. The electricity generated by them will need to be transmitted to far-flung load centres situated across the States and regions. Because of these reasons, inter-State power transmission will need to be augmented.

The geographical vastness of our country leads to a diversity in load pattern and distinct peaking time during the time-of-day, which provides considerable scope for better operation of the power plants through inter-regional transfer of power.

All the above facts lay emphasis on the need to transmit bulk power across the country to harness the



Hon'ble Chief Minister of Delhi, Smt. Sheila Dikshit presenting the First DSIJ PSU Awards 2009

environmental and economical benefits through optimal utilization of available natural resources. Your company will therefore continue to play an important role through its large reliable transmission network.

POWERGRID is presently wheeling about 45% of the total power generated in the country. But in the near future, it is expected to wheel above 60% of the total power generated in the country.

Friends, with your permission I take as read the Director's Report and the final accounts of the Company which have already been provided for the period ending 31st March, 2009.

You would be glad to know that after the Company was conferred the coveted 'Navratna' status by the GoI in May, 2008, investment approvals for projects with an estimated cost of more than Rs. 40,000 Crore has been accorded by the Board of Directors.

Continuing the track record of achieving an "Excellent" rating since the signing of its first MoU for 1993-94 with MoP, the Company's performance during the year 2008-09 also exceeded most of the performance parameters set for the "Excellent" rating under Memorandum of Understanding (MoU)

signed with GoI and POWERGRID is now poised to achieve "Excellent" rating with composite score of "1.00".

The main highlights of your Company during FY 2008-09 have been, the enhancement of inter-regional power transfer capacity of National Grid to about 20,800 MW from 17,000 MW during the previous year 2007-08, the establishment of a National Load Despatch Centre at Delhi for optimum scheduling and dispatch of electricity among the Regional Load Despatch Centres and commissioning of the prestigious consultancy assignment of construction of the Pul-e-Khumri to Kabul Transmission System in Afghanistan.

Your Company has received Three National Awards which include one gold and two silver medals for meritorious performance in the field of Transmission for system availability and early completion of projects for the year 2007-08.

I am pleased to share with you the fact that your Company has also received various awards and accolades like the IEEMA Power Awards 2009 for "Excellence in Power Transmission", "All India Organization of Employers Industrial Relations Award 2007-08" and "The First DSIJ PSU Awards 2009" by Dalal Street Group of Publications. It has been chosen for the prestigious "Star" Public Sector Company Award for 2007-08 for its game-changing role in the industry by Business Standard, a leading financial daily of the country.

FINANCIAL PERFORMANCE

The Company made an investment of Rs. 8,095 Crore during FY 2008-09 surpassing the BE target of Rs. 8,040



Crete set for the Company, an increase of about 22% over investments made last year (Rs. 6,656 Crore). Funding for this investment has been arranged from the domestic market, multilateral funding agencies like The World Bank (WB) and the Asian Development Bank (ADB), besides cash generated from our operations.

Our Gross Turnover for the year grew by about 38.3% to Rs. 7029 Crore from Rs. 5,082 Crore in the FY 2007-08. Similarly, Profit after Tax during the year increased to Rs. 1691 Crore from Rs. 1,448 Crore during the previous year, thereby registering a year-on-year (yoy) growth of about 16.8%.

PROJECT IMPLEMENTATION

On the project implementation front, dear shareholders, your company has performed highly satisfactorily. It has proven yet again that through excellent team work, big achievements can be accomplished. I would like to acknowledge the dedication and hard work put in by our employees and at the same time I would like to quote H.E.Luccock here,

"No one can whistle a symphony. It takes a whole orchestra to play it."

We commissioned transmission projects worth about Rs. 3734 Crore during the year, adding about 4642 ckm. of EHV AC & HVDC transmission lines, 09 nos. of new sub-stations and transformation capacity of about 6,400 MVA to our transmission network.

Moreover, during the year 2008-09, 26 new projects with an estimated cost of more than Rs. 40,000 Crore involving about 21,178 ckm. of transmission lines and 19 nos. sub-stations with transformation capacity of about 52565 MVA and HVDC terminals of 6000 MW were taken up for implementation. In addition, 14 new projects with an estimated cost of more than Rs. 18,000 Crore, involving about 6,850 ckm. of 765/400/220/132 kV transmission lines and 13 nos. new sub-stations with transformation capacity of 38,150 MVA and HVDC terminals of 4,000 MW capacity have been conceptualized.

At the end of Mar'09, transmission projects, being set up at a cost of about Rs. 62,000 Crore involving 38,000 ckm. of transmission lines, 44 nos. new sub-stations and transformation capacity of 67,000 MVA are under various stages of implementation.

Your Company has also been entrusted by Govt. of India with developing transmission systems for the evacuation of power from four Ultra Mega Power Projects (UMPPs) viz. Mundra, Sasan, Krishnapatnam and Tillaiyya UMPP. Necessary actions have been taken for the implementation of these transmission projects matching with the generation projects.

Further, we have also started action for the implementation of ± 800 kV, 6000 MW HVDC Bi-pole line, the first of its kind having the largest power carrying capacity and transmitting power over more than 2000 kms. from North Eastern Region (Biswanath Chariyali in Arunachal Pradesh) to Northern Region (Agra in Uttar Pradesh).

OPERATIONAL PERFORMANCE

Your Company, by putting pioneering efforts in O&M, has achieved an excellent operational performance.

Our gigantic transmission network of about 71,500 ckm. of EHV AC & HVDC transmission lines along with 120 sub-stations and transformation capacity of more than 79,500 MVA, spread over entire stretch of the country, was maintained at an availability of 99.55%. We continued to carry about 45% of total power generated in the country and our transmission losses are less than 3-4% which is comparable with the best international standards.

Also, by bringing down aggregate technical and commercial losses (AT&C losses) to about 15%, through implementation of various schemes & initiatives of Central Government by State utilities, I am hopeful that overall T&D losses in India would match the international standards in coming years.

During previous years in Northern India, there were frequent breakdowns/ tripping of

lines in foggy & cold weather conditions, because of pollution deposits on insulators. For the first time in India, your company engaged helicopters for hotline washing of the insulators besides replacing conventional insulators with polymer insulators having better performance under pollution, on selected lines. These efforts have contributed significantly in the smooth operation of the Northern Grid by averting/minimizing tripping during foggy weather conditions in previous winter season.

To enhance the availability of transmission lines, your Company has carried out Hot Line Maintenance and employed state-of-the-art "Emergency Restoration System" on strategic locations for restoration of collapsed transmission lines in minimum possible time.

COMMERCIAL PERFORMANCE

Company's performance on commercial front in terms of revenue realization has been highly satisfactory. Realization of about Rs. 5,877 Crore stood at about 100% of billed amount during the year 2008-09.

NATIONAL GRID

Friends, as discussed above, in order to achieve optimal utilization of natural resources a strong National Grid is essential. A well designed integrated transmission system and National Grid will help to utilise environment friendly energy generated from renewable hydel power resources

& energy efficient large power plants. This would encourage larger goals of environmental sustainability. POWERGRID has been persistent in its efforts to enhance inter-regional power transfer capacity of the National Grid and we have planned to enhance the inter-regional power transmission capacity of the National Grid to more than 37,000 MW by year 2012.

Dear Shareholders, last year we commissioned a state-of-art technology National Load Despatch Centre (NLDC), the apex body to ensure integrated operation of the national power system and Hon'ble Union Minister of Power, Shri Sushilkumar Shinde dedicated the National Load Despatch Centre (NLDC) to the Nation at New Delhi.

The NLDC is linked with the five RLDCs and also has a "back up" facility at ERLDC, Kolkata to take care of any eventualities.

GRID MANAGEMENT

It is my proud privilege to share with you the fact that like the last six and a half years; this year too, we have emulated our glorious past and have succeeded in keeping the country free from any kind of major Grid disturbance.

Friends, just as absence of a disease is no indication that one is healthy; similarly absence of any grid incident or grid disturbance is no indication that everything is fine. Due to my direct association with the dedicated team of persons who operate the grid, I know that tremendous amount of planning and hard work goes behind ensuring the safety of our country's grids.

OPEN ACCESS

During FY 2008-09, about 46 billion units of inter-regional energy transfers were facilitated across the country which is about 7% higher than the previous year's 43 billion units. The increased inter-regional power exchanges have helped in meeting more demand in energy deficit regions besides achieving overall economy.

Under open access, more than 11,780 transactions were approved during the year involving 30.5 billion units of energy. Thus, POWERGRID is facilitating flow of power across the country effectively utilising the available transmission capacities, thus bringing much needed open access to reality. Further, energy worth about Rs. 10,100 Crore was transacted through Un-scheduled Interchanges (UI), compared to Rs. 6,814 Crore last year, an increase of 48%. These are very good indicators to gauge the company's performance in managing the grids and utilising the available energy in an effective manner.

POSOCO – A FULLY OWNED SUBSIDIARY OF POWERGRID

Your Company also undertook activities for the establishment of M/s Power System Operation Corporation Limited (POSOCO), a 100% subsidiary of POWERGRID, in March, 2009 to look after Grid Management function in line with Gol directives.



TECHNOLOGY MANAGEMENT

Dear valued Shareholders POWERGRID lays emphasis on evolving and adopting new technologies continuously to effectively meet the challenges of power transmission in India. We believe that to build and maintain our position in bulk power transmission/large grid operations, we need to keep technical edge by developing and absorbing new technologies.

POWERGRID is constantly pushing technological frontiers and has taken steps to change the paradigm by establishing a 1200kV Ultra High Voltage AC Test Station at Bina (WR) and implementing ± 800 kV, 6000 MW, 2000 kms. HVDC Bi-pole line from North Eastern Region to Northern Region (Agra). This would ultimately pave the way towards India having an UHV electricity main transmission corridor.

The designing & testing of the 1200 kV Transmission Line Tower is at an advanced stage and is expected to be completed this year. To provide adequate testing facilities including Short Circuit Tests in India, POWERGRID has formed a Joint Venture with NTPC Limited, NHPC Limited and Damodar Valley Corporation for the creation of "On Line High Power Test Laboratory".

QUALITY – OUR CONSTANT ENDEAVOUR

As famous Quality Guru Philip Crosby puts it that "Quality is the result of a carefully constructed cultural environment, it has to be the fabric of the organization, not part of the fabric", we believe to maintain satisfied customers & suppliers and strive constantly to make improvements by imbibing quality in all processes.

Quality is never an accident; it is always the result of intelligent effort and in its pursuit, your Company is already certified with Integrated Management System (IMS) as per Publicly Available Specification, PAS 99:2006 integrating requirement of ISO 9001:2000 (Quality), ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Occupational Health & Safety Management System). POWERGRID also stands audited for Social Accountability System, SA 8000:2001 for all its establishments.



This year, with the accreditation of ISO 9001:2000 for all Regional Load Dispatch Centres (RLDCs), the Quality Management System (QMS) certification for all establishments of POWERGRID is now complete.

SUSTAINABLE DEVELOPMENT

Transmission projects are environmentally clean and non-polluting in nature and do not generate solid waste. However, acquiring Right-of-Way for laying transmission lines has become quite challenging in view of its social impact.

We took proactive steps and developed "Environment & Social Policy and Procedures (ESPP)" in the year 1998 for conservation of forests, flora & fauna, resettlement & rehabilitation etc. based on wider consultations with stakeholders, NGOs etc.. This document has been developed based on the principles of avoidance, minimization and mitigation. This effort was applauded at various fora and by multilateral funding agencies such as The World Bank and Asian Development Bank. These policies get upgraded from time to time keeping in view evolving practices nationally and internationally. After implementation of ESPP since 1998, tremendous success has been achieved towards conservation of natural resources particularly forest. Total forest involvement in transmission projects has reduced from 6% to 1.35% and projects have been implemented without rehabilitation and resettlement disputes.

I am happy to share with you that The World Bank has selected POWERGRID's ESPP as the 1st candidate for Use of Country Systems (UCS) in India as POWERGRID's ESPP meets legal requirement of Indian law and other multilateral funding agencies.

BUSINESS DEVELOPMENT

Telecom Business

Your Company is providing a robust highway of telecommunication on its existing electricity transmission network and owns and operates more than 20,000 kms. of telecom network connecting all metros, major cities & towns. The Company is one of the few telecom players with a marked presence in remote areas and has acquired IP-II, ISP Category A & NLDO licenses to provide a variety of services.

POWERGRID's total bandwidth sold rose by 28% to 45.25 Gbps in 2008-09 versus 35.36 Gbps in the year 2007-08. Availability of the Telecom Network has been improved to 99.9% during 2008-09 from 99.87% in 2007-08. From telecom business, your Company has earned revenue of about Rs. 150 Crore during FY 2008-09, registering a growth of about 20% as compared to Rs. 125.5 Crore for FY 2007-08.

You would be happy to know that your company has been selected as a consortium member for implementing the prestigious National Knowledge Network (NKN) project

at an estimated cost of about Rs. 2,000 Crore. This project envisages a gigantic three layer Telecom network of all knowledge centres across the country such as IITs, IISc, etc. on high speed connectivity.

Consultancy Business

POWERGRID with its strong in-house expertise in various facets of Transmission, Sub-transmission, Distribution and Telecom sectors is offering consultancy services to various power utilities and other companies at national & international level.

During the year 2008-09, the Company has realised revenue of about Rs. 216 Crore as consultancy fee from its various ongoing assignments. Furthermore, your company has secured major consultancy assignments which includes Turnkey Execution of Power Evacuation System for Talwandi Sabo and Rajpura Power Projects in Punjab for the Punjab State Electricity Board, Turnkey execution of 6 nos. 132/33 kV new sub-stations, 4 nos. 132 kV bays and associated transmission lines for Orissa Power Transmission Corporation Ltd. and Turnkey execution of 400 kV Pallatana-Silchar and Silchar-Bongaigaon transmission lines with ONGC-Tripura Power Company Private Limited.

Further, keeping in view our expertise in transmission, distribution and telecom sectors and the prospects available in international business arena, POWERGRID, has established a dedicated International Business Division to strategically exploit promising potential and opportunities abroad.

POWERGRID has emerged as a strong player in transmission sector in most of the SAARC (India, Nepal, Bhutan, Bangladesh, Sri Lanka, Maldives and Pakistan)/BIMSTEC (Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Co-operation) member countries.

Our most prestigious assignment, i.e. 200 kms., 220 kV Double Circuit Pul-e-Khumri to Kabul Transmission System in Afghanistan, has been completed in Jan, 2009 at a cost of about Rs. 420 Crore, within the schedule despite hostile

Pul-e-Khumri to Kabul Transmission System in Afghanistan



working conditions, including the setting up of the line passing over Hindu Kush region at a height of 4000 meters above sea level, which is covered with snow for nine months in a year. The H.E. President of the Islamic Republic of Afghanistan Mr. Hamid Karzai inaugurated the Pul-e-Khumri to Kabul Transmission line and Chimtala Sub-station.

POWERGRID has also secured consultancy assignments in Nepal, Bhutan, Nigeria and Dubai against stiff competition from international consultants. Besides, a pre-feasibility report has been prepared and submitted for a proposed under-sea interconnection with Sri Lanka. Further, POWERGRID has also been identified as the implementing agency for a 230kV transmission project in Myanmar to be funded by Govt. of India.

FACILITATING PRIVATE SECTOR PARTICIPATION

POWERGRID has been helping private companies and Independent Power Producers (IPPs) to set-up transmission systems through partnering in joint venture companies. Also, through the independent private transmission company route, POWERGRID has facilitated private investment in transmission sector.

The first Public-Private Partnership project with M/s Tata Power Limited for the Transmission system associated with Tala Hydro-electric Project (HEP) is under successful operation since 2006.

Further, in order to help IPPs to evacuate power from their generation

projects, your Company has already established four Joint Venture (JV) Companies namely, Torrent POWERGRID Limited, Jaypee POWERGRID Limited, Teesta Valley Power Transmission Company Limited and North-East Transmission Company Limited (NETCL). Furthermore, Parbati-Koldam Transmission Company Limited, a JV company was established with Reliance Energy Limited through an international competitive bidding process for the implementation of specific transmission lines associated with Parbati-II (800 MW) HEP and Koldam (800 MW) HEP.

Further, POWERGRID has also facilitated formation of an Independent Private Transmission Company (IPTC), 100% owned by private sector, for implementation of part of transmission lines under Western Region Strengthening Scheme-II through international tariff based competitive bidding process as per CERC directive.

The five JV companies and IPTC have achieved significant progress during the year and all of these companies have already obtained Transmission License from the CERC.

In addition to above, a JV Company, POWERGRID IL&FS Transmission Company Private Limited with IL&FS was also established on 50:50 basis to undertake project development of intra-State transmission and sub-transmission works for State power utilities.

CONTRIBUTION IN THE DISTRIBUTION SECTOR

Your Company has earned an excellent reputation for its

contributions in the distribution sector reform programmes of Government of India (Gol) and has extended support to our esteemed customers, the State Utilities.

Under the Accelerated Power Development and Reforms Programme (APDRP), POWERGRID is acting as Advisor-cum-Consultant (AcC) to lend its managerial and technical expertise for improvement of the distribution system in 177 distribution circles/ towns/ schemes spread over 18 States at an estimated cost of about Rs. 6,600 Crore. Most of these schemes have been commissioned. Further, POWERGRID is also implementing some of these schemes on deposit work basis under bilateral arrangement in the States of Bihar, Goa, Meghalaya, Uttar Pradesh, Tripura & Gujarat at a cost of about Rs. 1,100 Crore and most of these works are nearing completion.

Under the Rajiv Gandhi Grameen Vidyutikaran Yojana



Village electrified by POWERGRID under RGGVY

(RGGVY), POWERGRID had entered into a quadripartite agreement with Rural Electrification Corporation (REC), State Government and State Power utility, for undertaking rural electrification works in the country. POWERGRID has been assigned the job for execution of rural electrification works in 68 districts in the country covering around 74,000 villages at an estimated cost of about Rs. 6,400 Crore. As part of this, POWERGRID has already established infrastructure for electrification of about 30,000 villages till Mar'09 out of 31,566 villages sanctioned during X Plan. The balance are expected to be completed by March, 2010. For 43,670 villages, spread over 33 districts, sanctioned recently for XI Plan, implementation of projects in most of the districts has already commenced.

FUTURE OUTLOOK

I would like to quote from Sri Bhagavad Gita (2.47) where it is said that 'karmany va-adhikaraste ma phalesu kadachana', which means, 'Be active, never be inactive, and don't react to the outcome of the work'.

We are aware about our purpose and urgency to progress further in providing reliable and efficient inter-State electric power transmission infrastructure in the country.

Dear Shareholders, we are geared up to meet tough challenges as well as to exploit emerging opportunities. We have a dedicated and talented pool of manpower which is



full of great zeal and enthusiasm. It is our constant endeavor to provide avenues and scope for continuous learning & development to every employee. Besides this, we undertook programmes on Competence Mapping in association with leading HR consultants during the year so that the contribution of employees could be optimized and the level of job satisfaction could be enhanced. Empowerment of employees has been a strategic advantage to the Company to deliver extraordinary performance.

Enabled by proven project management systems & transparent procurement policy & procedures, we are confident to meet XI Plan target of Rs. 55,000 Crore. Out of this target, an investment of about Rs. 15,000 Crore has already been made during the initial 2 years period of the Plan, an achievement of about 27% of plan outlay. For the year 2009-10, an outlay of about Rs. 11,500 Crore has been kept by POWERGRID and balance about Rs. 28,500 Crore shall be utilised in the last 2 years period of XI Plan.

POWERGRID enjoys excellent credibility amongst investors and we have already tied-up about 70% of funds for our projects. The balance funds will be raised on year to year requirement basis.

We are constantly striving to create wealth for our stakeholders. Exploiting our core strengths, we expect to increase our Telecom and Consultancy businesses in the domestic as well as in international arena. Through strategic alliances and constant hard work, we expect to expand these businesses at rapid rate.

Dear esteemed Shareholders, we are committed to achieving the highest ethics and standards of corporate governance. We have a Board of Directors and various committees well represented by independent directors who are eminent Indian business and academic leaders with a wide range of experience and expertise.

In the end I would like to emphasize that a well designed, integrated transmission system will help in optimal utilization of natural resources and not only large quantum

of power shall be transmitted but environment and society shall also be protected by way of conservation of natural resources and supply of clean energy.

ACKNOWLEDGEMENTS

Your Company in fact takes pride in being able to capitalise an opportunity to lead by example in achieving outstanding standards in corporate citizenship. It is this pride and sense of responsibility that encourage our excellent human capital to strive harder, in the face of all adversities, to bring more glory to POWERGRID. Dear esteemed shareholders, on their behalf, I look forward to your continued support and encouragement.

I take this opportunity to convey my sincere thanks to the Government agencies, particularly the Ministry of Power, the Ministry of Finance, the Department of Public Enterprises, Planning Commission, Ministry of Environment & Forests, Ministry of External Affairs, Central Electricity Authority, Central Electricity Regulatory Commission, Statutory Auditors, Comptroller and Auditor General of India (C&AG) and Employee Unions for their confidence and support to our company. I would also like to show appreciation to our Directors especially our Independent Directors for their important inputs and laudable support.

I would also like to express gratitude to the State Power Utilities, Financial Institutions both domestic and international and all our esteemed shareholders for their trust in the Board of Directors and the Management of the Company for their confidence and support at all times. Their active interest has been a source of great encouragement and inspiration for us.

Thank you, Ladies and Gentlemen.

Place : New Delhi

Date : 9th Sept., 2009

(S.K. Chaturvedi)

Chairman & Managing Director



Directors' Report

One Nation- One Grid



DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors, it is my privilege to present the 20th Annual Report on the performance of your Company during the financial year ended on March 31, 2009 along with audited Statement of Accounts, Auditors' Report, comments on the Accounts by the Comptroller and Auditor General of India for the reporting period.

Your Company is playing a key role in Indian Power Sector directly contributing to economic development of the country through the commendable job it has done in establishing huge and complex transmission network and as grid operator despite working in tough terrains, hostile weather conditions etc.. In the process, your Company has developed strong expertise in various facets of power transmission business including

development, operation & maintenance of large transmission networks and presently owns & operates around 71,500 ckt. kms. of transmission lines along with 120 Sub-stations and transformation capacity of about 79,500 MVA. In a short span of only 17 years of commercial operations, your Company has grown by leaps and bounds and has carved a niche for itself amongst the largest transmission utilities in the world.

With excellent progress made on all fronts during the year, your Company has once again exceeded the performance targets set forth under Memorandum of Understanding (MoU) with Ministry of Power (MoP), Government of India and is poised to achieve "Excellent" rating, under MoU 2008-09, continuing the track record of achieving "Excellent" rating since signing of its first MoU for 1993-94 with MoP.



Highlights of achievements of your Company during FY 2008-09 are briefly mentioned here to give an overview of success achieved in all fronts. The Company made an investment of Rs. 8,095 Crore during FY 2008-09 exceeding Budget Estimates (BE) target of Rs. 8,040 Crore set for the Company, an increase of about 22% of investment made last year (Rs. 6,656 Crore). The inter-regional power transfer capacity of National Grid was enhanced to about 20,800 MW from 17,000 MW in FY 2007-08. National Load Despatch Centre (NLDC), the apex body to ensure integrated operation of the national power system at national level has been commissioned in Feb., 2009. Our prestigious consultancy assignment of construction of Transmission line from Pul-e-Khumri to Kabul in Afghanistan has been completed in Jan., 2009, within the schedule despite hostile working conditions (passing over Hindu Kush region at a height of 4000 mtrs above sea level, which is covered with snow for 9 months in a year).

Your Company has received Three National Awards for meritorious performance in the field of

Transmission Sector for system availability and early completion of project for the year 2007-08. One gold and one silver medal was received by North-Eastern Region and Western Region-I Transmission Systems of POWERGRID for achieving high availability of transmission system respectively and another Silver medal was conferred to Southern Region-I for early completion of Gooty-Raichur 400kV D/C line. Her Excellency, the President of India Smt. Pratibha Devisingh Patil gave away the awards.

POWERGRID has also received IEEMA Power Awards 2009 for "Excellence in Power Transmission" & All India Organization of Employers Industrial Relations Award 2007-08. POWERGRID has also been chosen for the prestigious "Star" Public Sector Company Award for 2007-08 for its game-changing role in the industry by Business Standard, a leading financial daily of the country. Further, POWERGRID has been conferred the "The First DSIJ PSU Awards 2009" by Dalal Street Group of Publications for being "one of the largest transmission utilities in the world".





FINANCIAL RESULTS

	Rs. Crore	
	2008-09	2007-08
Turnover	7029	5082
Gross Margin	5927	4217
<i>Less:</i>		
Depreciation	1094	960
Prior period Adjustment	70	182
Deferred Revenue		
Expenses written off	2	5
PBIT	4761	3070
PBT	2229	1730
PAT	1691	1448

APPROPRIATIONS

Transfer to Bonds Redemption Reserve	491	400
Interim Dividend	210	210
Proposed final Dividend	295	295
Tax on Interim Dividend	36	36
Provision for Dividend Tax on proposed final dividend	50	50
Transfer to General Reserve	700	550
Transfer to Self Insurance Reserve	35	30

OPERATIONAL EXCELLENCE

By 31st March, 2009, POWERGRID owns & operates a transmission network of around 71,500 ckt. kms. of transmission lines along with 120 Sub-stations and transformation capacity of about 79,500 MVA, spread over the length and breadth of the country.

During the year, availability of our gigantic transmission network was maintained at 99.55%. POWERGRID's transmission network wheels about 45% of total power generated in the country.

Your Company has been able to display its capability in consistently maintaining the availability of this gigantic transmission network over 99%, which is comparable with the best international standards. To maintain high availability, POWERGRID employs state-of-the-art technology in operation & maintenance of its Assets. Equipment health is being assessed periodically using "Condition Assessment Techniques" with sophisticated tools. All shut down and non shut down maintenance activities are planned in advance and an "Annual Maintenance Plan" is worked out for each and every asset. We have well defined levels for approval of test results depending on their importance and criticality.

POWERGRID has also introduced 'On line monitoring' of equipment in addition to off line techniques. Hot Line Maintenance is being carried out up to 400kV transmission lines. POWERGRID also employ state-of-the-art "Emergency Restoration System" for restoration of collapsed transmission lines in minimum possible time.

For the first time in India, for further enhancing the availability of transmission lines, your Company has introduced helicopter for hotline washing of Insulators in 12 critical

transmission lines in polluted stretches in Northern Region. Insulator cleaning at about 1800 towers was completed from 1st November 2008 to 20th March, 2009. Replacement of conventional insulators with polymer insulators on around 1700 towers in critically polluted stretches of 14 transmission lines in Northern Region was also undertaken. These efforts have contributed significantly in smooth operation of Northern Grid during foggy weather conditions. Further, Renovation & Modernisation (R&M) initiatives have been taken up to replace ageing transmission assets as per prevalent CERC tariff regulations.

Operation and Maintenance (O&M) methodology has been standardized throughout POWERGRID. Standard documents in this regard have already been developed. Documents of maintenance schedule, procedures and formats have been standardized for all assets. All substations and line offices can access these documents through the Portal apart from hard copies provided to them.

POWERGRID's O&M activities are ISO certified and systems and procedures are revised periodically to keep abreast with the latest technology. Periodical reviews are conducted at Substations and Line offices to evaluate implementation of the systems and procedures.

Presently, about 16 sub-stations of POWERGRID are remotely operated from other sub-stations and more such initiatives are in the pipe line. This leads to optimum deployment of manpower & establishments in Sub-stations leading to reduced maintenance expenditure.

Residual Life Assessment (RLA) initiative has been taken for the first time which will provide the actual condition of substation equipment for taking necessary preventive maintenance/ refurbishment, thus avoiding pre-mature failures. Moving ahead, detailed RLA studies for Hyderabad substation, one of the oldest sub-station of POWERGRID, is being carried out in association with CESI, Italy and CPRI, Bangalore.

Considering the present business needs and the fast pace of growth your Company has been experiencing in the last 5 years and which is only expected to grow exponentially, POWERGRID is taking steps to integrate parts of its various systems, like financial and physical monitoring and control, internally through the use of Enterprise Resource Planning (ERP). In this direction, POWERGRID is contemplating to have state-of-the-art "Enterprise Asset Management System" to track its increasing asset base for monitoring their health. This is expected to help in creation of centralized asset base, helping to analyse pattern of failures, optimization of inventory and paperless maintenance activities.

QUALITY MANAGEMENT

Electric power is one of the most important infrastructure sector of the national economy and is essential for economic development, human welfare and higher standard of living. Your Company, in all its endeavours, is committed to provide cost effective & quality services to its valued customers





thereby deriving high customer satisfaction. To achieve this, quality improvement measures/ techniques are being adopted at every stage from conceptualisation of project till commissioning and subsequently during operation phase to identify the areas of improvement and develop action plans for continuous quality improvement in all of its activities.

Your Company is already certified with **Integrated Management System (IMS)** as per **Publicly Available Specification, PAS 99:2006** integrating requirement of ISO 9001:2000 (Quality), ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Occupational Health & Safety Management System). POWERGRID also stands audited for **Social Accountability System, SA 8000:2001** for all its establishments. This year, with accreditation of ISO 9001:2000 for all Regional Load Dispatch Centres (RLDCs), the Quality Management System (QMS) certification for all establishments of POWERGRID is now complete.

GRID MANAGEMENT AND OPEN ACCESS

Optimum utilization of generation resources requires development of a strong transmission network and its implementation has been taken up by your Company in a phased manner. Planned rapid expansion of regional grids and their integration to form National Grid poses great challenges in Grid Operation & Management. Central Sector Generating Stations have not faced any generation evacuation problem on account of transmission constraints during the year, as a strong and robust transmission network set up by

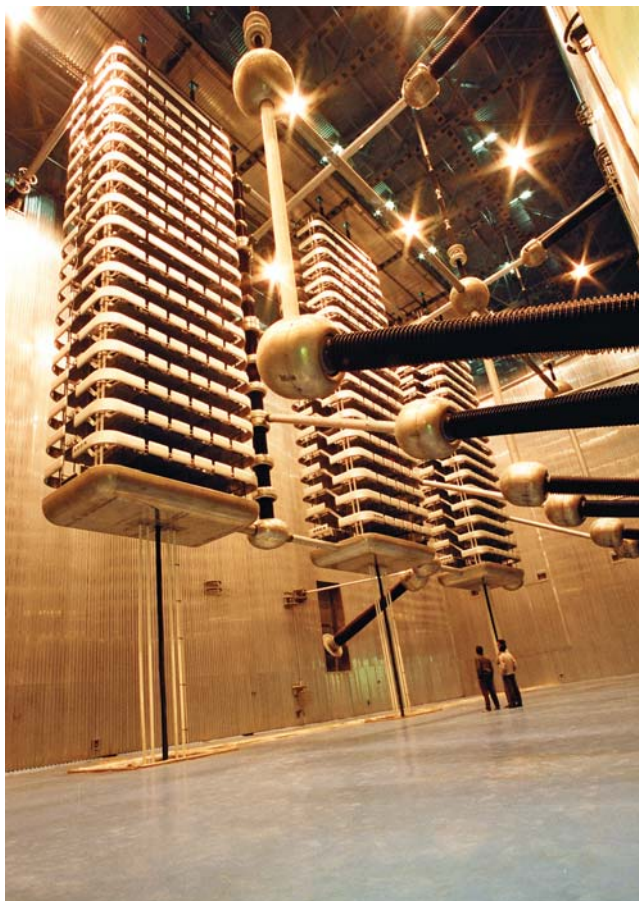
your Company is there to take care of evacuation related issues.

Further, the state-of-the-art Unified Load Despatch & Communication (ULDC) schemes are in place to bring quality and economy in operation of power system besides improving data availability, visibility and transparency. Modernization of Regional Load Despatch Centres along with State/ sub-State Load Despatch Centres and dedicated communication schemes in all the regions viz. Northern, Southern, North-Eastern, Eastern and Western Regions have been successfully completed. Efforts made by POWERGRID in modernizing the RLDCs, implementation of ABT, power transfer through inter-regional links, effective Operation & Maintenance practices using cutting edge technologies and round the clock vigil of the grid have led to overall improvement in power supply situation in all parts of the country. For overall co-ordination at national level, National Load Despatch Centre (NLDC) has been commissioned in Feb.'09. NLDC is the apex body to ensure integrated operation of the national power system. Through four tier hierarchical system, these RLDCs have become epitome of technological excellence in grid operation. These are world's one of the largest and most complex projects involving the state-of-the-art technology that has resulted in real time monitoring and control of the grid enhancing safety, security, reliability and stability in all regions of the country. As a result of all these initiatives, we have **successfully managed to arrest occurrence of any major grid disturbance in the country during last more than six and half years**. Minor grid disturbances in regional grids also came down significantly.

POWERGRID, in its efforts to ensure delivery of quality power and to maintain grid discipline, facilitated implementation of "Availability Based Tariff (ABT)" in all the five regions. This has stabilized the frequency to the prescribed band as per IEGC, i.e. 49.0 Hz to 50.5 Hz for large percentage of time in all the five regions. ABT has also encouraged inter-State and inter-regional bilateral trading resulting in meeting higher demand from the existing sources. Merit order operation of generating units is gaining importance and many States are utilizing this facility to utilize the system commercially.

On behalf of various State Power utilities and other players in the regional pool, POWERGRID, through its RLDCs, facilitated settlement of UI charges to the tune of around Rs. 14,000 Crore in FY 2008-09 (as against Rs. 10, 685 Crore in FY 2007-08) as regional pool settlement.

With the development of various inter-regional transmission links, our strong transmission network and modernised Regional Load Despatch Centers (RLDCs) have also facilitated manifold growth in inter-regional power exchanges across the country on real-time basis. During FY 2008-09, **about 46,000 MUs** of inter-regional energy transfer was facilitated across the country. The increased inter-regional power exchanges have helped in meeting more demand in energy





National Award for Meritorious Performance presented by the Hon'ble President of India

deficit regions besides achieving overall economy. Under open access, more than 11,780 transactions were approved during the year involving 30,500 MUs of energy. Thus, POWERGRID is facilitating flow of power across the country effectively utilising the available transmission capacities, thus bringing much needed open access to reality.

Your Company also incorporated Power System Operation Corporation Limited, a 100% subsidiary of POWERGRID, in March, 2009 to look after Grid Management function in line with GoI directive. Pending determination and transfer of assets, Grid management function continued to be operated by your Company.

PROJECT IMPLEMENTATION

During the year, your Company continued to implement its projects with economy and within stipulated time frame to derive maximum economic benefits. POWERGRID's advanced and cost effective Integrated Project Management and Control System (IPMCS) for total project review and monitoring has been contributing significantly. Project implementation activities involves total project review and monitoring including Standardisation of Designs, Project Review Meetings (PRMs) at regular intervals through video conferencing, pre-emptive measures and advance actions on various project linked activities such as land acquisition, survey and soil investigations, tender activities, funding tie-up, etc. in parallel with project investment approval process.

On project implementation front, your Company displayed excellent performance during FY 2008-09 and commissioned

about 4,642 ckm of transmission lines, 09 nos of new sub-stations and added transformation capacity of about 6,400 MVA. Transmission projects worth about Rs. 3,734 Crore were commissioned during the year. These additions to the Company's network have helped in improving power supply situation in various regional grids, facilitating enhanced inter-regional power transfer capacity and reliability of the system. Major projects commissioned during FY 2008-09 include Transmission System associated with Kahalgaon-II (Phase-II), Sipat-I Transmission System, System Strengthening in South-West part of Northern Grid, RAPP 5&6 Transmission System, Western Region System Strengthening Scheme-I and Western Region System Strengthening Scheme-III, etc.

During the year 2008-09, 26 new projects with an estimated cost of more than Rs. 40,000 Crore involving about 21,178 ckm of transmission lines and 19 no. sub-stations with transformation capacity of about 52565 MVA and HVDC terminals of 6000 MW were approved by Board of Directors of POWERGRID and taken up for implementation. Major projects include Transmission System associated with DVC and Maithon RB generation projects, Transmission System associated with Sasan & Mundra Ultra Mega Power Projects, North East-Northern/ Western Region Interconnector-I, etc.. Your Company is making all out efforts for meeting the targets for completing the transmission elements identified to facilitate transfer of more power to Delhi on priority as a part of preparedness for Commonwealth Games 2010. Further, during the year implementation activities have also commenced on the prestigious ± 800 kV, 6000



MW HVDC Bi-pole line from North Eastern Region to Northern Region (Agra).

At the end of March, 2009, transmission projects at a cost of about Rs. 62,000 Crore involving about 38,000 ckm of transmission lines, 44 new sub-stations and transformation capacity of about 67,000 MVA are under various stages of implementation.

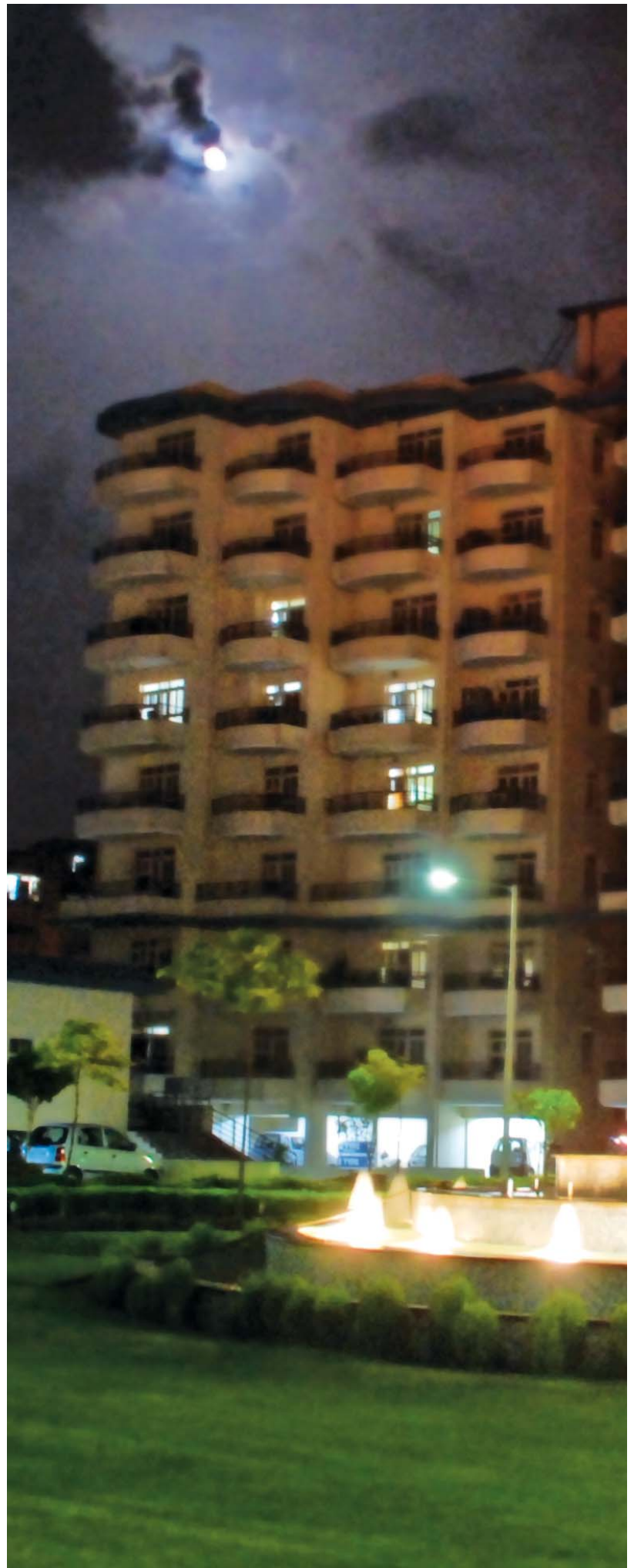
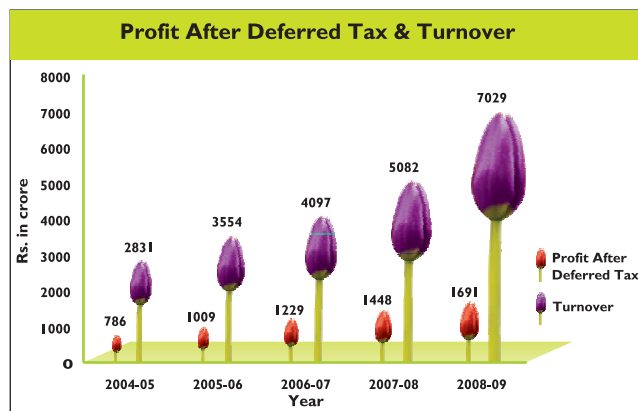
Major ongoing projects include:

- ∇ **Generation Linked:** Transmission System associated with Kudankulam Atomic Power Project, Kaiga-3&4, Barh, Uri-II, NLC-II Expansion Project, Farakka-III, Parbati-III HEP, Chamera-III, Koldam HEP, Koteswar HEP, Sewa-II HEP, Mundra UMPP, Sasan UMPP, etc;
- ∇ **Grid Strengthening Schemes:** East-West & North-West Transmission Corridor Strengthening Schemes along with many System Strengthening Schemes in Northern, Western, Southern and Eastern Region.

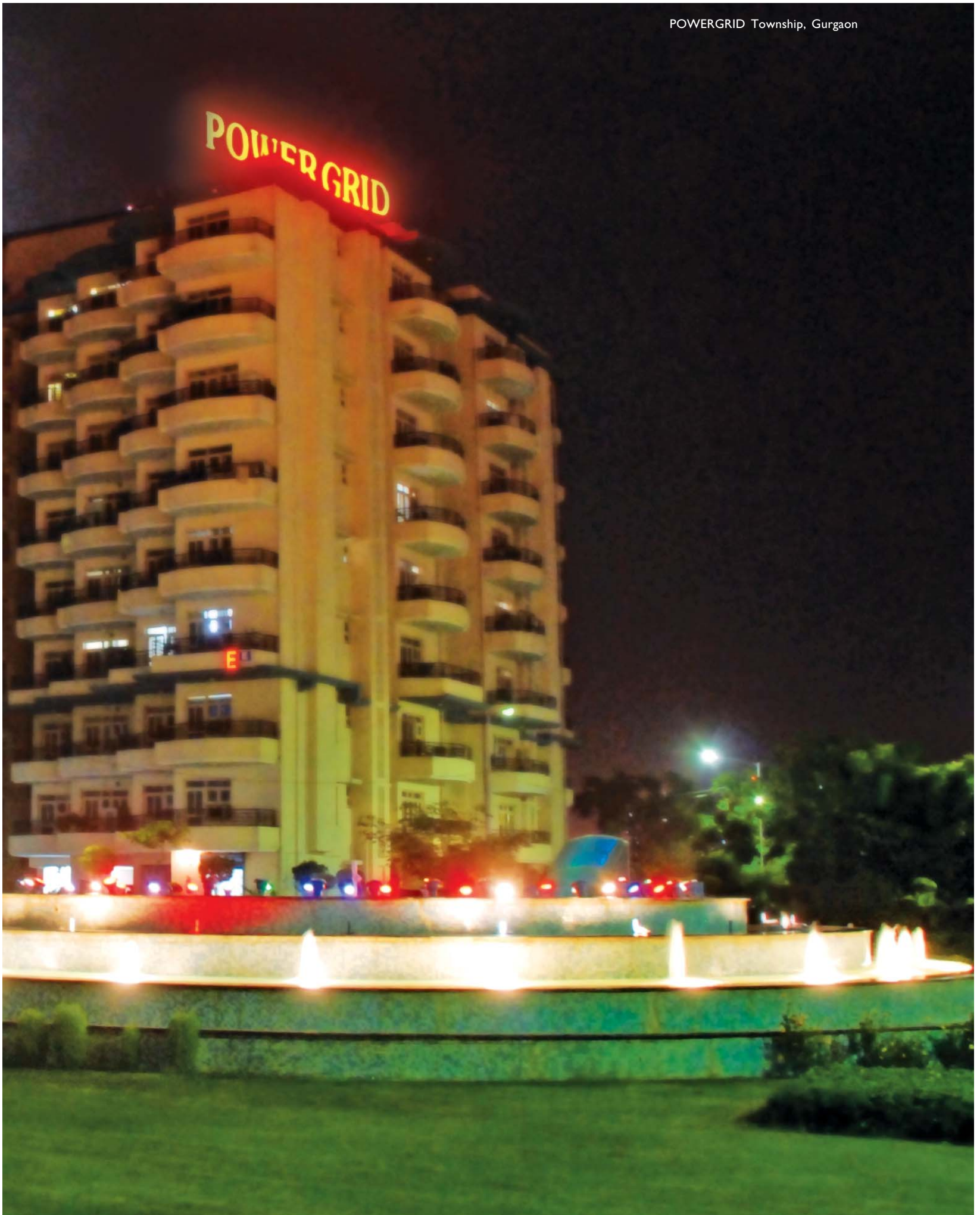
In addition, 14 new projects with an estimated cost of more than Rs. 18,000 Crore, involving about 6,850 ckm of 765/400/220/132 kV transmission lines and 13 new sub-stations with transformation capacity of 38,150 MVA and HVDC terminals of 4,000 MW capacity have been conceptualized and are presently under process of investment approval. Your Company has also been entrusted by Govt. of India to develop associated transmission systems for evacuation of power from four Ultra Mega Power Projects (UMPPs) viz. Mundra, Sasan, Krishnapatnam and Tillaiyya UMPP. Since these are the projects of national importance, necessary advance actions have been taken for implementation of these projects matching with the generation projects. Accordingly, associated transmission systems for Mundra and Sasan UMPPs were approved and implementation has commenced while transmission system for Krishnapatnam UMPP is under investment approval & that for Tillaiyya UMPP is under finalisation.

FINANCIAL MANAGEMENT

The year 2008-09 has been another year of impressive financial performance for your Company. The company has achieved a Turnover of Rs. 7,029 Crore and Net Profit of Rs. 1,691 Crore as compared to Rs. 5,082 Crore and



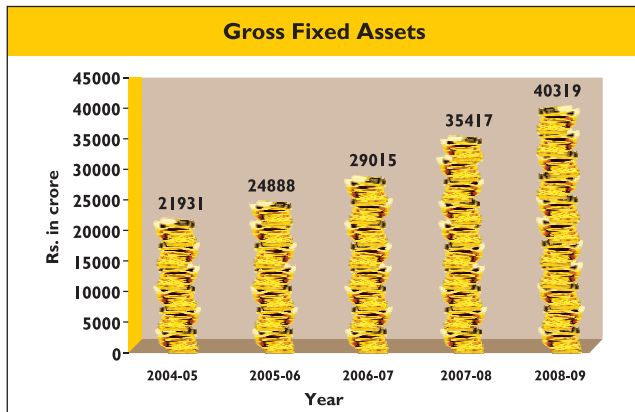
POWERGRID Township, Gurgaon





Rs. 1,448 Crore respectively during FY 2007-08, an increase of 38% and 17% respectively. With the addition of huge transmission network, **Gross Asset Base** of the Company has been enhanced to Rs. 40,319 Crore in 2008-09 from Rs. 35,417 Crore in 2007-08. POWERGRID is taking all possible steps to further improve its financial performance by taking up other kind of synergetic business such as consultancy assignments at National and International level in transmission, distribution, telecom etc. to remain a financially progressive organisation in emerging market conditions and to enhance value for our shareholders.

Capital Investment and Fund Mobilisation

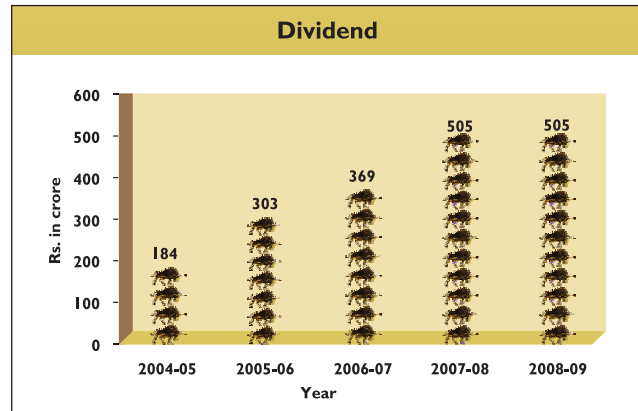


During FY 2008-09, your Company made an investment of **Rs. 8,095 Crore** for implementation of various projects exceeding Budget Estimate target of **Rs. 8,040 Crore** set for the Company. The requisite funds were mobilised from domestic market and proceeds of ongoing loans from multilateral funding agencies, namely, The World Bank (WB) and Asian Development Bank (ADB) were utilised for the above investment, besides internal resources of POWERGRID.

Your Company is placed in a comfortable position in terms of resource mobilisation, as it enjoys an excellent credit rating with financial institutions. In this direction, loan agreement for USD 400 Million from The World Bank has been signed in Jan'09 and loan became effective from 30th March'09. Further, loan agreement for USD 200 Million from ADB has been signed in March'09. In addition, The World Bank has also agreed for another loan of USD 1 Billion to POWERGRID, for which preparatory and appraisal missions were deputed by the Bank in Feb.'09 and May'09 respectively. Loan negotiation is expected to take place in 2nd quarter of FY 2009-10. Thus till date, around 70% of total loan requirement for XI Plan has already been tied-up or identified and balance shall be raised on year to year basis as per requirement. Besides, a proposal for loan assistance of USD 1 Billion from ADB has been submitted to Ministry of Finance in Feb.'09. ADB has agreed to consider this assistance under ADB lending programme for 2010-11.

Dividend Payout

For FY 2008-09, your company has proposed a final dividend of Rs. 0.70 per share, which shall be paid after your approval



at the Annual General Meeting. This is in addition to Rs. 0.50 per share of interim dividend paid in February, 2009. Thus total dividend pay out for the year amounts to Rs. 505.08 Crore (including an interim dividend of Rs. 210.46 Crore), same as dividend paid during the previous year. It may be noticed that total dividend pay out including dividend tax, accounts for 35% of Profit after Tax of the Company.

Directors' Responsibility Statement

As required u/s 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- The Directors have taken proper and sufficient care in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

XI Plan Investment programme

Towards achieving the targeted investment programme of **Rs. 55,000 Crore** for XI Plan for providing matching transmission system for generation capacity addition in Central sector and other generation projects for which transmission system is required to be built by POWERGRID, significant progress has been made during FY 2008-09. Out of this, investment of about **Rs. 15,000 Crore** has already been made during the initial 2 years period of the Plan, an achievement of about 27% of plan outlay. For the year 2009-10, an outlay of about **Rs. 11,500 Crore** has been kept for POWERGRID and balance about **Rs. 28,500 Crore** shall be utilised in the last 2 years period of XI Plan.

COMMERCIAL PERFORMANCE

On commercial front, in terms of realisation of transmission charges, your Company's performance has been highly

satisfactory. Current realisation of about Rs. 5,877 Crore stood at about 100% of billed amount during the year 2008-09. POWERGRID is continuously realising 100% of its current payable dues for the last five years. Post-securitisation, outstanding dues (beyond 90 days of billing) stands at Rs. 3.92 crore as on March 31, 2009. The present LC coverage of about Rs. 372 Crore is equivalent to more than 100% of average monthly billing.

DEVELOPMENT OF NATIONAL GRID

Company is playing an important role for development of National Grid, for meeting power demand in various parts of the country and for optimum utilisation of generation resources, implementation of which has been taken up in a phased manner matching with generation capacity addition in the country. Towards this, a perspective transmission plan has been evolved for strengthening the regional grids and enhancing the inter-regional power transfer capacity of National Grid. In line with this plan, various inter-regional transmission schemes have been implemented/ are under implementation/ planned in the country to enhance the inter-regional power transfer capacity of National Grid to more than 37,000 MW by the year 2012.

During the year 2008-09, POWERGRID has commissioned Ranchi–Sipat 400 kV D/C transmission line, Agra–Gwalior 2nd S/C 765 kV line (initially charged at 400 kV), Zerda–Kankroli 400 kV D/C line and utilized inherent capability of Biharshariff–Sasaram–Allahabad link. Commissioning of these links have not only provided additional power transfer capacity between Eastern, Northern and Western Regions but also improved reliability and security of the grid. With this, total inter-regional power transfer capacity of National Grid has been enhanced to 20,800 MW from 17,000 MW at the end of FY 2007-08 and substantial amount of power is being exchanged across the country utilizing inter-regional links established by POWERGRID. In fact establishment of National Grid by POWERGRID is also facilitating transfer of short term surplus power from any where to any where in the country from generation under State and Private sector as well.

TECHNOLOGY UP-GRADATION, RESEARCH & DEVELOPMENT

The Company has undertaken several technological innovations aimed at conserving Right-of-Way (RoW), minimizing impact on natural resources & human habitat and cost effectiveness in evacuation of power from the future generation projects. The Company has developed and adopted State-of-the-art technology in Transmission System Development as well as for Grid Operation & Management and has also successfully implementing its program for standardization of transmission tower, which has helped in cutting down the construction time of projects.

POWERGRID has upgraded and uprated its existing transmission lines on case to case basis to optimally utilise the Right of Way. 400 kV EHV AC lines with triple/ quad conductor and/ or application of series compensation have

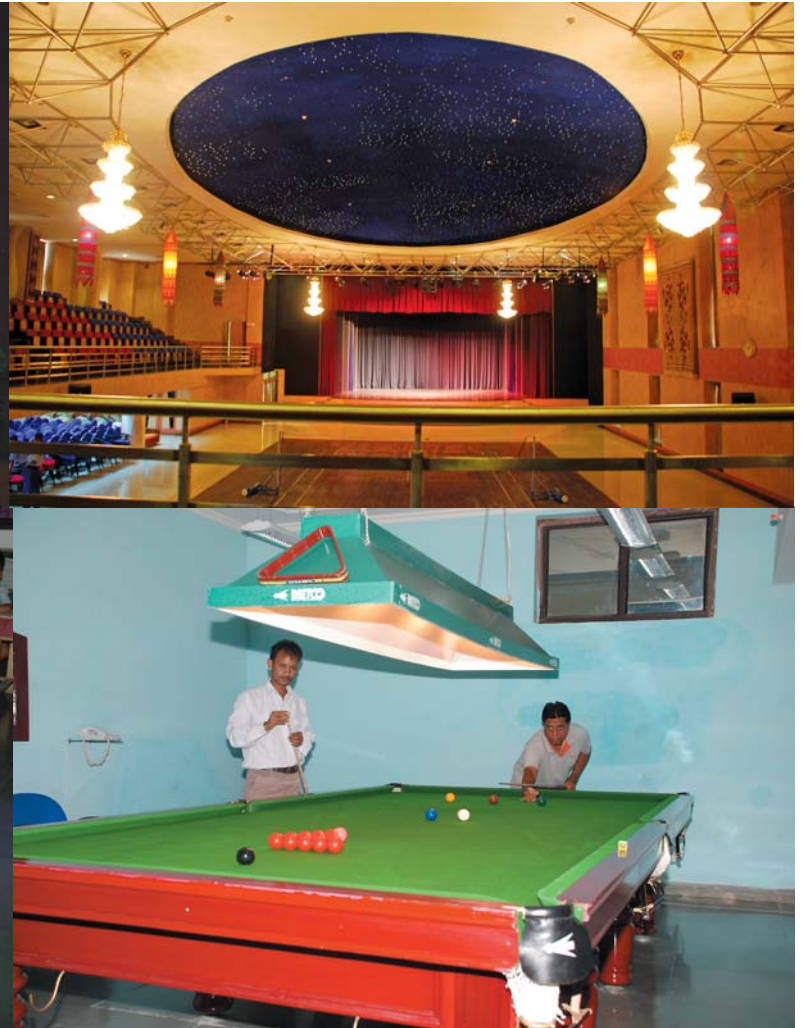
been implemented to handle bulk transfer of power over short distances. POWERGRID has taken initiative for development of major transmission highways using higher transmission voltage levels, i.e. 765 kV EHV AC and ± 500 kV HVDC as a viable alternatives to achieve efficient utilisation of RoW and increased power transfer capability for transfer of bulk power over long distances.

Besides, a Joint Venture amongst POWERGRID, NTPC Limited, NHPC Limited and Damodar Valley Corporation has been formed during the year for creation of “On Line High Power Test laboratory” for providing short circuit test facility in India, in a phased manner.

1200 kV UHVAC Transmission System

765kV Extra High Voltage level has already been introduced in the country in Oct'2007. In order to further meet the long-term power transfer requirement and to take care of environmental considerations, development of an overlaying Super Grid comprising 1200kV UHVAC system is being envisaged. At present, there are no standardized parameters available for 1200kV AC system and equipment at this voltage level are also not available commercially worldwide. POWERGRID has taken





leadership initiative to carry out R&D in this area to develop the 1200kV system indigenously. A 1200kV UHVAC Test Station along with a 1200kV test line is being established at Bina substation in Madhya Pradesh (Western Region) of POWERGRID, as a collaborative effort with equipment manufacturers, for indigenous development of 1200kV equipment in India.

±800 kV HVDC Bi-pole Line

The Company is also implementing ±800kV, 6000 MW HVDC Bi-pole Line from North Eastern Region to Northern Region (Agra). This shall be the first of its kind (±800kV HVDC line) having the largest power carrying capacity and transmitting power over distance more than 2000 Kms.

International Exhibition cum Conference

For providing a platform for demonstrating and discussing the emerging technologies in power transmission and distribution sector and also in synergic areas of load dispatch, telecommunications, application software etc., **GRIDTECH 2009** was successfully organized on 29th & 30th January, 2009 at Pragati Maidan, New Delhi, which gave opportunity to bring manufacturers, vendors and experts in the field of Transmission & distribution and related synergic areas to display the emerging technologies and share their experience/ expertise.

INITIATIVE FOR STRATEGIC ALLIANCES

POWERGRID did its bit and has been successful in facilitating private investment in transmission sector. The first Public-Private Partnership project with M/s Tata Power Limited for the Transmission system associated with Tala HEP is under successful operation.

Based on the success achieved, your Company had already established four Joint Venture Companies (JVCs) namely, Parbati-Koldam Transmission Company Limited (PKTCL), Torrent POWERGRID Limited, Jaypee POWERGRID Limited and POWERGRID IL&FS Transmission Company Private Limited till previous financial year. It may be noted that PKTCL was established as a JV company with Reliance Energy Limited through international competitive bidding process for implementation of specific transmission lines associated with Parbati-II (800 MW) HEP and Koldam (800 MW) HEP. POWERGRID IL&FS Transmission Company Private Limited, a JV with IL&FS was established on 50:50 basis to undertake project development of intra-State transmission and sub-transmission works for State power utilities. The other two JVCs were established as a result of converting the MoUs signed with IPPs for development of their dedicated transmission systems into JVs. POWERGRID's stake in these JVCs would be 26%. Continuing this process further, your Company established two more JV companies during the



year, namely, Teesta Valley Power Transmission Company Limited and North-East Transmission Company Limited (NETCL). NETCL, a JV with ONGC Tripura Power Company Private Ltd. (OTPCL) & Tripura Govt., was established for implementation of transmission system associated with Gas based power project at Pallatana in Tripura (726.6 MW) being developing by OTPCL.

PERFORMANCE IN TELECOM

At the end of FY 2008-09, your Company owns and operates more than 20,000 Kms of telecom network connecting all metros, major cities & towns. Your Company's telecom network provides a robust highway of telecommunication at affordable cost with ultra modern and eco-friendly implementation techniques. The Company is one of the few telecom players with a marked presence in remote areas and has acquired IP-II, ISP Category A & NLDO licenses to provide a variety of services. Besides prime telecom companies, prestigious Government organizations such as ERNET, STPI, NIC and various Government Ministries are our customers. Company is also planning to attract customers from entertainment and broadcasting industry.

POWERGRID's total Capacity Sold rose by 28% to 45.25 Gbps in 2008-09 versus 35.36 Gbps in the year 2007-08. Availability of the Telecom Network has been improved to 99.9% during 2008-09 from 99.87% in 2007-08.

In telecom business, the Company has earned revenue of about Rs.150 Crore during FY 2008-09, growth of about 20% as compared to Rs. 125.5 Crore for FY 2007-08. Income from telecom business is expected to grow substantially in the coming years.

Her Excellency, the President of India, Smt. Pratibha Devisingh Patil inaugurated initial phase of the prestigious National Knowledge Network (NKN) project on April 9, 2009, wherein POWERGRID has been selected as a consortium member for implementing this telecom infrastructure project of national importance, which envisages a gigantic 3 layer Telecom network of all knowledge centres across the country such as IITs, IISc, etc. on high speed connectivity at an estimated project cost of about Rs. 2,000 Crore.

BUSINESS DEVELOPMENT & CONSULTANCY

POWERGRID with its strong in-house expertise in various facets of Transmission, Sub-transmission, Distribution and Telecom sectors is already offering consultancy services at national & international level. During the year 2008-09, business development opportunities continued to receive focussed attention and thrust across the entire value chain of the power sector. Your Company has realised revenue of about Rs. 216 Crore during FY 2008-09 as a consultancy fee from its various ongoing assignments. The year 2008-09 witnessed some major achievements.



On domestic front, major consultancy assignments secured during FY 2008-09 includes:

- ✓ Turnkey execution of Power evacuation system for Talwandi Sabo and Rajpura Power Project in Punjab for Punjab State Electricity Project.
- ✓ An agreement has been signed for Turnkey execution of Six Nos. 132/33 kV new sub-station, 4 Nos. 132 kV bays and associated transmission lines for Orissa Power Transmission Corporation Ltd. (OPTCL).
- ✓ An agreement has been signed for Turnkey execution of Pallatana–Silchar 400 kV D/C and Silchar–Bongaigaon transmission lines with ONGC-Tripura Power Company Private Limited.

In the international arena, POWERGRID has emerged as a strong player in transmission sector in South Asia. Our most prestigious assignment, i.e. execution of transmission project in Afghanistan, costing about Rs. 420 Crore to lay a 200 Km long 220 kV transmission line passing over Hindu Kush region at a height of 4000 mtrs above sea level, which is covered with snow for 9 months in a year, has been completed in January 2009, within the schedule. POWERGRID has also secured consultancy assignments in



Nepal, Bhutan, Nigeria and Dubai against stiff competition from international consultants. Besides, for a proposed under-sea interconnection with Sri Lanka, a pre-feasibility report has been prepared and submitted.

POWERGRID has also been identified as the implementing agency for 230kV transmission project in Myanmar to be funded by Govt. of India by providing soft loan. The project involves the construction of approx. 300 miles of 230kV transmission network, 50 miles of 66kV transmission line besides construction of 3 nos. new 230/66/11kV new substations, one no. 230kV substation extension and one no. 66/11kV new substation.

Further, keeping in view our expertise in transmission, distribution and telecom sectors and the prospects available in international business arena, POWERGRID, has established a dedicated International Business Division to strategically exploit promising potential & opportunities abroad.

POWERGRID has been keenly participating in tenders floated by ADB, The World Bank, and other foreign organizations and submitting Expression of Interest and Prequalification documents to clients in various countries like Vietnam, China, Kenya, Ethiopia, Uzbekistan, Afghanistan & Bangladesh for participating in international competitive biddings.

CONTRIBUTION IN DISTRIBUTION REFORMS

Your Company is playing a significant role in carrying forward the distribution reforms through centrally sponsored Accelerated Power Development & Reforms Programme (APDRP) and Rajeev Gandhi Grameen Vidyutikaran Yojna (RGGVY) in various parts of the country.

Under APDRP, POWERGRID is acting as Advisor-cum-Consultant (AcC) to lend its managerial and technical expertise for improvement of distribution system in 177 distribution circles/ towns/ schemes spread over 18 States at an estimated cost of about Rs. 6,600 Crore. Most of these schemes have been commissioned. Further, POWERGRID is also implementing some of these schemes on deposit work basis under bilateral arrangement in the States of Bihar, Goa, Meghalaya, Uttar Pradesh, Tripura and Gujarat at a cost of about Rs. 1,100 Crore, most of these are nearing completion.

Under RGGVY, POWERGRID had entered into a quadripartite agreement with Rural Electrification Corporation (REC), State Government and State Power utility, for undertaking rural electrification works in the country. POWERGRID has been assigned the job for execution of rural electrification works in 68 districts in the country covering around 74,000 villages at an estimated cost of about Rs. 6,400 Crore. As part of this, POWERGRID has already established infrastructure for electrification of about 30,000 villages till Mar'09 out of 31,566 villages sanctioned during X Plan. Balance are expected to be completed by March, 2010. For 43,670 villages, spread over 33 districts, sanctioned recently for XI Plan, implementation of projects in most of the districts has already commenced.

E-GOVERNANCE

POWERGRID is committed to fulfilment of the expectations of stakeholders through continual enhancement of Effectiveness, Efficiency and Transparency in its functions. In order to meet the above objective POWERGRID leverages the potential of Information technology as an enabler in its pursuit to achieve operational excellence.

Major IT endeavours during the year include the following:

- ✓ POWERGRID has revamped its website to provide more online information to its entire stakeholders in a user friendly, interactive and effective manner. Modules like sub-vendor information, bill tracking system, monthly contract information etc. have been integrated with the website to achieve the objective of bringing transparency.
- ✓ POWERGRID has taken decision for implementation of ERP on fast track basis to migrate its critical processes to integrated information system (IS) platform.

- ✓ After success of Facility Management service at Corporate office through single vendor, your Company is in the process of deploying Integrated Facility Management service for the entire organisation.
- ✓ Company has identified the technology partner for accomplishing e-procurement in phased manner.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS MANAGEMENT

Transmission projects are environmentally clean and non-polluting in nature and don't generate solid waste. The developmental activities carry certain environmental and social impacts, mostly minor in nature. Your Company, with a goal of achieving sustainable development of the power sector in the country has taken proactive measures for improvements in the areas of Environment Management.

In order to address such issues, POWERGRID had developed Environmental and Social Policy and Procedures (ESPP) in 1998 and subsequently upgraded the same in 2005, in line with trends and international best practices, to preempt all possible environmental issues. The ESPP outlines POWERGRID's approach and commitment to deal with environmental and social issues, relating to its transmission projects and lays its management procedures and protocol to mitigate the same. ESPP is dedicated to the commitment of POWERGRID to paradigm of sustainable development and appropriate supporting processes. The World Bank has selected POWERGRID's ESPP as the 1st candidate for Use of Country Systems (UCS) in India as POWERGRID's ESPP meets legal requirement of Indian law and other multilateral funding agencies. Process of review & analysis of POWERGRID's ESPP and The World Bank safeguard policies is in progress.

ESPP implementation in last 11 years has drawn many appreciations/awards from various stakeholders. The World Bank has awarded "Green Award 2006" on the commendable work done in the field of sustainability and has also recognized POWERGRID's "Corporate Leadership in sustainability" in its report "Strengthening Institutions for Sustainable Growth – Country Environment Analysis for India": August, 2007.

Towards conservation of natural resources particularly forest, POWERGRID has achieved tremendous success after implementation of ESPP. The forest involvement, which was about 6% in about 27,000 ckt. kms. of transmission network constructed till 1998, has come down to 1.35% in about 40,000 ckt. kms. constructed during last 11 years, after implementation of ESPP.

CORPORATE SOCIAL RESPONSIBILITY

POWERGRID has been undertaking various projects/schemes as a part of its Corporate Social Responsibility in different locations across India either on its own or through external agencies on a continuous basis primarily to ensure Socio-Economic development of weaker sections of Society and for overall conservation of Environment and improvement of Ecological imbalance.

POWERGRID's commitment towards social responsibility is also amply reflected in its already adopted Integrated Management Policy, ESPP, Rehabilitation Action Plan (RAP), Corporate objectives, OSHAS 18001- 2007 and Social

Accounting SA 18000-2001, Corporate Social Responsibility is primarily to showcase POWERGRID's abiding commitment and concern to pay back to the society and environment for the benefits it has reaped so far.

Further, POWERGRID has formulated its 'Corporate Social Responsibility Policy' which addresses the issue of Community Development in the neighbourhood areas around its offices/sub-stations where the Resettlement and Rehabilitation (R&R) activities under ESPP have been completed and closed. It also addresses the Socio-Economic issues at National level like employment, conservation and environment etc.

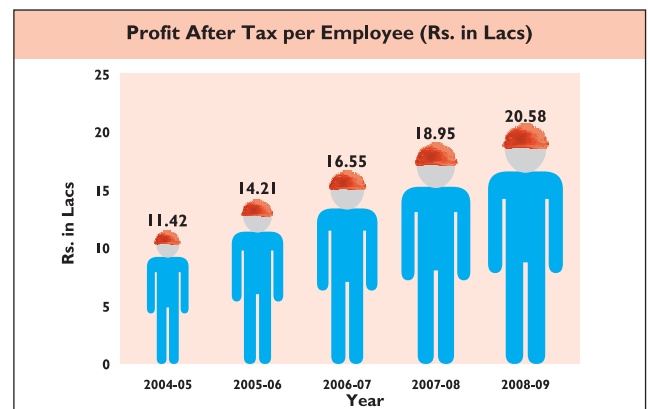
EMPLOYEE, OUR ASSETS FOR SUCCESS

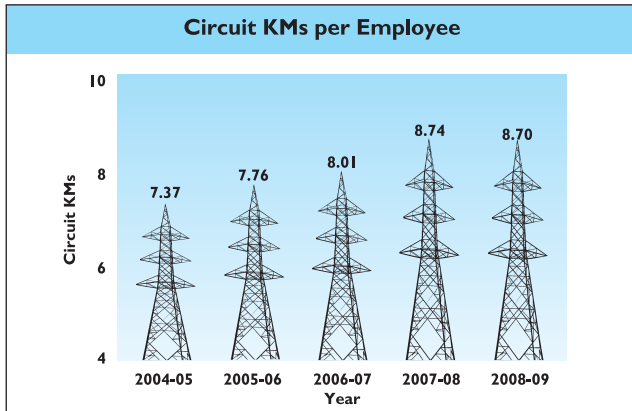
Human Resource Development

Your Company's Human Resources function took a number



Getting prepared for Emergency Restoration





have been deputed for conferences & seminars for sharing of experience. Employees working at the grass-root level have been exposed to hands on training at manufacturer sites. All newly recruited employees are made to undergo an induction program. 137 Executive Trainees have been put through a one year induction training program during the year, which included class-room training, industry visits and on the job training. Employees promoted across categories are subjected to programs to enhance their skills. As a step towards integrated development of employees, we encourage employees to take up membership of professional bodies through reimbursement of the professional fees.



Our Employee Development Centres at Kishenpur, Itarsi, Hyderabad & Misa are accredited by the central organizations. We sponsor employees for long duration professional courses in Energy Management and MBA programs of the leading management institutions. POWERGRID has also taken up training of employees of State Electricity Boards and other power utilities within the country and overseas.

Employee Welfare

POWERGRID believes that its human resource consisting of about 8,200 employees is the most important asset and accordingly, its policies are focused on development of human potential through skill upgradation, career enhancement and job rotation to achieve organizational objectives. An effective work culture has been established in the organization through empowerment, transparency, decentralization, practice of participative management etc..



Celebration of festival of colours

of initiatives during the year in response to intensifying competition for trained manpower. During the year, to nurture and develop the existing manpower, a series of long-duration training & development interventions – both functional and developmental – were carried out with focus on building leadership capabilities, strategic orientation and skills to suit new businesses.

We are first Company in Indian Power Sector to get our entire establishments certified under Social Accountability 8000:2001. The Cafeteria in the Corporate Office and Food Lounge of Multi Purpose hall of your Company is conferred with ISO 22000:2005 where quality food is being served to employees. POWERGRID has also been certified compliant under OHSAS 18001:1999 for providing a healthy working environment for employees by ensuring norms for occupational health and safety in the workplace.

HRD activities are planned in advance based on Training Need Assessment (TNA) conducted for all employees across the organization, levels & departments and is enlisted for the year in Human Resource Development Action Planner. Around 5922 employees have undergone classroom, in-house and external training programs this year. Training is being imparted in all functional areas including programs on Sub-station Automation, Latest Survey Techniques, Developing Marketing Skills for Telecom Business, Advanced Features in IT, Networking Administration and Security, Power System Analysis, etc.

Cultural programmes are conducted periodically for promoting healthy community living and entertainment on various occasions like, Diwali get-together, Holi Milan, New Year, Raising Day, etc. Apart from the social gatherings on National festivals, to promote awareness amongst employees and their families about benefits of classical and traditional art forms like dance, drama, music etc., various cultural events are organised round the year on regular basis wherein various renowned artists are roped in to perform live.

To improve the character and personality, attitude and behaviour as also to bring about a paradigm shift in thinking of employees; several programs on soft skills have also been conducted across levels and regions. Additionally, employees

The Company has also been organizing Intra-Regional Sports Competitions for Kabbaddi, Cricket, Volleyball, Chess, Badminton etc. and regularly been participating in the Inter-PSU Sports Meet. POWERGRID players in Kabbaddi, Table-Tennis and Lawn-Tennis have stood meritorious and bagged awards in the Inter-PSU tournaments.

Citizen's Charter

POWERGRID formulated its Citizen's Charters providing a

visible front of its objectives, mission, commitments, terms of service and its obligation to various stakeholders. Information about its schemes, policies, project plans of the Corporation and issues of general interest to stakeholders is available in POWERGRID offices. This information is also available on POWERGRID web site and is updated from time-to-time. This is intended to provide all information on schemes, plans and practices to users outside the organisation as well as information about accessing the services.

Implementation of Official Language



“Kriti Sankalan”- a collection of best articles by employees released by Hon’ble Union Minister of Power

Your Company continued its thrust on official language implementation in-line with Govt. of India’s Policy. Several steps were taken to increase the use of Rajbhasha in the Company and the Company has proved its commitment to ensure the implementation of Rajbhasha Policy.

The Company has made all efforts to increase the use of the official language and for its continued propagation, various activities like organising workshops; to give training, meetings, poetry session, culture activities, Publication of Hindi magazines/papers and lectures from eminent personalities

are regularly organized. Hindi library of POWERGRID is one of the best libraries in Public Sector Units. All records of Hindi books & magazines are kept in computer for easy access through internet. All computers of POWERGRID are bilingual & phonetic key board is made available in all computers. For outstanding and noteworthy contributions in Hindi, number of incentives and reward schemes are in force. Efforts made by POWERGRID in promoting the implementation of Rajbhasha have been applauded in many forums.

Renewed Commitment to Transparency

Bringing the practices in POWERGRID up to the internationally acclaimed best practices for raising integrity levels in procurement of works and services, POWERGRID is implementing the Integrity Pact program in line with the recommendation of Central Vigilance Commission (CVC).

POWERGRID has been taken a number of steps to improve vigilance functioning in the organization as well as for effective implementation of the CVC’s directives through leveraging technology. Publication of NITs and contract documents on website, Bill tracking system & E-payments, etc. have already been implemented and E-procurement is being implemented.

Besides above, to improve transparency in our working, information about sub-vendor approval, publication of HR Rules and policies, details of Contracts awarded (> Rs. 1 Crore) as well as evaluation criteria are made available on the website for various stakeholders. Further, Rules and Regulations of the Company are also periodically uploaded on the website as per the requirements of the RTI Act.

In accordance with the CVC directives, the Company is striving to intensify the preventive aspect and minimising the punitive aspect. This new dimension is to plan online inspections in such a manner that critical activities of pre-award and post-award functions are inspected while they are being performed and at the critical time.

Several procedural improvements were carried out during



Courage for excellence





CMD communicating with employees

the year including amendment to Rule 13 of the CDA Rules regarding furnishing of information by employees. Apart from this, a module for Document Tracking in the form of Vigilance Information System (VINS) has also been developed for use in the Vigilance Department.

During the year, 19 complaints were received and a total of 42 complaints were taken up for investigation. Out of these 19 complaints, 5 cases were taken up for investigation on the basis of Audit Paras and 4 cases were referred by Central Vigilance Commission for investigation. Investigation into complaints has resulted in the issue of Advisory Memos to 16 employees and minor penalties have been imposed on 6 employees and 3 employees were exonerated of the charges.

The Vigilance Department of POWERGRID has laid special emphasis on inspections, both at the Corporate as well as the regional level. During the year, 113 inspections including 98 site inspections were conducted. Besides, the CTE's organization conducted 4 inspections in POWERGRID and 128 nos. CTE paras have been settled during the year. In POWERGRID, high priority has been placed on training and as part of these trainings, various workshops were organized at the regions. 109 executives were imparted training on vigilance matters during the year.

Besides, all reports, charge-sheets as well as property returns of employees are being furnished on-line. Web Based Complaint Handling System is already functioning at Corporate Centre, ERLDC, NERLDC, SRLDC and NRLDC.

MANAGEMENT DISCUSSION AND ANALYSIS

The Report on Management Discussion and Analysis is placed at Annexure-I to this Report.

PARTICULARS OF EMPLOYEES

The particulars of employees of the Corporation who were in receipt of remuneration in excess of the limit prescribed

under Section 217 (2A) of the Companies Act, 1956 is given in Annexure-II to this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per requirements of disclosures under Section 217(1) (e) of Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, is given in Annexure-III to this Report.

COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

Comments on the accounts for the year ended 31st March, 2009 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 are given in Annexure-IV to this Report.

CORPORATE GOVERNANCE

A report on the Corporate Governance, forming part of this report, is given in Annexure-V. The Certificate on Corporate Governance obtained from the joint Statutory Auditors is given in Annexure -VI to this Report.

BOARD OF DIRECTORS

Shri. S. K. Chaturvedi assumed the charge of the post of Chairman & Managing Director, Power Grid Corporation of India Ltd. with effect from 1st August, 2008 vide Office Order No. 11/24/2007-PG dated 8th July, 2008 of Ministry of Power, Govt. of India. The Board extends a very warm welcome to Shri Chaturvedi on assumption of post of CMD. During the year, Sh. S. Majumdar, Director (Projects) who had assumed the additional charge of the post of CMD on 30th May, 2008, relinquished the same on 1st August, 2008.



Earlier during the year, Dr. R. P. Singh relinquished the charge of post of CMD, POWERGRID w.e.f. 30th May, 2008 on acceptance of his resignation by President of India vide Ministry of Power, Office Order dated 30th May, 2008. The Board wishes to place on record its deep appreciation and gratitude for invaluable contribution and support to the Company made by Dr. R. P. Singh during his tenure as the CMD.

Shri I.C.P. Keshari, Joint Secretary, MoP joined the Board on 6th March, 2009 in place of Shri G.B. Pradhan, who ceased to be the Director of the company w.e.f. 6th March, 2009. The Board wishes to place on record its deep appreciation

for the valuable services rendered by Shri Rajesh Verma and Shri I.C.P. Keshari during their association with POWERGRID.

During the year, Shri V.M. Kaul assumed charge as Director (Personnel) on 16th March, 2009. Shri R.N. Nayak assumed charge as Director (Operations) on 16th May, 2009.

In addition to the four Non-official Part-time Directors viz. Dr. P.K. Shetty, Dr. A.S. Narag, Shri Anil K. Agarwal and Shri F.A. Vandrevale existing on the Board of POWERGRID further, two Non-official Part-time Directors viz. Shri S. C. Tripathi, former Secretary to the Govt. of India and Shri Ashok Khanna

Mysore Substation



for the valuable services rendered by Shri G.B. Pradhan during his association as a Director with POWERGRID.

Shri Rajesh Verma, Joint Secretary & Financial Advisor, Ministry of Power, ceased to be the Director of the Company w.e.f. the afternoon of 26th March, 2009, in terms of the provisions of Article 31 (c)(iv) of the Articles of Association of the Company. Shri Rakesh Jain assumed the charge of Joint Secretary & Financial Advisor, Ministry of Power, w.e.f. 9th June, 2009. Shri Sudhir Kumar, MoP joined the Board of the company w.e.f. 22nd May, 2009 in place of Shri I.C.P. Keshari, who ceased to be on Board of the company w.e.f. 22nd May, 2009. The Board wishes to place on record its deep

were appointed on the Board of POWERGRID on 25th April 2008. In terms of Ministry of Power Order dt. 23rd July, 2008, Smt. Sarita Prasad, IAS (Retd.) took charge as part-time non-official Director on the Board of POWERGRID w.e.f. 4th August, 2008. The Board extends a very warm welcome to them.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 read with Article 31 (iii) of the Articles of Association of the Company four directors – Dr. A.S. Narag, Shri Anil K. Agarwal, Shri F.A. Vandrevale and Shri S.C. Tripathi, shall retire by rotation at the Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

The Board of Directors place on record their grateful thanks for the guidance and cooperation extended all through by Ministry of Power, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, Central Electricity Authority, Ministry of Home Affairs, Ministry of Finance, Ministry of Statistics and Programme Implementation, Ministry of Environment & Forests, Planning Commission, Department of Public Enterprises, Regional Power Committees, other concerned Govt. departments/ agencies at the Central and State level as well as from Securities and Exchange Board of India, National Stock Exchange of India Ltd., and Bombay

various International and Indian Banks/ Multilateral Agencies/ Financial Institutions/ Credit rating agencies for the continued trust and for the confidence reposed by them in POWERGRID. Board's special appreciation and thanks are due to the valued customers, the purchasers of power as also to valued consultancy clients, who have reposed confidence in POWERGRID.

The Board also appreciates the contribution of contractors, vendors and consultants in the implementation of various projects of the Company. The Board acknowledges with thanks the constructive suggestions received from C&AG and the Statutory Auditors.



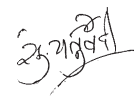
Stock Exchange Ltd., Mumbai without whose active support the achievements by the Corporation during the year under review would not have been possible.

Board's special appreciation and thanks are due to our valued customers, various State power utilities as also to valued consultancy clients, who have awarded various consultancy works to POWERGRID and reposing faith in POWERGRID's capability to handle them. The Board also appreciates the contribution of contractors, vendors and consultants in implementation of various projects of the Company.

The Board also conveys its gratitude to the shareholders,

Last but not the least, the Board wishes to place on record its appreciation for the untiring efforts and contributions made by the employees at all levels and the various Employee unions across POWERGRID, to ensure that the company continues to grow and excel.

For and on behalf of the Board of Directors



Place: New Delhi
Date : 29th July, 2009

(S. K. Chaturvedi)
Chairman & Managing Director



Annexure - I to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Outlook

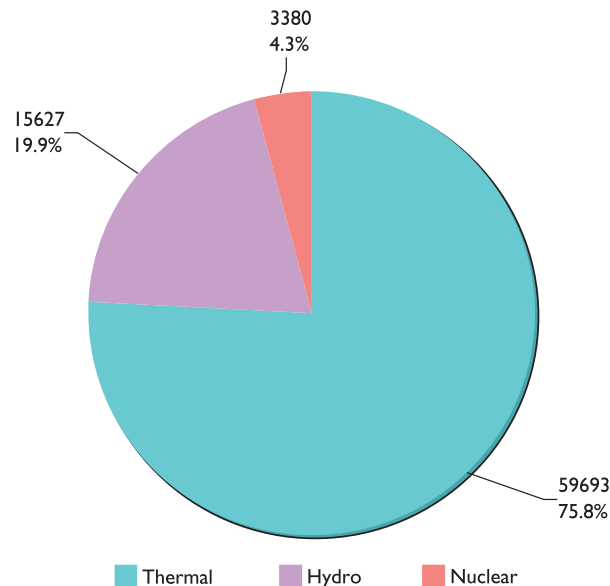
The Growth rate of the country's Gross Domestic Product dipped from an average of over 9 per cent in the previous three fiscal years to 6.7 per cent during 2008-09. Like other infrastructure, investments in Power Sector directly impact the growth and development of a country. The current economic slowdown provides an opportunity for countries like India that have a substantial infrastructure requirements. This is reinforced by the fact that spending on infrastructure has large multiplier effects. It not only mitigates the supply side bottlenecks to growth, but also provides the requisite demand side stimulus to growth. One of the key challenges facing the Country is to lead the economy to high GDP growth rate of 9 per cent per annum at the earliest and electricity certainly is a key driver for that.

Sectoral Outlook

In terms of capacity addition, the target of Centre and States for the Eleventh Plan are as under:

Type/Sector	Central	State	Private	Total
Thermal	24840	23301	11552	59693
Hydro	8654	3482	3491	15627
Nuclear	3380	0	0	3380
Total	36874	26783	15043	78700

Source :CEA website- www.cea.nic.in



Out of the above targets, the commissioned capacity addition as on 26.03.2009 is as under:

Capacity addition during the Eleventh Five Year Plan (MW)				
Status	Central	State	Private	Total
Plan Target	36874	26783	15043	78700
Commissioned (as on 26.3.2009)	3990	7094	1383	12467
Under construction	29540	18269	19734	67543

Source: Economic Survey 2008-09. Table 9.7

The power sector exhibited considerable shortfall in capacity creation in 2008-09 when compared to the recent past.

Item	2006-07	2007-08	2008-09
Power capacity addition (MW)	6853	9263	3454

Source: Economic Survey 2008-09. Excerpts from Table 9.1

The Installed Generation Capacity as on 30-04-09 is as under:

All India	Thermal				Nuclear	Hydro (Renewable)	RES@ (MNRE)	Grand Total
	Coal	Gas	Diesel	Total				
MW	77948.88	14876.61	1199.75	94025.24	4120.00	36877.76	13242.41	148265.41
%age	52.6	10.0	0.8	63.4	2.8	24.9	8.9	100.0

@ based on data as on 30.09.2008

Source : CEA website- www.cea.nic.in

The growth in electricity generation by power utilities during 2008-09 at 2.7 per cent fell much short of the targeted 9.1 per cent. The scenario of power generation in the thermal, nuclear, and hydro for 2008-09 has been as under:

Power Generation (*) by Utilities (billion kWh)

	Sector	2007-08	2008-09	Growth (Per Cent)
Thermal	Central	240.36	245.96	2.3
	State	261.78	280.48	7.1
	Private	56.67	63.66	12.1
	Total	558.82	590.10	5.6
Hydro	Central	41.81	43.36	3.7
	State	76.27	64.50	-15.3
	Private	5.49	5.22	-4.8
	Total	123.57	113.08	-8.4
Nuclear	Central			
	Total	16.78	14.71	-12.3
Bhutan IMP		5.90	11.80	
All India	Central	298.95	304.03	1.7
	State	338.05	344.97	2.1
	Private	62.16	68.89	10.6
	Total	704.45	723.80	2.7

* Excludes generation from captive and non conventional plants and thermal plants below 20 MW units and hydro plants below 2 MW.

Source: Economic Survey 2008-09 Table 9.3

The negative growth in power generation from hydro stations during 2008-09 has been stated to be mainly due to less inflow into reservoirs, due to low rainfall during the monsoon. Power generation from nuclear power stations also registered negative growth, mainly due to fuel supply constrains. Other reasons for the lower growth in power generation during the year 2008-09 stated include shortage of coal and gas, shortfall in capacity addition, delay in achieving commercial operation/commencement of full generation from some newly commissioned units due to non-completion of balance of plant works and initial stabilization problems in some of the new thermal units.

Under the coal-based Ultra Mega Power Projects (UMPPs), each with a capacity of 4,000MW, which include Mundra Project awarded to Tata Power Company and the Sasan and Krishapatnam UMPPs awarded to the Reliance Power Ltd., POWERGRID is establishing the associated transmission systems of Mundra and Sasan UMPPs and investment approval for establishing the associated transmission systems of Krishapatnam UMPP will be obtained from the POWERGRID Board.

The concept of merchant sale of power is part of the new "Hydel Policy 2008".

The Capacity Addition target and Electricity Generation Target for the year 2009-10 are as under:

Capacity Addition Target (2009-10)

	Hydro	Thermal	Nuclear	Total
Target (MW)	845.0	13002.0	660.0	14507.0

Electricity Generation Target (2009-10)

	Hydro	Thermal	Nuclear	Bhutan (Imp)	Total
Target (MU)	115468	648479.58	19000	6564	789511.58

Source :CEA website- www.cea.nic.in

**The All India Annual per Capita Consumption of Electricity figures are as under:**

Year	Per Capita Consumption (kWh) (As per U.N. methodology)
2002-03	566.7
2003-04	592.0
2004-05	612.5
2005-06	631.5
2006-07	671.9
2007-08	704.2

Source :CEA website- www.cea.nic.in

The All India Village Electrification as on 31.03.2009 is **489532 (82.4%)***

Power supply position 2009-10 (APRIL,09)*

Region	Energy (MU) Requirement	Deficit %	Peak Demand (MW)	Deficit %
Northern	15,877	-6.8	32,054	-12.4
Western	22,303	-14.9	35,316	-15.0
Southern	18,696	-9.0	29,376	-10.2
Eastern	7,548	-7.4	12,740	-8.6
North Eastern	701	-13.1	1,460	-13.0
All India	65,125	-10.4	110,946	-12.2

Source :*CEA website- www.cea.nic.in

POWERGRID - the Company

The Government of India has conferred “Navratna” status to POWERGRID on 1st May, 2008 which provides us with powers to undertake new transmission projects of any amount without Government approval. Earlier, POWERGRID was a Mini-Ratna Category-I public sector undertaking since October, 1998.

Growth in Transmission

Keeping in view the large incremental capacity addition requirements of the current Plan and to fulfill the macro objective of Power sector i.e. power to all by 2012, POWERGRID is oriented towards implementation of generation evacuation schemes, strengthening of regional grids, development of an integrated National Grid with flexibility for power transfer from one region to another and has in place the requisite Load Despatch facilities for real time grid operation. POWERGRID has, till 31st March, 2009:

- Ø Transmission Network of 71,500Circuit kms of Extra High Voltage transmission lines (an increase of 6.7% over Transmission Network of 67,000Circuit kms as on 31st March, 2008) with 120 nos. of EHVAC & HVDC sub-stations.
- Ø Inter-regional power transfer capacity of about 20,800MW,
- Ø Maintained the transmission system availability at 99.55% during 2008-09, at par with the International utilities.
- Ø Wheeled about 45% of the total power generated in the Country during 2008-09.

POWERGRID's Commitment Towards Furtherance of National Grid

During the year, the Company has added transmission network of 4642 Circuit Kms. 9 EHV AC sub-stations and transformation capacity of 6,400 MVA. The target and achievement of POWERGRID in project implementation during the year 2008-09 have been as under:

Works	Target to achieve excellent rating as per MOU	Achievement	Percentage
Foundation (Nos.)	12000	12029	100%
Tower Erection (Nos.)	12000	12042	100%
Stringing (in cKms.)	7500	7207	96%
Transformation Capacity addition (MVA)	6285	6400	102%

- 1 POWERGRID being the primary agency to establish the requisite transmission capacity in the Central sector to match the generation capacity addition and facilitate inter-state/ inter-regional exchange of power is focusing on creation of a reliable and strong National Grid by 2012. This would require capital investment of around Rs.55,000

crore during XI Five Year Plan for supporting Central sector generation capacity addition programme of XI plan.

- 1 POWERGRID is also entrusted with role of Central Transmission Utility (“CTU”) by Gol. In this role, the company operates as one of the chief agencies responsible for the planning and development of the country’s nationwide power transmission network, including interstate networks.

The company has taken the initiative to develop certain new transmission lines and systems with private parties, in public-private joint ventures. The detail in this regard has been provided later in the discussion.

- 1 Leveraging on our strengths, we have diversified into the consultancy business. Since Fiscal 1995, our consultancy division has provided transmission-related consultancy services to more than 90 clients in around 250 domestic and international projects. In our consultancy role, we have also facilitated the implementation of various Gol-funded projects for the distribution of electricity to end-users, such as the Accelerated Power Development and Reform Programme (“APDRP”) in urban and semi-urban areas and the Rajiv Gandhi Grameen Vidhyutikaran Yojana (the “RGGVY”) in rural areas.
- 1 Your company has also diversified into the telecommunication business, by creating a telecommunication network mainly using our overhead transmission infrastructure. As on 31st March, 2009 your company owns and operate a fibre-optic cable network of around 20500 kilometres long and connected over 60 Indian cities, including all major metropolitan areas. We have been leasing bandwidth on this network to more than 60 customers, including major telecom operators such as Bharat Sanchar Nigam Limited, Videsh Sanchar Nigam Limited, Tata Teleservices Limited, Reliance Communications Limited and Bharti Airtel Limited.

- 1 On the commercial front, under the Securitization Scheme, out of the total securitization dues of Rs.2111 crore, Bonds of Rs.93.51 crore (for DESU period), are pending for issuance. During 2008-09, bonds worth Rs.195.86 crore have been redeemed by the SEBs. In addition, Rs. 15.43 crore has been received against long term advances from Delhi (against Delhi Vidut Board).

POWERGRID has realized about 100% of its Transmission Charges during the Year 2008-09, against the actual billing of Rs. 5877 crore. Post securitization, dues of (from 01.10.01 to 31.03.09) Rs.3.92 crore are outstanding and these dues are from Meghalaya. Further, during the year 2008-09, the LC Coverage went upto Rs. 371.83 crore as against Rs.280.03 crore during the year 2007-08.



Innovative pole tower for conservation of environment

- 1 The Regional Load Despatch Centres (RLDCs) of Central Electricity Authority were transferred to the Company (along with associated manpower) during the earlier years as per orders of Ministry of Power, Government of India. From 1994 to 1996, POWERGRID took over the operation of all five of the country’s existing RLDCs in a phased manner. The Assets of RLDCs are being used by the Company pending transfer of ownership and determination of cost of assets so taken over. Keeping in view the necessity of load despatch in real time with reliability and security on an economical basis, POWERGRID modernised the existing five RLDCs and state load despatch centres and their communication networks, down to the level of individual sub-stations. It undertook and completed this work under (“Unified Load Despatch and Communication) ULDC Project. POWERGRID has also during the year established National Load Despatch Centre (NLDC).
- 1 The Ministry of Power had in July, 2008 with the approval of Competent Authority advised your Company to set up a wholly owned subsidiary Company of POWERGRID responsible for independent system operation with separate accounting and Board structure. In line with the advice of GOI received by POWERGRID, this Company has been incorporated by POWERGRID on 20th March, 2009 under the name ‘Power System Operation Corporation Limited’. Further steps and action in this regard are being taken up by your Company. This subsidiary company will be gradually made independent from Power Grid Corporation of India Ltd., at the appropriate time.
- 1 **Overcoming Construction Challenges**
POWERGRID would be implementing major quantum of works towards transmission development in the next 5-6



years. In addition, many projects under consultancy assignments are being executed. These entail multi dimensional challenges relating mainly to accessibility, construction feasibility, technical restrictions, conservation of environment and right of way etc. POWERGRID has taken following measures to meet the massive task.

Route Alignment & Detailed Survey Using Modern Techniques

The route alignment and detailed survey of transmission lines is being carried out after examining various alternatives with the help of latest GIS techniques using Satellite imagery obtained from NRSA (National Remote Sensing Agency) and topographic maps from Survey of India. As a result of the updated/latest information, details available through Satellite images, optimal selection of transmission line route involving minimal environmental impact is possible.

Further, various details, constraints related to the line route like topographical and geotechnical details, forest & environmental constraints etc. are obtained in advance so that a secure and reliable system is designed and necessary engineering aspects are taken care of before execution. Elaborate definition of the project through surveys in advance also facilitate preparation of realistic bill of quantities for tendering, identification of appropriate strategies for project execution, scheduling & cost optimization.

Land Availability for Sub-stations

Land availability is becoming an issue in suburbs of cities where large EHV/UHV Sub-stations are proposed. Gas Insulated Sub-stations (GIS) are considered as an option to overcome the problem.

Vendor Development Programme

Considering the large number of transmission system planned for XI and XII Five Year Plans, activities for development of additional indigenous manufacturers for various components having long production cycle such as conductor, transformer, reactor etc. and more erection contractors for substations, have been initiated. The various contracts awarded under this programme are already under execution.

Towards Standardisation

POWERGRID has given thrust on standardisation of the repetitive and package-wise post award engineering activities viz. finalisation and approval of design/drawing/testing of various equipment/items standardisation of designs/drawings and incorporating the same in the technical specifications or through finalising manufacturer specific designs/drawings applicable for all future packages. The standardisation of designs/drawings/type testing has helped in minimizing post award engineering activities for regular packages.

Forest Clearances

Forest clearance under Forest (Conservation) Act 1980 is a prerequisite for starting construction in forest area. Such clearances are issued after Forest advisory Committee (FAC) of Ministry of Environment & Forests (MOEF) review & recommend proposal for approval of Hon'ble Minister of Environment and Forests. However in Oct.'06 Hon'ble Supreme Court had stayed the constitution of Forest Advisory Committee (FAC). Supreme Court after detailed deliberation during 3 hearings on POWERGRID application for vacation of stay had vacated the stay vide its order dated 27.04.07 but put an extra condition that all recommendations of FAC shall be put up to Supreme Court through Central Empowered Committee (CEC) and only after permission of Supreme Court forest clearance shall be processed/issued by the MOEF. However, order of Supreme Court dt. 2.5.08 on the subject has changed this process to earlier position, after reconstitution of Forest Advisory Committee (FAC) by MOEF. FAC has been reconstituted in May, 2008 by MOEF. With this modification, now except for cases involving protected areas like National Parks, Wild Life Sanctuaries etc.,

forest clearance cases are not referred to CEC or Supreme Court.

Through our relentless efforts we were able to get the in-principle forest clearance for 490.41 Ha. of forest involved in our projects like Seoni-Bina 765kV S/C; Birsinghpur-Damon 400kV D/C; Damon-Bhopal 400kV D/C; Ballia-Bhiwadi 400KV D/C; Jamshedpur-Baripada 400KV D/C; Agra-Bhiwadi 400 KV D/C; Birsinghpur-Korba 400kV D/C, etc.

1 Preventive Maintenance Live Line Washing Using Helicopter

For the first time in India, live line washing of insulators using Helicopter



was carried out by POWERGRID. This highly sophisticated technique was implemented by deploying helicopter on 12 transmission lines in heavy polluted stretches for a period of five months (Nov'08 to March'09). The results are encouraging as the trippings reduced on above mentioned transmission lines.

Usage of Polymer Insulator

To ensure smooth operation of transmission lines during foggy weather condition in and around NCR in combination with pollution causes large trippings, conventional porcelain insulators were replaced with polymer insulators (with higher creepage of 31mm/ kV) in these stretches. Hydrophobicity is one of the features which make polymer insulators optimum choice for heavy pollution and foggy areas.

Efforts on IPTC Route

POWERGRID initiated bid invitation of Projects B and C of the Western Region System Strengthening Scheme-II (WRSSS-II) through IPTC Route, comprising of transmission lines in the State of Maharashtra and Gujarat, respectively. The projects are under execution by Western Region Transmission (Maharashtra) Private Limited for Project B, and Western Region Transmission (Gujarat) Private Limited for Project C, wholly owned companies of Reliance Energy Transmission Limited (now known as Reliance Power Transmission Ltd.). These two Companies have got the Transmission Licence from CERC on 30/12/2008. In case these companies fail to execute the project as per Implementation Agreement the obligation shall be met out by Reliance Power Transmission Ltd.

Integrated Management Policy

POWERGRID is committed to:

- 1 establish and maintain an efficient and effective “National Grid” with due regard to time, cost, technology and value addition,
- 1 sustainable development through conservation of natural resources and adopting environment friendly technology on principles of Avoidance, Minimization and Mitigation,
- 1 ensure safe, occupational hazard free and healthy work environment, to the satisfaction of stakeholders in all areas of its activities and shall endeavor to improve continually its management systems and practices in conformity to legal and regulatory provisions.

Integrity Pact

Bringing the practices in POWERGRID up to the internationally acclaimed best practices for raising integrity levels in procurement of works and services, POWERGRID is implementing the Integrity Pact Program in line with the recommendation of Central Vigilance Commission (CVC). The Integrity Pact Program envisages an ‘Integrity Pact’, an agreement between the prospective Bidders/Contractors and POWERGRID, committing the persons/officials of both parties, not to exercise any influence on any aspect of the contract. Only those Bidders who have entered into such an Integrity Pact with POWERGRID would be competent to participate in the bidding.

Grid Management and Performance

There has been no major grid disturbance in any part of the Country during the last 6½ years. In fact, tripping of lines and partial grid disturbances of minor nature in regional grids have come down significantly, as to be reckoned to be a benchmark achievement. During the year, the frequency remained within the prescribed Indian Electricity Grid Code (IEGC) band (i.e. 49.0 to 50.3 Hz) for the most of the period (N E W Grid-91.65% and SR Grid-90.55%) in the year 2008-09. The frequency profile of the system is a clear indicator of the load generation balance in the Regions. System availability has been maintained at 99.55% during Fiscal 2009.

Open Access and Power Exchange

Inter-regional power transmission capacity, together with open access in transmission, facilitates increased real – time transfer and trading of electricity thus meeting more consumer demand and thereby ultimately benefitting the consumer.

The CERC has issued Open Access Regulations,2008 which categorized the short term transactions as Bilateral and Collective (through Power Exchange). The Procedure for Scheduling of Collective Transactions was issued by POWERGRID, as Grid Operator and CTU, approved by CERC vide Order dated 13th June'08. NLDC, as the Nodal Agency for Scheduling of Collective Transactions, has utilized its in-house expertise for development of the software for processing of Collective Transactions through Power Exchanges. Operation of first power exchange in India commences from 27th June'08 and within a short span of time second power exchange became operational w.e.f. 22nd Oct'08. Some of the salient features of power exchange implementation are multiple exchanges envisaged, voluntary participation, double sided bidding, uniform pricing, day-ahead exchange, hourly bids and congestion management by market splitting.

About 31 Billion Units(BU), an average of about 2.6 BU per month, of energy approved during the year 2008-09 under STOA (bilateral & collective) as compared to about 30 BU of energy (average of about 2.5 BU per month) was approved in 2007 – 08.



Internal Control

POWERGRID has a comprehensive Internal control to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. Keeping in view the time schedule of conducting Internal Audit and the increase in the number of Audit Units, the internal audit for the year 2009-10 has been finalized with in-house Audit Department and experienced firms of Chartered Accountants. Steps have also been taken in regard to strengthening of the compliance mechanism. Adhering to the Corporate Governance norms, the company has an Audit Committee in place as per clause 49 of Listing Agreement, which has three independent Directors and one Non Executive Director.

Risk Management Procedure

POWERGRID is in the process of establishing Enterprise Risk Management Framework and a consultant for the purpose will be selected. The Consultant would examine the prevalent systems and procedure, organizational structure, functional responsibilities, processes, market, customers, and environment in the business activities of the Company for assessment of business risks and their mitigation and would prepare Documentation for the purpose.

Comparison of Fiscal 2009 to Fiscal 2008

Your company's total income in Fiscal 2009 was Rs.7028.54crore, which represented an increase of 38.32% over the total income of Rs.5081.53crore in Fiscal 2008. In Fiscal 2009, transmission and transmission-related activities constituted 88.41% of our total income, with the balance coming from our consultancy, telecommunication businesses and other incomes.

Income

Revenue from Operations

(Rs. in crore)

Revenue from Operations	Fiscal 2009	Fiscal 2008
Revenue from transmission charges	6172.66	4188.52
Transmission income from short term open access	41.42	52.73
Consultancy fees	215.90	250.04
Revenue from telecom	149.83	123.53
Total	6579.81	4614.82

The revenue was higher in Fiscal 2009 as compared to Fiscal 2008 mainly on account of the commissioning of new transmission assets worth Rs. 3733.74 crore and full year impact of transmission assets worth Rs. 5958.19 crore commissioned during fiscal 2008 including the major projects Bina-Nagda; Kahalgaon 2 Phase I;Vindhyachal III, System Stengthening -III of SR; RAPP 5&6 ; SIPAT-I; SIPAT-II; Kahalgaon 2 Phasell; System Strengthening in South West of Northern Grid (PART-A). The projects commissioned in Fiscal 2009 have generated revenue from the date of commercial operation during the year.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Tariff Norms

Our charges for transmission customers are governed by tariff norms determined by the Central Electricity Regulatory Commission ("CERC") pursuant to central government tariff policy and legislation. Under the tariff regulations applicable for the year 2008-09, we are permitted to charge our customers fixed annual transmission charges ("ATC") which include components for return on equity, interest on outstanding debt, depreciation, advance against depreciation, operation and maintenance expenditure and interest on working capital. In addition, tariffs allow us to recover income tax we pay with respect to our transmission business and foreign exchange rate variation ("FERV") in respect of our foreign currency loans. We are also provided with an incentive if the availability of our transmission network is above 98% in respect of alternating current systems and above 95% in respect of HVDC systems, and penalized if the availability of our network is below 98% or 95%, respectively. These tariff norms prescribed by CERC are applicable to all the tariffs we are awarded during the period from April 1, 2004 until March 31, 2009.

As per Section 61 of the Electricity Act, 2003 Central Electricity Regulatory Commission (CERC) shall be guided by the Electricity Policy issued on 12.02.2005 and Tariff Policy issued on 06.01.2006 while specifying the terms and conditions for the determination of tariff. The tariff policy inter alia states that the rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting. There would be no need for any Advance Against Depreciation. Foreign Exchange Rate Variation will not be a "pass through". Appropriate cost of hedging and swapping for management of FERV will be allowed.

CERC has vide its notification dated 19th January, 2009 notified the tariff regulations for the tariff Block 2009-14. Under the tariff regulations applicable for the tariff Block 2009-14, we are permitted to charge our customers transmission charges for recovery of annual fixed cost (“AFC”) consisting of components - return on equity, interest on outstanding debt, depreciation, operation and maintenance expenditure, interest on working capital. In case of projects commissioned on or after 1st April, 2009, an additional return on Equity of 0.5% will be allowed if such projects are completed within the timeline specified under the CERC tariff regulations for the Block 2009-14.

Earlier, tariffs allowed us to recover income tax and this was in addition to the return on equity. From the tariff Block 2009-2014, the Return on equity shall be computed on pre-tax basis, at the base rate of 15.5% to be grossed up by grossing up the base rate with the normal tax rate for the year 2008-09 applicable to the transmission licensee. However, return on equity with respect to the actual tax rate applicable to the transmission licensee, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up separately for each year of the tariff period along with the tariff petition filed for the next tariff period.

As regards interest on debt, under the CERC tariff regulations for the Block 2009-14, the normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year. The advance against depreciation has been done away with. Despite any moratorium period availed by your company, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed. The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project.

For interest on working capital, the working capital amount is- (i) calculated as consisting of receivables equivalent to two months of fixed cost; (ii) maintenance spares @ 15% of operation and maintenance expenses; and (iii) operation and maintenance expenses for one month. Rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the transmission system, is declared under commercial operation, whichever is later.

The transmission charge (inclusive of incentive) payable for a calendar month for a transmission system or part thereof shall be

$$AFC \times (NDM / NDY) \times (TAFM / NATAF)$$

Where,

AFC = Annual fixed cost specified for the year, in Rupees

NATAF = Normative annual transmission availability factor, in per cent

NDM = Number of days in the month

NDY = Number of days in the year

TAFM = Transmission system availability factor for the month, in per cent

Recovery of transmission charge and incentive by the transmission licensee shall be based on the achievement of the operational norms as under:

Under the tariff norms prescribed by CERC for the tariff Block 2009-2014 we are also provided with an incentive if the availability of our transmission network is above 98% in respect of alternating current systems, above 95% in respect of HVDC back-to-back Stations systems and above 92% in respect of HVDC bi-pole links and penalized if the availability of our network is below 98%, 95% or 92% , respectively. The Availability Incentives will be linked with monthly transmission charges instead of being linked to equity in the block of 2004-09.

Transmission charges corresponding to any plant capacity for which a beneficiary has not been identified and contracted shall be paid by the concerned generating company.

The tariff regulations for the Block 2009-14 allow us to share the proceeds of carbon credit from approved CDM projects in the manner that 100% of the gross proceeds on account of CDM to be retained by the company in the first year after the date of commercial operation of the transmission system; and in the second year, the share of the beneficiaries shall be 10% which shall be progressively increased by 10% every year till it reaches 50%, whereafter the proceeds shall be shared in equal proportion, by the company, and the beneficiaries.

Foreign Exchange Rate Variation:

Your company under the tariff regulations for the block 2009-14 is permitted to hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system, in part or full in the discretion of the transmission licensee. Recovery of the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt can be made by the company, in the relevant year on year-to-year basis as expense in the period in which it arises.



To the extent the company is not able to hedge the foreign exchange exposure, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year shall be permissible provided it is not attributable to the generating company or the transmission licensee or its suppliers or contractors. The company shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

Short Term Open Access

One of the goals of the Electricity Act, 2003 is to provide electricity generators and users with open access to electric power transmission systems on a non-discriminatory basis, when capacity is available and such access will not disrupt regular fixed charge access or network operation. Our portion of revenue from the short term open access charge is accounted for as revenue from operations. As RLDC, we also charge short term open access customers a separate fee for the scheduling of their access through the relevant load dispatch centres. Your company's Transmission income from short term open access was Rs. 41.42crore in Fiscal 2009, a decrease of 21.45% over Transmission income from short term open access of Rs. 52.73crore in Fiscal 2008. Despite increase in transactions, the decrease in STOA income is due to change in charging methodology of Open Access as per the regulatory order of CERC w.e.f. 01.04.2008.

Revenue from Other Services

Your company also earns revenue from consultancy (including for project management and supervision services) and from our telecommunication business. Our consultancy income mainly consists of fees from work under the APDRP and the RGGVY, the execution of transmission and communication system related projects on a turnkey basis and technical consulting assignments for Indian State utilities and utilities in other countries. There has been a decrease in consultancy revenue from Rs. 250.04crore in Fiscal 2008 to Rs. 215.90crore in Fiscal 2009, a decrease of 13.65%. The Telecom revenue grew by 21.29 % over Fiscal 2008.

The revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines.

Provisions Written Back

The provisions written back were Rs.0.04crore in Fiscal 2009, as against Rs.8.39crore in Fiscal 2008.

Other Income

Your company's other income was Rs. 448.69 crore in Fiscal 2009, a decrease of 2.10% over the other income of Rs.458.32crore in Fiscal 2008.

(Rs. in crore)

Other Income	Fiscal 2009	Fiscal 2008
Dividend on trade investments	19.54	5.39
Interest income – bonds and long term advances	132.99	149.99
Interest income – banks/others	176.69	108.59
Profit on sale of fixed assets	0.08	6.14
Deferred income (transfers from grants in aid)	18.42	17.65
Operational charges in respect of short term open access	20.19	21.11
Transfer from insurance reserves on a/c of loss of fixed assets	0.04	1.65
Lease income from state sector ULDC upgrades	75.85	66.54
Surcharge on late payment from customers	1.00	0.24
Hire charges for equipment	0.30	0.39
FERV gain	-	42.96
Miscellaneous income	57.48	56.09
Total Other Income	502.58	476.74
Less: Transfer to incidental expenditure during construction	53.89	18.42
Total Net Other Income	448.69	458.32

The other income decreased mainly because there had been an FERV gain of Rs.42.96 crore in Fiscal 2008, which was accounted for as per the accounting policy applicable in Fiscal 2008. The above gain of Rs.42.96 crore along with FERV gain of Fiscal 2007 was written off in Fiscal 2009 as prior period expenditure.

Expenditures

Your company's total expenditures were Rs.4729.61 crore in Fiscal 2009, an increase of 49.25% over the total expenditures of Rs.3168.94 crore in Fiscal 2008. The total expenditures as a percentage of total income were 67.29% in Fiscal 2009 compared to 62.36% in Fiscal 2008.

Employees' Remuneration and Benefits

Employees' remuneration and benefits expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and welfare expenses.

Your company had 8214 employees on payroll as of March 31, 2009, compared to 7,645 employees as of March 31, 2008. Employees' remuneration and other benefits increased by 24.05% to Rs.643.88 crore in Fiscal 2009 from Rs.519.06 crore in Fiscal 2008. The increase is due to an increase in the number of employees, increase in Dearness allowance, higher incentives paid to employees, provisions of Rs.202.13 crore (including amount transferred to Incidental Expenditure During Construction- IEDC) made for wage and salary revision which will be backdated to January 1, 2007 when it is finally implemented, Provision for Performance Related Pay (PRP) of Rs.76.78 crore (including amount transferred to IEDC) has been made as per DPE guidelines, as part of wage revision. The increase is also partially the result of the capitalization of transmission assets worth Rs.3733.74 crore in Fiscal 2009 because employees' remuneration that was earlier capitalized during the construction of the project is now treated as an operating expense subsequent to the commissioning of the project. Employees' remuneration and benefits represented 9.16 % of our total income in Fiscal 2009.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses consist primarily of costs of the repair and maintenance of buildings, plant and machinery and power charges. Other items in this category include expenditures for travel, security, vehicle hire charges, insurance, rent rates and taxes on our properties.

Transmission, administration and other expenses increased by 20.56% to Rs.411.61 crore in Fiscal 2009 from Rs.341.42 crore in Fiscal 2008. The increase is on account of the capitalization of transmission assets worth Rs.3733.74 crore in Fiscal 2009 as certain expenses that were earlier being capitalized during the construction of the project are now treated as an operating expense subsequent to the commissioning of the project.

Depreciation

During the year, the company has provided depreciation at the rates notified for the purpose of recovery of tariff for the tariff block 2004-09 by Central Electricity Regulatory Commission empowered under The Electricity Act, 2003 which are different from the rates specified under Companies Act, 1956. Currently, the technical life of each depreciable asset class as prescribed by CERC is as follows:

- 1 transmission lines – 35 years
- 1 substations – 25 years
- 1 buildings and civil works – 50 years
- 1 power line carrier communications (PLCC) – 15 years.

We depreciate the assets of our consultancy and telecom businesses on the straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

The issue of charging depreciation at rates different from the rates specified under Companies Act had been referred by C&AG to the Ministry of Power (MOP). MOP has issued Tariff Policy on 6th January, 2006 which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariffs as well as for accounting. Accordingly, the rates notified under present tariff norms are considered appropriate for charging depreciation for the year. By charging depreciation at the aforesaid rates the depreciation charge for the year is lower by Rs.781.29 crore (previous year Rs. 625.88 crore) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956 [refer Notes on Accounts No. 15(a)].

Your company's depreciation increased by about 14% to Rs. 1093.97 crore in Fiscal 2009 from Rs.959.65 crore in Fiscal 2008. The increase was mainly because of the commissioning of new transmission assets worth Rs.3733.74 crore and full-year impact in Fiscal 2009 of transmission assets Rs.5958.19 crore which were commissioned during Fiscal 2008.

The CERC norms notified on 19.01.2009 for the block year 2009-14, in accordance with the Tariff Policy 2006, specify depreciation @ 5.28%(T/L & S/s) in first 12 years and there after recovery based on residual value over the residual life will be allowed in place of average 2.91% in the block of 2004-09. However, useful life of assets has been kept unchanged. In case of the existing projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2009 from the gross depreciable value of the assets.

Interest and Finance Charges

Interest and finance charges increased by 89.03% to Rs.2532.09 crore in Fiscal 2009 from Rs.1339.55 crore in Fiscal



2008. The increase was mainly because of increase in FERV expenditure to Rs.943.34 crore from Rs.469.95 crore in fiscal 2008 mainly due to depreciation of rupee against US Dollar. This has been compensated by increase in transmission income – FERV as per accounting policy of the company. The increase was also because of the commissioning of new transmission assets worth Rs.3733.74 crore in 2009 and full-year impact in Fiscal 2009 of transmission assets 5958.19crore which were commissioned during Fiscal 2008.

These charges include rebates to state power utilities amounting to Rs.86.31crore on account of prompt payment and guarantee fees of Rs.106.28crore payable to the Gol for giving guarantees to the lenders of our foreign currency loans.

Deferred Revenue Expenditure Written Off

Deferred revenue expenditure written off decreased by 66.30% to Rs1.83 crore in Fiscal 2009 from Rs.5.43crore in Fiscal 2008. This decrease was on account that it was the last year (fifth year) of amortization of expenditure for certain projects (refer Accounting Policy 12).

Profit before Tax

Your company's profit before tax in Fiscal 2009 was Rs. 2228.57 crore, an increase of 28.78% over our profit before tax of Rs.1730.53crore in Fiscal 2008.

Provision for Tax

In Fiscal 2009, we provided for Rs.478.60 crore of Minimum Alternate Tax, compared to Rs.197.11crore in Fiscal 2008. The increase was primarily due to the increase in our profit. Further, provision of MAT has been made on advance against depreciation (AAD) for the current year as well as for the earlier years due to decisions of Appellate Tribunal in this regard. Similar amount has been included under transmission income on account of tax recoverable on AAD. Fringe benefit tax provided in Fiscal 2009 was Rs.14.60 crore against Rs.10.50crore in Fiscal 2008. Fringe benefit tax and the Minimum Alternate Tax paid in respect of our transmission business is recovered through our tariffs and such amounts are accounted for as transmission income.

Provision for deferred tax is made net of amounts recoverable through our tariffs and is affected by revenues from consultancy services and Telecom.

Profit after Tax

Your company's profit after tax in Fiscal 2009 was Rs. 1690. 61 crore, an increase of 16.72 % over our profit after tax of Rs.1448.47 crore in Fiscal 2008.

LIQUIDITY AND CAPITAL RESOURCES

Your company depends on both internal and external sources of liquidity to provide working capital and to fund capital requirements. Historically, the capital expenditures have been funded with internally generated funds, grants and equity contributions by the Government and debt financing. As at March 31, 2009, your company had cash and cash equivalents of Rs.2428.88 crore. As at March 31, 2009, we also had committed and undrawn letter of credit facilities of approximately Rs. 4.25 crore and unitized Bank Guarantees Rs.229.41 crore for capital requirements and committed and undrawn cash credit facilities of approximately Rs.300crore ("cash credit") towards our working capital facilities.

Cash Flows

(Rs. in crore)

	Year ended March 31	
	2009	2008
Net cash from operating activities	6641.09	2,990.83
Net cash (used in) investment activities	(9156.75)	(5,343.31)
Net cash from (used in) financing activities	3078.95	3,021.25
Cash and cash equivalents at the end of the year	2428.88	1,865.59

Net Cash from Operating Activities

Your company's net cash flows from operating activities are principally used to service long-term debt, for capital expenditures, for investments and for dividends.

The net cash from operating activities was Rs. 6641.09 crore in Fiscal 2009. Changes in current assets and liabilities that had a current period cash flow impact of decrease in working capital of Rs. 894.27 crore, primarily from an increase in trade payables and other liabilities and increase in inventories, loans and advances, trade and other receivables, and other current assets.

Net Cash (Used in) Investment Activities

Your company's net cash used in investing activities was Rs. 9156.75 crore in Fiscal 2009. This reflected expenditures on fixed assets and capital work-in-progress as well as construction stores and advances paid to contractors for capital expenditure of Rs.9423.60 crore, investment in joint ventures/subsidiaries of Rs. 39.50 crore and receipt of interest and dividend income of Rs.152.53 crore.

Your company's net cash used in investing activities was Rs.5343.31 crore in Fiscal 2008.

Net Cash from (Used in) Financing Activities

In Fiscal 2009, your company's net cash flow from financing activities was Rs. 3078.95 crore. Your company raised Rs.5717.09 crore of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. The company repaid Rs.2177.89 crore of borrowings and paid interest and finance charges of Rs.2532.09 crore. In the Fiscal 2009, we paid dividends of Rs.505.08 crore comprising final dividend for Fiscal 2008 and an interim dividend for Fiscal 2009. Under Gol guidelines applicable to government companies generally, dividend is payable at a rate of 20% of profit after tax or 20% of share capital, whichever is higher. The minimum dividend payout in respect of infrastructure sector companies is 30% of profit after tax. The dividend payout this year has been 29.88%.

In Fiscal 2008, our net cash flow from financing activities was Rs.3021.25 crore.

Capital Expenditures

Your company's capital expenditures are primarily for the installation of new transmission capacity and the expansion of existing capacity. Our capital expenditure in Fiscal 2009 and Fiscal 2008, were Rs. 8095 crore and Rs.6656 crore, respectively. Capital expenditure budget for Fiscal 2010 has been approved for Rs.11,510 crore. Your company's capital expenditure budgets are subject to modification as a result of a variety of factors, changes to expansion plans and similar other factors.

Return on Equity

The return on equity that we were generally permitted in Fiscal 2009 on transmission assets under our tariffs has been 14%. Our actual return on equity from period to period across our entire business is 11.57%, for a number of reasons. For instance, we have significant equity funds locked up in capital work-in-progress, which do not earn return until the associated transmission projects commence operations. During the year, an amount of Rs. 880 crore, being the unutilized amount outstanding as 31st March, 2008 out of Initial Public Offer (IPO), has been fully utilized for the capital expenditure on the projects specified in the offer document. With this, the IPO proceeds, raised during Fiscal 2007, have been fully deployed in 15 identified construction projects. In addition, the SEB bonds that we hold under the One Time Settlement earn a maximum tax free return of 8.5% per annum.

Selected Balance Sheet Items

Fixed Assets

Your company's total fixed assets after depreciation were Rs. 31128.44 crore and Rs. 27,355.20 crore as at March 31, 2009 and 2008 respectively. Our fixed assets consist of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment; buildings; land; office equipment; fixtures; and motor vehicles. Fixed assets value (Net Block) increased by 13.79% in Fiscal 2009 as compared to Fiscal 2008. These increases are mainly due to the commissioning of new transmission assets.

Capital Work-in-Progress and Construction Stores and Advances

Your company's capital work-in-progress was Rs. 6533.43 crore and Rs.5305.41 crore, as at March 31, 2009 and 2008, respectively. The cost of materials consumed, erection charges and other expenses incurred for the implementation of projects are shown on the balance sheet as capital work-in-progress, pending capitalization of the completed project. The change in this amount is due to capitalization of a number of transmission projects on commissioning of these projects and due to undertaking of new transmission projects. Construction stores and advances were Rs. 6752.57 crore and Rs. 3452.68 crore as at March 31, 2009 and 2008, respectively. These amounts represent the new as well as ongoing capital expenditure on transmission assets. The increase in these amounts is mainly due to the undertaking of new transmission projects.

Investments

Your company's investments mainly consist of bonds issued by the SEBs as part of the One Time Settlement. We have also invested Rs.12 crore in equity shares of PTC India Limited, the power trading company, and Rs.229.32 crore in Powerlinks Transmission Limited, the joint venture between us and The Tata Power Company Limited through which the Tala Transmission Project was constructed.; Rs.15.60 crore in Torrent Power Grid Limited; Rs.32.50 crore in Jaypee Powergrid Limited; Rs.1.83 crore in Parbati Koldam Transmission Company Limited; Rs.0.01 crore in Teestavalley Power Transmission Limited; Rs.0.03 crore in Powergrid IL&FS Transmission Pvt. Ltd. Our total investments were Rs.1592.83 crore and Rs. 1736.22 crore as at March 31, 2009 and 2008, respectively.

Loans and Advances

Your company's total loans and advances as at March 31, 2009 and 2008, respectively, were Rs.2766.63 crore and



Rs. 1767.30 crore. Loans and advances include advances under the One Time Settlement amounting to Rs. 115.69 crore in respect of DESU/DVB, a Delhi utility, loans to employees, lease receivables (representing certain capital expenditures made by the company in respect of the state sector ULDCs of all five regions, for which the constituents of those regions are reimbursing the company on a finance lease basis), loans and advances to contractors, advance income tax, TDS and other deposits with tax authorities. The increase in loans and advances from Fiscal 2008 to Fiscal 2009 was principally due to increase in advances to employees, advance tax, amount recoverable from constituents, etc. and TDS. In respect of outstanding advance tax and tax deducted at source, the assessment for the previous years are under process and wherever additional demand has been raised by the income tax authorities, the company has gone on appeal before Commissioner of Income Tax (Appeal), Income Tax Appellate Tribunal etc. and decisions are awaited.

Other Current Assets

Our other current assets as at March 31, 2009 and 2008 respectively, were Rs. 1446.28 crore and Rs. 395.17 crore. Other current assets mainly include interest accrued on investments under the One Time Settlement and interest accrued on employee loans.

Other current assets increased by 265.98% in Fiscal 2009 as compared to Fiscal 2008 due to accounting as per accounting policy of FERV of deferred Foreign Currency Fluctuation Asset of Rs. 1314.96 crore in other current assets in view of depreciation of rupee against US dollar.

Inventories

Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value. The costs of inventories were Rs. 297.57 crore, as at March 31, 2009. Our inventories consists of transmission line items such as tower parts, conductors, insulators and other items, and substation items such as transformers, circuit breakers, ICTs and other items. The cost of our inventories increased in Fiscal 2009 as compared with Fiscal 2008, on account of our company continuing to expand the transmission network and capitalization of new projects.

Sundry Debtors

Sundry debtors consist mainly of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Our sundry debtors amounts as on March 31, 2009 and 2008 were Rs. 1373.56 crore and Rs. 1100.50 crore, respectively. Sundry debtors increased by 24.81% in Fiscal 2009 as compared to Fiscal 2008. The increase from Fiscal 2008 to Fiscal 2009 was mainly due to time lags between the provision and accounting of transmission services on certain new projects on accrual basis and the formal notification by CERC of the tariffs relating to those projects in Fiscal 2009 and to some extent due to accounting of certain items of incremented income on account of income tax and other taxes on an accrual basis.

We can recognize certain tariff components that are chargeable on a pass-through/recoverable basis as income, such as income tax and foreign exchange rate variations, without waiting for final tariff notifications. However, other tariff components, such as incentive amounts, are booked as income on a provisional basis based on certification of availability by the relevant Regional Power Committee until final tariff notification is received from CERC.

Substantially, all of our receivables are covered by letters of credit pursuant to the One Time Settlement Scheme, following which we have no material debt collection problems.

The comparison of actuals with Financial MOU targets is given below:-

MOU Parameters	MOU 2008-09	Actual 2008-09
Gross Sales (Rs. crore)	5400.00	7028.54
Gross Margin (Rs. crore)	4500.00	5926.82
Net Profit/Net worth (%)	10.50%	11.57%
Gross Margin/Gross Block	11.04%	14.70%
Gross Profit/Capital Employed (%)	12.00%	16.75%
PBDIT/Total employment (Rs. in lakhs)	53.57	72.16
Inventory/Gross Block(%)	1.00%	0.74%
Added value/Gross Sales (%)	31.82%	43.88%

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. A significant part of our external funding has been through long-term foreign currency loans from multilateral agencies such as the World Bank and the Asian Development Bank, with our performance under such loans guaranteed by the Govt.

The following table sets forth, by currency, our outstanding debt and the periods during which debt amounts mature or payment is otherwise due. Currency conversions are as of 31st March, 2009:

(Rs. in Crore)

	2009-10	2010-11	2011-12	2012-13	BEYOND 2012-13	TOTAL
RUPEES	844.32	1193.54	1424.29	1722.42	12282.04	17466.61
US\$	399.91	463.71	601.62	647.13	7,048.80	9,161.17
EUR	23.92	24.82	25.77	26.79	123.27	224.56
SEK	16.51	16.51	16.51	16.51	66.06	132.11
CHF	124.09	124.09	124.09	124.09	62.04	558.40
JPY	9.59	9.59	9.59	9.59	134.24	172.59

Secured Loans

Your company's secured loans as at March 31, 2009 and 2008 were Rs. 25288.25 crore and Rs.17552.13 crore, respectively. Secured loans include amounts raised from our private placement of bonds, term loans from banks, loans from the International Bank for Reconstruction and Development, Asian Development Bank and Bank of India. Due to the increased investment in new projects during the last year, our borrowings have increased substantially.

Most of the secured loans have been secured by floating charges on the moveable and immoveable properties of the Company. The following table presents the secured debt as at 31st March, 2009:

	Amount (Rs. in crore)	% of total secured debt
Bonds denominated in Rupees	15112.07	59.76
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	9154.15	36.20
Denominated in Rupees	1022.03	4.04
Total	25288.25	100.00

*Loans guaranteed by the Government were Rs.8774.31 crore.

Unsecured Loans

Our unsecured loans as at March 31, 2009 and 2008 were Rs. 3177.18 crore and Rs. 4711.35 crore. Unsecured loans mainly include loans from foreign financial institutions such as the European Investment Bank, Kreditanstalt für Wiederaufbau in Germany and Scandinavia Enskilda Bank in Sweden and term loans from the Power Finance Corporation and short term loans from Banks.

The following table presents our unsecured debt as at March 31, 2009:

	Amount (Rs. in crore)	% of total secured debt
Bonds denominated in Rupees	1297.50	40.84
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	1094.68	34.45
Denominated in Rupees	785.00	24.71
Total	3177.18	100.00

*Loans guaranteed by the Government were Rs. 404.17 crore.

Advance Against Depreciation (AAD)

Advance against depreciation is a component of tariff that we are permitted to charge under CERC regulations. Our loans are generally of shorter duration compared to the technical life of our assets. Amounts paid to us in respect of depreciation on such assets are generally insufficient to cover our repayment of debts in respect of such assets. Therefore, advances against depreciation allow us to cover such shortfall. AAD is restricted considering a 10-year loan repayment schedule. AAD is accounted for as an advance until the tenure of the loan. Subsequent to repayment of the loan, AAD is transferred to income on a pro-rata basis for the remaining useful life of the asset. Definition of useful life of the asset is governed by CERC regulations. AAD has been done away with in the tariff block 2009-2014.



Current Liabilities

Your company's current liabilities as at 31st March, 2009 were Rs.6123.37 crore. The current liabilities include sundry creditors, advances from customers, security deposits, retention money withheld by us and other liabilities.

Current liabilities were 66.74% higher at March 31, 2009 compared to March 31, 2008. The increase is partly due to liabilities to some of the beneficiaries on account of UI dues which have been accounted for on accrual basis. Similar amount has been accounted for as receivable from the beneficiaries and included under loans and advances. These fluctuations are also due to the commissioning of particular projects at different times of the year in different fiscal years. When projects are commissioned, the liabilities relating to them are capitalized. If commissioning occurs in the early part of a fiscal year, the related liabilities are usually paid before the end of the fiscal year. In fiscal years when current liabilities are higher, there tends to be more projects commissioned toward the end of the fiscal year, whose related liabilities have not been paid by the end of the fiscal year. Variations in the amounts of advances received under consultancy contracts also result in current liability fluctuations. Accounting of deferred income from FERV has also contributed in increase in current liabilities.

Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as at March 31, 2009 and 2008:

(Rs. in crore)

	March 31, 2009	March 31, 2008
Claims against the Company Not Acknowledged as Debt in respect of Arbitration/Court Cases	1930.27	1117.31
Land/Crop/Tree Compensation Cases	480.89	545.24
Service Tax	2041.00	-
Others	125.66	34.74
Disputed Tax Demands -Income Tax	12.22	69.36
Disputed Tax Demands – Others	160.47	189.67
Continuity Bonds with Custom Authorities	809.42	837.50
Others	114.61	113.50
Total	5674.54	2907.32

Contingent liabilities increased by 95.18% in Fiscal 2009 compared to Fiscal 2008.

The increase was mainly due to inclusion of an amount of Rs.812.96 crore in the Contingent Liability for the Fiscal 2009 in respect of arbitration/court cases and Service Tax liability of Rs. 2,041 crore (including interest of Rs. 308 Crore) for the period from 1st May, 2006 to 31st March, 2009 for the company as a whole.

The Service Tax is leviable on 114 services as per the list of services notified under section 65 of the Finance Act, 1994. "Transmission of Power" is not a specified service in this list. However, The Service Tax Authorities are interpreting 'Transmission of Power' as taxable service under the head "Business Support Service" w.e.f 1st May 2006 given in the list of taxable services. Accordingly, the company has received Show Cause Notices from Service Tax / Central Excise Department at New Delhi and Shillong amounting to Rs.413 crores and Rs.66 Crores respectively plus interest and penalties. In addition, the Service Tax Authorities are gathering information from other regional offices of the company. The company has sought legal opinion in the matter and is in the process of submitting its replies with the concerned authorities.

Based on the legal opinion and the fact that transmission of power is not covered in the list of taxable services under section 65 of the Finance Act, the company has not provided for the liability on account of Service Tax on transmission charges.

The estimated amount of Service Tax liability of Rs.2,041 crore (including interest of Rs.308 Crore) for the period from 1st May, 2006 to 31st March, 2009 is shown as contingent liability for the company as a whole.

Moreover, petition has been filed with the Central Electricity Regulatory Commission (CERC) for reimbursement of service tax if levied by revenue authorities, since service tax is an Indirect Tax and is a pass through item in transmission tariff.

BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES:

A) PTC India Limited (PTC) :

1 Main Objective and Capital Structure

The main objective of the Company includes trading of power, import/export of power and purchase of power from identified private power projects and sell to identified SEBs/others.

As on 31.03.2009, PTC has Authorized share capital of Rs.750,00,00,000/- and paid-up capital of Rs.2,27,41,90,000/-. The promoters i.e. POWERGRID, NTPC, PFC Limited NHPC Ltd. individually hold 5.28% each or 21.11% collectively of the paid-up equity and subscribed share capital of the Company and the balance of 78.89% of the equity paid-up and subscribed share capital is held by Power Entities, Financial Institutions, Insurance Companies, Banking Institutions, Corporations, Investment Companies, Foreign Institutional Investors, Private Utilities and others including general public at large. The equity shares of the Company are listed on 'Bombay Stock Exchange Limited' (BSE) and 'The National Stock Exchange of India Ltd.' (NSE).

1 **Financial Highlights of the Company:**

(Rs. in crore)

Particulars	Fiscal 2009	Fiscal 2008
POWERGRID's investment in Equity	12.00	12.00
Gross Income*	6624.93	3949.02
Net Profit*	90.80	48.70
*Earning per Share** (in Rs.)	3.99	2.93

*unaudited results for fiscal 2009.

**Face value per Share is Rs. 10/- each.

B) Powerlinks Transmission Limited (POWERLINKS) :

1 **Main Objective and Capital Structure**

The Company was incorporated to undertake the implementation of Transmission Lines associated with Tala HEP, East-North interconnector and Northern Region Transmission System. This was POWERGRID's first public - private partnership in Power Transmission. POWERGRID and TATA POWER are the Joint Venture Partners in this Joint Venture Company and hold 49% and 51% equity, respectively. As on 31.03.2009, POWERLINKS has Authorized share capital of Rs.4,83,60,00,000/- and paid-up capital of Rs.4,68,00,00,000/- out of which POWERGRID holds Shares of Rs.229.32crore and TATA POWER hold shares of Rs.238.68crore.

POWERLINKS successfully commissioned the project in August, 2006. POWERLINKS has given a dividend of 10 % for Fiscal 2009.

1 **Financial Highlights of the Company:**

(Rs. in crore)

Particulars	Fiscal 2009	Fiscal 2008
POWERGRID's investment in Equity	229.32	229.32
Gross Income	268.89	255.29
Profit after Tax	65.34	58.41
Earning per Share*	1.40	1.25

*Face value per Share is Rs.10/- each.

C) JAYPEE POWERGRID Limited (JPL):

1 **Main Objective and Capital Structure**

The main objective of the Company is to implement a transmission system to evacuate power to be generated by 1000 MW Karcham Wangtoo Hydro Electric Power Project in Kinnaur District in Himachal Pradesh. The power under the system is to be evacuated from Wangtoo to Abdullapur. As on 31.03.2009, JPL has Authorized share capital of Rs. 300 crores and paid-up capital of Rs.125 crore divided into 12,50,00,000 equity shares of Rs.10/- each. Jaiprakash Hydro Power Limited, Jaiprakash Power Ventures Limited and POWERGRID individually holds 60.2%, 13.8% and 26%, respectively as on 31.03.2009. The Company has got the Transmission Licence in Oct. 2007. Since the project is under implementation, the income statement is not prepared.

D) Torrent POWERGRID Limited (TPL) :

1 **Main Objective and Capital Structure**

The main objective of the Company is to establish transmission system associated with 1100MW Gas Based project being implemented by Torrent Power Generation Ltd. (TPGL) at Akhakhol in Surat District of



Gujarat. POWERGRID and Torrent Power Ltd. are the Joint Venture Partners in this Company and hold 26% and 74% equity, respectively. As on 31.03.2009, TPL has Authorized share capital of Rs.125 crore and paid-up capital of Rs.60 crores. The Company has got the Transmission Licence in May 2007. Since the project is under implementation, the income statement is not prepared.

E) Parbati Koldam Transmission Company Limited (PKTCL) :

POWERGRID entered into a Joint Venture Agreement on 23rd November, 2007 with Reliance Energy Limited (REL) now Reliance Infra, for implementation of transmission lines associated with Parbati-II (800 MW) HEP and Koldam (800 MW) HEP. The Company named 'Parbati Koldam Transmission Company Limited' existing with POWERGRID to take up implementation of Parbati and Koldam Transmission systems through Joint venture route was converted to JVC. As on 31.03.2009, PKTL has Authorized share capital of Rs.198 crore and paid-up capital of Rs.7.05 crores. The Company has got the Transmission Licence in September, 2008. Since the project is under implementation, the income statement is not prepared.

F) POWERGRID IL&FS Transmission Pvt. Limited :

POWERGRID entered into a Joint Venture Agreement in January, 2008 with IL&FS for development of Intra state Transmission/ Sub-transmission projects in different states of the Country and outside India. The Joint Venture Company is named 'POWERGRID IL&FS Transmission Private Limited' with shareholding pattern of 50:50 basis. The company is exploring taking up of Projects for development. The Company was incorporated on 27.11.2007.

G) Teesta Valley Power Transmission Company Limited (TPTCL) :

POWERGRID entered into a Joint Venture Agreement on 23rd November, 2007 with Teesta Urja Limited (TUL) for implementation of transmission lines (i) Teesta-III to Mangan pooling station 400kV D/C line; and (ii) Mangan pooling station to New pooling station at Kishanganj 400kV D/C line associated with 1200 MW Teesta-III Hydro Electric Power Project. POWERGRID holds equity of 26% and TUL holds the balance 74%. The Company has got the Transmission Licence in Fiscal 2009. As on 31.03.2009, Teestavelly Power Transmission Limited has Authorized and paid-up share capital of Rs.5 Lacs. Since the project is under implementation, the income statement is not prepared.

H) North East Transmission Company Limited (NETCL) :

POWERGRID entered into a Joint Venture Agreement in February, 2009 with ONGC Tripura Power Company Ltd. (OTPC) and Government of Tripura for establishment of Transmission Line of 400kV D/C Palatana Bongaigan Transmission Project associated with 740 MW Palatana Gas base Power Project in the state of Tripura. The Joint Venture Company is named 'North East Transmission Company Limited'. OTPC, the generating Company is a joint venture of ONGC Ltd., Government of Tripura and Infrastructure Leasing & Finance Services Ltd., (IL&FS Ltd.). The grant of Transmission Licence to the joint venture Company has been communicated by the CERC in July, 2009.

I) Byrnihat Transmission Company Limited (BTCL) :

POWERGRID has one subsidiary viz. Byrnihat Transmission Company Limited (BTCL). The Company was incorporated on 23.03.2006 to take up implementation of Misa Byrnihat Transmission line on JV route. The said Transmission line has been executed by POWERGRID as a consultancy work. Presently, Byrnihat Transmission Company Limited is not doing any business.

Cautionary Statement

Statement in the Management Discussion and Analysis and Directors' Report describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of the Board of Directors

(S.K. Chaturvedi)
Chairman & Managing Director

Place : New Delhi
Date : 29th July, 2009

Annexure-II to the Directors' Report

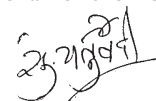
**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A)
OF THE COMPANIES ACT, 1956 FOR THE YEAR 2008-09**

Sl. No.	Name	Designation	Qualification	Remuneration (Rs)	Experience (Years)	Date of commencement of Employment	Age (years)	Last Employment Held
Employed for the full year								
1	Sanjeev Singh	GM (ESMD)	B.E. (Elect.)	3182602	26	16.08.1991	48	NTPC LTD
2	Dr. Sushil Kumar Agarwal	ED (OS)	B.E. (Elect.), M.Tech (Public sector), Phd. (Mgmt)	2618320	34	21.06.1991	55	NTPC LTD
3	V.M. Kaul	Director (Personnel)	B.Tech. (Mech.), MBA	2522463	35	11.03.2002	57	NTPC LTD
4	P. Pratap Kumar	DGM (CS)	B.Tech.(Civil)	2453856	27	19.12.1991	48	NHPC LTD
5	Promila Kapoor	Executive Secretary	M.A. (Political Science)	2411744	30	16.08.1991	57	NTPC LTD
6	R.K. Sharma	Chief Manager (Sub-stations)	B.Sc. Engg. (Elect.)	3114277	25	19.12.1991	60	NHPC LTD
7	A. P. N. Majumdar	Chief Manager (Engg.)	Dip. in Elect. Engg.	3472174	27	16.08.1991	60	NTPC LTD
8	S. J. Bhujade	DGM (Sub-Stations)	B.E. (Mech.)	2815227	27	16.08.1991	47	NTPC LTD
9	T.R. Badge	Sr.Assistant(Gr-I)	-	4075862	29	19.11.1991	60	NHPC LTD
10	C.Mitra	AGM (Telecom)	B.E. (Elect.)	5376642	29	01.04.1999	54	Merz & Mclellan
11	A.K. Agarwal	Chief Manager (TL)	B.E. (Civil)	2706556	29	14.11.1991	52	NEEPCO LTD
12	Sukumar Sardar	Chief Manager (Grid Mgmt.)	B.E. (Mech.)	2665202	21	01.01.1995	45	CEA
Employed for part of the year								
13	D. Punniah	Chief Manager (Sub-stations)	B.E. (Elect.)	3355136	36	01.12.1992	60	NLC LTD
14	K. Potha Raju	Chief Manager (F&A)	B.Com,SAS	3649050	42	16.08.1991	60	NTPC LTD
15	K.Rama Krishna	Chief Manager (Vigilance)	B.Sc.	2677960	39	06.04.1994	60	MHA(IB)
16	V.Ramaiah	AGM (Engg.)	M.Tech. (Structural Engg.)	2675847	38	16.08.1991	60	NTPC LTD
17	K.R.K Rao	Chief Manager (Civil)	Dip. in Civil Engg.	4094790	36	19.11.1991	60	NHPC LTD
18	M. S. Sriram	DGM (F&A)	CA	573442	25	27.03.1991	47	NHPC LTD
19	R. Ranjan	Chief Manager (DMS)	B.Sc. Engg. (Elect.)	553106	23	19.11.1991	49	NHPC LTD
20	A.K.Sharma	DGM (QA&I)	B.E.(Elect.)	869872	25	16.08.1991	48	NTPC LTD
21	B. K. Dash	AGM (Engg.)	AMIE (Elect.)	1808761	32	16.08.1991	60	NTPC LTD
22	Ravi Arya	AGM (BDD)	B.E.(Elect.)	1798580	28	16.08.1991	51	NTPC LTD
23	R. P. Sasmal	ED (Projects)	B.Sc. Engg. (Electronics & Communication)	1398880	29	16.10.1993	50	NTPC LTD
24	B. L. Chopra	DGM (DMS)	B.E.(Elect.)	2488670	35	16.08.1991	60	NTPC LTD
25	D. D. Dhayaseelan	AGM (Finance)	CA	2027054	33	19.12.1991	50	NHPC LTD
26	Vikas Saxena	GM(Engg.)	B.Tech.(Elect.)	1603742	30	16.08.1991	51	NTPC LTD
27	Prem Lal	Security Guard	VIII Standard	747964	33	19.11.1991	60	NHPC LTD
28	Ram Lubhaya	Chief Manager (C&M)	Dip. in Elect. Engg.	1714827	29	19.11.1991	60	NHPC LTD
29	Tilak Raj Sharma	JE (Grade-I)	Matric	1064395	34	19.12.1991	60	NHPC LTD
30	K. C. Sharma	Dy. Manager (Sub-station)	Dip. in Elect. Engg.	1762363	33	19.11.1991	60	NHPC LTD
31	B. K. Jana	Chief Manager (Engg.)	BE (Civil) M. Tech	1151997	27	16.08.1991	49	Simplex Concrete
32	M. L. Bhambra	Dy.Manager (TL)	Dip. in Elect. Engg.	2033064	31	19.11.1991	60	NHPC LTD

Notes:

- 1) Remuneration includes Salary, Allowances, Leave encashment, Leave travel concession, payment for subsidised leased accommodations, reimbursement of medical expenses to employees and employer's contribution to Provident fund and other funds. In addition, employees are entitled to Gratuity/Group Insurance in accordance with Company's rules.
- 2) None of the Employees listed above is related to any of the Directors of the Company.
- 3) Remuneration mentioned above is inclusive of retirement/ separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

For and on behalf of the Board of Directors



(S.K. Chaturvedi)
Chairman & Managing Director

Place : New Delhi
Date : 29th July, 2009



Annexure - III to the Directors' Report

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1999 READ WITH SECTION 217(I)(E) OF THE COMPANIES ACT, 1956.**A. CONSERVATION OF ENERGY****(a) Energy conservation measures taken and on hand:**

It has been the endeavour of POWERGRID to make all out efforts for conservation of energy in all its projects - right from the planning stage, to the execution stage and throughout the O&M period. Before finalizing the transmission schemes, various alternatives/ technologies for power transfer are examined and one of the major criteria for selection of transmission system/ technology is lower losses. In fact, POWERGRID has adopted new technologies like 765kV AC, ± 500 kV HVDC, ± 800 kV HVDC and 1200kV AC in its transmission systems for power transfer across various regions which result in lower losses in the system.

At design stage of the transmission system, optimization of various parameters is done so that losses in the transmission system are optimized. The conductors are selected after detailed optimization studies which consider reduction of line losses as one of the primary criteria. The bus bar materials and the clamps and connectors are chosen meeting stringent international requirements so that losses are optimised. During evaluation of transformer & shunt reactor packages, equipment with minimum losses is given weightage. Further, in case of transmission hardware, the material with lower losses is specified. Parameters and types of various other equipments are also chosen in a manner that the losses are optimized. Thus, energy conservation measures are taken by POWERGRID at every step so as to develop an efficient and low-loss transmission network.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of Energy:

As stated above, POWERGRID undertakes energy conservation measures by means of reduction of losses in its transmission schemes right from planning to execution stage.

B. RESEARCH AND DEVELOPMENT

I & 2 It has been POWERGRID's endeavour to pursue the research and development efforts in the field of new technologies in transmission system to remain at par with international standards. Also, realizing the need for conservation of Right-of-Way and future requirement of development of high capacity transmission system to meet the future power requirement, POWERGRID is actively pursuing seamless integration of new and efficient technologies in Indian power Grid to create environment-friendly transmission system. POWERGRID has been according special emphasis on adoption of new technologies available around the globe for improving the quality of power supply, reduction of losses, optimum utilization of the available transmission assets, conservation of environment and optimizing upon the cost of delivered power. The company is working in collaboration with International/National research institutions, academic institutions and manufacturers, and is thus enhancing its in-house capabilities for design and engineering of state-of-the-art transmission systems.

Specific Areas in which R&D has been carried out by the company and benefits derived thereby are given below:

Completed Projects:

1. Enhancement of power transfer capacity of existing transmission lines through implementation of series compensation on 1 no. transmission corridors of 400kV lines.
2. Completed in-house design of 15 no. towers for transmission lines which included 800 kV HVDC towers with Y string (1 No.) and 1200kV AC tower (1 No.) and tested successfully 8 nos of towers.
3. Completed in-house design of approx. 500 nos. tower foundations for transmission lines upto 765kV including special foundations.
4. Indigenous development and type testing of extra high strength 320KN & 420 KN insulators for 400kV/ 765 kV/1200 kV AC transmission lines.

5. Performance evaluation of Polymer composite insulators which were in service for more than 6 years in POWERGRID lines.
6. Indigenous development and type testing of extra high strength 420KN HVDC insulators for ± 800 kV HVDC transmission lines.
7. Indigenous development and type testing of Polymer long Rod 120KN & 160KN AC insulators for 400kV AC transmission lines in heavily polluted areas (Two manufacturers).
8. Corona cage studies, Air Gap Insulation studies for 1200 kV transmission system.
9. Interference measurements (Electric field, Magnetic field, Audible Noise & RIV) for 765kV AC Sipat-Seoni transmission line.
10. Study of EMI effect on Co-axial and Control Cables in association with CPRI & LRDE, Bangalore.
11. Online condition monitoring systems for transformers at Mandola substation and Rihand HVDC station were installed to facilitate real time data to detect faults at incipient stage and provide alarms in advance in case of fault in the transformers. The system will also provide the dynamic over load capacity of the transformers.
12. Uprating of short circuit current capacity of existing equipments e.g. circuit breakers etc. from 40 kA to 50 kA.

Ongoing Projects

1. For development of 1200kV UHVAC Super grid, 1200 kV UHVAC test station is being established at POWERGRID substation at Bina, M.P. with joint efforts of POWERGRID, Indian Equipment Manufacturers and CPRI. This will facilitate the Indian Equipment Manufacturers to test their 1200 kV class equipment being developed by them. Successful testing will lead to indigenization of 1200 kV class equipment resulting in reduction in project costs.
2. High Capacity, ± 800 kV, 6000 MW HVDC multi terminal system for long distance power transfer over 2000 kms. from NER/ER to NR.
3. 2500 MW, ± 500 kV Balia – Bhiwadi HVDC Bipole with Lapwing conductor under implementation.
4. Re-conductoring of existing 400kV D/c Purnea-Siliguri line with high temperature endurance conductor to enhance the capacity of the transmission corridor by about two times.
5. Development of in-house foundation and tower designs for use in on-going transmission line projects.
6. Implementation of High Surge Impedance Loading (HSIL) line.
7. Line Design & Optimization studies including experimental tests for 1200kV AC transmission lines.
8. For efficient Grid management, continuous upgradation of the load dispatch centres through technologies like Intelligent Grid comprising Wide area monitoring, adoptive islanding, Voltage Security Assessment, Dynamic Security Assessment.
9. Several existing Substations in different Regions are being augmented for remote operation from nearby Substations so as to reduce the operation cost.
10. Development of GIS in association with Indian manufacturers.
11. Residual Life Assessment testing of substation equipment at very old POWERGRID 400kV substations at Hyderabad and Bangalore in association with CPRI / CESI.
12. Measurement of synchro phasors for wide area monitoring and protection of National Grid.
13. Indigenous Development of SF₆ gas filled Current Transformer with BHEL.
14. Implementation of Controlled Switching schemes of circuit breakers for 400kV transmission lines.
15. Development of Optical Instrument Transformers with CPRI/ERDA.
16. Engineering Data Integration on GIS Platform.

Technology Absorption :

1. For route selection, length optimisation and estimation of BOQ for transmission lines, POWERGRID is employing modern Survey techniques.



2. Substation Automation with IEC 61850 protocol is being adopted for all new Substations of POWERGRID. This would result in savings in operational cost and increased operational and maintenance efficiency.
3. As a step towards National grid, 765kV AC and ± 500 kV HVDC technology has been implemented in our country. Now, ± 800 kV HVDC and 1200kV UHVAC technologies are being planned for bulk power transfer across the country.
4. For maximum utilization of existing infrastructure, application of Series compensation including TCSC has been adopted on EHV lines.
5. In special areas, compact towers like pole towers, delta configuration towers and narrow based towers which reduce the space occupied by the tower base, are being used. Also tall towers and multi-circuit towers are being used for conservation of scarce right-of-way.
6. Shallow and deep resistivity measurements using magneto telluric techniques for locating ground electrode stations for HVDC system has been adopted.
7. Special insulators like polymer composite insulators have been adopted in transmission lines in polluted areas.
8. High temperature conductors like INVAR have been adopted for increasing the transfer capacity of transmission corridors.
9. GIS technology has been adopted in substations where severe space constraints exist.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings		(Rupees in crore)
i. Interest		0.29
ii. Consultancy Fee		0.72
		1.01
Foreign Exchange outgo		
(i) Capital goods and Space Parts		1127.18
(ii) Professional and Consultancy Fee		3.14
(iii) Interest		341.92
(iv) Others		19.16
		1491.40

For and on behalf of the Board of Directors

(S.K. Chaturvedi)

Chairman & Managing Director

Place : New Delhi

Date : 29th July, 2009

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF POWER GRID CORPORATION OF INDIA LIMITED, NEW
DELHI, FOR THE YEAR ENDED 31ST MARCH, 2009

The preparation of financial statements of Power Grid Corporation of India Limited, New Delhi, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 June 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Power Grid Corporation of India Limited, New Delhi, for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-
(Ghazala Meenai)
Principle Director of Commercial Audit
& Ex-officio Member, Audit Board-III,
New Delhi

Place : New Delhi
Date : 30th June, 2009



REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

I. THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in the Company. It is a system by which business corporations are directed and controlled. POWERGRID believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POWERGRID's Governance process is focused towards its mission of "establishment and operation of Regional and National Power Grids to facilitate transfer of power within and across the regions with Reliability, Security and Economy on sound commercial principles" based on the well established practices in engineering & design, contracts, project management, finance etc. which are being followed in letter and spirit and are being continually improved upon.

The Corporate Governance of POWERGRID is geared by the following:

- (i) To meet the short term, medium term & long term objectives and specific targets every year set by the GOI and the persons at the helm of affairs, i.e. the Board, by empowering people at the most appropriate levels keeping the job profile/functions in view.
- (ii) To respond to the challenges and the emerging opportunities and to play a pivotal role in the economic development of the country.

The corporate governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are proceeded ahead after approval of the Board.

POWERGRID has been conferred with the status of "NAVRATNA PSE" w.e.f. 1st May, 2008 by the Government of India. POWERGRID bagged such a prestigious status of joining the club of NAVRATNA Companies.

The NAVRATNA status has provided the Company greatest flexibility and autonomy in terms of making investments and operational decisions. Now the Board of Directors of POWERGRID may incur capital expenditure on purchase of new items or for replacement without any monetary ceiling. The ceiling on equity investment to establish joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the networth of the Company in one project limited to Rs.1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the Company.

Presently, the Board of Directors comprises of Chairman and Managing Director, Functional Directors, Govt. Nominee Directors and Non Official Part Time Directors. The rights and obligations of the employees are delineated in the policy Manuals published and the amendments are notified from time to time. The powers of the internal participants i.e. top executives and below are laid down in the well established and practiced "Delegation of Powers". POWERGRID has also prepared and implemented "Works and Procurement Policy and Procedure for Pre-award and Post-award Stages" with a view to making the policies and procedures more systematic, transparent and easy to administer with major thrust on expeditious and decentralized decision making coupled with accountability and responsibility. The Board has also constituted several Committees viz. Committee for Award of Contracts relating to RE, APDRP and other Deposit Works, Committee on Feasibility Reports and Revised Cost Estimates, Committee for Bonds, Shareholders'/Investors' Grievance Committee, Committee on Award of Contracts, etc. to have better and more focused attention. Advisory Boards of eminent persons are in place for Environment and Social Policy and Procedures, R&D and for Telecom to advise POWERGRID on critical issues/consensus building in these areas.

Management Discussion and Analysis is Annexed to Directors' Report.

The Company has complied with the conditions of the Corporate Governance, the disclosure requirements of which are given below:

2. Board of Directors:

2.1 Size of the Board

POWERGRID is a Government Company within the meaning of Section 617 of the Companies Act, 1956 and the President of India presently holds 86.36% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors rests with the President of India.

In terms of Articles of Association of the Company, the strength of our Board shall not be less than four Directors or more than eighteen Directors. These Directors may be either whole-time Directors or part-time Directors.

2.2 Composition of the Board

As on 31st March, 2009, the Board comprised twelve Directors out of which four were whole time Directors including the Chairman & Managing Director, one Government nominee and seven independent Directors.

The equity shares of the Company were listed on 5th October, 2007 with NSE and BSE. Clause 49 I (A) of the Listing Agreements with Stock Exchanges stipulates half of the Board members to be Independent Directors. For a short period from 1st April, 2008 to 24th April, 2008 the requirement of independent Directors as per this clause was 5, whereas the actual were 4 independent Directors.

On the appointment of two independent directors viz. Shri S. C. Tripathi and Shri Ashok Khanna on the Board of POWERGRID w.e.f. 25th April, 2008, the composition of POWERGRID's Board has been in compliance with Clause 49 I (A) of the Listing Agreement. Thereafter, Smt. Sarita Prasad joined the Board w.e.f. 04.08.08 in pursuance of MoP Order dt. 23.07.08.

2.3 Age Limit and Tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time Directors is 60 years.

The Chairman & Managing Director and other whole-time Directors are appointed for a period of five years from the date of taking over of charge or till the date of superannuation of the incumbent or till further orders from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

Independent Directors have been appointed by the Government of India usually for tenure of three years.

The tenure of Directors as on 31st March, 2009 was as follows:

Details of Directors		Name	Date of Joining on the Board	Date of superannuation/ completion of Tenure
Category (Functional/ Official/ Non-official)	Designation			
1. Whole Time Directors	Chairman & Managing Director	Shri S. K. Chaturvedi	01.08.2008	31.08.2011 - date of superannuation.
	Director(Projects)	Shri S. Majumdar	27.09.2005	31.08.2009 - date of superannuation.
	Director (Finance)	Shri J. Sridharan	21.12.2005	For a period of 5 years from the date of taking over charge. (Date of superannuation-30.04.2011)
	Director (Personnel)	Shri V.M. Kaul	16.03.2009	31.03.2012 - date of superannuation
2. Govt. Nominees Part-time Directors	JS (Trans.) Ministry of Power	Shri I.C.P. Keshari	06.03.2009	Till the President desires*ceased to be Director w.e.f. 22.05.2009
3. Non-official Part-time Directors	Non-official Part-time Director (Independent)	Shri F.A. Vandrevala	10.07.2007	For a period of three years with effect from the date of appointment or until further orders, which ever event occurs.
		Shri Anil K. Agarwal	10.07.2007	
		Dr. A.S. Narag	10.07.2007	
		Dr. P.K. Shetty	10.07.2007	
		Shri S.C. Tripathi	25.04.2008	
		Shri Ashok Khanna	25.04.2008	
Smt. Sarita Prasad	04.08.2008			

* Shri Sudhir Kumar, Joint Secy., Ministry of Power joined POWERGRID as Govt. nominee Director w.e.f. 22.05.2009 in place of Shri I.C.P. Keshari, Joint Secy., Ministry of Power and Shri Rakesh Jain, JS&FA, Ministry of Power joined POWERGRID as Govt. nominee Director w.e.f. 09.06.2009.

**Shri R.N. Nayak joined as Director(Operations) w.e.f. 16.05.2009.

2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are normally held at the Registered office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. Senior management officials are also invited to the Board meetings to provide additional input to the items being discussed by the Board.

During the financial year ended 31st March, 2009, fourteen Board meetings were held on 9th April, 6th May, 18th June, 12th July, 30th July, 6th August, 17th September, 31st October and 18th November, of the year 2008, and 21st January,



28th January, 11th February, 24th February and 20th March, of the year 2009. The maximum interval between any two meetings during this period was 63 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship / committee membership (viz. Audit Committee and Shareholders' Grievance Committee as per Clause 49 I (C) – Explanation – 2) held by them during the year 2008-09 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 18.09.08)	No. of Other Directorship held on 31.03.09	No. of Other Committee Membership held on 31.03.09	
					Chairman	Member
Whole Time Directors						
Shri S. K. Chaturvedi Chairman & Managing Director*	9	8	Yes	8	NIL	NIL
Shri S. Majumdar, Chairman & Managing Director** & Director (Projects)	14	14	Yes	4	NIL	NIL
Shri J. Sridharan, Director (Finance)	14	14	Yes	4	NIL	1
Shri V. M. Kaul, [^] Director (Personnel)	1	1	N.A. [^]	1	NIL	NIL
Dr. R. P. Singh, Chairman & Managing Director (Ceased to be the CMD on 30.05.08) ¹	2	2	N.A. ¹	N.A. ¹	N.A. ¹	N.A. ¹
Non-executive Directors (Government Nominees)						
Shri Rajesh Verma, JS&FA, Ministry of Power (Ceased to be Director w.e.f. 26.03.09) ²	14	12	Yes	N.A. ²	N.A. ²	N.A. ²
Shri G.B. Pradhan, Addl. Secy., Ministry of Power (Ceased to be Director w.e.f. 06.03.09). ³	13	10	Yes	N.A. ³	N.A. ³	N.A. ³
Shri I. C. P. Keshari, Jt.. Secy., Ministry of Power (Joined the Board on 06.03.09 Ceased to be Director w.e.f. 22.05.09) ⁴	1	1	N.A. ⁴	N.A. ⁴	N.A. ⁴	N.A. ⁴
Independent Directors						
Dr. P. K. Shetty	14	12	Yes	NIL	NIL	NIL
Dr. A. S. Narag	14	13	Yes	NIL	NIL	2
Shri Anil K. Agarwal	14	10	Yes	6	1	2
Shri F. A. Vandrevala	14	13	No [#]	2	1	2
Shri S. C. Tripathi ^{^^}	13	11	Yes	11	NIL	NIL
Shri Ashok Khanna ^{^^}	13	8	Yes	5	NIL	1
Smt. Sarita Prasad ^{^^}	9	8	Yes	NIL	NIL	NIL

* Shri S. K. Chaturvedi had joined as Chairman and Managing Director of POWERGRID w.e.f. 01.08.2008.

** Shri S. Majumdar assumed the Additional charge of CMD w.e.f. 30.05.2008 and handed over the additional charge of CMD on 01.08.08.

[^]Shri V.M. Kaul has been appointed as Director (Personnel) w.e.f. 16.03.2009.

[#] Shri F.A. Vandrevala, Chairman of the Audit Committee could not attend the AGM due to sudden ill health. However, Shri Anil K. Agarwal, Chairman of the Shareholders' / Investors' Grievance Committee, who is also a member of the Audit Committee was present to answer the queries of the shareholders.

^{^^}Shri S. C. Tripathi and Shri Ashok Khanna were appointed as Non-official Part-time Directors w.e.f. 25.04.2008 vide

MOP Order dt 25.04.2008. Further, Smt. Sarita Prasad had joined POWERGRID's Board as Non-official Part-time Director w.e.f 04.08.08 vide MOP Order dt. 23.07.08.

Shri R. N. Nayak has been appointed as Director (Operations) w.e.f. 16.05.2009. Further, Shri Sudhir Kumar, Jt. Secy., MOP and Shri Rakesh Jain, JS&FA, MOP have joined POWERGRID's Board as Govt. Nominee Directors w.e.f. 22.05.09 and 09.06.09, respectively.

None of the Directors of the Company are in any way related with each other.

2.5 Information to be placed before the Board of Directors, inter alia, include:

The Board has complete access to any information with the Company. The information regularly supplied to the Board includes:

1. Annual operating plans and budgets and any updates.
2. Annual Accounts, Directors' Report, etc.
3. Quarterly results of the company.
4. Minutes of meetings of audit committee and other committees of the Board.
5. Major Investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances, etc.
6. Award of large Contracts.
7. Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
8. Monthly Report on Commercial Status of the Company.
9. Report on the status of various ongoing projects/Scheme and Budget Utilization.
10. Report on the O&M Review.
11. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, etc.
12. Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer etc.
13. Short-Term investment of surplus funds.
14. Other materially important information.

3. Committees of the Board of Directors

The Board has constituted the following Committees:

- i) Audit Committee
- ii) Shareholders'/Investors' Grievance Committee
- iii) Committee for Transfer/Split/Rematerialization/Dematerialization, etc. of Shares
- iv) Committee for Award of Contracts relating to RE, APDRP and other Deposit Works
- v) Committee on Feasibility Reports and Revised Cost Estimates
- vi) Committee for Bonds,
- vii) Committee on Award of Contracts

3.1 Audit Committee:

POWERGRID has constituted an Audit Committee on January 27, 1999. As on 31st March, 2009, the Audit Committee comprised the following Directors:

- (i) Shri F.A. Vandrevala, Non-official Part-time Director – Member & Chairman
- (ii) Shri Anil K. Agarwal, Non-official Part-time Director – Member
- (iii) Dr. A.S. Narag, Non-official Part-time Director – Member

The Company Secretary is the Secretary of the Committee.

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2007, the Companies Act, 1956 and provisions of the Listing Agreement.

Meetings of Audit Committee

The Audit Committee meets at least four times in a year and not more than four months have elapsed between two meetings in that year. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent members present.

Powers of Audit Committee

The Audit Committee have powers, which include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To consider other matters as referred by the Board.



Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Fixation of audit fees to be paid to statutory auditors appointed by Comptroller & Auditor General under the Companies Act, 1956 and approval for payment with respect to any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
5. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
6. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
7. Discussion with internal auditors any significant findings and follow up there on.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
11. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of Information by Audit Committee

The Audit Committee generally reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

Composition of Audit Committee during the F.Y. 2008-09:

The composition of Audit Committee during the financial year was as under:

Shri F.A. Vandrevale, Director	Member & Chairman	Non-official Part-time Director
Shri Anil K. Agarwal, Director	Member	Non-official Part-time Director
Shri Rajesh Verma, JS&FA, MOP	Member	Non-Executive Director
Dr. A.S. Narag, Director*	Member	Non-official Part-time Director

*Dr. A.S. Narag had been appointed as a member of the Audit Committee w.e.f. 18.11.08. Also, Dr. Narag was co-opted as a member of Audit Committee for the meeting held on 17.09.08.

Attendance:

During the financial year ended, 31st March, 2009, six meetings of the Audit Committee were held on 18th June, 30th July, 6th August, 17th September and 31st October of the year 2008 and 28th January of the year 2009.

Attendance at Audit Committee Meetings during the Financial Year 2008-09:

Name	Audit Committee Meeting held during the tenure	
	Held	Attended
Shri F. A. Vandrevale, Director	6	5
Shri Anil K. Agarwal, Director	6	4
Shri Rajesh Verma, JS&FA, MOP	6	5
Dr. A.S. Narag, Director	2	2

3.2 Shareholders'/ Investors' Grievance Committee.

The Company has constituted Shareholders'/Investors' Grievance Committee in line with the provisions of the Listing Agreement.

Scope of the Committee

The scope of the Committee shall be to specifically look into the redressal of shareholders' and investors' grievances/ complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends, etc.

Composition

As on 31st March, 2009 the Committee comprised the following Directors:

- Shri Anil K. Agarwal, Non-official Part-time Director – Chairman
- Dr. A. S. Narag, Non-official Part-time Director – Member
- Shri I.C.P. Keshari, Jt. Secy., MOP – Member
- Shri J. Sridharan, Director (Finance) – Member
- Smt. Sarita Prasad, Non-official Part-time Director- Member.

The Company Secretary is the Secretary of the Committee.

Two meetings of the Shareholders'/Investors' Grievance Committee were held during the financial year 2008-09 on 23rd July, 2008 and 21st January, 2009 respectively.

Name and Designation of Compliance Officer

Ms. Divya Tandon, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.

Investor Grievances

During the financial year ending 31st March, 2009, the Company has attended its investor grievances expeditiously except for the cases constrained by disputes or legal impediment. The details of the complaints received during the year are as under:

Sl. No.	Subject	Opening Balance	Received	Attended	Pending
1	Non-Receipt of Refund orders	38	457	495	0
2	Non-Receipt of Dividend Warrants	0	401	400	1
3	Received through SEBI	55	292	347	0
4	Received through Stock Exchanges	0	35	35	0
5	Advocate Notices	31	35	66	0
6	Consumer Forum/Court Cases	0	20	20	0
	Total	124	1240	1363	1

Investor complaint pending as on March 31, 2009 has been subsequently attended.

Shares Lying in Share Escrow Account

In pursuance of the new Clause 5A to the Listing Agreement, dated 24th April, 2009, it is disclosed that 58643 shares out of POWERGRID's IPO against 305 investors were lying in the Escrow Account as on 15.07.2009. These shares are lying in the demat form in the Demat Suspense Account with the Registrars i.e. M/s Karvy Computershare Pvt. Ltd. and the



benefits accrued on them are being properly accounted for. As and when the satisfactory details from the rightful owner are obtained, the unclaimed shares are being credited to the Demat A/c of the rightful owner. Provisions of the Clause 5A are being examined for further implementation.

3.3 Committee for Transfer/Split/Rematerialization/Dematerialization, etc. of Shares

The Company has constituted a Committee of Directors for Transfer/ Split/ Rematerialization/ Dematerialization, etc. and other related issues. As on 31.03.2009, the Committee comprised the following Directors as members:

- i) Director (Finance)
- ii) Director (Projects) and
- iii) Director (Personnel)

As on March 31, 2009 no share transfer request was pending. Share Transfers have been affected during the year well within the time prescribed by the Stock Exchanges.

3.4 Committee for Award of Contracts relating to RE, APDRP and other Deposit Works

This Committee of Directors was constituted to conduct RGGVY Programme of Govt. of India. The power of this committee is to award the contracts relating to RE, APDRP and other Deposit Works for more than Rs. 20 Cr. and up to Rs.75 Cr. As on March 31, 2009 the Committee comprised the following members:

- i) CMD – Chairman
- ii) Director (Finance) – Member
- iii) Director (Projects) – Member
- iv) Director (Personnel) – Member and
- v) Director (Operations) – Member*

* Shri R.N. Nayak joined as Director (Operations) w.e.f. 16.05.09 and got co-opted in the Committee.

3.5 Committee on Feasibility Reports and Revised Cost Estimates

The Board has constituted this Committee of Directors to consider and examine the Feasibility Report and various Revised Cost Estimate proposals as may be required for seeking investment sanction from the Board. As on March 31, 2009, the Committee comprised the following members:

- i) Director (Projects) – Chairman
- ii) Director (Finance) – Member
- iii) Director (Operations) – Member*

*Shri R.N. Nayak joined as Director (Operations) w.e.f. 16.05.09 and got co-opted in the Committee.

3.6 Committee for Bonds

The Board of Directors of the Company has constituted a Committee of Directors to consider and approve allotment, transfer, transmission, splitting and consolidation of POWERGRID Bonds/Allotment Letters and other matters relating to the Bonds including appointment of Merchant Bankers, Registrar to the Issue, etc. As on March 31, 2009, the Committee for Bonds comprised the following members:

- i) CMD – Chairman
- ii) Director (Finance) – Member
- iii) Director (Operations) – Member*
- iv) Director (Projects) – Member

* Shri R.N. Nayak joined as Director (Operations) w.e.f. 16.05.09 and got co-opted in the Committee.

3.7 Committee on Award of Contracts

This Committee of Directors has been constituted for approval of award of contracts of value more than Rs.20 Cr. but not exceeding Rs.75 Cr. As on March 31, 2009, the following Directors were members of the Committee:

- i) Shri S.K.Chaturvedi, CMD – Chairman
- ii) Shri S. Majumdar, Director (Projects) – Member
- iii) Shri J. Sridharan, Director (Finance) – Member
- iv) Shri Ashok Khanna, Non-official Part-time Director - Member.
- v) Shri I.C.P. Keshari, Joint Secretary, MOP – Member*

* Shri I.C.P. Keshari ceased to be the Member of the Committee w.e.f. 22.05.2009; Shri Sudhir Kumar, JS (Trans) and Shri R.N. Nayak, Director (Operations) were appointed on this Committee w.e.f. 16.06.2009.

Remuneration of Directors

Our Company, being a Government Company, the appointment, tenure and remuneration of Directors is decided by the President of India. Remuneration paid to Chairman & Managing Director and Functional Directors during the Year 2008-09 was as per terms and conditions of their appointment. Independent Directors are paid only sitting fees at a rate fixed by the Board within the ceiling fixed under the Companies Act, 1956 and in accordance with the Government Guidelines for attending the Board Meeting as well as Committee Meetings.

The remuneration paid to the Whole time Directors during the year 2008-09 is as under:

S No.	Directors	Designation	Remuneration (Rs. in Lacs)
1.	Shri S.K. Chaturvedi*	Chairman & Managing Director	8.17
2.	Shri S. Majumdar	Director (Projects)	20.22
3.	Shri J. Sridharan	Director (Finance)	14.82
4.	Shri V.M. Kaul**	Director (Personnel)	0.64
5.	Dr. R. P. Singh***	Former Chairman & Managing Director	1.59

*From 01.08.08 to 31.03.09

**From 16.03.09 to 31.03.09

*** From 01.04.08 to 29.05.08

The Government nominee Directors on the POWERGRID's Board do not draw any remuneration/ sitting fee for Board/ Committee meetings from the Company. The Independent Directors were being paid sitting fee of Rs. 10,000/- for attending Board/Committee Meetings and the same was increased from Rs. 10,000/- to Rs. 15,000/- w.e.f. 21.01.09.

Details of payment made towards sitting fee to Independent Directors for the Meetings attended during the year 2008-09 are given below:

(figs. in lacs.)

Name of Non-official Part-time Directors	Sitting Fees*		Total (Rs.)
	Board Meeting (Rs.)	Committee Meeting (Rs.)	
Dr. P. K. Shetty	1.40	-	1.40
Dr. A. S. Narag	1.55	1.00	2.55
Shri Anil K. Agarwal	1.20	.65	1.85
Shri F.A. Vandrevala	1.55	1.05	2.60
Shri S.C. Tripathi	1.35	-	1.35
Shri Ashok Khanna	1.05	.60	1.65
Smt. Sarita Prasad	1.05	.15	1.20

*Gross Amount (before TDS)

As on 31.03.2009 the Directors' Shareholding was as under:

Name of Directors	No. of Equity Shares Held	
	As a Nominee of the President of India	Individual Capacity
Shri S.K.Chaturvedi	100	-
Shri J. Sridharan	100	5000
Shri S. Majumdar	100	10,000
Shri I.C.P. Keshari	100	-
Shri Rajesh Verma	100	5602
Shri V.M. Kaul		7213
Dr. P. K. Shetty		1568
Dr. A. S. Narag		3136
Shri Anil K. Agarwal		125000
Shri F.A. Vandrevala		15051
Shri S.C. Tripathi		-
Shri Ashok Khanna		-
Smt. Sarita Prasad		-



4. General Body Meetings:

Date, time and location where the last three Annual General Meetings were held are as under:

Year	Date	Time	Venue	Special Resolution
2005-2006	3 rd August, 2006	3.00p.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2006-2007	14 th August, 2007	1.00p.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2007-2008	18 th September, 2008	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010	NIL

Resolutions passed through Postal Ballot

1. Company has passed an Ordinary Resolution to enhance the borrowing limits of its Board of Directors from Rs.25,000 Crore to Rs.50,000 Crore through postal ballot. Notice dated 12th March, 2008, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and the said resolution was approved by the shareholders on 29th April, 2008. Ms. Savita Jyoti, Practicing Company Secretary, was appointed as scrutinizer for conduct of Postal Ballot. Out of total Postal ballot received towards 3665229764 votes, 215789 votes were invalid and 3657238002 votes were cast in favour of the resolution representing 99.79% of total valid votes cast.
2. Postal Ballot process is underway for passing Special Resolution to bring about various amendments in the Memorandum and Articles of Association of POWERGRID pursuant to the grant of Navratna Status and an Ordinary Resolution for transfer of ownership, physical possession and control of 400 kV single circuit tie line (I no.) between Neyveli TS –II Expansion and Neyveli TS –II switchyards from POWERGRID to Neyveli Lignite Corporation Ltd. (NLC). Notice dated 30th June, 2009, has been served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Ms. Savita Jyoti, Practicing Company Secretary has been appointed as scrutinizer for conduct of Postal Ballot.

5. Disclosures

- (I) The transactions with related parties contain (i) payment to Companies under Joint Venture Agreement and on account of contracts for works/services, (ii) remuneration to key management personnel and (iii) equity contribution to subsidiaries, which are not in the nature of potential conflicts of interest of the Company at large. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.
- (II) The CEO & CFO of the Company have certified to the Board, the specified matters, as required under Clause 49V of the Listing Agreement.
- (III) POWERGRID do not have any material non listed Indian Subsidiary Company.
- (IV) POWERGRID is in the process of establishing Enterprise Risk Management Framework and Internal Control Framework for CEO/CFO Certification and selection of Consulting Firm to provide consultancy for the said framework is underway.
- (V) There are no material individual transactions with related parties which are not in the normal course of business.
- (VI) There are no material individual transactions with related parties or others, which are not on an arm's length basis.
- (VII) The Company has complied with the requirements of the Listing Agreement with Stock Exchanges as well as Regulations and Guidelines prescribed by SEBI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the year.
- (VIII) The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the financial year 2008-09 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (IX) The Company has adopted all suggested items to be included in the Report of Corporate Governance. Information on adoption (and compliance) / Non-adoption of the non-mandatory requirements is at Annex-I.

6. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site.

Information and latest updates and announcements made by the Company can be accessed at Company's website: www.powergridindia.com including the following:

- 1 Quarterly /Half-Yearly /Annual Financial Results
- 1 Shareholding Pattern
- 1 Corporate disclosures made from time to time to Stock Exchanges

Quarterly Results

Major Newspapers	Date of Publication of Financial Results for the quarter ended			
	30.06.08	30.09.2008	31.12.2008	31.03.2009
Business Standard / Hindustan Times (English)	01.08.2008	03.11.2008	30.01.2009	17.06.2009
Rashtriya Sahara/ Hindustan (Hindi)	01.08.2008	03.11.2008	30.01.2009	18.06.2009

These Results are also displayed at Company's website www.powergridindia.com

7. Code of Conduct

The Board of Directors have laid down two separate Code of Conduct – one for Board Members and another for Senior Management Personnel in alignment with Company's Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Codes of Conduct is available at the website of the Company.

Declaration required under Clause 49 of the Listing Agreement

All the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31st, 2009.

New Delhi
Dt. 04.05.2009

Sd/-
(S.K. Chaturvedi)
Chairman & Managing Director

8. Code of Insider Trading

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, POWERGRID Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this code, Insiders (i.e. Designated Employees) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities beyond limits specified, permission of Compliance Officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to Stock Exchanges, whenever necessary. Company Secretary has been designated as Compliance Officer for this Code.

9. Shareholders' Information

i) Annual General Meeting

Date : 9th September, 2009
Time : 10.00 a.m.
Venue : Air Force Auditorium, Subroto Park, New Delhi – 110 010.

ii) Financial Year

The Company's Financial Year is from 1st April to 31st March.

iii) Book Closure

The Register of Member and Share Transfer Books of the Company will remain closed from 25th August, 2009 to 9th September, 2009 (both days inclusive).

iv) Payment of Dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 7% (Rs. 0.70 per share) for the financial year ended 31st March, 2009. In addition, an Interim Dividend of 5% (Rs. 0.50 per share) was paid on 16th February, 2009. (Dividend paid in the Previous Year was Rs. 505.08 Crore)



v) Dividend History

Year	Total Paid-up Capital as on 31 st March of the Year (Rs. in Crore)	Total Amount of Dividend Paid for the Financial Year (Rs. In Crore)	Date of AGM in which dividend was declared	Date of Payment of Final Dividend
2002-03	3035.25	100.00	29.09.2003	27.10.2003
2003-04	3035.25	125.00	28.09.2004	18.10.2004
2004-05	3165.25	184.00	16.09.2005	13.10.2005
2005-06	3584.63	302.68	03.08.2006	23.08.2006
2006-07	3787.41	368.82	14.08.2007	24.08.2007
2007-08	4208.84	505.08	18.09.2008	03.10.2008
2008-09	4208.84	210.46*	28.01.2009**	16.02.2009#

* Amount of Interim Dividend

** Date of Board Meeting

Date of Payment of Interim Dividend

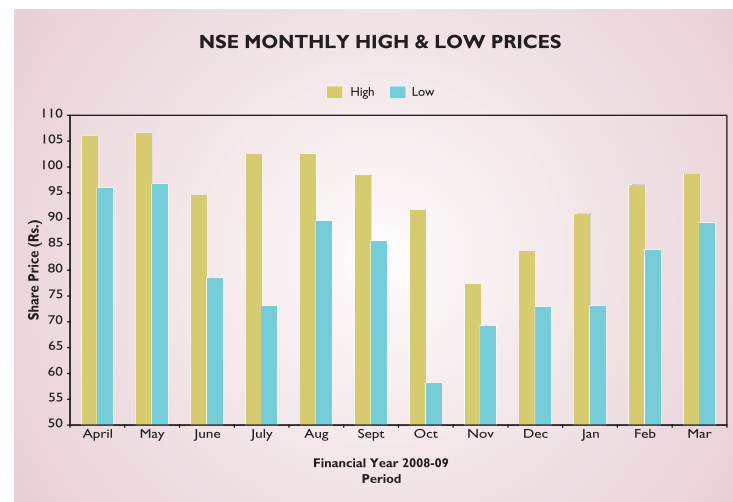
vi) Listing on Stock Exchange

POWERGRID equity shares are listed on the following Stock Exchanges:

National Stock Exchange of India Limited. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex Bandra (E), Mumbai - 400 051.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Scrip Code : POWERGRID EQ	Scrip Code: 532898
Stock Code: ISIN – INE752E01010	

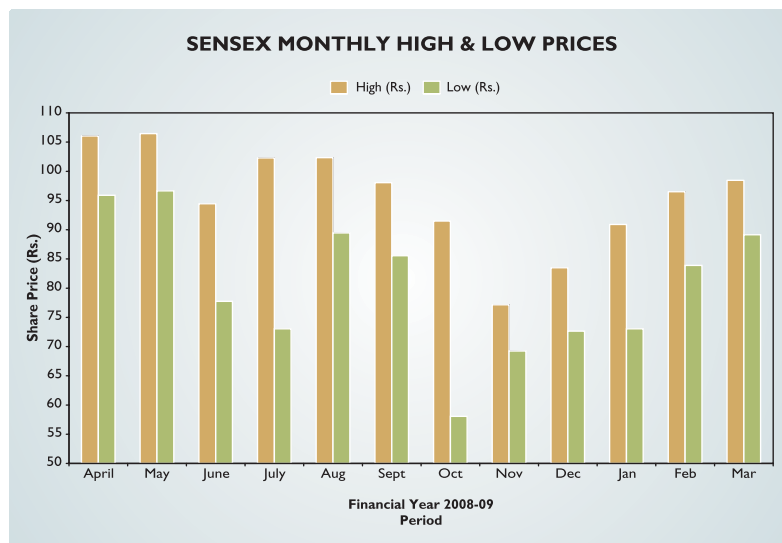
vii) Market Price Data - NSE

	High (Rs.)	Low (Rs.)	Closing (Rs)
April'08	105.90	95.90	105.55
May'08	106.50	96.65	98.60
June'08	94.40	78.50	78.50
July'08	102.40	72.95	94.75
August'08	102.50	89.40	93.10
September'08	98.30	85.65	85.80
October'08	91.50	58.00	69.85
November'08	77.15	69.20	74.05
December'08	83.55	72.80	83.15
January'09	90.90	73.05	88.15
February'09	96.50	83.90	96.50
March'09	98.45	89.15	95.65

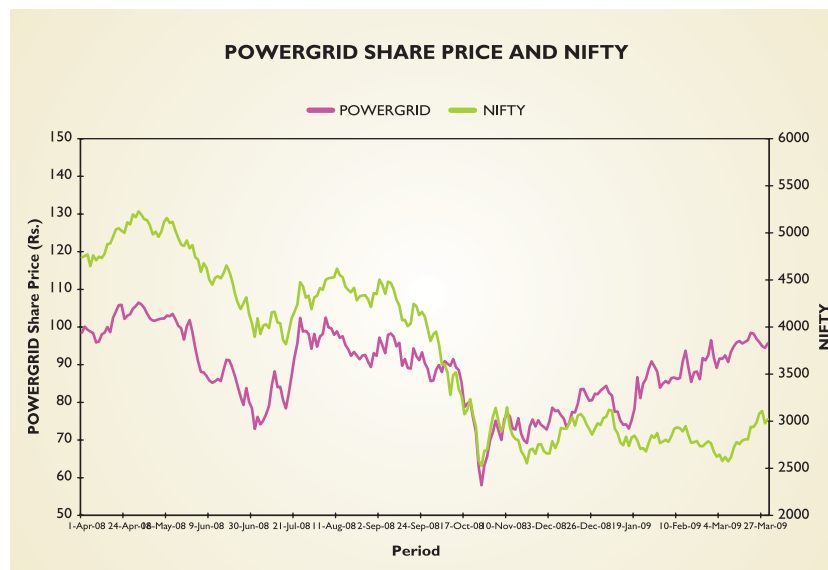


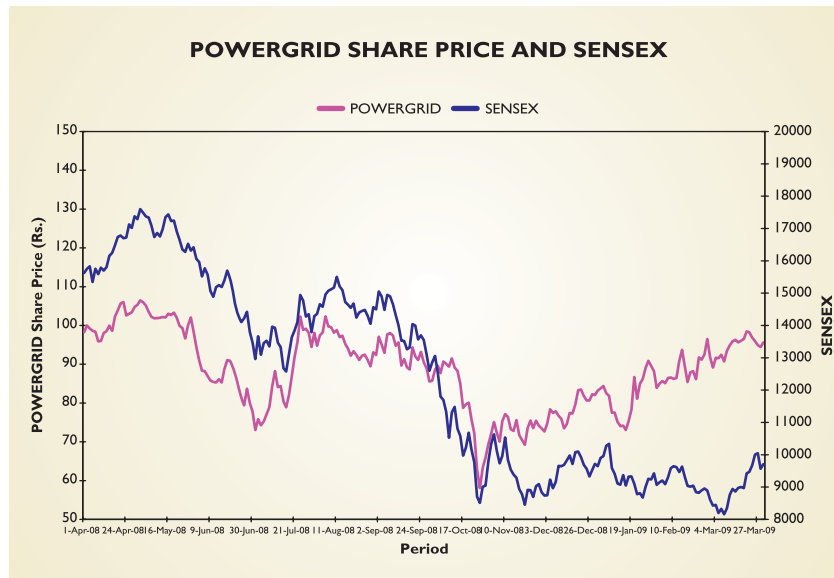
viii) Market Price Data - BSE

	High (Rs.)	Low (Rs.)	Closing (Rs)
April'08	106.05	95.90	105.30
May'08	106.45	96.65	98.50
June'08	94.45	77.75	77.75
July'08	102.30	73.05	94.75
August'08	102.35	89.45	93.10
September'08	98.05	85.55	85.75
October'08	91.50	58.05	69.35
November'08	77.15	69.25	74.15
December'08	83.50	72.65	83.20
January'09	90.90	73.05	88.15
February'09	96.50	83.90	96.50
March'09	98.45	89.15	95.65



ix) Performance in Comparison to Indices BSE Sensex, NSE NIFTY and POWERGRID





x) Registrar and Transfer Agents.

EQUITY SHARES

Karvy Computershare Pvt. Ltd.
 Plot No.: 17 to 24, Vittalrao Nagar,
 Madhapur, Hyderabad - 500 081
 Ph: 040-2340815 to 824
 Fax:- 040-23420814
 E-mail: einward.ris@karvy.com

BONDS

MCS Limited,
 F-65, Okhla Industrial Area,
 Phase-I, New Delhi- 110 020.
 Ph: 011-41406148/49/51
 Telefax.: 011-41406148
 E-mail : admin@mcsdel.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of Transfer, etc. Share transfers are approved by Committee of the Board for Allotment and post allotment activities of POWERGRID's Securities.

Pursuant to Clause 47-C of the Listing Agreement with Stock Exchanges, certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.

xii) Distribution of Shareholding

Shares held by different categories of shareholders and according to the size of the holdings as on 31st March, 2009 are given below:

According to Size

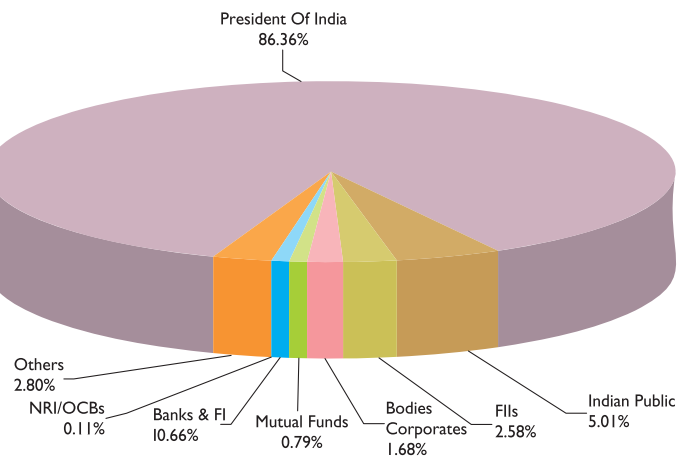
a. Distribution of shareholding according to size, % of holding as on 31st March, 2009:

Number of Shares	No. of shareholders	% of share holders	Total No. of Shares	% of shares
1 - 5000	942616	94.13	145749905	3.46
5001 - 10000	37010	3.70	28238963	0.67
10001 - 20000	12943	1.29	18926213	0.45
20001 - 30000	3344	0.33	8461939	0.20
30001 - 40000	1506	0.15	5343240	0.13
40001 - 50000	1117	0.11	5276597	0.13
50001 - 100000	1707	0.17	12075297	0.29
100001 & Above	1200	0.12	3984769076	94.68
Total	1001443	100.00	4208841230	100.00

b. Shareholding pattern as on 31st March, 2009

S.No	Category	Total Shares	% To Equity
1	PRESIDENT OF INDIA	3634907735	86.36
2	PROMOTERS	600	0.00
3	INDIAN PUBLIC	211024760	5.01
4	FIs	108430366	2.58
5	BODIES CORPORATE	70916595	1.68
6	MUTUAL FUNDS	33132828	0.79
7	BANKS & FI	27965045	0.66
8	NRI/OCBs	4668672	0.11
9	Others	117794629	2.80
	Total	4208841230	100.00

SHAREHOLDING PATTERN AS ON 31ST MARCH, 2009



c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on 31st March, 2009 are given below:

S.No	Name of shareholders	No of Share	% to paid up capital	Category
1	PRESIDENT OF INDIA	3533637935	83.96	POI
2	PRESIDENT OF INDIA	101269800	2.41	POI
3	JANUS CONTRARIAN FUND	49108965	1.17	FI
4	LIC OF INDIA MARKET PLUS	47382430	1.13	INS

xiii) Dematerialization of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.

No. of shares held in dematerialized and physical mode:

S.No		Number of Holders	Number of Shares	% of total capital issued
1	PHYSICAL	5433	36721	0.00
2	Held in dematerialized form in NSDL	710033	4146258468	98.51
3	Held in dematerialized form in CDSL	285977	62546041	1.48
	Total	1001443	4208841230	100.00



The name and addresses of the Depositories are as under:

1. National Securities Depository Limited
Trade World, 4th Floor,
Kamala Mills Compound, Senapathi Bapat Marg,
Lower Parel,
Mumbai – 400 013.
2. Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers,
28th Floor, Dalal Street, Mumbai – 400 023.

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

xv) Location of POWERGRID Plants

POWERGRID has no plants as it is in the business of Transmission of Power.

xvi) Address for correspondence:

Power Grid Corporation of India Limited,

B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi – 110 016.

	Telephone No.	Fax No.
Registered Office	011-26560112, 26560121, 26564812, 26564892	011-26601081
Investor Services Department	0124-2571897	0124-2571897
E-mail ID	investors@powergridindia.com	
Public Spokesperson Shri V.M. Kaul, Director (Personnel) E-mail ID	0124-2571901-02 vmkaul@powergridindia.com	0124-2571903
Company Secretary Ms. Divya Tandon	0124-2571968	0124-2571969
E-mail ID	dtandon@powergridindia.com	

For and on behalf of the Board of Directors

(S.K. Chaturvedi)
Chairman & Managing Director

Place : New Delhi
Date : 29th July, 2009

Annexure - I to the Corporate Governance Report

Non-Mandatory Requirements - Status of Compliance

1. **The Board:** The Company is headed by an executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, not exceeding a period of nine years on the Board of POWERGRID.
2. **Remuneration Committee:** POWERGRID has constituted Remuneration Committee for deciding the performance related pay in terms of the DPE directive.
3. **Shareholder Rights:** The financial results for the half year ended 30th September, 2008 were published in Hindustan Times and Hindustan dated 3rd November, 2008 and also put up on website. Significant events including Quarterly results have been disclosed on the Company website: www.powergridindia.com.
4. **Audit qualifications:** The financial statement for the year 2008-09 has no audit qualifications.
5. **Training of Board Members:** A presentation on the following matters was given to the Directors:
 - ✓ Revenue Model of Transmission Charges
 - ✓ Long – Term Open Access
 - ✓ Capacity Utilization vis-a-vis Transmission Network
 - ✓ A paper on the role of independent Directors
 - ✓ Presentation on POWERGRID as a whole was provided to the Directors so as to give them an insight into the functioning of the Company.
6. **Whistle Blower Policy:** The Company has separate Vigilance Department which deals with fraud or suspected fraud involving employees of the Company as well as representatives of suppliers, contractors, consultants, service provider or any other party doing any type of business with POWERGRID. All reports of fraud or suspected fraud are investigated with speed.



CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,

Power Grid Corporation of India Limited

We have examined the compliance of conditions of corporate governance by Power Grid Corporation of India Limited ("The Company") for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that except the composition of the Board of Directors as reported in para 2.2 of Report on Corporate Governance, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A.R. & Co.
Chartered Accountants

(Anil Gaur)
Partner
M. No. 017546

For S R I Associates
Chartered Accountants

(I. Pasha)
Partner
M. No. 013280

For Umamaheshwara Rao & Co.
Chartered Accountants

(G. Sivaramakrishna Prasad)
Partner
M. No. 024860

Place : New Delhi

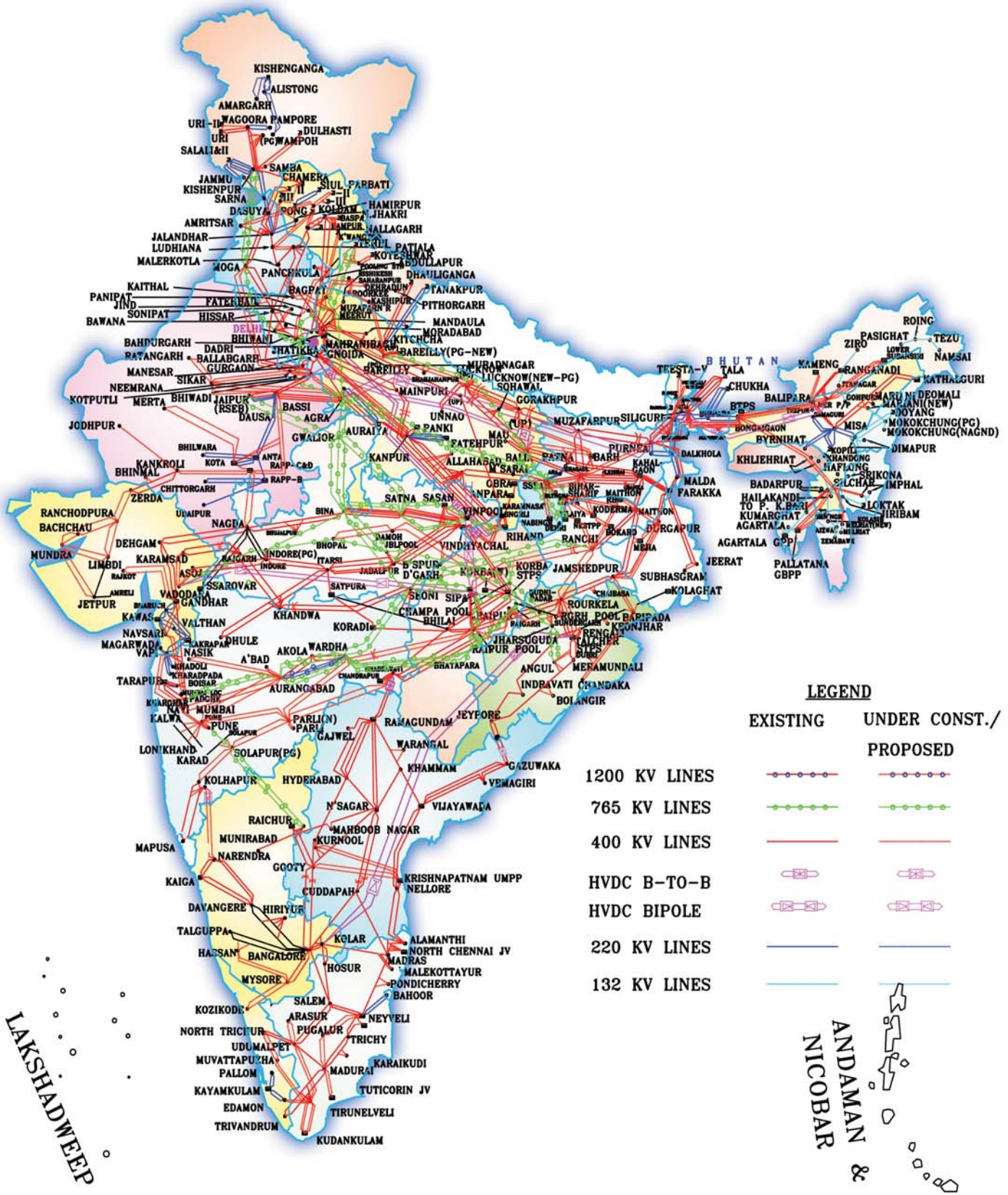
Date : 29th July, 2009

REVENUE EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR ENDED 31ST MARCH, 2009

	(Rs.in crore)	
	For the year ended 31 st March, 2009	For the year ended 31 st March, 2008
Township		
a) Depreciation	8.65	7.39
b) Repair & Maintenance	8.61	6.30
c) Others	<u>6.14</u>	<u>6.00</u>
	23.40	19.69
Educational & School Facilities	9.07	1.91
Medical Facilities	39.76	28.00
Subsidised Transport	1.93	2.00
Social & Cultural Activities	10.80	11.00
Subsidised Canteen	7.48	6.59
Total	<u>92.44</u>	<u>69.19</u>
Less: Recoveries	2.01	1.93
Net	<u>90.43</u>	<u>67.26</u>

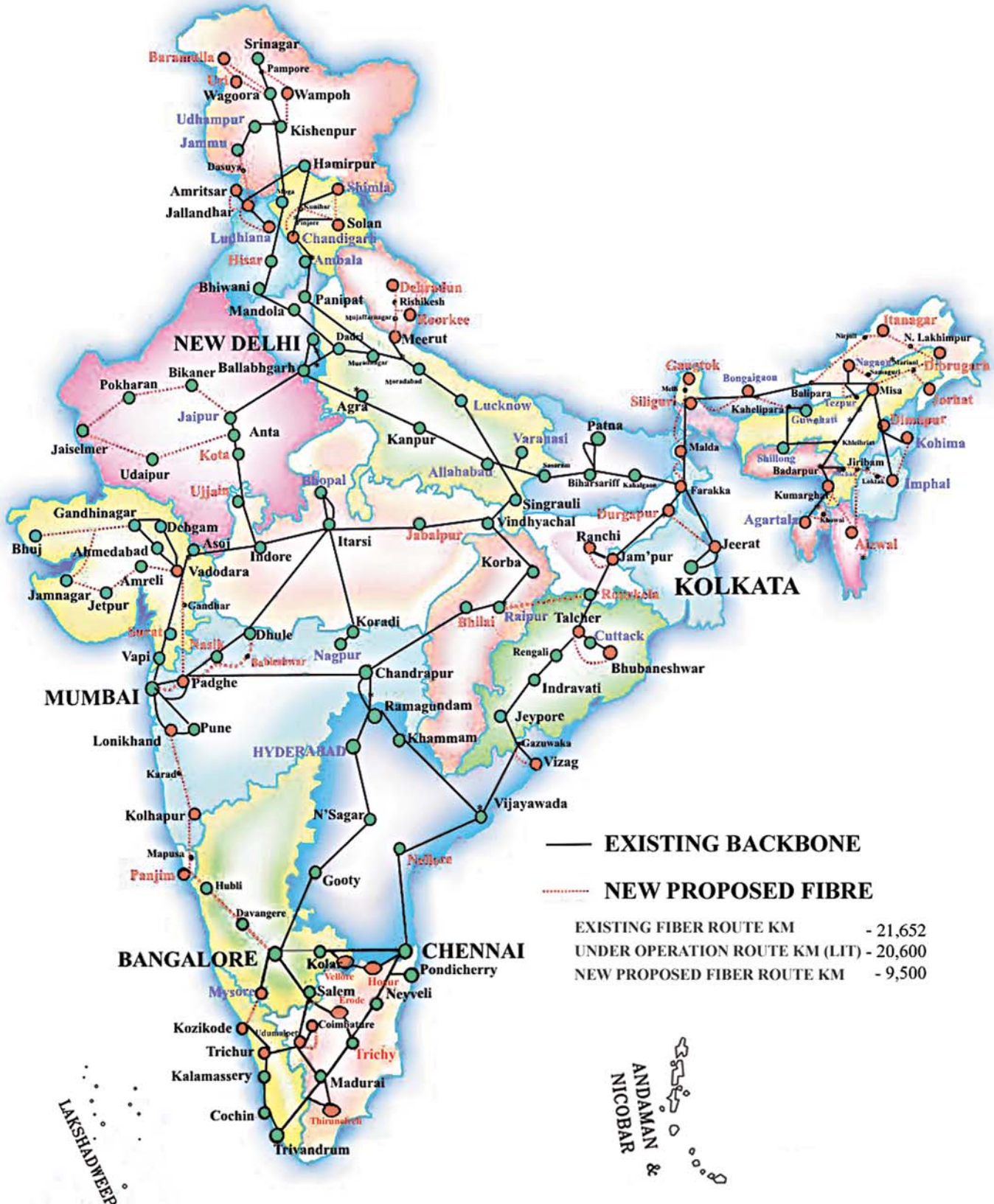
POWER MAP OF INDIA

POWERGRID LINES

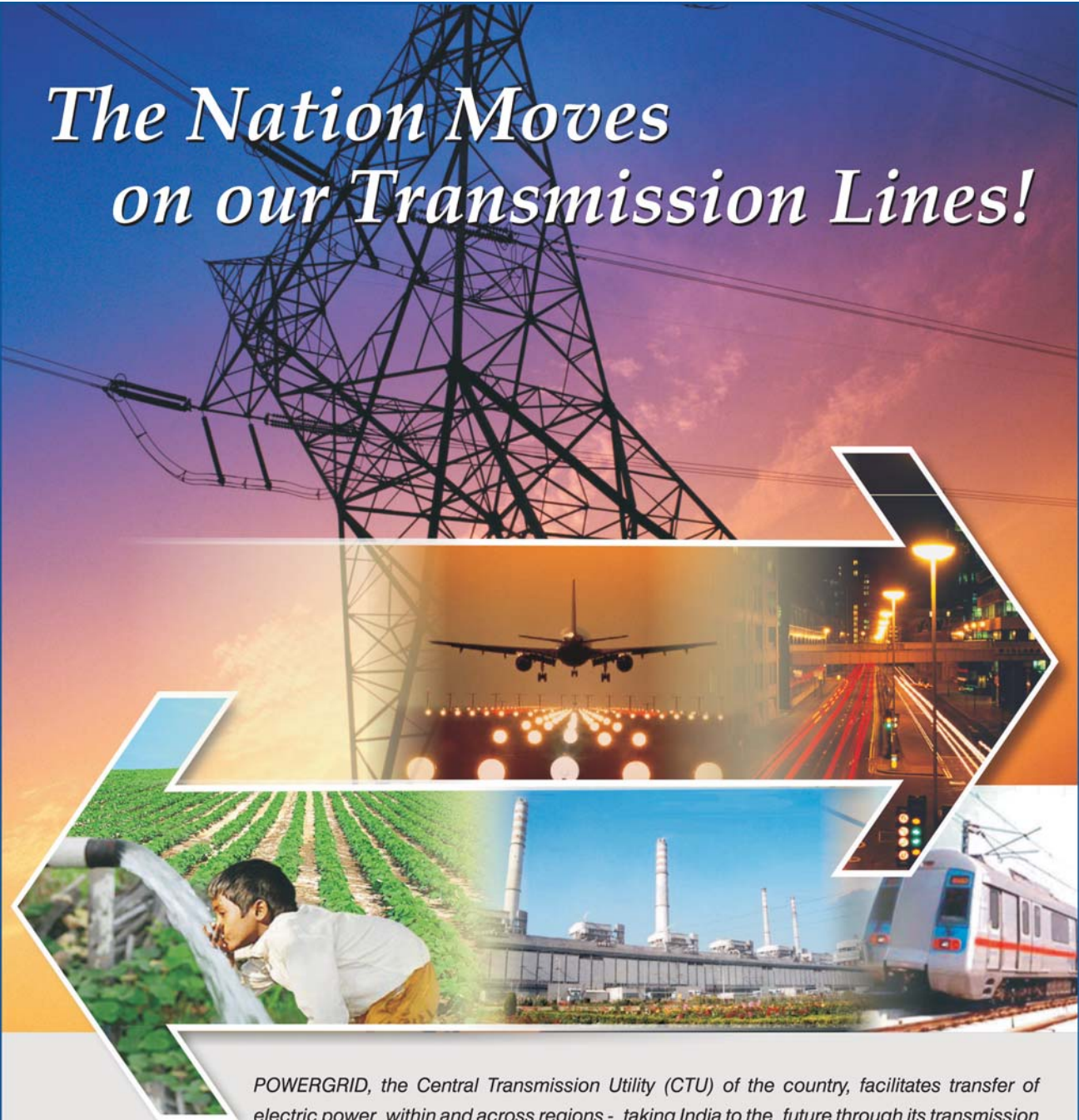


POWERGRID

BROADBAND TELECOM NETWORK



The Nation Moves on our Transmission Lines!



POWERGRID, the Central Transmission Utility (CTU) of the country, facilitates transfer of electric power within and across regions - taking India to the future through its transmission network of 71,500 circuit kms.

The 'Navratna' organisation is playing a vital role in the power sector. A technology frontrunner, POWERGRID has already established National Power Grid and Regional Grids for integrated operation. It is now performing impressively in the challenging terrain of telecom and overseas consultancy services. One of the largest Transmission Utilities in the world, POWERGRID leverages its world-class infrastructure to bring India to light.

www.powergridindia.com

ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable Accounting Standards in India.

2. RESERVES AND SURPLUS

Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except for valve halls of HVDC Bi-pole, HVDC equipments, SVC sub stations and series compensators) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as “Self insurance reserve” under ‘Reserves & Surplus’.

3. GRANTS-IN-AID

3.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as “grants-in-aid” till the utilization of grant.

3.2 On capitalisation of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the Profit and Loss Account over the useful period of life and in proportion to which depreciation on these assets is provided.

4. FIXED ASSETS

4.1 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.

4.2 In the case of commissioned assets, deposit works/cost-plus contracts where final settlement of bills with contractors is yet to be affected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.

4.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/assessments.

4.4 Transmission system assets are considered ‘Ready for intended use’, for the purpose of capitalisation, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

4.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

4.6 Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.

4.7 Capital expenditure on assets not owned by the company is reflected as a distinct item in capital work-in-progress till completion and thereafter in Fixed Assets.

4.8 Insurance spares, other than mentioned in 4.10 below, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the residual useful life of the related plant & machinery.

4.9 Mandatory spares, other than mentioned in 4.10 below, in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalised and depreciation is charged in accordance with the relevant accounting standard.

4.10 Items of Insurance / Mandatory spares, covered under 4.8 & 4.9 above, are charged to revenue, if the year of purchase and consumption is same.

5. CAPITAL WORK IN PROGRESS (CWIP)

5.1 Cost of material consumed, erection charges thereon along with other incidental expenses incurred for the projects are shown as CWIP till capitalisation.

5.2 Interest during construction and incidental expenditure during construction (net) including corporate and regional office expenses (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalised. Balance, if any, left after such capitalisation is kept as a separate item under the CWIP Schedule.

5.3 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

5.4 Claims for price variation/ exchange rate variation in case of contracts are accounted for on acceptance/ receipt of claims.

6. CONSTRUCTION STORES

6.1 Construction stores are valued at cost.



ACCOUNTING POLICIES

7. ALLOCATION OF COMMON EXPENSES

- 7.1. The common expenses (net) of corporate office and regional offices are allocated to various diversified activities of the company viz. transmission, telecom, consultancy & accelerated power development and reform program (APDRP) in the ratio of the respective income/reimbursement of each activity.
- 7.2. The common expenses thus allocated are further allocated to Incidental expenditure during construction (IEDC) and revenue in transmission and telecom activities in the ratio of capital outlay thereof to transmission charges (excluding income tax recovery) and telecom income.
- 7.3. Expenses of the project, common to operation and construction activities are allocated to revenue and incidental expenditure during construction in the proportion of transmission income (excluding income tax recovery & transmission charges based on tariff orders received upto 15th May of each year) and capital outlay.

8. BORROWING COST

- 8.1. All the borrowed funds are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.
- 8.2. The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.
- 8.3. Foreign exchange rate variation (FERV) (Unfavorable) on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is treated as borrowing cost.

9. TRANSACTION IN FOREIGN CURRENCY

- 9.1. Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates of exchange ruling on the date of the Balance Sheet.
- 9.2. FERV (except the amount considered as 'borrowing cost' under para 8.3 above) arising on transactions contracted prior to April 1, 2004 is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets. For the transactions contracted on or after April 1, 2004, the same is charged to Profit & Loss Account irrespective of whether the project is under construction or operation.
- 9.3. FERV (excluding FERV during construction period for the transactions contracted on or after 1st April, 2004), accounted for as per policy no 8.3 & 9.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central electricity regulatory commission (CERC) norms w.e.f 1st April, 2004 or Date of Commercial Operation (DOCO) whichever ever is later.

The above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:

- a) FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognized as income/expense in profit and loss account in the same proportion in which FERV is apportioned between carrying cost of fixed assets and Profit and Loss Account.
 - b) FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'.
 - c) FERV recoverable/payable adjusted in profit and loss referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & Loss Account'.
 - d) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
 - e) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding credit/debit to the debtors.
- 9.4. FERV upto the date of commercial operation in respect of transactions contracted on or after 1st April, 2004, is included in the capital cost for the purpose of tariff. Such FERV and transmission charges received thereon are accounted for as under:
 - a) Such FERV is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & Loss Account'.
 - b) Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c'.
 - c) Balance 10% is adjusted against the transmission charges over the tenure of respective loan.

ACCOUNTING POLICIES

9.5 FERV in respect of current assets is taken to Profit & Loss a/c.

10. INVESTMENTS

10.1 Long term investments are carried at cost less provisions, if any, for permanent diminution in the value of such investments.

11. INVENTORIES

11.1. Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value.

11.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

11.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.

11.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.

12. DEFERRED REVENUE EXPENDITURE

12.1 Deferred revenue expenditure created up to March 31, 2003 (prior to the date AS-26 became mandatory) are amortized over a period of 5 years from the year of commercial operation/earning of revenue.

13. REVENUE RECOGNITION

13.1.1 Transmission Income is accounted for based on tariff notified by CERC. In case of transmission projects where tariff rates are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. In such cases, the shortage/excess, if any, is adjusted based on issuance of final notification of tariff orders by CERC. Transmission income on account of additional capitalisation, if any, is accounted for on the basis of specific order by the CERC.

13.1.2 Income from short term open access is accounted for on the basis of regulations notified by CERC.

13.1.3 The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional power committees and in accordance with the norms notified / approved by CERC.

13.1.4 Advance against depreciation (AAD), forming part of tariff pertaining to subsequent years, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.

13.2 Surcharge recoverable from debtors is not treated as accrued due to uncertainty of its realization and is, therefore, accounted for on receipt/certainty of receipt.

13.3 Liquidated damages / warranty claims and Interest on advances to suppliers are not accounted for on certainty.

13.4 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.

13.5.1 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.

13.5.2 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (Wherever initial advances received) in phased manner as under:

- a. 10% on issue of Notice Inviting Tender for execution
- b. 5% on Award of Contracts for execution
- c. Balance 85% on the basis of actual progress of work including supplies

13.6 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

13.7 Dividend income including interim dividend is recognized in the year of declaration.

14. LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

14.1 State sector unified load dispatch centre (ULDC) assets leased to the SEBs are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under Loans & Advances. Wherever grant-in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.

14.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levelled tariff notified/to be notified by CERC.

14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenor of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.



ACCOUNTING POLICIES

15. DEPRECIATION

- 15.1.1 Depreciation is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of tariff on pro-rata basis except for the following assets in respect of which depreciation is charged at the rates mentioned below:
- | | | |
|----|-------------------------|--------|
| a) | Computers & Peripherals | 30% |
| b) | Mobile Phones | 33.33% |
| c) | Software | 33.33% |
- 15.1.2 ULDC assets are depreciated @ 6.67% per annum as determined by CERC for levelized tariff.
- 15.1.3 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- 15.1.4 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC.
- 15.1.5 Capital expenditure on assets not owned by the company is amortized over a period of four years from the year in which the first line/sub-station of the project comes into commercial operation and, thereafter, from the year in which the relevant assets are completed and become available for use.
- 15.1.6 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing Rs. 5000/- or less, or where the written down value is Rs. 5000/- or less as at the beginning of the year, are charged off to revenue.
- 15.1.7 Assets costing up to Rs. 5,000/- in respect of which rates are not specified in the norms notified by CERC, are fully depreciated in the year of acquisition.
- 15.1.8 Leasehold land is depreciated over the tenure of the lease.
- 15.2 In the case of assets of National Thermal Power Corporation limited (NTPC), National Hydro-Electric Power Corporation Limited (NHPC), North-Eastern Electric Power Corporation Limited (NEEPCO), Neyveli Lignite Corporation Limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri Hydro Development Corporation Limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

16. EXPENDITURE

- 16.1 Pre-paid/prior-period items up to Rs.100000/- are accounted for to natural heads of account.
- 16.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.
- 16.3 Expenditure, except the cost of equipment capitalised, incurred for activating the last mile connectivity of telecom links are amortized over the period of agreement with the customer.

17. IMPAIRMENT OF ASSETS

- 17.1 Cash generating units as defined in AS-28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in the profit & loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

18. EMPLOYEE BENEFITS

- 18.1 The liabilities for retirement benefits of employees in respect of Gratuity, which is ascertained annually on actuarial valuation at the year end, is provided and funded separately.
- 18.2 The liabilities for compensated absence (both for Earned & Half Pay Leave), leave encashment, leave travel concession, post retirement medical benefits & Settlement Allowance to employees are ascertained annually on actuarial valuation at the year end and provided for.

19. PROVISIONS AND CONTINGENT LIABILITIES

- 19.1 A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognised but are disclosed in the schedule of contingent liability on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.



पावरग्रिड

Accounts

Nation's Grid Nation's Pride

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule No.		(Rupees in crore)	
			As at 31st March, 2009	As at 31st March, 2008
SOURCES OF FUNDS				
Shareholders' Fund				
Share Capital	01		4208.84	4208.84
Reserves and Surplus	02		<u>10414.75</u>	<u>9298.53</u>
			14623.59	13507.37
Deferred Revenue				
Advance Against Depreciation (AAD)	03		2159.59	1697.07
Grants in Aid	04		<u>225.35</u>	<u>246.80</u>
			2384.94	1943.87
Loan Funds				
Secured Loans	05A		25288.25	17552.13
Unsecured Loans	05B		<u>3177.18</u>	<u>4711.35</u>
			28465.43	22263.48
Deferred Tax liability(Net)				
Less: Recoverable			<u>4461.51</u>	3743.02
			<u>3922.97</u>	<u>3249.24</u>
			538.54	493.78
TOTAL			<u>46012.50</u>	<u>38208.50</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	06		40319.33	35417.14
Less: Depreciation			<u>9190.89</u>	<u>8061.94</u>
Net Block			31128.44	27355.20
Capital Work-in-Progress	07		6533.43	5305.41
Construction Stores and Advances	08		<u>6752.57</u>	<u>3452.68</u>
			44414.44	36113.29
Investments				
	09		1592.83	1736.22
Current Assets, Loans & Advances				
Inventories	10	297.57		248.22
Sundry Debtors	11	1373.56		1100.50
Cash and Bank Balances	12	2428.88		1865.59
Other Current Assets	13	1446.28		395.17
Loans and Advances	14	<u>2766.63</u>		<u>1767.30</u>
			8312.92	5376.78
Less: Current Liabilities & Provisions				
Current Liabilities	15	6123.37		3672.39
Provisions	16	<u>2189.82</u>		<u>1352.59</u>
			8313.19	5024.98
Net Current Assets			(0.27)	351.80
Miscellaneous Expenditure (to the extent not written off or adjusted)	17		5.50	7.19
TOTAL			<u>46012.50</u>	<u>38208.50</u>
Contingent Liabilities	18		<u>5674.54</u>	<u>2907.32</u>
Notes on accounts	28			

Schedules I to 28 and Accounting Policies form an integral part of Accounts

(Divya Tandon)
Company SecretaryFor A. R. & Co.
Chartered Accountants
(Pawan K. Goel)
Partner
M.No. 072209For and on behalf of the Board
(J.Sridharan)
Director(Finance)
As per our report of even date
For S R I Associates
Chartered Accountants
(I. Pasha)
Partner
M.No. 013280(S.K.Chaturvedi)
(Chairman & Managing Director)For Umamaheswara Rao & Co.
Chartered Accountants
(L. Shyama Prasad)
Partner
M.No. 028224Place : New Delhi
Date : 16th June, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rupees in crore)			
	Schedule No.	For the year ended 31st March, 2009	For the year ended 31st March, 2008
INCOME			
Revenue from Operations	19	6579.81	4614.82
Provisions written back	20	0.04	8.39
Other Income	21	448.69	458.32
TOTAL		<u>7028.54</u>	<u>5081.53</u>
EXPENDITURE			
Employees' Remuneration & Benefits	22	643.88	519.06
Transmission Administration and Other Expenses	23	411.61	341.42
Depreciation	06	1093.97	959.65
Provisions	24	46.23	3.83
Interest and Finance Charges {Including FERV impact of Rs. 943.34 Crore (Previous year Rs.76.26 Crore)}	25	2532.09	1339.55
Deferred Revenue Expenditure Written Off		1.83	5.43
TOTAL		<u>4729.61</u>	<u>3168.94</u>
Profit for the year before tax and Prior Period Adjustments		<u>2298.93</u>	<u>1912.59</u>
Less: Prior Period Expenditure/(Income) (Net)	26	70.36	182.06
Profit Before Tax		<u>2228.57</u>	<u>1730.53</u>
Less: Provision for Taxation - Current year		318.25	197.12
- Earlier years		<u>160.35</u>	(0.01)
		<u>478.60</u>	<u>197.11</u>
Fringe Benefit Tax - Current year		14.62	10.50
- Earlier years		<u>(0.02)</u>	
		<u>14.60</u>	<u>10.50</u>
Profit after Current Tax		<u>1735.37</u>	<u>1522.92</u>
Less: Provision for Deferred Tax			
Total Deferred tax Liability		718.49	546.81
Less: Recoverable from beneficiaries		<u>673.73</u>	<u>472.36</u>
		<u>44.76</u>	<u>74.45</u>
Profit after Tax		<u>1690.61</u>	<u>1448.47</u>
Add: Balance of Profit brought forward		33.97	16.24
Add: Bond Redemption Reserve Written Back		139.42	140.68
Add: Withdrawal from STOA Reserve		22.65	
Total Amount Available for Appropriation		<u>1886.65</u>	<u>1605.39</u>
Appropriation			
Interim Dividend Paid		210.46	210.46
Corporate Dividend Tax Paid		35.77	35.77
Proposed Final Dividend		294.62	294.62
Provision for Corporate Dividend Tax		50.07	50.07
Transfer to Self Insurance Reserve		34.93	30.32
Transfer to Bonds Redemption Reserve		491.23	400.18
Transfer to STOA Reserve		22.65	
Transfer to General Reserve		700.00	550.00
Balance of Profit carried over to Balance Sheet		<u>46.92</u>	<u>33.97</u>
		<u>1886.65</u>	<u>1605.39</u>
Earning per Share-Basic [In Rs.per share]		4.0168	3.6019
Face value of Rs.10/- each			
Earning per Share-Diluted [In Rs.per share]		4.0168	3.6007
Face value of Rs.10/- each			
Incidental Expenditure During Construction	27		
Notes on Accounts	28		

Schedules I to 28 and Accounting Policies form an integral part of Accounts

For and on behalf of the Board

(Divya Tandon)
Company Secretary

(J.Sridharan)
Director(Finance)

(S.K.Chaturvedi)
(Chairman & Managing Director)

As per our report of even date

For A. R. & Co.
Chartered Accountants
(Pawan K. Goel)
Partner
M.No. 072209

For S R I Associates
Chartered Accountants
(I. Pasha)
Partner
M.No. 013280

For Umamaheswara Rao & Co.
Chartered Accountants
(L. Shyama Prasad)
Partner
M.No. 028224

Place : New Delhi

Date : 16th June, 2009

**Schedule 01 - Share Capital**

Description	(Rupees in crore)	
	As at 31st March, 2009	As at 31st March, 2008
AUTHORISED		
10,00,00,00,000 (Previous year 10,00,00,00,000) equity shares of Rs. 10/- each	<u>10000.00</u>	<u>10000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
4,20,88,41,230 (Previous Year 4,20,88,41,230) equity shares of Rs 10/- each fully paid up.		
Of the above 1,81,25,29,500 (Previous Year 1,81,25,29,500) equity Shares have been allotted as fully paid up pursuant to Govt. of India notification without payment being received in cash.	<u>4208.84</u>	<u>4208.84</u>
TOTAL	<u>4208.84</u>	<u>4208.84</u>

Schedule 02 - Reserves and Surplus

Description	(Rupees in crore)			
	As at 1st April, 2008	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2009
Share Premium	1583.14			1583.14
Self Insurance Reserve				
Through Appropriation of Profit	92.32	34.93		127.25
Through Charge to Profit & Loss account	68.79		0.04	68.75
General Reserve	6292.98	700.00	(16.57)	7009.55
STOA Reserve		22.65	22.65	
Bonds Redemption Reserve	1227.33	491.23	139.42	1579.14
	<u>9264.56</u>	<u>1248.81</u>	<u>145.54</u>	<u>10367.83</u>
Balance in Profit & Loss Account	33.97			46.92
TOTAL	<u>9298.53</u>			<u>10414.75</u>

Schedule 03 - Advance Against Depreciation (Deferred Revenue)

Description	(Rupees in crore)			
	As at 1st April, 2008	Additions During the Year	Reversals/ Adjustments During the year	As at 31st March, 2009
Advance Against Depreciation	1697.07	464.66	2.14	2159.59
TOTAL	<u>1697.07</u>	<u>464.66</u>	<u>2.14</u>	<u>2159.59</u>
Previous Year	1201.17	497.19	1.29	1697.07

Schedule 04 - Grants in Aid (Deferred Revenue)

Description	(Rupees in crore)			
	As at 1st April, 2008	Additions During the year	Deductions/ Adjustments During the year	As at 31st March, 2009
Grants in aid	246.80		21.45	225.35
	<u>246.80</u>		<u>21.45</u>	<u>225.35</u>
Previous Year	264.45		17.65	246.80

Schedule 05 A - Secured Loans

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
LOANS THROUGH BONDS		
BONDS VI SERIES		
13% Taxable, Secured, Redeemable, Non-cumulative, Non-Convertible Bonds of Rs.1000/- each redeemable at par in 10 (ten) equal annual installments from 6th December, 2002. Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Gandhar Stage-I Transmission System.	30.00	40.00
BONDS VIII SERIES		
10.35% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of Rs.1000/-each redeemable at par in 10 (Ten) equal annual installments w.e.f. 27th April, 2005. Secured by floating charge over the Fixed Assets of the Corporation.	12.00	14.00
BONDS IX SERIES		
12.25% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs. 1,00,000/- each redeemable at par in 10(ten) equal annual installments w.e.f. 22nd August, 2003. Secured by way of Registered Bond Trust Deed on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and Sub-stations of parts of NJTL system.	230.60	288.25
BONDS X SERIES		
10.90% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs. 12 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 21.06.2004. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad, Gujarat and mortgage & hypothecation of the assets of CTP-I, Farakka & Chamera Transmission System.	444.22	507.68
BONDS XI SERIES		
a) 9.80% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of Rs. 3 crore each consisting of 12 STRPPs of Rs 25 lakh each, redeemable at par in 12 (twelve) equal annual installments w.e.f 07-12-2005. Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad, Gujarat and mortgage & hypothecation on assets of Anta, Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahabad, LILO of Singrauli-Kanpur and Allahabad Sub-Station.	362.00	407.25

**Schedule 05 A - Secured Loans (Contd..)**

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
b) 9.20% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible bonds of Rs. 3 crore each consisting of 6 STRPPs of Rs. 50 lakh each, redeemable at par in 6 (six) equal annual installments w.e.f 07-12-2003. Secured by way of Registered Bond Trust Deed ranking pari passu, on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Guajrat and mortgage & hypothecation on assets of Uri Transmission system.	-	34.50
	362.00	441.75
BONDS XII SERIES		
9.70% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of Rs 1.5 crore each consisting of 12 STRPPs of Rs. 12.50 lakh each, redeemable at par in 12 (twelve) equal annual installments w.e.f 28.03.2006. Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad, Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System.	123.00	138.38
BONDS XIII SERIES		
a) 8.63% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of Rs 1.5 crore each consisting of 12 STRPPs of Rs. 12.50 lakh each, redeemable at par in 12 (twelve) equal annual installments w.e.f 31.07.2006. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad, Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System.	607.50	675.00
b) 7.85% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs 1.5 crore each consisting of 06 STRPPs of Rs 25 lakh each, redeemable at par in 6 (six) equal annual installments w.e.f 31.07.2003. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad, Gujarat and mortgage & hypothecation on assets of NLC Lines Trichy, Neyveli- Bahoor Line, Neyveli-Trichy Transmission System.	-	41.75
	607.50	716.75
BONDS XIV SERIES		
6.10% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of Rs. 1.5 crore each consisting of 12 STRPP's of Rs. 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual installments w.e.f. 17.07.2004. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	407.75	466.00

Schedule 05 A - Secured Loans (Contd...)

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
BONDS XV SERIES		
6.68% Taxable, Secured, Non-Cumulative, Non-Convertible Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs 12.50 lakhs each redeemable at par in 12 (twelve) equal annual installments w.e.f 23.02.2008.	750.00	825.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.		
BONDS XVI SERIES		
7.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.00 crore each consisting of 10 STRPP's of Rs. 10.00 lakh each redeemable at par in 10 (Ten) equal annual installments w.e.f. 18.02.2009.	675.00	750.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.		
BONDS XVII SERIES		
7.39% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.00 Crore each consisting of 10 STRPP's of Rs. 10.00 lakh each redeemable at par in 10(ten) equal annual installments w.e.f 22.09.2009.	1000.00	1000.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.		
BONDS XVIII SERIES		
8.15% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 09.03.2010.	999.00	999.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.		
BONDS XIX SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 24.07.2010.	495.00	495.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.		

**Schedule 05 A - Secured Loans (Contd..)**

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
BONDS XX SERIES		
8.93% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.09.2010. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	1500.00	1500.00
BONDS XXI SERIES		
8.73% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (Twelve) equal annual installments w.e.f. 11.10.2010. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	510.00	510.00
BONDS XXII SERIES		
8.68% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.12.2010. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	690.00	690.00
BONDS XXIII SERIES		
9.25% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 09.02.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the company.	307.50	307.50
BONDS XXIV SERIES		
9.95% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 26.03.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	799.50	799.50

Schedule 05 A - Secured Loans (Contd...)

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
BONDS XXV SERIES		
10.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 12.06.2011. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	1065.00	*
BONDS XXVI SERIES		
9.30% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 07.03.2012. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	999.00	*
BONDS XXVII SERIES		
9.47% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 31.03.2012. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	705.00	*
* Bonds XXV to XXVII series are included under Unsecured Loans in previous year		
BONDS XXVIII SERIES		
9.33% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12(twelve) equal annual installments w.e.f 15.12.2012. Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in district Valsad, Gujarat and floating charge on the assets of the Company.	2400.00	-
	<u>15112.07</u>	<u>10488.81</u>



Schedule 05 A - Secured Loans (Contd..)

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Term Loans from Banks/ Financial Institutions		
Secured by a floating charge on the fixed assets of the Company		
Indian Overseas Bank	40.00	50.00
Corporation Bank	45.00	55.00
Punjab National Bank-Loan-I	80.00	100.00
Punjab National Bank-Loan-II	175.00	200.00
Oriental Bank of Commerce	145.84	166.67
Life Insurance Corporation of India-II	439.95	514.12
Life Insurance Corporation of India-III	36.24	43.72
	962.03	1129.51
ICICI Bank Ltd.		
Secured by first pari passu charge over the assets of the Company	60.00	75.00
Bank of India, Cayman Islands		
Secured by a Floating charge on the immovable properties of the company	379.84	317.29
Loan from Asian Development Bank , Philippines (Guaranteed by Govt. of India)		
ADB-I	654.00	569.45
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-II	1168.13	948.76
Secured by pari passu interest in the liens created on the assets as security for the debts.		
ADB-III	1406.11	671.00
Secured by pari passu interest in the liens created on the assets as security for the debts.		
	3228.24	2189.21
Loan from International Bank for Reconstruction and Development, USA (Guaranteed by Govt. of India)		
PSDP I	515.12	502.23
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyachal and Rihand Transmission system.		
PSDP-II	2025.77	1660.15
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-III	1867.42	1189.93
Secured by pari passu interest in the liens created on the assets as security for the debts.		
PSDP-IV	1137.76	-
Secured by pari passu interest in the liens created on the assets as security for the debts.		
	5546.07	3352.31
	10176.18	7063.32
Total Secured Loans	25288.25	17552.13
Due for repayment/redemption within one year	1233.00	994.44

Schedule 05 B - Unsecured Loans

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
LOANS THROUGH BONDS		
BONDS XXV SERIES		
10.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 12.06.2011 To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	*	1065.00
BONDS XXVI SERIES		
9.30% Taxable, secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 07.03.2012 To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	*	999.00
BONDS XXVII SERIES		
9.47% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 31.03.2012 To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	*	705.00
*Bonds XXV to XXVII series are included under Secured Loans in Current year		
BONDS XXIX SERIES		
9.20% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 1.50 crore each consisting of 12 STRPP's of Rs. 12.50 lakh each redeemable at par in 12 (twelve) equal annual installments w.e.f 12.03.2013 To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.	1297.50	-
	1297.50	2769.00

**Schedule 05 B - Unsecured Loans (Contd...)**

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Loans in Indian Currency		
Short Term Loans from Banks	750.00	750.00
Term Loans		
Power Finance Corporation Limited	<u>35.00</u>	<u>45.00</u>
	785.00	795.00
Loans in Foreign Currency		
From Foreign Banks & Financial Institutions		
Loans Guaranteed by Govt of India		
a. Natixis Banque (Formerly Credit National), France	137.00	134.51
b. Japan International Cooperation Agency (Formerly Japan Bank for International Cooperation), Japan	172.59	139.42
c. European Investment Bank, Luxembourg	<u>94.58</u>	<u>101.27</u>
	404.17	375.20
Others		
Kreditanstalt fur Wiederaufbau, Germany	558.40	610.94
Skandinaviska Enskilda Banken AB(publ), Sweden	<u>132.11</u>	<u>161.21</u>
	690.51	772.15
	<u>1094.68</u>	<u>1147.35</u>
	1094.68	1147.35
Total Unsecured Loans	3177.18	4711.35
Due for repayment/redemption within one year	935.35	918.48

Schedule 06 - Fixed Assets

(Rupees in Crore)

Description	Gross Block			Depreciation				Net Block		
	As at 1st April, 2008	Additions during the year	Adjustments during the year	As at 31st March, 2009	As at 1st April, 2008	Additions during the Year	Adjustments during the year	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Land										
a) Freehold	307.84	52.27	(7.01)	367.12					367.12	307.84
b) Leasehold	71.26	0.12	0.23	71.15	3.86	0.98	(0.02)	4.86	66.29	67.40
Buildings										
a) Sub-Stations & Office	391.31	27.98	(2.73)	422.02	94.44	10.72	(0.01)	105.17	316.85	296.87
b) Township	294.08	29.21	(7.81)	331.10	43.67	5.65	(0.07)	49.39	281.71	250.41
Temporary Erection	7.68	0.14	0.05	7.77	5.81	0.31	0.07	6.05	1.72	1.87
Roads & Bridges	95.40	8.79	(3.18)	107.37	14.14	1.86	(0.02)	16.02	91.35	81.26
Water Supply Drainage & Sewerage	54.80	6.86	(1.06)	62.72	11.46	1.43	(0.01)	12.90	49.82	43.34
Plant & Machinery										
a) Transmission Lines	21349.00	2743.96	(361.62)	24454.58	3956.91	586.34	5.14	4538.11	19916.47	17392.09
b) Substation	10903.33	1161.80	(201.25)	12266.38	3429.75	384.70	4.53	3809.92	8456.46	7473.58
c) ULDC	688.24	19.86	(36.30)	744.40	170.63	40.16	(18.57)	229.36	515.04	517.61
d) Telecom links	823.58	12.61	(69.99)	906.18	184.77	57.52	(2.63)	244.92	661.26	638.81
Constrn.and Workshop equipment	49.63	8.83	(1.54)	60.00	10.86	1.99	0.02	12.83	47.17	38.77
Electrical Installation	52.40	10.03	(2.47)	64.90	20.16	3.01	0.07	23.10	41.80	32.24
Vehicles	2.78	1.36	0.04	4.10	2.21	0.19	0.20	2.20	1.90	0.57
Furniture Fixtures & Office equipment	99.70	14.16	0.24	113.62	38.54	6.41	0.19	44.76	68.86	61.16
EDP/WP Machines	51.35	6.17	0.31	57.21	38.93	5.23	0.38	43.78	13.43	12.42
Miscellaneous Assets/ Equipments	55.38	5.61	(0.41)	61.40	29.87	5.62	0.05	35.44	25.96	25.51
Capital Exp. on Assets not owned by the Company	11.47	2.00	(0.47)	13.94	9.50	1.35	(0.02)	10.87	3.07	1.97
Intangible Assets										
Afforestation Charges	113.71	95.15	(0.24)	209.10	1.49	4.68	0.17	6.00	203.10	112.22
Softwares	1.01	0.07		1.08	0.63	0.27		0.90	0.18	0.38
Grand Total	35423.95	4206.98	(695.21)	40326.14	8067.63	1118.42	(10.53)	9196.58	31129.56	27356.32
Less: Provisions for assets discarded				6.81				5.69	1.12	
				<u>40319.33</u>				<u>9190.89</u>	<u>31128.44</u>	
Previous Year	29018.63	6945.75	540.43	35423.95	7202.00	950.57	84.94	8067.63	27356.32	
Less: Provisions for assets discarded				6.81				5.69	1.12	
				<u>35417.14</u>				<u>8061.94</u>	<u>27355.20</u>	
					<u>31.03.2009</u>	<u>31.03.2008</u>				
Depreciation (Addition during the year)					1118.42	950.57				
Less: Transferred to Incidental Expenditure During Construction (Schedule 27-C)					6.90	5.36				
					<u>1111.52</u>	<u>945.21</u>				
Add: Depreciation amortised due to FERV adjustment					(17.55)	14.44				
Charged to Profit & Loss Account					<u>1093.97</u>	<u>959.65</u>				

**Schedule 07 - Capital Work In Progress**

Description	(Rupees in Crore)				
	Balance As at 01.04.2008	Additions during the year	Adjustments during the year	Capitalised during the year	Balance As at 31.03.2009
Land					
Development of land	19.24	11.74	2.84	1.58	26.56
Buildings					
a) Sub-Stations & Office	26.31	23.97	3.04	26.10	21.14
b) Township	47.79	36.21	6.16	26.22	51.62
Temporary erection	0.37	0.08	0.11	0.11	0.23
Roads & Bridges	9.96	8.03	1.80	8.26	7.93
Water Supply Drainage and Sewerage	6.54	6.38	1.14	5.68	6.10
Plant & Machinery (including associated civil works)					
a) Transmission Lines	3999.49	3119.61	87.77	2691.73	4339.60
b) Sub-Station	951.83	1066.81	64.26	1087.39	866.99
c) ULDC	3.63	20.87	0.18	19.10	5.22
d) Telecom links	20.20	44.39	1.83	3.23	59.53
Furniture, Fixtures & Other office equipment	0.09	2.39	0.04	0.70	1.74
Electrical installations	9.04	8.71	2.82	9.47	5.46
Survey, Investigation, Consultancy & Supervision Charges	47.29	15.90	5.77	4.76	52.66
Difference in Exchange on Foreign Loans	(19.62)	967.71	862.43	85.67	(0.01)
Capital expenditure on assets not owned by Company	2.97	1.31	0.03	1.96	2.29
Incidental Expenditure during Construction	77.82	915.72	(110.12)	55.87	1047.79
Intangible Assets					
Afforestation Charges	102.46	29.87	(3.29)	94.34	41.28
TOTAL	<u>5305.41</u>	<u>6279.70</u>	<u>926.81</u>	<u>4122.17</u>	<u>6536.13</u>
Less: Provisions for assets discarded					<u>2.70</u>
					<u>6533.43</u>
Previous Year	6068.85	6305.40	307.47	6761.37	5305.41

Schedule 08 - Construction Stores and Advances

Description	(Rupees in crore)	
	As at 31st March, 2009	As at 31st March, 2008
Construction Stores {Including Material in transit/pending issue to contractors and with contractors of Rs.4682.00 crore (Previous Year Rs 2606.60 crore)}		
Towers	1114.15	625.75
Conductors	1693.58	1086.71
Other Line Materials	522.30	398.94
Sub-Station Equipments	1013.08	477.55
HVDC Equipments	307.29	
ULDC Materials	4.75	3.01
Telecom Materials	2.83	10.66
Steel	0.71	1.25
Others	35.51	14.53
	<u>4694.20</u>	<u>2618.40</u>
Less: Provision for Shortages and obsolete material	<u>0.01</u>	<u>0.01</u>
	4694.19	2618.39
Advances for Capital Expenditure		
Secured		
Considered Good	1.84	1.67
Unsecured		
Considered Good		
a. Against Bank guarantees	1860.45	641.97
b. Others	196.09	190.65
Considered Doubtful	1.91	1.91
	<u>2058.45</u>	<u>834.53</u>
Less: Provision for Bad & Doubtful Advances	<u>1.91</u>	<u>1.91</u>
	2056.54	832.62
	<u>2058.38</u>	<u>834.29</u>
	6752.57	3452.68

Schedule 09 - Investments

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
LONG TERM		
A. TRADE INVESTMENTS		
I. Govt. Securities (Unquoted):		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :		
Andhra Pradesh	126.36	144.42
Arunachal Pradesh	3.65	4.18
Assam	117.46	134.24
Bihar	113.50	129.71
Gujarat	49.03	56.03
Haryana	56.35	64.40
Himachal Pradesh	1.98	2.26
Jammu & Kashmir	113.38	129.58
Kerala	16.88	19.29
Madhya Pradesh	72.84	83.25
Maharashtra	9.43	10.78
Manipur	22.19	25.36
Meghalaya	0.30	0.35
Mizoram	0.01	0.02
Nagaland	9.75	11.14
Punjab	32.86	37.55
Rajasthan	8.72	10.90
Sikkim	7.89	9.01
Tripura	0.64	0.73
Uttar Pradesh	323.02	369.17
Uttaranchal	35.89	41.01
West Bengal	56.34	64.39
Jharkhand	78.06	89.21
	1256.53	1436.98
b) Other Bonds:		
15 years 8.5% J&K Govt. Bonds 2017, Interest payable semi-annually, redeemable w.e.f 30.11.2007	20.77	21.93
15 years 8.5% J&K Govt. Bonds 2018, Interest payable semi-annually, redeemable w.e.f 31.03.2008	24.19	25.52
II. Equity Shares-Fully Paid up :-		
Quoted		
PTC India Ltd		
120,00,006 (Previous year 120,00,006) Shares of Rs.10/- each fully paid up.		
{Market Value Rs. 83.94 crore @ 69.95 (NSE) per share (Previous year Rs. 116.16 Crore @ 96.80 (NSE) per share)}		
	12.00	12.00

**Schedule 09 - Investments**

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Unquoted		
Subsidiary Company		
Byrnihat Transmission Co. Ltd.		
50,000 (Previous year 50,000) Equity shares of Rs. 10/- each fully paid up.	0.05	0.05
Joint Venture Companies		
Torrent Power Grid Ltd.		
13,000 (Previous Year 13,000) Equity Shares of Rs. 10/- each Fully paid up.	0.01	0.01
155,87,000 (Previous Year 155,87,000 Rs. 5 paid up) Equity Shares of Rs. 10/- each Fully paid up.	<u>15.59</u>	<u>7.80</u>
	15.60	7.81
Powergrid IL &FS Transmission Pvt. Ltd		
25,000(Previous year NIL) Equity shares of Rs. 10/- each fully paid up.	0.03	
Jaypee Powergrid Ltd.		
3,25,00,000 (Previous year 26,00,000)Equity Shares of Rs. 10/- each fully paid up.	32.50	2.60
Parbati Koldam Transmission Company Ltd.		
18,33,000 (Previous Year 13,000) Equity shares of Rs. 10/- each fully paid up.	1.83	0.01
Teestavalley Power Transmission Limited		
13,000 (Previous Year NIL) Equity shares of Rs. 10/- each fully paid up.	0.01	
Powerlinks Transmission Ltd		
229320000 (Previous year 229320000) Equity shares of Rs. 10/- each fully paid up	<u>229.32</u>	<u>229.32</u>
	<u>279.34</u>	<u>239.79</u>
	<u>291.34</u>	<u>251.79</u>
TOTAL (A)	<u>1592.83</u>	<u>1736.22</u>
B. Non-trade investments (Unquoted)		
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Itarsi (Rs.5000/-)		
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Nagpur (Rs.5000/-)		
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Jabalpur (Rs. 5000/-)		
TOTAL (B)		
GRAND TOTAL (A+B)	<u>1592.83</u>	<u>1736.22</u>

Note : 22,93,19,997 shares (Previous year 22,93,19,997) of Powerlinks Transmission Ltd. held by the Company have been pledged as continuous security with consortium of financial institutions against financial assistance obtained by Powerlinks Transmission Ltd.

Schedule 10 - Inventories

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
(Valuation as per Accounting policy No.11)		
Components, Spares & other spare parts		
i) Transmission Inventory		
Towers	84.96	79.74
Conductors	19.87	20.92
Other Line Materials	53.17	40.88
ii) Sub-Station Equipments/Spares	75.31	61.18
iii) HVDC Equipments / Spares	27.33	23.16
iv) ULDC Spares	2.88	1.91
v) Telecom Spares	14.47	5.63
vi) Other Stores	17.92	13.28
Consumable stores	1.04	0.96
Loose tools	0.79	0.76
	<u>297.74</u>	<u>248.42</u>
Less Provision for Shortages	0.17	0.20
	<u>297.57</u>	<u>248.22</u>

Schedule 11 - Sundry Debtors

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Debts Outstanding for a period exceeding Six Months		
Considered Good	220.37	27.07
Considered Doubtful	113.20	77.26
	<u>333.57</u>	<u>104.33</u>
Other Debts		
Considered Good	1153.19	1073.43
	<u>1486.76</u>	<u>1177.76</u>
Less: Provision for bad & doubtful debts	113.20	77.26
	<u>1373.56</u>	<u>1100.50</u>

(The debtors are unsecured except to the extent of Rs 371.83 crore (Previous year Rs. 280.03 crore) for which Letters of Credit are held by the Company from SEBs as on 31st March, 2009)

Schedule 12 - Cash and Bank Balances

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Cash, Stamps and Imprest	0.10	0.11
Drafts / Cheques in Hand	51.99	12.39
Remittance in transit	0.97	
Balances with scheduled banks-		
-In Current Accounts/Flexi deposit Account		
{Including Rs.1619.82 crore (Previous year Rs. 592.11 crore)		
lying in designated accounts meant for specific disbursement}	2125.82*	973.09*
-In Term Deposits	250.00	880.00#
	<u>2428.88</u>	<u>1865.59</u>

*Includes Rs. 2.69 crore (Previous year Rs. 5.31 crore) on account of unclaimed Dividend.

Unutilised money out of public issue.

**Schedule 13 - Other Current Assets**

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Interest accrued on:		
Investments (Bonds)	60.13	67.91
Employee loans	61.36	61.84
Term/Fixed deposits	<u>5.44</u>	<u>30.34</u>
	126.93	160.09
Deferred Income/Expenditure from Foreign Currency Fluctuation (Net)		234.72
Deferred Foreign Currency Fluctuation Asset/Liability (Net)	1314.96	
Others	<u>4.39</u>	<u>0.36</u>
	<u>1446.28</u>	<u>395.17</u>

Schedule 14 - Loans and Advances

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
a) Loans to		
-Employees	67.67	76.95
-Long Term Advances (Under securitisation scheme)	115.69	138.82
-Others	<u>0.02</u>	<u>0.12</u>
	183.38	215.89
b) Lease Receivables (State sector ULDC)	766.52	737.45
c) Advances		
Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers	9.85	15.18
(Including Material issued on loan)		
Employees	158.18	81.70
Claims recoverable	39.27	3.09
Others	<u>659.37</u>	<u>107.64</u>
	866.67	207.61
Less: Provision for bad and doubtful Advances and Claims	<u>8.90</u>	<u>8.91</u>
	857.77	198.70
Balance with Customs, Port Trust and other authorities	29.64	22.28
Advance Tax & TDS	<u>929.32</u>	<u>592.98</u>
	1816.73	813.96
TOTAL	<u>2766.63</u>	<u>1767.30</u>
Particulars of Loans and Advances		
Secured	62.37	71.76
Unsecured Considered Good	2704.26	1695.54
Considered Doubtful	<u>8.90</u>	<u>8.91</u>
	2775.53	1776.21
Less: Provision for Bad & Doubtful Claims	<u>8.90</u>	<u>8.91</u>
	<u>2766.63</u>	<u>1767.30</u>
Due from Directors & Officers of the company		
Directors	0.06	0.04
Officers	14.48	16.50
Directors Maximum Amount	0.07	0.05
Officers Maximum Amount	18.64	20.27

Schedule 15 - Current Liabilities

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Sundry Creditors		
For capital expenditure	879.30	851.55
Other goods and services	<u>193.58</u>	<u>133.60</u>
	1072.88	985.15
Advance from Customers	1309.84	698.04
Deposits Retention money from contractors and others.	1082.31	850.87
Less: Investments held as security	<u>0.30</u>	<u>0.28</u>
	2391.85	1548.63
Investor Education and Protection Fund		
Un-paid (Un-claimed) matured bonds*	0.05	0.04
Unclaimed Dividend *	2.69	5.31
Deferred Foreign Currency Fluctuation Asset/Liability (Net)		119.90
Other Liabilities	1695.66	479.02
Interest Accrued But Not Due On Loans From		
Indian Banks, Financial Institutions & Corporations	31.44	37.07
Foreign Banks & Financial Institutions	67.74	71.58
Secured/Unsecured redeemable Bonds	<u>478.02</u>	<u>425.69</u>
	577.20	534.34
Deferred Income/Expenditure from Foreign Currency Fluctuation	383.04	
Total	<u>6123.37</u>	<u>3672.39</u>

* No amount is due for payment to Investor Education and Protection Fund.

Schedule 16 - Provisions

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Taxation (Including interest on Tax & FBT)		
As per last Balance Sheet	498.58	290.97
Additions during the year	<u>526.74</u>	<u>207.61</u>
	1025.32	498.58
Employee Benefits		
As per last Balance Sheet	263.77	194.48
Additions during the year	78.39	91.52
Amounts utilised/paid during the year	<u>33.77</u>	<u>22.23</u>
	308.39	263.77
Transmission incentive, special incentive & PRP		
As per last Balance Sheet	25.15	23.75
Addition during the year	85.77	25.15
Amount paid/adjusted during the year	<u>29.62</u>	<u>23.75</u>
	81.30	25.15
Provision for Wage revision		
As per last Balance Sheet	220.40	27.22
Additions during the year	<u>202.13</u>	<u>193.18</u>
	422.53	220.40

**Schedule 16 -Provisions (Contd....)**

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Proposed Final Dividend		
As per last Balance Sheet	294.62	253.82
Additions during the year	294.62	294.62
Amounts paid during the year	294.62	253.82
	<u>294.62</u>	<u>294.62</u>
Guarantee Fee to GOI		
As per last Balance Sheet	-	-
Additions during the year	7.59	-
	<u>7.59</u>	<u>-</u>
Dividend Tax		
As per last Balance Sheet	50.07	43.13
Additions during the year	50.07	50.07
Amounts paid during the year	50.07	43.13
	<u>50.07</u>	<u>50.07</u>
TOTAL	<u>2189.82</u>	<u>1352.59</u>

Schedule 17 - Miscellaneous Expenses(To the extent not written off or adjusted)

Description	(Rupees in crore)			
	As at 1st April, 2008	Additions/ Adjustments During the year	Deductions/ During the year	As at 31st March, 2009
Deferred Revenue Expenditure	7.19	0.14	1.83	5.50
TOTAL	<u>7.19</u>	<u>0.14</u>	<u>1.83</u>	<u>5.50</u>
Previous Year	12.86	23.63	29.30	7.19

Schedule 18 - Contingent Liabilities

Description	(Rupees in Crore)	
	As at 31st March, 2009	As at 31st March, 2008
Claims against the Company not acknowledged as debt in respect of		
Arbitration / Court Cases	1930.27	1117.31
Land / Crop/Tree Compensation cases	480.89	545.24
Service Tax	2041.00	-
Others	125.66	34.74
Disputed Tax Demands-Income Tax	12.22	69.36
Disputed Tax Demands-Others	160.47	189.67
Continuity Bonds with Custom Authorities	809.42	837.50
Others	114.61	113.50
Total	<u>5674.54</u>	<u>2907.32</u>

Schedule 19 - Revenue from Operations

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Revenue from Transmission Charges (Refer Note No. 17 of Schedule 28)	5745.64	4613.83
Less: Advance Against Depreciation	<u>464.66</u>	<u>497.19</u>
	5280.98	4116.64
Add: Revenue Recognised out of AAD	<u>1.86</u>	<u>1.29</u>
	5282.84	4117.93
FERV recoverable/payable as adjustment to Transmission income (Net)	<u>889.82</u>	<u>70.59</u>
	6172.66	4188.52
Income from Short Term Open Access Consultancy, Project Management and Supervision Fees	41.42	52.73
Revenue from Telecom	215.90	250.04
	<u>153.04</u>	<u>125.51</u>
	6583.02	4616.80
Less: Inter Divisional Transfer (Telecom)	<u>3.21</u>	<u>1.98</u>
	<u>6579.81</u>	<u>4614.82</u>

Schedule 20 - Provisions Written Back

Description	(Rupees in crore)	
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Doubtful debts		2.81
Obsolete construction stores		3.92
Doubtful claims		1.51
Others	<u>0.04</u>	<u>0.15</u>
	<u>0.04</u>	<u>8.39</u>

Schedule 21 - Other Income

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Dividend on Trade Investments	19.54	5.39
Interest From		
Govt. Securities		
8.5% Tax Free Bonds	118.31	133.65
Taxable Bonds	3.86	4.21
Loan to State Govt. in settlement of dues from Customers	10.82	12.13
Indian Banks [TDS 30.15 crore (Previous year 13.48 crore)]	138.27	80.55
Others	<u>38.42</u>	<u>28.04</u>
	309.68	258.58
Profit on sale of fixed assets	0.08	6.14
Deferred Income (Transferred from Grants-in-aid)	18.42	17.65
Short Term Open Access-Other Charges	20.19	21.11
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	0.04	1.65
Lease Income-State Sector ULDC	75.85	66.54
Surcharge on late payments from Customers	1.00	0.24
Hire charges for equipments	0.30	0.39
FERV gain		42.96
Miscellaneous income	<u>57.48</u>	<u>56.09</u>
	502.58	476.74
Less: Income transferred to incidental expenditure during construction-Sch 27(E)	<u>53.89</u>	<u>18.42</u>
TOTAL	<u>448.69</u>	<u>458.32</u>

**Schedule 22 - Employees' Remuneration and Benefits**

(Rupees in Crore)

Description	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Salaries, wages, allowances & benefits	715.39	565.05
Contribution to provident and other funds	53.09	41.23
Welfare expenses	131.38	85.32
	899.86	691.60
Less: Transferred to Incidental Expenditure during Construction-Schedule 27(A)	251.79	168.95
	648.07	522.65
Less: Recoverable from MOP on account of APDRP	4.19	3.59
	643.88	519.06

Schedule 23 - Transmission, Administration and other Expenses

(Rupees in Crore)

Description	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Repair & Maintenance		
Buildings	20.02	15.52
Plant & Machinery		
Sub Station	83.87	78.17
Transmission lines	18.96	13.16
Construction equipment		0.01
Others	25.74	17.36
	128.57	108.70
Power charges	56.75	53.47
Less: Recovery from contractors	1.59	1.72
	55.16	51.75
Expenses of Diesel Generating sets	3.21	3.51
Stores & spares consumed	0.02	0.03
Water charges	0.73	0.69
Right of Way charges(Telecom)	4.21	1.42
	211.92	181.62
Training & Recruitment expenses	11.18	6.65
Less: Fees for training and application	0.53	0.23
	10.65	6.42
Legal expenses	6.01	3.26
Professional charges	5.18	2.37
Consultancy expenses	0.85	1.37
Communication expenses	10.62	9.00
Travelling & Conveyance Expenses	56.00	49.36
Foreign travel	5.90	4.70
	61.90	54.06
Tender expenses	6.19	3.27
Less: Sale of tenders	1.83	1.03
	4.36	2.24
Remuneration to auditors (Including service Tax)		
Audit Fees	0.43*	0.10
Tax Audit Fees	0.13*	0.03
Quarterly review Fees as per SEBI	0.29*	0.05
In Other Capacity	0.24	0.10
Out of pocket Expenses	0.61	0.48
	1.70	0.76

* Including arrears of ealier year

Schedule 23 - Transmission, Administration and other Expenses (Contd...)

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Advertisement and publicity	7.70	7.20
Printing and stationery	5.87	4.22
Books, Periodicals and Journals	3.69	3.35
EDP hire and other charges	2.99	1.96
Entertainment expenses	1.42	1.37
Brokerage & Commission	0.45	0.09
Donations	7.10	0.37
Research & Development expenses	0.50	0.34
Cost Audit Fees	0.05	0.03
Rent	5.40	4.91
Miscellaneous expenses	17.64	17.00
Horticulture Expenses	3.71	3.34
Security Expenses	39.69	29.49
Hiring of Vehicle	35.02	31.10
Insurance	11.98	9.83
Rates and taxes	18.57	20.23
Bandwidth charges, Dark fibre lease charges (Telecom) etc	9.62	6.13
Non operating expenses	0.25	0.59
Transit Accomodation Expenses	2.88	2.29
Less : Recovery for usage	0.47	0.67
	<u>2.41</u>	<u>1.62</u>
	275.33	222.65
	487.25	404.27
Less: Transferred to Incidental Expenditure during Construction-Sch. 27(B)	78.87	69.59
	408.38	334.68
Less: Recoverable from MOP on account of APDRP	0.67	0.71
	407.71	333.97
Loss on Disposal/Write off of Fixed Assets	3.90	7.45
TOTAL	411.61	341.42
Stores & spares consumption included in repair and maintenance	27.94	25.81

Schedule 24 - Provisions

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Doubtful debts, loans and advances	35.94	1.48
GOI Guarantee Fee	7.59	
Doubtful claim		1.23
Others	2.70	1.12
TOTAL	46.23	3.83

**Schedule 25- Interest and Finance Charges**

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Interest on Loan from		
Government of India		3.46
Indian Banks, Financial Institutions & Corporations	210.59	247.89
Foreign Banks and Financial Institutions	324.09	304.69
Secured/Unsecured redeemable Bonds	1213.64	1015.94
Interest on Land/tree Compensation	27.30	0.40
Interest u/s 234B & C	33.54	0.03
Others	3.18	21.55
	<u>1812.34</u>	<u>1593.96</u>
Add: FERV as adjustment to borrowing cost	<u>595.33</u>	<u>76.26</u>
	2407.67	1670.22
Finance Charges		
Rebate to Customers	86.31	67.64
Commitment charges	8.08	5.80
Foreign Exchange Rate Variation	1.69	0.37
Guarantee fee	106.28	61.57
Other finance charges	15.11	3.90
	<u>217.47</u>	<u>139.28</u>
	2625.14	1809.50
Less: Transferred to Incidental Expenditure during Construction-Schedule 27 (D)	<u>631.53</u>	<u>469.95</u>
FERV above domestic borrowing cost	<u>538.48</u>	
TOTAL	2532.09	1339.55

Schedule 26 - Prior Period Expenditure/(Income) (Net)

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
Income		
Revenue Recognised out of AAD	0.28	
Deferred Income on A/c of Grand in Aid	3.03	
Transmission charges	8.20	3.20
Revenue from Telecom		0.05
Depreciation written back	0.56	2.35
FERV gain		8.12
FERV recoverable/payable as adjustment to Transmission income (Net)		56.20
Depreciation written back on account of FERV		33.15
Others	10.15	5.36
	<u>22.22</u>	<u>108.43</u>
Expenditure		
Power charges	0.66	
Rates and taxes	0.24	0.21
Depreciation	22.52	2.06
Depreciation amortised due to FERV	0.91	2.05
Transmission charges written back	11.17	3.68
Telecom Revenue written back	0.38	
Transmission charges written back on a/c of FERV(Net)		10.13
FERV recoverable/payable as adjustment to Transmission income (Net)	51.02	
FERV adjustment to Borrowing cost(Net)		264.57
Others	6.20	8.22
	<u>93.10</u>	<u>290.92</u>
Prior period expenditure/(income)(Net)	<u>70.88</u>	<u>182.49</u>
Less: Transferred to Incidental Expenditure during Construction-Schedule 27	<u>0.52</u>	<u>0.43</u>
	70.36	182.06

Schedule 27 Incidental Expenditure During Construction

(Rupees in Crore)

Description		
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
A. Employees Remuneration & Benefits		
Salaries, wages, allowances and benefits	199.62	135.90
Contribution to provident and other funds	14.02	10.07
Welfare expenses	38.15	22.98
Total(A)	251.79	168.95
B. Other Expenses		
Repairs and Maintenance		
Buildings	4.31	3.71
Others	2.33	1.36
	6.64	5.07
Power charges	5.78	5.27
Less: Recovered from contractors	1.14	1.39
	4.64	3.88
Expenses of Diesel Generating sets	0.81	1.09
Water charges	0.22	0.03
Training & recruitment Expenses	6.01	3.43
Legal expenses	1.50	1.68
Professional charges	2.42	1.22
Consultancy expenses	0.15	0.35
Communication expenses	2.68	2.84
Travelling & Conv.exp. (Including Foreign Travel)	21.06	17.31
Tender expenses	3.72	2.25
Less: Income from sale of tenders	1.75	0.66
	1.97	1.59
Payment to Auditors	1.01	0.45
Advertisement and Publicity	1.56	3.63
Printing and stationery	2.80	1.73
Books,Periodicals and Journals		1.00
EDP hire and other charges	1.06	0.73
Entertainment expenses	0.59	0.50
Brokerage and commission	0.04	0.01
Rent	1.83	1.41
Miscellaneous expenses	6.11	7.95
Horticulture Expenses	0.41	0.53
Security Expenses	4.92	4.08
Hiring of Vehicles	9.03	7.81
Insurance	0.31	0.11
Rates and taxes	0.19	0.47
Bandwidth,Dark fibre, lease charges etc	0.06	0.01
Transit Accomodation Expenses	0.86	0.69
Less : Recovery for usage	0.02	0.01
	0.84	0.68
Non Operation Expenses	0.01	
	78.87	69.59
Total(B)	78.87	69.59
Prior Period adjustment (net)	0.52	0.43
Total(BI) (including prior period)	79.39	70.02
C. Depreciation	6.90	5.36



Schedule 27 Incidental Expenditure During Construction (Contd...)

Description	(Rupees in Crore)	
	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
D. Interest and Finance Charges		
Interest on Loans from		
Indian Banks, Financial Institutions and Corporations	8.82	27.45
Foreign Banks and Financial Institutions	89.59	81.22
Secured/Unsecured Redeemable Bonds	282.20	336.25
Add/Less: ERV as adjustment to borrowing cost	190.47	
	<u>571.08</u>	<u>444.92</u>
Finance Charges		
Commitment charges	7.80	5.79
Guarantee fee	45.38	18.63
Other Finance Charges	7.27	0.61
	<u>60.45</u>	<u>25.03</u>
Total (D)	<u>631.53</u>	<u>469.95</u>
E. Less: Other Income		
Interest from		
Indian banks	28.43	5.93
Others	22.30	9.23
Sub-Total	<u>50.73</u>	<u>15.16</u>
Miscellaneous income	3.16	2.99
Hire charges		0.27
Total (E)	<u>53.89</u>	<u>18.42</u>
GRAND TOTAL (A+BI+C+D-E)	<u>915.72</u>	<u>695.86</u>

Schedule 28 : NOTES ON ACCOUNTS

- 1
 - a) The company owns 4138 hectare (Previous Year 3745 hectare) of land valuing Rs.438.27crore (Previous Year Rs. 379.10 crore) which has been classified into freehold and leasehold based on available documentation.
 - b) The company's land in the State of Jammu & Kashmir amounting to Rs.18.78 crore (Previous Year Rs. 18.62 crore) and in certain other cases (value not ascertainable), the conveyancing of title to the freehold land and execution/registration of lease agreement in favour of the company is pending completion of legal formalities.
 - c) Freehold land includes Rs. 31.91 crore (previous year Rs. 31.91 crore) in respect of land acquired for residential complex at Gurgaon for which conveyance deed in favour of the Company is yet to be executed.
 - d) Leasehold land includes Rs. 7.64 crore (previous year Rs.7.64 crore) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence no depreciation is charged.
- 2 Township buildings includes Rs. 7.27 crore (previous year Rs.7.27 crore) for 28 flats at Mumbai, for which registration in favour of the company is pending.
- 3 Plant and machinery under Substation in fixed assets (Schedule No 6) includes company's share of Rs. 3.80 crore (previous year Rs.5.62 crore) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.
- 4 Cash equivalent of deemed export benefits availed of Rs. 209.99 crore in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP. Thereafter, World Bank had financed both the ESI project and STP as originally envisaged and they became eligible for deemed export benefits. Consequently, the company lodged claims with the Customs and Excise Authorities.

During the year, company recovered deemed export benefits to the extent of Rs. 4.39 crore (Previous year Rs. 2.85 crore) and de-capitalized in respective assets. The cumulative amount received and de-capitalized upto 31st March 2009 is Rs. 9.85 crore (Previous year Rs. 5.46 crore). The company continued to show the balance of Rs. 200.14 crore as at 31st March 2009 (Previous year Rs 204.53 crore) in capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.
- 5 Pending reconciliation, materials amounting to Rs 47.81 crore (previous year Rs. 35.26 crore) (included under stores – schedule 8) in commissioned lines is shown as construction stores lying with contractors.
- 6 The transmission systems situated in Jammu and Kashmir associated with National Hydroelectric Power Corporation Ltd. (NHPC) have been taken over by the Company w.e.f. 1st April, 1993 as mutually agreed upon terms with NHPC pending completion of legal formalities.
- 7 The Regional load despatch centres (RLDCs) of Central Electricity Authority were transferred to the company (along with associated manpower) during the earlier years as per orders of Ministry of Power, Government of India (GOI). The Assets of RLDCs are being used by the company pending transfer of ownership and determination of cost of assets so taken over.
- 8 Hon'ble High Court of Karnataka has declared the Karnataka Special Tax on Entry of Certain Goods Act, 2004 as illegal and directed the concerned authority to refund the amount of Entry Tax collected since inception of the Act. The government of Karnataka has filed a writ petition before divisional bench of Hon'ble Karnataka High Court which is yet to come up for hearing. The Company capitalised Rs. 13.62 crore paid towards entry tax. The same will be decapitalised upon final resolution of the issue.
9. Service Tax is leviable on 114 services as per the list of services notified under section 65 of the Finance Act, 1994. "Transmission of Power" is not a specified service in this list. However, The Service Tax Authorities are interpreting "Transmission of Power" as taxable service under the head "Business Support Service" w.e.f 1st May 2006 given in the list of taxable services. Accordingly, the company has received Show Cause Notices from Service Tax / Central Excise

**NOTES ON ACCOUNTS (Contd...)**

Department at New Delhi and Shillong amounting to Rs. 413 crores and Rs 66 Crores respectively plus interest and penalties. In addition, the Service Tax Authorities are gathering information from other regional offices of the company. The company has sought legal opinion in the matter and is in the process of submitting its replies with the concerned authorities.

Based on the legal opinion and the fact that transmission of power is not covered in the list of taxable services under section 65 of the Finance Act, the company has not provided for the liability on account of Service Tax on transmission charges.

The estimated amount of Service Tax liability of Rs. 2041 crore (including interest of Rs. 308 Crore) for the period from 1st May, 2006 to 31st March, 2009 is shown as contingent liability for the company as a whole.

Moreover, petition has been filed with the Central Electricity Regulatory Commission (CERC) for reimbursement of service tax if levied by revenue authorities, since service tax is an Indirect Tax and is a pass through item in transmission tariff.

- 10 a) Balances in Loans and Advances, material with contractors, Sundry Creditors, Advances from customers and Sundry Debtors are subject to confirmation and consequential adjustments if any.
- b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- 11 Cash and Bank Balances include Rs. 30.72 crore (previous year Rs.26.74 crore) on account of tax deducted at source on perquisites to employees as per the provisions of the Income Tax Act, 1961, which was deposited in a separate bank account as per Orders of the Hon'ble Calcutta High Court.
- 12 During the year, an amount of Rs. 880 crore, being the unutilized amount outstanding as 31st March, 2008 out of Initial Public Offer (IPO), has been fully utilized for the capital expenditure on the projects specified in the offer document.
- 13 Bonds (Series XXIX) amounting to Rs. 1297.50 crore, issued during the year, have been classified as unsecured pending execution of trust deed.
- 14 Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of AS-7 on "Construction Contracts (revised 2002)".

Rs. in crore

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
i) The amount of revenue recognised on cost plus consultancy contract work	187.24	227.25
ii) The methods used to determine the contract revenue recognised in the period: 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii) Cumulative amount of costs incurred on construction contracts	5971.40	4845.82
iv) Cumulative amount of advance received from customers	7503.97	5609.41
v) Amount of retention money with customers	39.80	15.28
vi) Gross amount due from customers for contract work as an asset	20.74	0
vii) Gross amount due to customers for contract work as a liability	856.86	300.99

- 15 a) During the year the company has continued to provide depreciation at the rates notified for the purpose of recovery of tariff, by CERC (a body constituted under erstwhile Electricity Regulatory Commission Act, 1998 and recognised under the Electricity Act, 2003) which are different from the rates specified under Companies Act, 1956. The issue of charging depreciation at rates different from the rates specified under Companies Act has been referred by CAG to Ministry of Power and the same is pending for disposal. However, MOP has issued

NOTES ON ACCOUNTS (Contd...)

tariff policy which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting.

In accordance with the Tariff Policy, CERC has notified norms for the block year 2009-14 in which depreciation @ 5.28% in first 12 years and there after amortisation of residual value over the residual life will be allowed in place of average 2.91% in the block of 2004-09. However, useful life of assets has been kept unchanged. Considering above, the rates notified under Tariff Norms 2004-09 are considered appropriate for charging depreciation for the year. However, by charging depreciation at the aforesaid rates the depreciation charge for the year is lower by Rs. 781.29 crore (previous year Rs.625.88 crore) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956.

- b) Further the company has been providing depreciation in accordance with the relevant accounting policy in respect of the transmission assets for which rates are not specified by the CERC/competent government as stated at 15(a) above.
- 16 a) The pay revision of the employees of the company is due w.e.f 1st Jan, 2007. Pending implementation of pay revision, provision for the year Rs.202.13 crore (Previous Year Rs.193.18 crore) and up to the year Rs. 422.53 crore (previous year Rs.220.40 crore) has been made towards wage revision on an estimated basis having regard to the guidelines issued from time to time by Department of Public Enterprises (DPE), GOI. Against the above provision, adhoc advance of Rs.97.64 crore has been paid which has been included under loans and advances- Schedule no 14. In addition, payments (including arrears w.e.f 01.01.2007) amounting to Rs. 55.72 crore on account of 50% D.A merger have been made during the year which have been included in the employee cost.
- b) Further Provision for Performance Related Pay (PRP) of Rs.76.78 crore (Previous Year Nil) has been made as per DPE guidelines, as part of wage revision considering the Profit before tax which is arrived on the basis of transmission charges including reimbursement of income tax on core activity of the company which is being allowed by CERC for tariff purpose.
17. a) Central Electricity Regulatory Commission (CERC), constituted under erstwhile Electricity Regulatory Commission Act, 1998, issued orders in December, 2000 with respect to the norms, principles and availability based tariff. An appeal was filed by the Company against the above orders before the Hon'ble Delhi High Court which was subsequently transferred to the Appellate Tribunal for Electricity (ATE) on its formation. The ATE has dismissed the appeal on the ground of its power in respect of regulations notified by CERC. Against the said dismissal order of ATE, NTPC Ltd. preferred an appeal before the Hon'ble Supreme Court impleading POWERGRID as one of the respondents. Since the subject matter of the appeal is for restoration of certain components of tariff on par with the erstwhile Government of India (GOI) norms, which will be more favourable than CERC norms, the impact of the appeal shall not result in reduction of revenue.
- The Company has followed the CERC Tariff regulations, 2001 and 2004 for recognition of revenue for block 2001-04 & 2004-09 respectively.
- b) During the year transmission income of Rs.5024.52 crore has been recognized following the tariff orders wherever issued by CERC. While in other cases transmission Income of Rs. 38.95 crore is accounted for as per tariff norms and other amendments notified by CERC in similar cases. Transmission income of Rs. 219.37 crore has been recognised as income of the year on issuance of final tariff orders by CERC in respect of provisional recognition of revenue in earlier years.
- c) In exercise of powers u/s 178 of Electricity Act 2003, CERC has notified CERC (Terms and Conditions of Tariff) Regulations 2009 vide order dt.19th January, 2009 for the determination of transmission tariff for the block year 2009-14. The norms includes the following major items:
- Return on Equity to be allowed @ 17.48% pre tax (15.5% post tax) in place of 14% post tax in the block of 2004-09.
 - Additional return on equity @0.5% if projects are completed within the time limits specified by CERC against nil in block of 2004-09.
 - Recovery of Depreciation @ 5.28% (T/L and S/S) in first 12 years and there after recovery based on residual value over the residual life in place of average 2.91% in the block of 2004-09.
 - Availability Incentives linked with monthly transmission charges instead of on equity in the block of 2004-09.



NOTES ON ACCOUNTS (Contd...)

- 18 a) (i) FERV loss (to the extent not exceeding the difference between the Interest on foreign currency borrowings and local currency borrowings) has been adjusted to borrowing cost amounting to Rs. 404.86 crore (net of Rs.190.47 crore FERV loss for the construction projects) {previous year FERV loss of Rs.76.26 crore (net of NIL FERV loss for the construction projects) } towards loan liabilities attributable to fixed assets.
- (ii) FERV loss of Rs. 967.71 crore (previous year FERV Gain Rs. 288.94 crore) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.
- (iii) FERV loss of Rs. 538.48 crore (previous year FERV gain of Rs 42.96 crore) has been recognized in the profit and loss Account in respect of loans contracted on or after 1st April,2004 in terms of provisions of AS-II (revised 2003)
- b) Finance charges for the year include an amount of Rs.1.69 crore (previous year Rs. 0.37 crore) being the FERV loss on Current Assets.
19. FERV loss of Rs 889.82 crore (previous year Rs 70.59 crore) has been shown as FERV recoverable and Rs. 17.55 crore has been shown as depreciation amortisation (previous year Rs. 14.44 crore depreciation write back) as per Accounting Policy No.9.3 and 9.4. In addition Rs. 51.02 crore has been shown as FERV payable (Previous Year Rs. 56.20 crore FERV recoverable) on account of Prior Period expenditure (Previous Year income).
20. Accounting of FERV as stated in note nos. 18 and 19 above has resulted in reduction in profit for the year by Rs. 86.99 crore (previous year Rs. 156.43 crore).
21. Other Income includes Rs. 18.42 crore (previous year Rs.17.65 crore) being the amount transferred from Grants-in- Aid (received in respect of Chandrapur HVDC, NER ULDC and Salakati) as per Accounting Policy No. 3.1.
22. Effects due to changes in accounting policies during the year are as follows:
- i) In view of opinion of the expert advisory committee of The Institute of Chartered Accountants of India, the items of insurance/mandatory spares, which were hitherto capitalised, are charged off to revenue, if the year of purchase and consumption is same. The impact of change is nil since there is no such case during the year.
- ii) Mobile Phones which were hitherto amortised over the period of 4 years from the date of purchase are now being amortised in 3 years from the date of purchase in view of redefining of useful life by the competent authority. The change has resulted in decrease in profit by Rs.0.13 crore with a corresponding decrease in net block.
- iii) Assets costing up to Rs 5000, in respect of which rates are not specified in norms notified by CERC, which were hitherto capitalised are now fully depreciated in the year of acquisition. The change has resulted in decrease in profit by Rs.1.01 crore with a corresponding decrease in net block.
- iv) The ULDC assets, which were hitherto depreciated @ 6% are now being depreciated @ 6.67% with retrospective effect from the date of capitalisation of respective ULDC. The change has resulted in Prior Period Depreciation by Rs.21.38 crore, current year depreciation by Rs. 5.57 crore ,decrease in net block by Rs.26.95 crore and decrease in profit by Rs.26.95 crore.
23. Effects due to adoption of New accounting policy:
- FERV up to the date of commercial operation is charged to revenue as per AS-II (2003). However, such FERV is allowed to be included in the capital cost. A new policy no 9.4 in tune with the existing policy no. 9.3 has been adopted during the year, to nullify the impact of such FERV as 'Deferred foreign currency asset/liability a/c' in accordance with the opinion of the expert advisory committee of The Institute of Chartered Accountants of India received in financial year 2007- 2008. The adoption of this policy has resulted in neutralisation of impact of FERV Loss of Rs. 457.43 crore with a corresponding debit in 'Deferred foreign currency fluctuation asset a/c'.

NOTES ON ACCOUNTS (Contd...)

24. The company is following AS-15 (revised 2005) 'Employee Benefits' from 1st April, 2007.

Defined employee benefit schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to profit and loss a/c. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. The fair value of the assets of the provident fund including the returns on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan.

B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service subject to a maximum of Rs. 3.50 Lacs, on superannuation, resignation, termination, disablement or on death. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis.

C. Leave Travel Concession (LTC)

The company has a scheme of providing Leave Travel Concession (LTC) to employees and their dependents. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

D. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

E. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

The summarised position of various defined benefits recognized in the Profit and Loss Account, Balance Sheet and the funded status are as under:-

a) Expenses recognised in profit and loss account

(Rs in crore)

	GRATUITY		PRMF		LTC		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	8.29	7.25	2.84	2.28	10.17	4.72	0.89	7.79
Interest cost on benefit obligation	10.04	10.06	3.71	3.73	1.17	1.25	0.55	0.57
Expected return on plan assets	-11.64	-10.1	-	-	-	-	-	-
Net actuarial (gain)/loss recognized in the year	3.27	3.75	13.20	1.18	2.12	6.06	-0.51	-7.53
Expenses recognized in the profit and loss a/c.	9.96	10.96	19.76	7.19	13.48	12.03	0.93	0.83

**NOTES ON ACCOUNTS (Contd..)**

- b) Weighted average rate of return on plan assets during the year 8.79%
 c) The amount recognized in the Balance Sheet

(Rs in crore)

	GRATUITY		PRMF		LTC		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 31/03/2009(i)	160.71	143.46	71.71	53.14	19.71	16.69	8.65	7.82
Fair value of plan assets as at 31/03/2009 (ii)	159.25	130.58	-	-	-	-		
Difference (ii) – (i)	(1.46)	(12.88)	(71.71)	(53.14)	(19.71)	(16.69)	(8.65)	(7.82)
Net asset (liability) recognized in the Balance Sheet	(1.46)	(12.88)	(71.71)	(53.14)	(19.71)	(16.69)	(8.65)	(7.82)

- d) Changes in the present value of the defined benefit obligations:

(Rs in crore)

	GRATUITY		PRMF		LTC		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01/04/2008	143.47	125.86	53.14	46.63	16.69	15.61	7.82	7.10
Interest cost	10.04	10.06	3.72	3.73	1.17	1.25	0.55	0.57
Current Service Cost	8.29	7.25	2.85	2.28	10.17	4.72	0.89	7.78
Benefits paid	(4.51)	(4.33)	(1.20)	(0.68)	(10.44)	(10.95)	(0.10)	(0.10)
Net actuarial (gain)/loss on obligation	3.42	4.62	13.20	1.18	2.12	6.06	(0.51)	(7.53)
Present value of the defined benefit obligation as at 31/03/2009	160.71	143.46	71.71	53.14	19.71	16.69	8.65	7.82

- e) Changes in the fair value of plan assets:

(Rs in crore)

	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2008	136.99	118.87
Expected return on plan assets	11.64	10.10
Contribution by employer	15.00	5.07
Benefits paid	(4.51)	(4.33)
Actuarial gain/(loss)	(0.15)	0.87
Fair value of plan assets as at 31/03/2009	159.25	130.58

- f) During the year the company has provided liability towards contribution to the Gratuity Trust of Rs 17.25 crore (Previous Year Rs. 12.88 crore), PRMF of Rs. 18.57 crore (Previous Year Rs. 6.51 crore) and to ODRB of Rs. 0.83 crore (Previous Year Rs. 0.72 crore).

F. Other Employee Benefits

- Provision for Leave encashment amounting to Rs. 38.72 crore (Previous Year Rs. 45.37 crore) for the year have been made on the basis of actuarial valuation at the year end and charged to Profit and Loss Account.
- In terms of AS-15 (revised 2005) on "Employee Benefits", LTC has been accounted for on the basis of actuarial valuation. Accordingly a provision of Rs. 3.02 crore (previous year Rs. 1.08 crore) for the year has been made.

NOTES ON ACCOUNTS (Contd...)

G. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2009 are as follows:-

(Rs. in crore)

	(At Purchase Value)	
	Current Year	Previous Year
i) State Government Securities	24.74	21.59
ii) Central Government Securities	39.52	32.30
iii) Corporate Bonds/Debentures	94.97	80.02
iv) RBI Special Deposit	5.13	5.13
	164.36	139.04

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected unit credit (PUC)
- Discount rate - 7%
- Expected rate of return on assets (Gratuity only) – 8.50 %
- Future salary increase - 4.50%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

25. Segment Reporting

(Rs. in crore)

	Transmission		Consultancy		Telecom		ULDC/RLDC		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue:												
Revenue from Operations	6323.41	4474.91	217.54	253.29	150.05	123.86	318.00	224.08	0.00	0.00	7009.00	5076.14
Inter Segment Revenue					3.21	1.98			(3.21)	(1.98)	0.00	0.00
Net Revenue from Operations	6323.41	4474.91	217.54	253.29	153.26	125.84	318.00	224.08	(3.21)	(1.98)	7009.00	5076.14
Segment result	2129.40	1574.57	101.55	160.93	(32.12)	(17.95)	17.74	9.45			2216.57	1727.00
Unallocated Corporate interest and other income											19.55	5.39
Unallocated corporate expenses, interest and finance charges											7.55	1.86
Income tax (Net)											537.96	282.06
Profit after Tax											1690.61	1448.47
Other information:												
Segment Assets	47577.64	38299.29	175.46	49.45	850.63	764.43	2875.56	1477.00			51479.29	40590.17
Unallocated Corporate and other assets											2840.90	2636.12
Total Assets											54320.19	43226.29
Segment Liabilities:	32256.54	24999.63	1341.83	638.13	703.96	614.94	2445.11	1279.13			36947.44	27531.83
Unallocated Corporate and other liabilities											2529.31	1947.48
Total liabilities											39476.75	29479.31
Depreciation	993.29	874.53	0.22	0.20	48.52	42.93	51.94	41.99			1093.97	959.65

Note : Loss of Telecom segment has been reduced by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.



NOTES ON ACCOUNTS (Contd...)

a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, ULDC/ RLDC, telecom and consultancy business are also treated as a reportable segment in accordance with para 27 (b) of AS-17 "Segment Reporting".

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses. Consultancy allowance paid to all the employees has been considered as expense of 'Consultancy Segment'.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include loan liabilities, current liabilities and provisions.

d) The company has transmission projects located within the country and no geographical segment is distinguishable.

26. Related Party Disclosures:-

a) Related Parties:-

i) List of Joint Ventures:-

Powerlinks Transmission Limited, Torrent Power Grid Limited, Jaypee Powergrid Limited, Parbati Koldam Transmission Company Ltd, POWERGRID IL&FS Transmission Pvt. Ltd., Teestavalley Power Transmission Limited,

ii) Subsidiaries:-

Byrnihat Transmission Company Limited
Power System Operation Corporation Limited

iii) Key Management Personnel

Sh. S.K. Chaturvedi	Chairman and Managing Director (w.e.f. 1 st August, 2008)
Sh. S. Majumdar	Director (Projects) (held Additional Charge as CMD from 30 th May, 2008 to 31 st July, 2008)
Sh. J. Sridharan	Director (Finance)
Sh.V.M. Kaul	Director (Personnel) (w.e.f. 16 th March, 2009)
Sh. R.N.Nayak	Director (Operations) (w.e.f. 16 th May, 2009)
Dr. P.K. Shetty	Director
Dr. A.S. Narag	Director
Sh. Anil K. Agarwal	Director
Sh. F.A. Vanderavala	Director
Sh. S.C. Tripathi	Director (w.e.f. 25 th April, 2008)
Sh. Ashok Khanna	Director (w.e.f. 25 th April, 2008)
Smt. Sarita Prasad	Director (w.e.f. 4 th August, 2008)
Sh. Sudhir Kumar	Director (w.e.f. 22 nd May,2009)
Sh. Rakesh Jain	Director (w.e.f. 09 th June, 2009)
Dr. R.P. Singh	(Ceased to be CMD on 30 th May, 2008 due to resignation)
Sh. G.B. Pradhan	Director (ceased to be Director on 6 th March, 2009)
Sh. Rajesh Verma	Director (ceased to be Director on 26 th March, 2009)
Sh. I.C.P Keshari	Director (from 6 th March,2009 to 22 nd May,2009)

NOTES ON ACCOUNTS (Contd...)

b) Transactions with the related parties at a (i) above are as follows:

(Rs. in crore)

Particulars	Current year	Previous Year
Contracts for Works/Services for services received by the Company	Nil	Nil
· Transactions during the year	Nil	Nil
· Amount recoverable from related parties	Nil	Nil
· Amount payable to related parties	Nil	Nil
Contracts for Works/Services for services provided by the Company		
· Transactions during the year*	9.70	26.67
· Amount recoverable from related parties*	16.83	21.00
Dividend Received	18.35	4.19
Deputation of Employees		
· Transactions during the year	0.03	0.04
· Amount recoverable from the related parties	Nil	Nil

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.

c) Remuneration to whole time directors including chairman and managing director(including earlier CMD) is Rs. 0.45 crore (previous year Rs.0.35 crore) and amount of dues outstanding to the company as on 31st March, 2009 are Rs. 0.06 crore (previous year Rs. 0.04 crore). Director's sitting fee Rs. 0.13 crore (Previous Year Rs. 0.05 crore).

27 Employees' remuneration and benefits include the following for the directors, including chairman and managing director (including earlier CMD) and excluding arrears paid to ex-directors.

(Rs. in crore)

Particulars	Current year	Previous Year
Salaries and Allowances	0.36	0.28
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	0.03	0.02
Other benefits	0.07	0.05
Directors fees	0.13	0.05

b) In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of Rs. 780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29th November, 1964 as amended.

28 Disclosures regarding leases

a) Finance Leases :-

Loans and Advances (Schedule 14) include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 "Leases" issued by the Institute of Chartered Accountants of India.

**NOTES ON ACCOUNTS (Contd...)**

The reconciliation of the lease receivables (as per project cost data submitted to / approved by CERC for tariff fixation) is as under:

Particulars	Rs. in crore	
	Amount as at 31.03.2009	Amount as at 31.03.2008
Gross value of assets acquired and leased at the beginning of the year	927.96	912.88
Less : Adjustment for gross value of assets acquired prior to the beginning of the year.	<u>30.61</u>	<u>15.08</u>
Revised Gross value of the assets at the beginning of the year	958.57	927.96
Less : Capital recovery provided up to the beginning of the year	213.87	164.68
Add: Capital recovery for assets acquired prior to the beginning of the year.	<u>(1.30)</u>	<u>(0.77)</u>
Revised Capital recovery provided up to the beginning of the year	<u>212.58</u>	<u>163.91</u>
Capital recovery outstanding as on 31 st March of last financial year	745.99	764.05
Less : Capital recovery for the current year	<u>53.54</u>	<u>49.96</u>
Lease receivables	<u>692.45(*)</u>	<u>714.09(#)</u>

* Does not include additional capitalisation after the date of commercial operation in respect of ERULDC which is subject to approval of CERC.

Does not include FERV and additional capitalisation after the date of commercial operation which are subject to approval of CERC, except for NRULDC where FERV and additional capitalization, as notified by CERC vide order dated 11th April, 2008, which has been included in Lease Receivables as on 31st March, 2008.

The value of contractual maturity of such leases as per AS-19 are as under :-

Particulars	Rs. in crore	
	Amount as at 31.03.2009	Amount as at 31.03.2008
Gross investment in lease	987.40	1023.29
Unearned finance income	294.95	309.20
Present value of minimum lease payment (MLP)	692.45	714.09

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2009 for each of the periods are as under:

Particulars	Rs. in crore			
	Gross Investment in lease		Present Value of MLPs	
	2008-09	2007-08	2008-09	2007-08
Not later than one year	108.59	101.18	57.34	53.30
Later than one year and not later than five years	434.35	404.73	274.00	250.01
Later than five years	<u>444.46</u>	<u>517.38</u>	<u>361.11</u>	<u>410.78</u>
Total :	<u>987.40</u>	<u>1023.29</u>	<u>692.45</u>	<u>714.09</u>

The unearned finance income as on 31st March, 2009 is Rs. 294.95 crore (previous year Rs. 309.20 crore).

b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are

NOTES ON ACCOUNTS (Contd...)

not non-cancellable. Employees' remuneration and benefits include Rs 14.36 crore (Previous Year Rs. 10.33 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of Rs 5.00 crore (Previous Year Rs. 4.55 crore). in respect of premises for offices and guest house/ transit camps are shown under Rent in Schedule-23 – Transmission, Administration and Other expenses.

29. Earning per share calculated in accordance with the provisions of AS-20

	As at 31.03.2009	As at 31.03.2008
Numerator		
Profit after tax as per Profit and Loss Account (Rs. in crore)	1690.61	1448.47
Denominator		
Number of equity shares (Face value of Rs 10/- each)	4208841230	4208841230
Number of Shares allotted during the year	NIL	421433930
Weighted Average number of equity shares for calculating Basic earning per share	4208841230	4021378772
Weighted Average number of equity shares for calculating Diluted earning per share	4208841230	4022757340
Basic earning per share (Rs. / per share)(Face value of Rs 10/- each)	4.0168	3.6019
Diluted earning per share (Rs. / per share)(Face value of Rs 10/- each)	4.0168	3.6007

30. Consolidated Financial Statements

The company has an investment of Rs.0.05 crore in the equity shares of Byrnihat Transmission Company Ltd, a subsidiary company. During the year company has subscribed Rs. 0.05 crore in the equity shares of Power System Operation Corporation Limited. No consolidated financial statements are prepared since the transactions of the subsidiaries are not material.

31. a) The company has been providing deferred tax liability after adjusting the amount recoverable from beneficiaries. During the year the company has provided Rs.44.76 crore (previous year Rs.74.45 crore) as deferred tax liability.
- b) Major components of deferred tax liabilities and assets are given as under:

Rs. in crore

Particulars	As at 31.03.2009	As at 31.03.2008
Deferred Tax Liability		
Towards Fixed Assets (Net) (A)	568.60	516.53
Deferred Tax Asset		
Transfer to Self Insurance Reserve	0.82	0.82
Income during Construction	6.81	5.67
Wage revision and Employee Benefits	17.42	12.23
Provisions	5.01	4.03
Sub Total (B)	30.06	22.75
Net Deferred Tax Liability (A-B)	538.54	493.78

32. Pursuant to the directions by the MOP, GOI vide letter dt. 4th July, 2008 the company had set up a wholly owned subsidiary company on 20th March 2009 namely "Power System Operation Corporation Limited" for independent system operation with separate accounting and Board structure. The same is considered as 'Discontinuing Operation' as per Accounting Standard 24. The RLDC/ULDC segments of the company along with associated manpower are to be transferred to the new company which will be gradually made independent after 5 years. An amount of Rs. 0.05 crore has been paid as application money towards subscription to share capital. Pending allotment of shares, amount of Rs.0.05 crore alongwith incorporation expenses of Rs. 1.27 crore has been shown as advance recoverable.

**NOTES ON ACCOUNTS (Contd...)**

Pending determination of Assets/Liabilities to be disposed off /to be settled in respect of discontinuing operations the revenue, expenses, pre tax profit or loss, Tax expense and Net Cash Flows are not ascertainable.

33. Joint Venture entities:-

Name of the company	Proportion of ownership as at	
	31.03.2009	31.03.2008
	% age	% age
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid Limited	26%	26%
Jaypee Powergrid Limited	26%	26%
Parbati Koldam Transmission Company Ltd	26%	26%
Powergrid IL&FS Transmission Private Limited	50%	
Teestavalley Power Transmission Limited	26%	

In addition, the company has entered into an agreement for 26% stake in the joint venture company namely North East Transmission Company Limited. An advance of Rs. 0.01 crore has been paid to ONGC- Tripura Power Company Private Limited, its holding company, during the year towards the acquisition of 26% shares.

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result incase JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The company's share in assets and liabilities as at 31st March 2009 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

	Rs. in crore	
	As at 31.03.2009	As at 31.03.2008
A. Assets		
- Long Term Assets	738.35	704.44
- Investments	63.46	33.56
- Current assets	83.20	76.20
- Profit and Loss A/C	0.45	0.33
- Misc Expenditure	0.48	0.65
Total	885.93	815.18
B. Liabilities		
- Equity	296.82	268.98
- Long Term Liabilities	535.77	511.04
- Current Liabilities and Provisions	53.34	35.16
Total	885.93	815.18
C. Contingent Liabilities	1.44	0.00
D. Capital Commitments	77.75	91.35
	Current Year	Previous Year
E. Income	131.87	125.09
F. Expenses(Including provision for taxes)	99.97	120.38

NOTES ON ACCOUNTS (Contd...)

34. In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of transmission activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. Similarly, impairment analysis of telecom assets was carried out during 2006-07 and since the recoverable amount was more than the carrying amount of assets, no impairment loss was recognized. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.
35. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 16418.24 crore (previous year Rs. 5495.63 crore).
36. No provision has been made for tax demands amounting to Rs. 172.69 crore (previous year Rs.259.03 crore) and other demands (amount not ascertainable), for which appeals / litigation are pending, and the same have been shown as contingent liabilities under schedule no.18.
37. Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets':

Contingent Liabilities:

- a) Contingent Liabilities as stated in Schedule 18 are dependent upon the outcome of court/appellate authorities/ out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, disposal of appeals.
- b) Reimbursement of outflow in respect of 'Claim against the Company not acknowledged as debt' and 'Disputed tax demands-Income Tax' (limited to Income Tax on core activity only) as stated in Schedule 18 of Contingent Liability, is dependent on the admittance of petition to be filed with CERC and in remaining cases no reimbursement is expected.
38. a) Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March, 2009.
- b) No payment is due for more than 30 days as at 31st March, 2009 in respect of purchases / services made from small scale/ancillary industries.
39. a) **VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

Rs. in crore

	Current Year	Previous Year
i) Capital Goods	1126.16	243.40
ii) Spare Parts	1.02	Nil

- b) **EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

Rs. in crore

	Current Year	Previous Year
i) Professional and Consultancy fees	3.14	0.71
ii) Interest	341.92	326.96
iii) Others	19.16	10.69

**NOTES ON ACCOUNTS (Contd...)****c) VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :**

Rs. in crore

	%	Current Year	%	Previous Year
i) Imported	5.73%	1.60	25.07%	6.47
ii) Indigenous (Including fuel)	94.27%	26.34	74.93%	19.34

d) EARNINGS IN FOREIGN EXCHANGE

Rs. in crore

	Current Year	Previous Year
Interest	0.29	0.38
Consultancy Fee	0.72	2.28

40. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****i) REGISTRATION DETAILS :**

Registration No.	U40101DLI989GOI038121
State Code	55
Balance Sheet Date	31 st March 2009

ii) CAPITAL RAISED DURING THE YEAR

Rs in crore

Public Issue	Nil
Rights Issue	Nil
Private Placement, pursuant to a contract, for consideration other than cash (Issued to Govt. of India)	Nil
Bonus Issue	Nil

iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Rs in crore

Total Liabilities	54325.69
Total Assets	54325.69

Sources of funds	
Paid up Capital	4208.84
Reserves and Surplus	10414.75
Secured Loans	25288.25
Unsecured Loans	3177.18
Advance against Depreciation	2159.59
Grants in Aid	225.35
Deferred Tax Liability	538.54
Application of Funds	
Net Fixed Assets	31128.44
Capital Work-in-Progress (including Construction, Stores and Advances)	13286.00
Investments	1592.83
Net Current Assets	(0.27)
Miscellaneous Expenditure	5.50

NOTES ON ACCOUNTS (Contd...)

iv) PERFORMANCE OF COMPANY

Rs in crore

Turnover/Income	6579.85
Other Income (including Transfer from Grants in Aid)	448.69
Total expenditure	4799.97
Profit before Tax	2228.57
Profit after MAT and Deferred tax	1690.61
Earning per share (Basic) (Rs.)	4.02
Dividend Amount	505.08

v) GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICE OF COMPANY

Item code no. : Not Applicable
 Product Description : Transmission, Central Transmission Utility function.

41. a) Figures have been rounded off to nearest rupees in crore.
 b) Previous year figures have been regrouped / rearranged wherever necessary.

For and on behalf of the Board

(Divya Tandon)
 Company Secretary

For A.R. & Co.
 Chartered Accountants

(Pawan K. Goel)
 Partner
 M.No. 072209

(J. Sridharan)
 Director (Finance)

For S R I Associates
 Chartered Accountants

(I. Pasha)
 Partner
 M.No. 013280

(S.K. Chaturvedi)
 Chairman & Managing Director

For Umamaheswara Rao & Co.
 Chartered Accountants

(L. Shyama Prasad)
 Partner
 M.No. 028224

Place : New Delhi.
 Dated : 16th June, 2009.



AUDITORS' REPORT

To,

The Members,

Power Grid Corporation of India Limited,

1. We have audited the attached Balance Sheet of Power Grid Corporation of India Ltd. as at March 31, 2009, and the Profit and Loss Account and also the Cash Flow Statement 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 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 mis-statements. 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, 1998, 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 the 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the annexure referred to in paragraph 4 above, 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 the books.
 - c) The Balance Sheet, Profit and 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 Accounting Standards 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 17.7.2003, 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 a Government Company.
 - f) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on Accounts given in Schedule 28 and Accounting Policies annexed thereto, in so far as these are not inconsistent with the Electricity Act, 2003, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - ii) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For A.R. & Co.
Chartered Accountants

(Pawan K. Goel)
Partner
M.No. 072209

For S R I Associates
Chartered Accountants

(I. Pasha)
Partner
M.No. 013280

For Umamaheswara Rao & Co.
Chartered Accountants

(L. Shyama Prasad)
Partner
M.No. 028224

Place : New Delhi.

Dated : 16th June, 2009.

ANNEXURE TO THE AUDITORS' REPORT

RE: POWER GRID CORPORATION OF INDIA LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE

1. a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situation of Fixed Assets .
- b) The assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled/adjusted in the books of account. In our opinion, frequency of verification is reasonable.
- c) During the year the company has not disposed off substantial part of its Fixed Assets.
2. a) Physical verification of inventory has been conducted by external agencies during the year, except for the materials lying with contractors. In our opinion frequency of verification is reasonable.
- b) The procedures of physical verification of inventories, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of the inventory have been properly dealt with in the books of account except material lying with contractors where verification is not undertaken.
3. The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered 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 adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and income from transmission, telecom and consultancy activities. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems.
5. According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act 1956, during the year, to be entered in the register maintained under that section . Accordingly Clause (v) of paragraph 4 of the Order is not applicable.
6. Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58-A, 58-AA and other relevant provisions of Companies Act, 1956, and rules framed thereunder, does not arise.
7. The Company has an Internal Audit system. In our opinion, the scope and coverage of Internal Audit are commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956 in respect of Transmission & Telecom Operations 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. a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, custom duty, excise duty and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31.3.2009 for a period of more than six months from the date they became payable.
As informed, the provisions of the Employees State Insurance Act are not applicable to the Company.
Unclaimed bonds of Rs. 0.05 crore and unclaimed dividend of Rs. 2.69 crore which has not exceeded the time limit prescribed under Section 205C of the Companies Act, 1956 are lying as liability towards Investor Education & Protection Fund.
- b) According to information and explanation given to us, following disputed income tax / sales tax / customs duty / wealth tax / service tax / excise duty / cess dues have not been deposited.

Particulars	Amount (Rs. in crore)	Forum Where Pending
Entry Tax	1.54	Appellate Board, Commercial Tax Department, Madhya Pradesh
Entry Tax	43.59	Dy. Commissioner (Appeals), Commercial Tax Department, Madhya Pradesh
Sales Tax	18.80	Assistant Commissioner, Commercial Tax Department, Madhya Pradesh
Education Cess	1.21	Dehgam Nagar Palika, Dehgam

**ANNEXURE TO THE AUDITORS' REPORT (Contd...)**

Diversion Tax (for non-agriculture use of land)	2.22	S D O, Itarsi
Entry Tax	14.95	Chattisgarh Sthaniya Kshetra Me Mal Ke Pravesh par Kar Adhiniyam, Dept. of Commercial Taxes, Chattisgarh
Sales Tax	33.46	J&K State Sales Tax Appellate Tribunal
Sales Tax	12.98	Dy. Commissioner of Sales Tax (Appeal), Jammu, J&K State
Entry tax	11.41	Joint Commissioner of Commercial Tax (Appeal), Patna
Service Tax	1.57	Commissioner of Central Excise, Patna
Interest on custom/ Excise duty	16.43	Commissioner of Customs & Central Excise, Peetampur & Mumbai
Service Tax	2.31	Custom, Excise & Service Tax Appellate Tribunal (CESTAT), New Delhi
Income Tax (TDS) on perquisites	30.72	High Court, Kolkata
Income Tax & Interest	12.22	Commissioner of Income Tax (Appeals)

10. The Company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit, and also in the immediately preceding financial year.
11. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi/mutual benefit fund/society. Accordingly, Clause xiii of paragraph 4 of the Order is not applicable.
14. In our opinion, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause xiv of paragraph 4 of the Order is not applicable.
15. As informed to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except in the case of Powerlinks Transmission Limited, wherein it has pledged its shares in favour of financial institutions for financial assistance obtained by the said company, as per the terms and conditions of Joint Venture Agreement. In our opinion and to the best of our information and according to explanation given to us, the terms and conditions of share pledge agreement are not, prime facie prejudicial to the interest of the company.
16. In our opinion on an overall basis and according to the information and explanation given to us, the company has applied the term loans for the purpose, they were raised during the year.
17. In our opinion, on an overall basis, and according to the information and explanation given to us, the company has not used the funds raised on short term basis for long term investment.
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 Act during the year.
19. Securities or charge have been created against all the bonds issued by the company except XXIX Series of Bonds aggregating to Rs. 1297.50 crore issued during the year for which securities or charge have not been created till the finalization of the financial statements.
20. We have verified the end use of money raised by public issue during the year 2007-08 as stated in the prospectus filed with SEBI , offer document and as disclosed in the notes to the financial statements .
21. During the course of our examination of books and records of the company for the year, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instances of fraud on or by the company, nor have we been informed of such cases by the Management.

For A.R. & Co.
Chartered Accountants

(Pawan K. Goel)
Partner
M.No. 072209

For S R I Associates
Chartered Accountants

(I. Pasha)
Partner
M.No. 013280

For Umamaheswara Rao & Co.
Chartered Accountants

(L. Shyama Prasad)
Partner
M.No. 028224

Place : New Delhi.
Dated : 16th June, 2009.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	(Rupees in crore)	
Particulars	For the year ended 31st March, 2009	For the year ended 31st March, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2228.57	1730.53
Adjustment for :		
Depreciation (including prior period)	1115.93	959.36
Transfer from Grants in Aid	(21.45)	(17.65)
Adjustment against General Reserve	-	(14.72)
Amortised Expenditure(DRE written off)	1.83	5.43
Provisions	38.60	(4.56)
Self Insurance	(0.04)	(1.65)
Net Loss on Disposal / Write off of Fixed Assets	3.82	1.31
Interest and Finance Charges Paid	2532.09	1339.55
Interest earned on bonds/Loans to State Governments	(132.99)	(149.99)
Dividend received	(19.54)	(5.39)
Operating profit before Working Capital Changes	5746.82	3842.22
Adjustment for :		
(Increase)/Decrease in Trade and other Receivables	153.52	(112.01)
(Increase)/Decrease in Inventories	(49.32)	(64.10)
Increase/(Decrease) in Trade payables and other liabilities	2811.57	(65.53)
(Increase)/Decrease in Other current assets	(1051.11)	(248.14)
(Increase)/Decrease in Loans and Advances	(816.23)	(139.70)
Deferred Revenue Expenditure	(0.14)	-
	1048.29	(629.48)
Direct taxes paid (including FBT)	(154.02)	(221.91)
Net Cash from operating activities	6641.09	2990.83
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(770.82)	261.01
Capital work in progress	(5352.89)	(5997.93)
Advances for capital expenditure	(3299.89)	(77.22)
(Increase)/Decrease in Investments - Bonds and others	182.89	241.13
(Increase)/Decrease in investments -JVs and Subsidiaries	(39.50)	(10.35)
Lease receivables	(29.07)	84.67
Interest earned on bonds/Loans to State Governments	132.99	149.99
Dividend received	19.54	5.39
Net cash used in investing activities	(9156.75)	(5343.31)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares - Capital	-	382.62
Proceeds from issue of Shares - Premium	-	1607.01
Share issue expenses	-	(23.63)
Loans raised during the year - Long Term	7629.85	4118.71
Loans repaid during the year - Long Term	(1427.89)	(1180.73)
Loans raised during the year - Short Term	750.00	750.00
Loans repaid during the year - Short Term	(750.00)	(750.00)
Interest and Finance Charges Paid	(2532.09)	(1339.55)
Dividend paid	(505.08)	(464.28)
Dividend Tax paid	(85.84)	(78.90)
Net Cash from Financing Activities	3078.95	3021.25
D. Net change in Cash and Cash equivalents(A+B+C)	563.29	668.77
E. Cash and Cash equivalents(Opening balance)	1865.59	1196.82
F. Cash and Cash equivalents(Closing balance)	2428.88	1865.59

Note : Cash and cash equivalents consist of cash in hand and balance with banks and it includes Rs. 1619.82 crore not available for use by the Company.

(Divya Tandon) Company Secretary For A. R. & Co. Chartered Accountants (Pawan K. Goel) Partner M.No. 072209	For and on behalf of the Board (J.Sridharan) Director(Finance) As per our report of even date For S R I Associates Chartered Accountants (I. Pasha) Partner M.No. 013280	(S.K.Chaturvedi) (Chairman & Managing Director) For Umamaheswara Rao & Co Chartered Accountants (L. Shyama Prasad) Partner M.No. 028224
---	--	---

Place : New Delhi
Date : 16th June, 2009

When the India of today charges up for the challenges of tomorrow,



IT'S POWERGRID AT WORK

Indian Giant in Power Transmission

In a country that is making its presence felt in the international canvas, POWERGRID is making a significant impact with its all round expertise in the field of power transmission. Consultancy services, collaborations and adoption of advanced technologies towards environment protection have made POWERGRID a front-runner in India's stride to the future.

Power of being
Central Transmission
Utility (CTU)
of the country.

One of the Largest &
Best Managed
Transmission Utilities
in the world.

Wheels 45%
of the Power
Generated
in India.

Environmental social
policy & procedures
for sustainable
growth.

Role in GOI's
nation building
schemes APDRP
and RGGVY.

Growth in inter region
power transmission.

Robust Network of
71,500 ckm lines.

Incredible Transmission System
Availability of over 99%

Diversification in
Telecom Sector.

www.powergridindia.com



Subsidiary

The Central Transmission utility of India

**BYRNIHAT TRANSMISSION COMPANY LIMITED****DIRECTORS' REPORT**

To,

The Members,

I, on behalf of the Board of Directors, present the Third Directors' Report of BYRNIHAT TRANSMISSION COMPANY LIMITED together with the audited Statement of Accounts for the financial year 2008-09.

Your Company had been incorporated on 23rd March, 2006 as a Project specific 'SHELL COMPANY' to take up the implementation of Misa – Byrnihat Transmission Project through Joint Venture route. The said Transmission Line is being executed by POWERGRID as a consultancy work. Presently Byrnihat Transmission Company Limited is not undertaking any business activity.

The Company has not applied for the Certificate of Commencement of Business.

Directors

During the year few changes took place in the Board of the Company. Shri S.K. Soonee who was appointed as an additional Director on the Board of Byrnihat Transmission Company Ltd., ceased to be a Director w.e.f. 17.09.2008 at the conclusion of the Annual General Meeting of the Company. Shri V.M. Kaul was appointed as an additional Director on the Board of Byrnihat Transmission Company Ltd. w.e.f. 17.09.2008.

At present, Shri J.Sridharan, Shri I.S. Jha and Shri V.M. Kaul are on the Board of the Company.

Auditors

Naresh K. Gupta & Co., Chartered Accountants, New Delhi, were appointed by C&AG as Statutory Auditors of the Company for the year 2008-2009.

Auditor's Report

The Statutory Auditor's Report to the shareholders does not contain any qualifications. Further, the Comptroller and Auditor General of India has decided not to review the Report of the Auditor on the Accounts of the Company and as such C&AG has no comments under Section 619(4) of the Companies Act, 1956.

Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts for the year ended 31st March, 2009 the applicable accounting standards had been followed;
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared accounts for year ended 31st March, 2009 on a going concern basis.

Particulars of Employees

Since the Company has no employee, Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo

Since no commercial activity was carried out by the Company, particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

Acknowledgement

The Board extends its sincere thanks to POWERGRID.

For and on behalf of

BYRNIHAT TRANSMISSION COMPANY LIMITED

Sd/-

(J. Sridharan)

Director

Date : 27.07.2009

Place: New Delhi

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BYRNIHAT TRANSMISSION COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2009

The preparation of financial statements of Byrnihat Transmission Company Limited, New Delhi, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 07 July, 2009.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors on the accounts of Byrnihat Transmission Company Limited, New Delhi, for the year ended 31 March, 2009 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

(Ghazala Meenai)

Principal Director of Commercial Audit
and Ex-officio Member Audit Board-III,
New Delhi

Place : New Delhi

Date : 20th July, 2009



BYRNIHAT TRANSMISSION COMPANY LIMITED

**BALANCE SHEET AS AT
31ST MARCH, 2009**

(Amount in Rs.)			
Schedule	As at 31st March, 2009	As at 31st March, 2008	
SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	500,000	500,000
TOTAL		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
2. Current Assets, Loans and Advances			
Current Assets			
Cash & Bank Balances	2	498,025	498,575
Less : Current Liabilities & Provisions			
Current Liabilities	3	<u>83,573</u>	<u>68,781</u>
Net Current Assets		414,452	429,794
3. Miscellaneous Expenditure			
(To the extent not written off or adjusted)	4	-	70,206
4. Profit & Loss Account			
TOTAL		<u>85,548</u>	<u>-</u>
Significant Accounting Policies and Notes forming part of Accounts	6		
(Schedule 1 to 6 form integral part of Accounts)			

As per our report of even date

For **NARESH K. GUPTA & CO.**
Chartered Accountants

For and on behalf of Board of Directors

(Nitin Gupta)
Partner
M. No. 096295**(J. Sridharan)**
Director**(I. S. Jha)**
DirectorPlace : New Delhi
Date : 07.07.2009

BYRNIHAT TRANSMISSION COMPANY LIMITED
**PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2009**

(Amount in Rs.)			
	Schedule	For the Year ended 31.03.2009	For the Year ended 31.03.2008
INCOME		-	-
TOTAL		-	-
EXPENSES			
Administrative Expenses	5	14,792	-
Bank Charges		550	-
Preliminary Expenses written off		33,555	-
Pre-operative Expenses (of earlier years) written off		36,651	-
TOTAL		85,548	-
Profit / (Loss) for the year before tax		(85,548)	-
Provision for Current Income Tax		-	-
Profit / (Loss) after Tax		(85,548)	-
Appropriations		-	-
Balance transferred to Balance Sheet		(85,548)	-
Earning Per Share		(1.71)	
(Face Value of Rs. 10/- per share)			
Significant Accounting Policies and Notes forming part of Accounts (Schedule 1 to 6 form integral part of Accounts)	6		

As per our report of even date

For **NARESH K. GUPTA & CO.**
Chartered Accountants

(Nitin Gupta)
Partner
M. No. 096295

For and on behalf of Board of Directors

(J. Sridharan)
Director

(I. S. Jha)
Director

Place : New Delhi
Date : 07.07.2009



BYRNIHAT TRANSMISSION COMPANY LIMITED

SCHEDULES - FORMING PART OF ACCOUNTS

(Amount in Rs.)

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
50,000 equity shares of Rs. 10/- each	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed & Paid-up		
50,000 equity shares of Rs. 10/- each fully paid up.	<u>500,000</u>	<u>500,000</u>

(Amount in Rs.)

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE '2'		
Cash & Bank Balances		
Balance with Scheduled Bank- in Current Account	<u>498,025</u>	<u>498,575</u>
	<u>498,025</u>	<u>498,575</u>

(Amount in Rs.)

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE '3'		
Current Liabilities		
a. Power Grid Corp. of India Ltd.	71,931	55,209
b. Statutory Audit Fees	11,030	11,236
c. Other Liabilities	<u>612</u>	<u>2,336</u>
	<u>83,573</u>	<u>68,781</u>
	<u>83,573</u>	<u>68,781</u>

BYRNIHAT TRANSMISSION COMPANY LIMITED
Schedules - Forming part of Accounts

(Amount in Rs.)

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE '4'		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
a. Preliminary Expenses	-	33,555
b. Pre-operative Expenses	-	36,651
	<u>-</u>	<u>70,206</u>

(Amount in Rs.)

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE '5'		
ADMINISTRATIVE EXPENSES		
Audit Fees	11,030	11,236
ROC Filing Fees	3,150	1,224
Provision for Filing Fee	612	612
Out of Pocket Expenses of Statutory Auditors	-	2,000
	<u>14,792</u>	<u>15,072</u>



BYRNIHAT TRANSMISSION COMPANY LIMITED

SCHEDULES - FORMING PART OF ACCOUNTS

SCHEDULE '6'

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The Company maintains its accounts on accrual basis following the historical cost convention.

B) NOTES FORMING PART OF ACCOUNTS

1. The company was incorporated on 23rd March, 2006 and certificate of commencement of business has not been obtained so far.
2. The Company is governed by the Electricity Act, 2003 and that the said Act read with rules framed there-under have prevailed wherever the same were inconsistent with the Companies Act, 1956.
3. 49,994 equity shares of Rs. 10/- each are held by the holding company, Power Grid Corporation of India Ltd. Balance 6 shares are held in the name of the officers of POWERGRID as its nominees.

4. Related Party Disclosures

- i. As per the Accounting Standard on 'Related Party Disclosure' (AS-18) issued by the Institute of Chartered Accountants of India, the related parties are as follows:

Holding Company

- i. The Company is a 100% subsidiary of **Power Grid Corporation of India Limited** (POWERGRID)
- ii. During the year, expenditure of Rs. 16722/- (previous year Rs. 13236/-) has been paid by POWERGRID on behalf of the Company. Amount payable to POWERGRID at the end of the year is Rs. 71931/- (previous year 55209/-).
5. In view of withdrawal of Guidance Note on "Treatment of Expenditure during Construction Period" by the Institute of Chartered Accountants of India, the Company has charged the preliminary expenses and pre-operative expenses to the Profit and Loss Account.
6. There are no contingent liabilities.
7. All figures have been rounded off to the nearest rupee.
8. Previous year figures have been re-grouped / re-arranged wherever necessary.

As per our report of even date

For **NARESH K. GUPTA & CO.**
Chartered Accountants

For and on behalf of Board of Directors

(Nitin Gupta)
Partner
M. No. 096295

(J. Sridharan)
Director

(I. S. Jha)
Director

Place : New Delhi
Date : 07.07.2009

BYRNIHAT TRANSMISSION COMPANY LIMITED
**BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details			
Registration No. U40102DL2006GOI147937		State Code : 055	
Balance Sheet Date	31	3	09
	DATE	MONTH	YEAR
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
III. Position of Mobilization and Deployment of funds (Amount in Rs. Thousands)			
Total Liabilities	584	Total Assets	584
Sources of Funds			
Paid-up Capital	500	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	NIL	Investment	NIL
Net Current Assets	414	Misc. Expenditure	0
Accumulated Losses	86		
IV. Performance of Company (Amount in Rs. Thousands)			
Turnover	NIL	Total Expenditure	86
Profit/Loss before Tax	(86)	Profit/Loss after Tax	(86)
Earning per Share in Rs.	(1.71)	Dividend Rate %	NIL
V. Generic Name of three principal Product/Services of Company (As per monetary norms)			
Item Code No.	N.A.		
(ITC) Code			
Product Description	N.A.		

As per our separate report of even date

For **NARESH K. GUPTA & CO.**
Chartered Accountants

For and on behalf of Board of Directors

(Nitin Gupta)
Partner
M. No. 096295

(J. Sridharan)
Director

(I. S. Jha)
Director

Place : New Delhi
Date : 07.07.2009

**BYRNIHAT TRANSMISSION COMPANY LIMITED****AUDITOR'S REPORT**

To the Members of

BYRNIHAT TRANSMISSION COMPANY LIMITED

1. We have audited the attached Balance Sheet and Profit and Loss Account of M/S BYRNIHAT TRANSMISSION COMPANY LIMITED as at 31st March 2009. These Financial Statement 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 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 misstatements. 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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, we enclose in the annexure a statement on the matters specified in para 4 and 5 of the said order.
4. Further to above:
 - A. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - B. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - C. The Balance Sheet and the Profit & Loss Account, dealt with by this report, are in agreement with the books of account.
 - D. In our Opinion, the Balance Sheet and Profit and Loss Account dealt with this report comply with the mandatory accounting standards referred to in sub section 3 (c) of section of 211 of the Companies Act, 1956.
 - E. Being a Government company, pursuant to the notification no GSR 829(E) issued by Government of India provisions of clause (g) of sub section (1) of section 274 of the Companies Act, 1956, are not applicable to the company.
 - F. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
 - i. In so far it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009
 - ii. In the case of Profit and Loss Account, of the loss of the Company for the year ended on 31st March, 2009

For **NARESH K. GUPTA & CO.**
Chartered Accountants

(NITIN GUPTA)
Partner
Membership No. 096295

Date : 07.07.2009
Place : New Delhi

BYRNIHAT TRANSMISSION COMPANY LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in Auditor's Report of even date on the accounts of Byrnihat Transmission Company Limited for the year ended 31st March, 2009

1. The Company does not own any Fixed Assets and hence 4(i)(a), 4(i)(b), 4(i)(c) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
2. The Company does not have inventory and hence 4(ii)(a), 4(ii)(b), 4(ii)(c) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
3.
 - a. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. In view of clause III(a) above, clauses 4(iii)(b), 4(iii)(c), 4(iii)(d) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
 - c. The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - d. In view of clause III(c) above, clauses 4(iii)(f), 4(iii)(g) of companies (Auditor Report) (Amendment) Order, 2004 are not applicable to the company.
4. Since there are no Fixed Assets and Inventory the clause 4(iv) of Companies (Auditor Report)(amendment) Order, 2004 is not applicable to the Company.
5.
 - a. According to the information & explanation given to us, during the year under Audit, there have been no particulars of contracts or arrangement referred to in section 301 of the Companies Act, 1956, which needs to be entered in the register required to be maintained under that section.
 - b. In view of the clause 5(a) above, the clause 4(v)(b) of Companies (Auditor Report)(amendment) Order, 2004 is not applicable to the Company.
6. The Company has not accepted any deposits from the public and in view of this, clause 4(vi) of Companies (Auditor's Report)(Amendment) Order, 2004 is not applicable to the Company.
7. According to the information & explanation given to us, the Company did not have an internal audit system in place for the financial year 2008-09.
8. The department of Company affairs has prescribed maintenance of cost accounting records under Section 209(1)(d) of the Companies Act, 1956. However, cost accounts have not been prepared since there is no commercial activity during the year.
9.
 - a. The undisputed statutory dues including Income tax, Sales tax, Wealth tax, Service tax, Excise duty, Customs duty, Cess and any other statutory dues wherever applicable have been regularly deposited by the Company with appropriate authorities.
 - b. According to the information & explanation given to us, there are no dues of Sales tax, income tax, Customs duty, Wealth tax, Service tax, Excise duty and Cess which have been deposited on account of any dispute.
10. The Company has been registered for a period of less than 5 years up to the last day of financial year 2004-05. In view of this, clause 4(x) of Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.
11. Since, the Company does not have any borrowing clause 4(xi) of Companies (Auditor's Report) (amendment) Order, 2004 is not applicable to the Company.
12. According to the information and explanations given to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities.
13. In our opinion, the company is not a Chit Fund or a nidhi / mutual benefit fund / Society. Therefore the provisions of clause 4(xiii) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.



14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the Provisions of clause 4(xiv) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Since the Company has taken no loans, clause 4(xvi) of Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.
17. Since the company has not raised any funds during the year clause 4(xvii) of Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.
18. According to the information and explanations given to us, the Company has not made any preferential allotment to parties or companies covered in the register maintained under section 301 of the Act during financial year 2008-09.
19. According to the information and explanations given to us, the Company has not issued any debentures during financial year 2008-09 and therefore the Provisions of clause 4(xix) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
20. According to the information and explanations given to us, the Company has not raised any money by way of Public Issue during financial year 2008-09.
21. According to the information and explanations given to us, no fraud on or by the Company causing a material misstatement in the Financial Statements, has been noticed or reported during the financial year 2008-09.

For **NARESH K. GUPTA & CO.**
Chartered Accountants

(NITIN GUPTA)
Partner

Membership No. 096295

Date : 07.07.2009
Place : New Delhi

BYRNIHAT TRANSMISSION COMPANY LIMITED

**CASH FLOW STATEMENT FOR THE
YEAR ENDED ON 31ST MARCH, 2009**

(Amount in Rs.)

PARTICULARS	For the Year ended 31.03.2009	For the Year ended 31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	(85,548)	-
Adjustments for :		
Preliminary Expenses written off	33,555	-
Pre-operative Expenses (of earlier years) written off / Pre-operative Expenses	36,651	(15,697)
Operating profit before Working Capital Changes	(15,342)	(15,697)
Adjustments for :		
Increase in Current Liabilities	14,792	15,072
Net Cash from Operating Activities	(550)	(625)
B. CASH FLOW FROM INVESTING ACTIVITIES	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES	-	-
D. Net Change in Cash and Cash Equivalents (A+B+C)	(550)	(625)
E. Cash and Cash Equivalents (Opening Balance)	498,575	499,200
F. Cash and Cash Equivalents (Closing Balance)	498,025	498,575

For NARESH K. GUPTA & CO.

Chartered Accountants
(Nitin Gupta)
Partner
M. No. 096295

For and on behalf of Board of Directors

(J. Sridharan)
Director

(I S Jha)
Director

Place : New Delhi
Date : 16.07.2009

Place : New Delhi
Date : 07.07.2009



BYRNIHAT TRANSMISSION COMPANY LIMITED

AUDITOR'S REPORT

To the Members of

BYRNIHAT TRANSMISSION COMPANY LIMITED

In furtherance to our Audit Report dated 07.07.2009 we state that :

- 1 We have audited the attached Cash Flow Statement, of M/S. BYRNIHAT TRANSMISSION COMPANY LIMITED for the year ended on 31st March 2009. This Financial Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.
- 2 We 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 statement is free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 Further to above :
 - A. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - B. The Cash Flow Statement , dealt with by this report , is in agreement with the books of account.
 - C. In our opinion, the Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub section 3 (c) of section 211 of the Companies Act, 1956.
 - D. In our opinion and to the best of our information and according to the explanations given to us , the said accounts read with significant accounting policies and Notes thereon 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 in the case of Cash Flow Statement , of the Cash Flows of the Company for the year ended on 31st March, 2009.

For **NARESH K. GUPTA & CO.**
Chartered Accountants

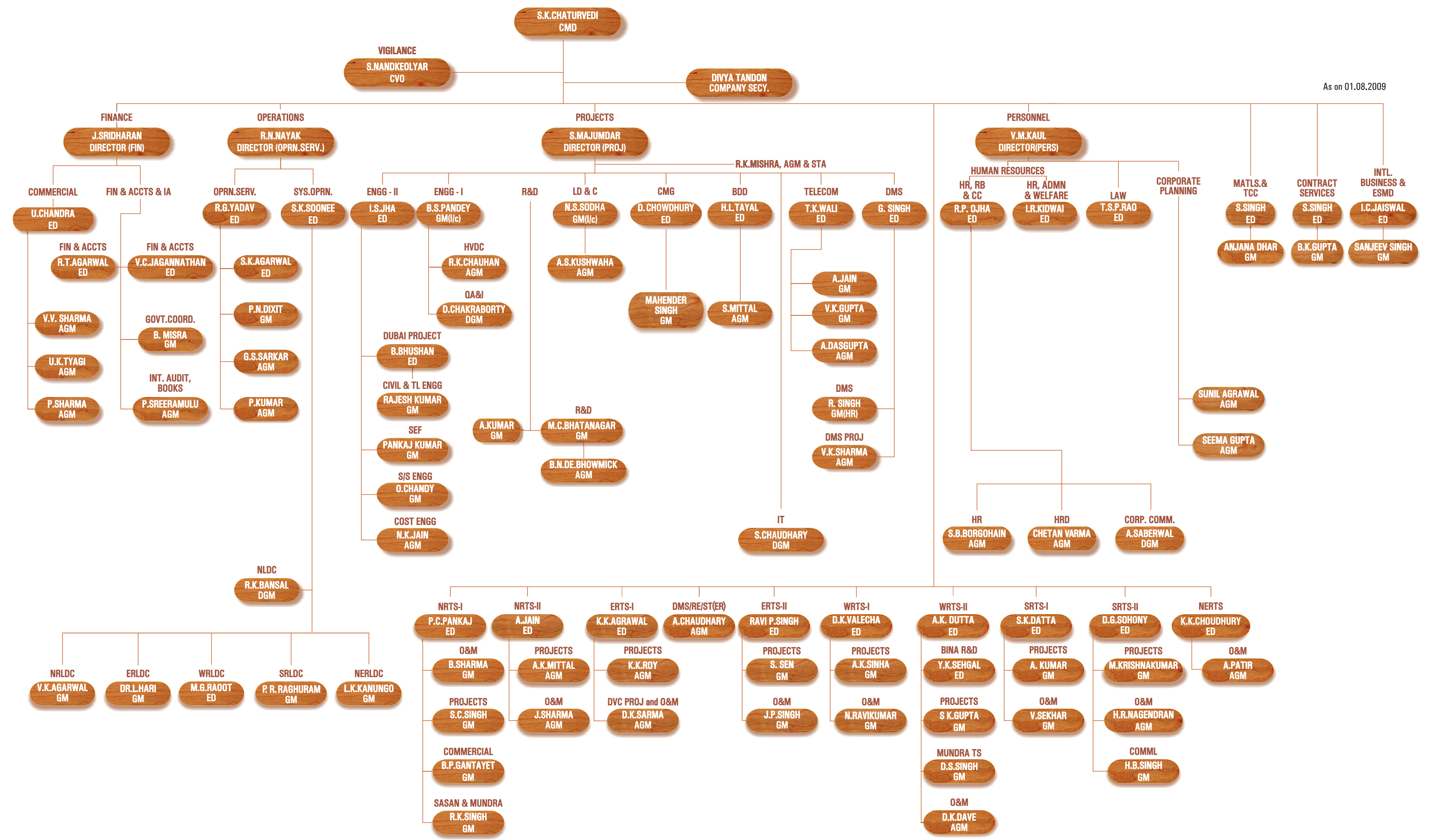
(NITIN GUPTA)
Partner
Membership No, 096295

Dated : 16.07.2009
Place : New Delhi

Organisation Chart



As on 01.08.2009



INTEGRATED MANAGEMENT POLICY

POWERGRID is committed to:

- Establish** and maintain an efficient and effective "National Grid" with due regard to time, cost, technology and value additions,
- Sustainable** development through conservation of natural resources and adopting environment friendly technology on principles of Avoidance, Minimization and Mitigation,
- Ensure** safe, occupational hazard free and healthy work environment, to the satisfaction of stakeholders in all areas of its activities and shall endeavor to continually improve its management systems and practices in conformity to legal and regulatory provisions.