

POWER GRID CORPORATION OF INDIA LTD. (A Govt. of India Enterprise)
B-9 QUTAB INSTITUTIONAL AREA, KATWARIA SARAI, NEW DELHI-110016.

AUDITED RESULTS FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	(Rs. in lacs)	
	Accounting year ended 31.03.2010 (Audited)	Accounting year ended 31.03.2009 (Audited)
	1. Revenue from Operations	
a) Total Transmission Income	657638	528284
b) Consultancy Income	26917	21590
c) Telecom Income	15772	14983
d) Short Term Open Access	12418	4142
Total Revenue from Operations	712745	568999
2. Expenditure		
I. a) Staff Cost	72670	64388
b) Other O&M Expenditure (including DRE Written off)	53136	45967
Total Expenditure other than Depreciation	125806	110355
II. Depreciation	197969	109397
Total Expenditure	323775	219752
3. Profit from Operations before Other Income and Interest & Finance Charges	388970	349247
4. Other Income	37613	44873
5. Profit before Interest & Finance Charges	426583	394120
6. Interest & Finance Charges		
a) Interest & Other Charges	146339	150244
b) Rebate to Customers	7768	8631
c) FERV as adjustment in Borrowing Cost	217	5352
Total Interest & Other Charges	154324	164227
7. Profit after interest but Before Tax and Prior Period Adjustments	272259	229893
8. Less : Prior Period Items - FERV		5102
Prior Period Items - Others	9627	1934
9. Profit before tax	262632	222857
10. Provision for Taxation		
a) Minimum Alternate Tax	42191	47860
b) Fringe Benefit Tax	★ -150	1460
c) Deferred Tax	16497	4476
11. Profit after Tax	204094	169061
12. Paid up Equity Share Capital	420884	420884
13. Reserves excluding Revaluation Reserve	1173306	1041475
14. Basic and Diluted EPS	4.85	4.02
(Rs./Share of Rs 10 each calculated on Profit after Tax)		
15. Debt Equity Ratio	67:33	66:34
16. Debt Service Coverage Ratio (DSCR)	2.16	1.66
17. Interest Service Coverage Ratio (ISCR)	4.36	3.31
18. Public Shareholding		
- Number of shares	573932895	573932895
- Percentage of shareholding	13.64 %	13.64 %
19. Promoters and Promoter Group Shareholding		
(a) Pledged/ Encumbered		
Number of Shares	-	-
Percentage of share (as % of the total shareholding of promoter and promoter group)	-	-
Percentage of share (as % of the total share capital of the company)	-	-
(b) Non-encumbered		
Number of Shares	3634908335	3634908335
Percentage of share (as % of the total shareholding of promoter and promoter group)	100 %	100 %
Percentage of share (as % of the total share capital of the company)	86.36 %	86.36 %
★ Pertains to earlier years		

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Segment wise Revenue, Results and Capital Employed

Rs. in lacs

	Particulars	Year ended	Year ended
		31.03.2010	31.03.2009
		(Audited)	(Audited)
A.	Segment Revenue including Other Income		
	- Transmission	670579	545313
	- Consultancy	27708	21754
	- RLDCs - POSOCO Assets	22458	31800
	- ULDCs - Other Assets	13730	
	- Telecom	16729	15326
	Total	751204	614193
	Less: Inter Segment Revenue	846	321
	Total Revenue including Other Income	750358	613872
B.	Segment Results		
	Profit Before Tax		
	- Transmission	239396	214140
	- Consultancy	14555	10155
	- RLDCs - POSOCO Assets	4177	1774
	- ULDCs - Other Assets	3815	
	- Telecom (*)	689	-3212
	Total Profit Before Tax	262632	222857
C.	Segment Capital Employed		
	- Transmission (**)	4873125	4097340
	- Consultancy	-152509	-117483
	- RLDCs - POSOCO Assets	28728	116653
	- ULDCs - Other Assets	97525	
	- Telecom	73019	75094
	Total Segment Capital Employed	4919888	4171604

(*) Profit of Telecom segment has been increased by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.

(**) While calculating segment wise capital employed, entire dererred tax liability has been considered and included in transmission segment.

SUMMARY OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2010

(Rs. in lacs)

Particulars	Year ended 31.03.2010 (Audited)	Year ended 31.03.2009 (Audited)
SHAREHOLDERS' FUND:		
(a) Capital	420884	420884
(b) Reserves and Surplus	1173306	1041475
DEFERRED REVENUE		
(a) Advance Against Depreciation (AAD)	221363	215959
(b) Grants in Aid	19882	22535
LOAN FUNDS		
(a) Secured Loans	3134578	2528825
(b) Unsecured Loans	307101	317718
DEFERRED TAX LIABILITY	70351	53854
TOTAL	5347465	4601250
NET FIXED ASSETS	3206126	3112844
CWIP AND CONSTRUCTION STORES & ADVANCES	2042218	1328600
INVESTMENTS	145322	159283
CURRENT ASSETS, LOANS AND ADVANCES		
(a) Inventories	34490	29757
(b) Sundry Debtors	221486	137356
(c) Cash and Bank balances	327764	242888
(d) Other current assets	48752	138492
(e) Loans and Advances	330240	282799
Less: Current Liabilities and Provisions		
(a) Liabilities	763460	612337
(b) Provisions	245829	218982
NET CURRENT ASSETS	-46557	-27
MISCELLANEOUS EXPENDITURE (NOT WRITTEN OFF OR ADJUSTED)	356	550
TOTAL	5347465	4601250



Notes :

1. The audited accounts are subject to review by the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956.
2. (i) 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 the determination of transmission tariff for the block period 2009-14. Pending filing of petitions and issue of tariff orders by CERC, Transmission Charges for the year have been provisionally accounted for based on the above norms.

(ii) 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 Rs. 13247 lacs, 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.

(iii) Transmission income of Rs. 18077 lacs (previous year 21937 lacs) 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.
3. Depreciation on transmission assets for the year has been charged as per the rates and methodology prescribed under CERC Regulations 2009 (@5.28% for first 12 years and amortization over balance life thereafter as against average 2.91% in block period of 2004-09) for the purpose of Tariff. By charging depreciation at the aforesaid rates, the depreciation charge for the year is higher by Rs 67523 lakhs as compared to the depreciation charge as per the rates notified by CERC for the block period 2004-09. The above additional charge has been compensated by increase in transmission charges due to tariff norms applicable for the block period 2009-14. However, during 2nd quarterly results i.e., 30.09.2009 and 3rd quarterly results i.e., 31.12.2009 the company considered rates contained in Schedule XIV to Companies Act, 1956 for the purpose of providing depreciation. As advised by Govt. Audit, the company has followed the rates notified by CERC (as mentioned above) for charging depreciation for the year 2009-10.
4. In accordance with the assurance given to C&AG, pursuant to the audit of accounts for the F.Y. 2008-09, 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 by 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 Rs. 8635 lacs & prior period expenditure by Rs. 9192 lacs and thereby reduction in profit for the year by Rs. 17827 lacs with corresponding decrease in CWIP and Gross Block.

5. For the year 2009-10, the re-statement of foreign currency loans has resulted in FERV gain of Rs. 117822 lacs. Accounting of such FERV as per accounting policies adopted by the Company has resulted in increase in profit for the year by Rs. 354 lacs (previous year decrease in profit by Rs. 8699 lacs). Balance has been decapitalised or shown as payable as per the opinion of Expert Advisory Committee of ICAI.
6. 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 Rs. 24941 lacs for executives.

Pending implementation of Pay revision for the supervisors and workmen, the company has made a provision of Rs. 10679 lacs (Previous Year Rs. 4509 lacs) 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.

7. Pursuant to the directions by the Ministry of Power, GOI vide letter dt. 04/07/2008 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. Assets and Liabilities of the segment along with associated manpower are in the process of being transferred w.e.f 01.04.2010.

The Company has identified assets (Gross Block) of Rs. 26998 lacs as on 31.03.2010 to be transferred to POSOCO. Revenue of Rs. 22458 lacs (including other income mainly STOA charges and bank interest) emanating from such assets has been recognized 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 of the Company.

8. During the year, the Company has paid an interim dividend of Re. 0.50 per share (face value Rs.10/- each) for the year 2009-10. The Board of Directors has recommended final dividend of Re. 1.00 per share (face value Rs.10/- each).

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The total dividend (including interim dividend) for the financial year 2009-10 is Rs. 1.50 per share (face value Rs.10/- each).

9. Formula used for computation of coverage ratios DSCR = Earning before Interest, Depreciation and Tax/(Interest & Finance Charges net of amount transferred to expenditure during construction + Principal Repayment) and ISCR = Earning before Interest, Depreciation and Tax/(Interest & Finance Charges net of amount transferred to expenditure during construction).
10. (i) Status of investor complaints received and attended, regarding equity shares, during the year ended 31.03.2010 is given as under :

	Opening Balance	Additions*	Attended*	Closing Balance
No. of Complaints	1	786	787	0

* includes references and communications

- (ii) As at 31.03.2010, no investor's complaint / grievance is lying un-resolved in respect of Bonds issued by the Company. Clarifications, as and when sought by investors, have been furnished.
11. Previous year figures have been regrouped / rearranged wherever necessary.
12. The above results have been reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on 25.05.2010.

For and on behalf of **POWER GRID CORPORATION OF INDIA LTD.**


(S.K. Chaturvedi)

Chairman & Managing Director

Place : New Delhi.

Date : 25th May, 2010.

