



पावरग्रिड

ANNUAL REPORT 2012-13



Capacity Building

Robotics in O&M

Line Patrolling

Community Development

Multi Circuit Tower

1200 kV - World's Highest Voltage Level

Smart Grid Control Center

SPEARHEADING SUSTAINABLE
GROWTH

Vision

"World Class, Integrated, Global Transmission Company with Dominant Leadership in Emerging Power Markets Ensuring Reliability, Safety and Economy"

Values

- Zeal 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 Vision, 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 29,000 kms connecting over 290 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 DataCentres
 - 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 Fourth Annual General Meeting of the Members of Power Grid Corporation of India Limited will be held on **Thursday, the 19th September, 2013 at 11.00 a.m. at "Air Force Auditorium, Subroto Park, New Delhi - 110 010"** to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss 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 2012-13.
3. To appoint a Director in place of Shri Santosh Saraf, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Rita Sinha, who retires by rotation and being eligible, offers herself for re-appointment.
5. To fix the remuneration of the Statutory Auditors for the Financial Year 2013-14.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:
"Resolved that Shri R. K. Gupta, who was appointed as Non-Official Part-time Director of the Company by the President of India vide letter no. 1/38/96-PG dated 16.01.2013 and thereafter co-opted as an Additional Director w.e.f. 16.01.2013 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:
"Resolved that Dr. K. Ramalingam, who was appointed as Non-Official Part-time Director of the Company by the President of India vide letter no. 1/38/96-PG dated 16.01.2013 and thereafter co-opted as an Additional Director w.e.f. 16.01.2013 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:
"Resolved that Shri R. Krishnamoorthy, who was appointed as Non-Official Part-time Director of the Company by the President of India vide letter no. 1/38/96-PG dated 16.01.2013 and thereafter co-opted as an Additional Director w.e.f. 16.01.2013 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
9. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:
"Resolved that Shri Ajay Kumar Mittal, who was appointed as Non-Official Part-time Director of the Company by the President of India vide letter no. 1/38/96-PG dated 16.01.2013 and thereafter co-opted as an Additional Director w.e.f. 16.01.2013 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
10. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:
"Resolved that Shri Mahesh Shah, who was appointed as Non-Official Part-time Director of the Company by the President of India vide letter no. 1/38/96-PG dated 16.01.2013 and thereafter co-opted as an Additional Director w.e.f. 16.01.2013 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a Member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
11. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:
"Resolved that Shri Ravi P. Singh, who was appointed as Director (Personnel) of the Company by the President of India vide letter

no. 11/40/2010-PG dated 22.02.2012 of Ministry of Power be and is hereby appointed as Director (Personnel) of the Company in compliance of the provisions of Section 255 of the Companies Act, 1956 and shall be liable to retire by rotation.”

12. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:

“Resolved that Shri R.P. Sasmal, who was appointed as Director (Operations) of the Company by the President of India vide letter no. 11/50/2011-PG dated 01.08.2012 of Ministry of Power be and is hereby appointed as Director (Operations) of the Company in compliance of the provisions of Section 255 of the Companies Act, 1956 and shall be liable to retire by rotation.”

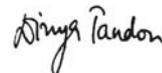
13. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:-

“RESOLVED that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws including the SEBI (Issue of Capital and Disclosure Requirements) Regulations,2009 and other applicable SEBI regulations and guidelines, the provisions of the Listing Agreements entered into by the Company with the Stock Exchanges upon which its equity shares are listed, the provisions of the Memorandum and Articles of Association of the Company, and subject to receipt of approval of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other appropriate authorities, and such other approvals, no objection, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be stipulated or imposed by any of them while granting such approvals, no objection, permissions and sanctions which may be agreed to by the Board of Directors of the Company or any duly constituted Committee of the Board (the Board), approval be and is hereby accorded to offer, issue and allot 69,44,58,802 equity shares (15% of existing paid up capital) subject to necessary approval of Government of India i.e. of/upto 69,44,58,802 equity shares to such person or persons, who may or may not be the shareholders of the Company, as the Board may at its sole discretion decide, including to eligible investors (whether residents and/or non-residents and/or institutions/incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) including to Non-resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions, bodies corporate, companies, private or public, or other entities, authorities and employees by way of an employee reservation, and to such other persons, in one or more combinations thereof through a public issue including the exercise of a green-shoe option, if any, at such price as may be determined whether through book-building basis process with a specified price band or through ‘Auction’ method with a specified base / floor price or otherwise in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations,2009 in consultation with advisors or such persons and on such terms and conditions as may be finalized by the Board”.

“RESOLVED FURTHER that the equity shares to be so allotted shall be subject to the Memorandum of Association and Articles of Association of the Company and shall rank pari-passu in all respects with the existing equity shares of the Company including rights in respect of dividend”.

“RESOLVED FURTHER that for the purpose of giving effect to any offer, issue, transfer or allotment of equity shares, the Board be and is hereby authorized to determine the terms of the Issue, including the class of investors to whom the equity shares are to be issued and allotted, the number of equity shares to be issued in each tranche, issue price, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of investors (such as retail public, employees and existing shareholders), flexibility of part payment at the time of application by a class of investors (such as retail public, employees and existing shareholders), including through Application Supported by Blocked Amount (ASBA), and payment of balance amount on allotment of shares, exercise of a green-shoe option, if any, listing on one or more stock exchanges in India or abroad as the Board in its absolute discretion deems fit and to do all such acts, deeds, matters and things and execute such deeds, documents and agreements, as it may, in its absolute discretion, deem necessary, proper or desirable, and to settle or give instructions or directions for settling any questions, difficulties or doubts that may arise in regard to Follow on Public Offer, and the transfer, allotment and utilization of the issue proceeds, and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, as it may, in its absolute discretion, deem fit and proper in the best interests of the Company, without requiring any further approval of the members and that all or any of the powers conferred on the Company and the Board vide this resolution may be exercised by the Board or by any Committee of the Board thereof or by the CMD/Director (Finance) of the Company, as the Board may in its absolute discretion decide in this behalf”.

By order of the Board of Directors



(Divya Tandon)
Company Secretary

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

Date: 06.08.2013

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 Tuesday 17th September, 2013. 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 Santosh Saraf and Ms. Rita Sinha, Directors retiring by rotation and seeking re-appointment under aforesaid Item No. 3 and 4, respectively in accordance with applicable provisions of the Articles of Association of the Company and the details of those directors who are being appointed in this Annual General Meeting, are annexed.
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. 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, 2013 to 19th September, 2013 (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 10th October, 2013 to those members whose name appears in the Register of Members on the 6th September 2013.
7. The Board of directors, in its meeting held on 12th February, 2013, had declared an interim dividend @ 16.1% on the paid-up equity share capital of the Company (i.e. ₹ 1.61 per share) which was paid on 4th March, 2013. 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 @11.4% on the paid-up equity share capital of the Company (i.e. ₹1.14 per share) at its meeting held on 28th May, 2013. The dividend, if declared at the Annual General Meeting will be paid on 10th October, 2013 to those Members, whose names appear on the Register of Members of the Company as on 19th September, 2013 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, 2013 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 Participants (DP). Those holding shares in Physical form may send the ECS Mandate Form to Karvy Computershare Private Limited, the Registrar & Share 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 hold shares in Physical form and 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 & Share 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 2013-14, as the Board 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 Wednesday, the 18th September, 2013.
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 & Share 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 2013-14 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 Participants (DP) in respect of shares held in dematerialized form, and
 - (ii) to the Company at its Registered Office or its Registrar & Share 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 (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. 6

Shri R. K. Gupta was appointed as part-time non-official Director on the Board of POWERGRID, w.e.f. 16.01.2013 by the President of India vide Letter No. 1/38/96-PG dated 16.01.2013 issued by Ministry of Power. In terms of Clause 31A in the Articles of Association inserted w.e.f. 25.04.2013 the Board is empowered to appoint the directors appointed/recommended for appointment by the President of India as an Additional Director under Section 260 of the Act and they will be appointed by the Shareholders at the succeeding General Meeting. Accordingly, the Board in its meeting held on 01.05.2013, co-opted Shri R. K. Gupta as an Additional Director with effect from 16.01.2013 under Section 260 of the Companies Act, 1956 and Shri Gupta holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Shri R. K. Gupta as a Director on the Board of POWERGRID.

The above appointment of Shri R. K. Gupta as Part-time Non-official Director (Independent Director) on the Board of the Company, being liable to retire by rotation in terms of Section 255 of the Companies Act, 1956 read with Article 31A of the Articles of Association of the Company requires approval of the Members in the General Meeting. Brief resume of Shri R. K. Gupta is annexed.

Shri R. K. Gupta holds NIL shares in POWERGRID.

None of the Directors except Shri R. K. Gupta is interested or concerned in the resolution.

Item No. 7

Dr. K. Ramalingam was appointed as part-time non-official Director on the Board of POWERGRID, w.e.f. 16.01.2013 by the President of India vide Letter No. 1/38/96-PG dated 16.01.2013 issued by Ministry of Power. In terms of Clause 31A in the Articles of Association inserted w.e.f. 25.04.2013 the Board is empowered to appoint the directors appointed/recommended for appointment by the President of India as an Additional Director under Section 260 of the Act and they will be appointed by the Shareholders at the succeeding General Meeting. Accordingly, the Board in its meeting held on 01.05.2013, co-opted Dr. K. Ramalingam as an Additional Director with effect from 16.01.2013 under Section 260 of the Companies Act, 1956 and Dr. Ramalingam holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Dr. K. Ramalingam as a Director on the Board of POWERGRID.

The above appointment of Dr. K. Ramalingam as Part-time Non-official Director (Independent Director) on the Board of the Company, being liable to retire by rotation in terms of Section 255 of the Companies Act, 1956 read with Article 31A of the Articles of Association of the Company requires approval of the Members in the General Meeting. Brief resume of Dr. K. Ramalingam is annexed.

Dr. K. Ramalingam holds NIL shares in POWERGRID.

None of the Directors except Dr. K. Ramalingam is interested or concerned in the resolution.

Item No. 8

Shri R. Krishnamoorthy was appointed as part-time non-official Director on the Board of POWERGRID, w.e.f. 16.01.2013 by the President of India vide Letter No. 1/38/96-PG dated 16.01.2013 issued by Ministry of Power. In terms of Clause 31A in the Articles of Association inserted w.e.f. 25.04.2013 the Board is empowered to appoint the directors appointed/recommended for appointment by the President of India as an Additional Director under Section 260 of the Act and they will be appointed by the Shareholders at the succeeding General Meeting. Accordingly, the Board in its meeting held on 01.05.2013, co-opted Shri R. Krishnamoorthy as an Additional Director with effect from 16.01.2013 under Section 260 of the Companies Act, 1956 and Shri Krishnamoorthy holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Shri R. Krishnamoorthy as a Director on the Board of POWERGRID.

The above appointment of Shri R. Krishnamoorthy as Part-time Non-official Director (Independent Director) on the Board of the Company, being liable to retire by rotation in terms of Section 255 of the Companies Act, 1956 read with Article 31A of the Articles of Association of the Company requires approval of the Members in the General Meeting. Brief resume of Shri R. Krishnamoorthy is annexed.

Shri R. Krishnamoorthy holds 286 shares in POWERGRID.

None of the Directors except Shri R. Krishnamoorthy is interested or concerned in the resolution.

Item No. 9

Shri Ajay Kumar Mittal was appointed as part-time non-official Director on the Board of POWERGRID, w.e.f. 16.01.2013 by the President of India vide Letter No. 1/38/96-PG dated 16.01.2013 issued by Ministry of Power. In terms of Clause 31A in the Articles of Association inserted w.e.f. 25.04.2013 the Board is empowered to appoint the directors appointed/recommended for appointment by the President of India as an Additional Director under Section 260 of the Act and they will be appointed by the Shareholders at the succeeding General Meeting. Accordingly, the Board in its meeting held on 01.05.2013, co-opted Shri Ajay Kumar Mittal as an Additional Director with effect from 16.01.2013 under Section 260 of the Companies Act, 1956 and Shri Mittal holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose the appointment of Shri Ajay Kumar Mittal as an Independent Director on the Board of POWERGRID.

The above appointment of Shri Ajay Kumar Mittal as Part-time Non-official Director (Independent Director) on the Board of the Company, being liable to retire by rotation in terms of Section 255 of the Companies Act, 1956 read with Article 31A of the Articles of Association of the Company requires approval of the Members in the General Meeting. Brief resume of Shri Ajay Kumar Mittal is annexed.

Shri Ajay Kumar Mittal holds 879 shares in POWERGRID.

None of the Directors except Shri Ajay Kumar Mittal is interested or concerned in the resolution.

Item No. 10

Shri Mahesh Shah was appointed as part-time non-official Director on the Board of POWERGRID, w.e.f. 16.01.2013 by the President of India vide Letter No. 1/38/96-PG dated 16.01.2013 issued by Ministry of Power. In terms of Clause 31A in the Articles of Association inserted w.e.f. 25.04.2013 the Board is empowered to appoint the directors appointed/recommended for appointment by the President of India as an Additional Director under Section 260 of the Act and they will be appointed by the Shareholders at the succeeding General Meeting. Accordingly, the Board in its meeting held on 01.05.2013, co-opted Shri Mahesh Shah as an Additional Director with effect from 16.01.2013 under Section 260 of the Companies Act, 1956 and Shri Shah holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Shri Mahesh Shah as an Independent Director on the Board of POWERGRID.

The above appointment of Shri Mahesh Shah as Part-time Non-official Director (Independent Director) on the Board of the Company, being liable to retire by rotation in terms of Section 255 of the Companies Act, 1956 read with Article 31A of the Articles of Association of the Company requires approval of the Members in the General Meeting. Brief resume of Shri Mahesh Shah is annexed.

Shri Mahesh Shah holds NIL shares in POWERGRID.

None of the Directors except Shri Mahesh Shah is interested or concerned in the resolution.

Item No. 11

Shri Ravi P. Singh was appointed as Director (Personnel) of the Company by the President of India vide letter dated 22.02.2012 of Ministry of Power and assumed charge w.e.f. 01.04.2012. His appointment is proposed to be made by General Meeting in terms of Section 255 of the Companies Act, 1956 and he shall be liable to retire by rotation.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Shri Ravi P. Singh as Director (Personnel) of the Company.

Shri Ravi P. Singh holds 9016 shares in POWERGRID.

None of the Directors except Shri Ravi P. Singh is interested or concerned in the resolution.

Brief resume of Shri Ravi P. Singh is annexed.

Item No. 12

Shri R.P. Sasmal was appointed as Director (Operations) of the Company by the President of India vide letter dated 01.08.2012 of Ministry of Power and assumed charge w.e.f. 01.08.2012. His appointment is proposed to be made by General Meeting in terms of Section 255 of the Companies Act, 1956 and he shall be liable to retire by rotation.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Shri R.P. Sasmal as Director (Operations) of the Company.

Shri R.P. Sasmal holds 1798 shares in POWERGRID.

None of the Directors except Shri R.P. Sasmal is interested or concerned in the resolution.

Brief resume of Shri R.P. Sasmal is annexed.

Item No. 13

An investment of about ₹100000 Crore is planned by the Company during XII 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). The CERC in its Tariff Norms for the block 2009-14 has prescribed the ceiling limit for deployment of equity to the extent of 30% of project cost. Accordingly, the requirement of equity for funding the XII Plan outlay of ₹ 100000 crore is to the extent of ₹ 30000 crore. During the first year of XII plan, investment of ₹ 20037 Crore has already been made. Capex of ₹ 20000 crore is planned to be incurred in each of financial year of balance XII Plan period. This is further expected to increase due to new initiatives in the area of JV with state utilities for sub transmission system, Green energy corridor and Projects secured/to be secured through tariff based competitive bidding process which will further accelerate equity funding requirement.

Taking into account the estimated internal resources accruals for deployment as equity, it is proposed to meet the requirement of equity infusion through issue of fresh equity shares.

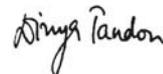
Accordingly, the Board of Directors in their 289th meeting held on 1st August, 2013 has approved the Follow on Public Offer of POWERGRID of 15% of existing paid up capital comprising fresh issue of 69,44,58,802 Equity shares of face value of ₹10 each subject to approval by the Government of India.

In order to fulfill the equity requirement, it is proposed to make a fresh public issue of equity shares subject to necessary approval of Government of India i.e. of/upto 69,44,58,802 equity shares (upto 15% of existing paid up Capital) as detailed in proposed Resolution to fund Company's investment programme.

As per the provisions of Section 81(1A) of the Companies Act, 1956, for issue of equity shares to such person or persons, who may or may not be the shareholders of the Company on the date of such offer, it is mandatory to pass special resolution to that effect by the Company. Approval of the shareholders is sought under Section 81(1A) of the Companies Act, 1956.

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

By order of the Board of Directors



(Divya Tandon)
Company Secretary

Regd. Office:

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

Date: 06.08.2013

BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING

Directors seeking re-election at the 24th AGM:

1.

Name	Shri Santosh Saraf
Date of Birth and Age	01.09.1951 / 61 years
Date of Appointment	27 th December, 2011
Qualification	B.COM, FCA
Expertise in specific functional area	He started his career in 1977 as a practicing Chartered Accountant and has experience of more than 36 years in the field of finance and taxation. He has served on professional assignments to many large industrial groups, banks, corporates and esteemed professionals. He was Chairman, Western Development Council of Assocham & has held position of Managing Committee and Patron member for Assocham. He was member, Central Board of Trustees, EPFO. He is member of Cost Accounting Standards Board of Institute of Cost Accountants of India.
Directorship held in other Companies (Part-time)	1. Power System Operation Corporation Ltd. 2. North Eastern Electric Power Corporation Ltd. 3. Smridhi Plast Pvt. Ltd. 4. Smridhi Consultants Pvt. Ltd. 5. Blissful Developers and Consultants Pvt. Ltd
Membership / Chairmanship of Committees in other Companies	Audit Committee 1. Power System Operation Corporation Ltd. – Chairman 2. North Eastern Electric Power Corporation Ltd. – Chairman
No. of Shares held	1190

2.

Name	Ms. Rita Sinha
Date of Birth and Age	30.07.1950 / 63 years
Date of Appointment	27 th December, 2011
Qualification	M.A. (Geography), Punjab University, Chandigarh
Expertise in specific functional area	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.
Directorship held in other Companies (Part-time)	NIL
Membership / Chairmanship of Committees in other Companies	NIL
No. of Shares held	NIL

Directors being appointed at this Annual General Meeting

1.

Name	Shri R. K. Gupta
Date of Birth and Age	08.04.1950 / 63 Years
Date of Appointment	16 th January, 2013
Qualification	Degree in Electrical Engineering and Doctorate in Management
Expertise in specific functional area	He is a professor of Human Behaviour & Organization Development at Management Development Institute, Gurgaon. Before this he was a Professor at I.I.M. Lucknow. He is also a Professional Member of the Indian Society of Applied Behavioural Science (ISABS). He has consulted with Indo-Gulf Fertilisers, Power Trading Corporation, NEEPCO and other large organizations on organization design and development. He has four books and over 100 scientific publications to his credit. He is also on the International Editorial Boards of a number of journals such as International Journal of Cross-Cultural Management (Sage, London), Journal of Research Practice (Online journal) and International Journal of Indian Culture and Business Management (Inderscience, Switzerland). He is a member of the Customer Service Committee of Bank of Baroda. He was a member of the Advisory Group on HR Issues of Public Sector Banks set up by the Ministry of Finance, Government of India. He is also a member of the Expert Group on Psychology set up by the Indian Council of Social Science Research (ICSSR) for the next survey of research and is on the Advisory Committee of a large research project funded by ICSSR. He is the Research Advisor to the KIIT School of Management, Bhubaneswar. In addition he is on the academic advisory bodies of a number of universities, management institutes, and is often involved in faculty selection processes, doctoral thesis examination etc.
Directorship held in other Companies	NIL
Membership / Chairmanship of Committees in other Companies	NIL
No. of Shares held	NIL

2.

Name	Dr. K. Ramalingam
Date of Birth and Age	10.12.1948 / 64 Years
Date of Appointment	16 th January, 2013
Qualification	M. Tech, Electrical Engineering, IIT Chennai; Post Graduate Diploma in Management; Diploma in Labour Law and Administrative Law and Ph.D. (Satellite Navigation)
Expertise in specific functional area	<p>He started his career as Technical officer in DGCA in 1972 through Engineering Services, he has served more than 36 years in DGCA, National Airports Authority, Kochi International Airport Pvt. Ltd. and Airports Authority of India and retired as Chairman, AAI. He was on the Board of AAI for a period of more than 11 years and served as Member (Planning) and Chairperson. He has been on the Board of Indian Airlines, Hyderabad International Airport Ltd, Governing Council of Indira Gandhi Rastriya Udaan Academy, Airports Council International (ACI) Asia Pacific Region and governing Board member of ACI – the international body of Airports and member, executive committee, CANSO- the international body of Civil Air Navigation Service Providers. He possesses varied experience in planning, Engineering, Operations, Maintenance, Corporate Management, Project Management, Procurement and Contract Management, HR, Commercial and Finance.</p> <p>He was also a member of various Committees and Inter Ministerial Groups (IMG's) setup by the GoI for development of new Green Field Airports, Airports in North East Region, Greenfield Airport Policy, member- Future Aviation System (FANS) committee and Global Navigation Satellites System (GNSS) panel of ICAO, etc. He was closely associated with the long term planning and implementation of Satellite based navigation system GAGAN- a joint venture project with ISRO. He was a member of various Indian delegations for attending meetings / conferences / workshop of ICAO, FAA, WARC, IATA, ACI, CANSO and presented a number of papers. He was appointed as Chairman of Maytas Infra Ltd. by the GoI in 2009 to revive the Company from Financial Crisis of Satyam.</p>
Directorship held in other Companies	NIL
Membership / Chairmanship of Committees in other Companies	NIL
No. of Shares held	NIL

3.

Name	Shri R. Krishnamoorthy
Date of Birth and Age	12.01.1945 / 68 Years
Date of Appointment	16 th January, 2013
Qualification	Cost Accountant
Expertise in specific functional area	<p>He is a Fellow Member of the Cost and Works Accountants of India. Having been in Power & Financial Sector for more than 37 years, he possesses very rich experience in Project Appraisal, Financial Appraisal, Financial Management and Regulatory Aspects.</p> <p>He held the positions of Member CERC, Member DERC, Chairman & Managing Director of Power Finance Corporation (PFC) and Director (Finance) of PFC. Before joining PFC he was with National Hydroelectric Power Corporation (NHPC). He was Member, Committee constituted by Govt. of Karnataka to resolve certain issues on PPA and cost of a Private Sector Project vis-à-vis State Power Distribution Companies; Chairman, 'Empowered Committee' set up for encouraging competition in development of transmission projects, constituted by Ministry of Power; Member, Deepak Parikh Committee of Ministry of Power on State-specific Reforms under Govt. of India's APDRP (Accelerated Power Development & Reform Program); Member, Committee on 'Financing of Power Sector' during X & XI Plan; Member, Advisory Council of the Project Management Institute, NTPC; Member, Task Force constituted by Govt. of Karnataka for steering power sector reforms in Karnataka. He is also in the Board of few Power Sector Companies in the Private Sector and Advisor to THDC.</p>
Directorship held in other Companies	<ol style="list-style-type: none"> 1. Lanco Infratech Ltd. 2. Lanco Anpara Power Ltd. 3. Lanco Hydro Power Ltd.
Membership / Chairmanship of Committees in other Companies	<p>Audit Committee:</p> <ol style="list-style-type: none"> 1. Lanco Hydro Power Ltd. – Chairman. 2. Lanco Infratech Ltd. - Member. 3. Lanco Anpara Power Ltd. – Member.
No. of Shares held	286

4.

Name	Shri Ajay Kumar Mittal
Date of Birth and Age	01.07.1961 / 52 Years
Date of Appointment	16 th January, 2013
Qualification	FCA
Expertise in specific functional area	He is Fellow Member of Institute of Chartered Accountants of India and is in practice in Delhi. He started his career in 1986 as a Finance Manager in Govt. Financial Institution and had been a Fellow to United Nation Industrial Development Organisation (UNIDO). He has a wide experience of more than 27 years in the field of Finance, Project Appraisal, Financial Management and in all Government statutory compliances.
Directorship held in other Companies	Mittal Securities Pvt. Ltd.
Membership / Chairmanship of Committees in other Companies	NIL
No. of Shares held	879

5.

Name	Shri Mahesh Shah
Date of Birth and Age	25.12.1952 / 60 Years
Date of Appointment	16 th January, 2013
Qualification	Chartered Accountant, Cost Accountant, Company Secretary along with a degree in Law and Business Management
Expertise in specific functional area	He has successfully dealt with various companies and industrial houses in the area of asset funding, arranging institutional finance, project evaluation, acquisition, merger, corporate advisory services investment etc. as the director of Inter Corporate Financiers & Consultants Ltd, SEBI Authorized Category - I Merchant Banker. He is the Past President, ICSI, ICWAI and was member of Accounting Standard Board of ICAI, Compliance Committee of International Federation of Accountant (IFAC), Executive Committee of Confederation of Asian and Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA). He has represented leading industrial and trade bodies-both at regional and national level such as CII, FICCI, ASSOCHAM etc. and he was a member of advisory committee, ICFAI; member, technical group for the Depository System appointed by Ministry of Finance and member of review committee for reviewing MRTP Act, Companies Act, Chartered Accountants Act, Companies Secretaries Act, Cost and Works Accountants Act appointed by Ministry of Law, Government of India. He has also participated and represented Papers in various national and international seminars, workshops and professional development programs conducted by various Institutes, other trade, educational and professional bodies and contributed Articles in various professional Journals and Dailies.
Directorship held in other Companies	1. Inter Corporate Financiers and Consultants Ltd. 2. NMDC Ltd.
Membership / Chairmanship of Committees in other Companies	NIL
No. of Shares held	NIL

6.

Name	Shri Ravi P. Singh
Date of Birth and Age	21.01.1960 / 53 years
Date of Appointment	1 st April, 2012
Qualification	B.E. (Mechanical Engineering), NIT, Allahabad; Post Graduate Diploma in HR, AIMA
Expertise in specific functional area	He is Director (Personnel) of our Company. Shri Singh has over 31 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. Before joining POWERGRID in 1991, he had worked in NTPC Ltd. for around 10 years.
Directorship held in other Companies (Part-time)	1. Powerlinks Transmission Ltd. 2. PTC India Ltd. 3. Powergrid NM Transmission Ltd.
Membership / Chairmanship of Committees in other Companies	Audit Committee Powerlinks Transmission Ltd. – Member
No. of Shares held	9016

7.

Name	Shri R. P. Sasmal
Date of Birth and Age	28.02.1958 / 55 years
Date of Appointment	1 st August, 2012
Qualification	B.Sc. Engineering (Electronics & Tele-Communication), Sambalpur University, Odisha
Expertise in specific functional area	He is Director (Operations) of our Company. He has more than 31 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.
Directorship held in other Companies (Part-time)	1. Powergrid Vemagiri Transmission Ltd. 2. Kalinga Bidyut Prasaran Nigam Pvt. Ltd. 3. Cross Border Power Transmission Company Ltd. 4. Dakshin Haryana Bijli Vitran Nigam Ltd.
Membership / Chairmanship of Committees in other Companies	NIL
No. of Shares held	1798



पावरग्रिड



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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 Fourth Annual General Meeting** of the Company to be held on **Thursday, the 19th September, 2013** 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)



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ATTENDANCE SLIP

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

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

I hereby record my presence at the **Twenty Fourth Annual General Meeting** of the Company to be held on **Thursday, the 19th September, 2013** 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)



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

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.



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POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

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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)	<input type="checkbox"/>									
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.



पावरग्रिड

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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. 2012-13</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, Sarada Devi Street, Prem Nagar, Hyderabad – 500 004. Email : vvidyasagarbabu@yahoo.co.in 	<p>Cost Auditors</p> <ol style="list-style-type: none"> Shri Jugal Kishore Puri, Cost Accountant, K-19, NDSE Part II, New Delhi – 110 049. Email : jugalpur@gmail.com M/s. K. G. Goyal and Associates, Cost Accountants, 289, Mahaveer Nagar – II, Maharani Farms, Durgapura, Jaipur - 302018. Email : rajeshgoyaljaipur@yahoo.co.in
<p>Registrar & Share Transfer Agent Karvy Computershare Private Limited Plot No.: 17 - 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Ph. : 040-44655000 Fax : 040-23420814 Email : einward.ris@karvy.com Website: www.karvycomputershare.com</p> <p>Shares Listed at: National Stock Exchange of India Limited BSE Limited</p> <p>Depositories: National Securities Depository Limited Central Depository Services (India) Limited</p>	<p>Bankers</p> <p>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 Andhra Bank Allahabad Bank State Bank of Mysore Corporation Bank Axis Bank Ltd Kotak Mahindra Bank Yes Bank</p>

LETTER TO SHAREHOLDERS



Dear Shareholders,

It gives me immense pleasure to share with you the progress made by your company during the year 2012-13.

Friends, the Indian economy grew at a lower rate than expected in the financial year ended March 31, 2013. As per the information released by the Central Statistics Office, Ministry of Statistics and Programme Implementation, the growth rate of Gross Domestic Product (GDP) is @ 5% for the fiscal 2012-13. Despite the challenging economic environment, your Company continued to deliver excellent results. In these tumultuous times, your Company has performed exceptionally well due to its strong fundamentals with not only focus on profit but also on the Sectoral development in distribution and sub-transmission areas with innovations.

Indian power sector has witnessed manifold growth in the past. However, many challenges are still ahead to deliver quality and reliable power at the doorstep of consumers. To achieve high projected GDP growth rate for India, importance of power sector cannot be overlooked. Electric power being a critical input to all economic activities be it agriculture, industry, commerce and household, the rapid and inclusive growth is only possible on the access of sustained power supply with reliability & quality.

Your Company has earned the reputation as one of the largest and best managed transmission utilities in the world with its remarkable growth in the last two decades and carries about half of the country's total energy generated.

I am happy to share with you that fiscal 2013 was another year of significant progress. Your Company has put on a remarkable performance on various fronts. On the financial front, the turnover of the Company stands at ₹13329 Crore in Fiscal 2013 and Profit after Tax increased to ₹4235 Crore, which are 23.6% and 30.1% higher respectively, compared to the previous Fiscal 2012. Our Gross Fixed Assets as on 31st March, 2013 stands at ₹80600 Crore as against ₹63387 Crore in the last fiscal.

On the operational front, as on 31st March, 2013, your Company owns and operates a transmission network of about 1,00,200 ckt kms of inter-state transmission lines, 167 nos. of EHV & HVDC substations with transformation capacity of about 1,64,763 MVA and wheels about 50% of total power generated in the country. Inter-regional power transfer capacity of National Grid has been enhanced by 2,000 MW in the year and cumulative capacity stood at about 29,750 MW by end of March, 2013. Further, with the commissioning of 765kV S/C Sasaram – Fatehpur line –II in the month of May 2013, the inter-regional power transfer capacity has been increased to 31,850 MW.

I am delighted to share with you that the 1200kV Ultra High Voltage (UHV) AC National Test Station at Bina, Madhya Pradesh was test charged during the year and was dedicated to the Nation by Hon'ble Union Minister of State (I/C) for Power. The field tests are currently under progress.

Under RGGVY, during FY 2012-13, infrastructure was created for electrification in 3,852 villages out of which 146 were un-electrified villages. Service connections were provided to about 1.82 Lakh BPL households. Cumulatively, till March, 2013, infrastructure has been created for electrification of 68,654 villages out of which 32,463 were un-electrified villages and service connection to about 35.37 Lakh BPL households were provided.

Your Company continues to deliver improved performance in all its business areas including Telecom and Consultancy business, enhancing the value for the shareholders.

Friends, today, there is growing realization that business is a crucial member of society. Business and society are deeply interdependent. Business can sustain only if the society is satisfied with its overall contribution to societal well-being. Your Company as a responsible corporate entity realises its obligations and commits itself to Sustainable Development. Your Company has proactively formulated and followed the Environmental and Social Policy & Procedures (ESPP) for the conservation of forests, flora & fauna, resettlement & rehabilitation. Various initiatives have been taken by your Company for reducing carbon footprint, which includes creating Rain Water Harvesting facility in its establishments/ substations, use of energy efficient Light Emitting Diode (LED) bulbs and Solar lights in new substations and setting up of a waste paper recycling plant at Gurgaon sub-station. In addition, new buildings are being constructed as per Green Building norms.

As a part of Corporate Social Responsibility (CSR), your Company is making contribution to the society at large with emphasis on socio-economic development of areas/ communities primarily in and around its areas of operations and has carried out various community development activities such as Skill Development & Capacity Building, Livelihood generation, healthcare, education, etc. During the FY 2012-13, the Company made an expenditure of ₹21.75 Crore [0.67% of Profit After Tax (PAT) of the preceding year] for carrying out about 440 CSR projects including 19 in education sector, 152 in the area of infrastructure for community development, 140 in healthcare and 131 for livelihood. About 1.09 lakh tree saplings were also planted by your Company in different parts of the Country.

Integration of Renewable Energy Resources with grid is the top priority worldwide for energy security and also for carbon emission reduction. Government of India is taking various initiatives in the area of renewable energy capacity addition and about 42 GW of generation is envisaged in XII Plan. Your Company has taken a lead initiative and developed a comprehensive master plan for integration of renewable

energy generation coming up country-wide in XII plan into the grid through Green Energy Corridors. The plan covers both intra-state & inter-state transmission systems along with issues for grid interconnection of intermittent and variable renewable generation and its mitigation measures. The report on “Green Energy Corridors” was released in September, 2012 jointly by Ministry of Power and Ministry of Non-conventional & Renewable Energy.

Your Company continues to take pioneering steps in bringing Smart Grid Technology in all facets of power supply value chain in the country. First Smart Grid Control Center in the country has been established at Puducherry by your Company through open collaboration with more than 70 organizations & academic institutions. Under this, important Smart Grid attribute i.e. Advanced Metering Infrastructure (AMI) has been implemented and other functionalities like Outage Management System, Demand Response, Microgrid etc. are being taken up in a progressive manner. In addition, efficient street light management system has been implemented at Puducherry which has resulted in reduction of energy consumption for street lighting by about 15%. Further, development of Smart Home Energy Management System is being carried out in association with IIT, Kharagpur to facilitate consumers in energy management process through remote operation. Towards implementation of Smart Grid Technology in transmission, the Company has executed Wide Area Measurement System (WAMS) pilot project in all the five (5) regions across the country. Under this initiative, presently about 52 Phasor Measurement Units (PMUs) are in operation, facilitating dynamic real time measurements and better visualization of power system which are useful in monitoring safety & security of the grid along with enhanced situational awareness and swiftness in taking control/corrective actions. Various distribution utilities/cities have also expressed their interest in Smart Grid implementation for which Detailed Project Report has been prepared by your Company and handed over to them for implementation.

Your Company continues to explore new opportunities for raising long tenure debt from both domestic and international market, for meeting its capex-programme in XII Plan. In addition to debt funding from multilateral funding agencies like the World Bank and ADB, your Company has availed loan from International Finance Corporation (IFC) and Infrastructure Crisis Facility Debt Pool Limited Liability Partnership (ICF Debt Pool LLP) for an amount of US\$270 million for funding various transmission projects, during the year.

I am happy to share that your Company made its maiden foray into foreign currency Bond market during the year which received an overwhelming response from the investing community and was over-subscribed nearly 19 times. Your Company has raised US\$500 million through issuance of 10 year Foreign Currency Bonds (FCB) at an attractive coupon rate of 3.875% p.a. and the Bonds are listed in Singapore Stock Exchange.

For the first time, your Company was rated by International credit rating agencies, Standard & Poor’s Rating Services (S&P) and Fitch Ratings. Both the agencies rated your Company at BBB – (outlook negative) consistent with India’s Sovereign rating. Consequent upon revision of Sovereign rating to ‘Stable’ from ‘Negative’ recently by ‘Fitch Ratings’, the rating of your Company now stands as BBB- (outlook Stable).

For inclusive growth in Power Sector, the development of sub-transmission system in the State(s) is also important. As a partner to development, your Company has joined hands with the State Transmission Utilities of Bihar and Odisha and has formed Joint Venture Companies (JVCs) namely Bihar Grid Company Limited with Bihar State Power (Holding) Company Limited and Kalinga Bidyut Prasaran Nigam Private Limited with Odisha Power Transmission Corporation Limited, on 50:50 equity participation basis for development of Intra-State Transmission System in the States of Bihar & Odisha, respectively.

Your Company is proud to receive continuous industry recognition. The list of awards and accolades constantly grows. Your Company has been selected for ‘MoU excellence award’ for FY 2010-11 by Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises for being the top performer in the Energy Syndicate. Your Company has also been conferred other prestigious awards during the year which included the 4th DSIJ PSU Awards 2012 for “Fastest Growing Navratna in non-manufacturing category” by Dalal Street Investment Journal; and “3rd Rajeev Gandhi Excellence Award 2011” under the ‘Best Power Company of the Year’ Category by an NGO “Pehchan”. Recently, your Company has been conferred the ‘Special Jury Award for Lasting Impact on Indian Economy’ in the Governance Now PSU Awards, 2013.

On behalf of the Company, I thank each shareholder for their continued support & trust placed in the Company. I would also like to record my appreciation to all employees, for their contribution towards the performance of the Company. I am confident that with the dedicated & committed employees and valuable support & guidance of our esteemed shareholders, the Company will continue to fulfill its responsibilities and ensure enhancing value to its stakeholders.

With best wishes,

Yours sincerely,


(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 06.08.2013

DIRECTORS' PROFILE



Shri R.N. Nayak
Chairman & Managing Director

Shri R. N. Nayak, aged 57 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 35 years of work experience, primarily in the power sector. He has worked for more than 21 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 and 1200 KV UHV AC, Flexible AC Transmission System (FACTS), Remote & unmanned operation of EHV sub-stations. He spearheaded the development of comprehensive plan towards integration of large scale renewable generation into the grid through Green Energy Corridor Plan, which is first of its kind in the country. Recognizing the importance for deployment of smart grid technology in Indian context, he pioneered the implementation of state-of-the-art smart grid technologies in transmission as well as distribution front in a holistic way through pilot projects. Towards energy security, he initiated unique developmental plan to tap the solar energy potential in the deserts of India utilizing wasteland to cater to future energy needs in eco-friendly manner. 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, distinguished Alumni award by IIT Kharagpur. He 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 54 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 of the company. 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 57 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 32 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 53 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 31 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.

Ms. Rita Acharya **Government Nominee**



Ms. Rita Acharya, aged 59 years, is a Government nominee Director of our Company. She holds Master 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 R. P. Sasmal **Director (Operations)**



Shri R. P. Sasmal, aged 55 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 31 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 Santosh Saraf **Independent Director**



Shri Santosh Saraf, aged 61 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 36 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 for a period of 5 years from May, 2008 to April, 2013. 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 63 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.

Dr. K. Ramalingam
Independent Director



Dr. K. Ramalingam, started his career as Technical officer in DGCA in 1972 through Engineering Services, he has served more than 36 years in DGCA, National Airports Authority, Kochi International Airport Pvt. Ltd. and Airports Authority of India and retired as Chairman, AAI. He was on the Board of AAI for a period of more than 11 years and served as Member (Planning) and Chairperson. He has been on the Board of Indian Airlines, Hyderabad International

Airport Ltd, Governing Council of Indira Gandhi Rastriya Udaan Academy, Airports Council International (ACI) Asia Pacific Region and governing Board member of ACI – the international body of Airports and member, executive committee, CANSO- the international body of Civil Air Navigation Service Providers. He possesses varied experience in planning, Engineering, Operations, Maintenance, Corporate Management, Project Management, Procurement and Contract Management, HR, Commercial and Finance.

He was also a member of various Committees and Inter Ministerial Groups (IMG's) setup by the GoI for development of new Green Field Airports, Airports in North East Region, Greenfield Airport policy, member- Future Aviation system (FANS) committee and Global Navigation satellites System (GNSS) panel of ICAO, etc. He was closely associated with the long term planning and implementation of Satellite based navigation system GAGAN- a joint venture project with ISRO. He was a member of various Indian delegations for attending meetings / conferences / workshop of ICAO, FAA, WARC, IATA, ACI, CANSO and presented a number of papers. He was appointed as Chairman of Maytas Infra Ltd. by the Golin 2009 to revive the Company from Financial Crisis of satyam. He was appointed as a Director on our Board in January, 2013.

Shri R. K. Gupta
Independent Director



Shri R. K. Gupta, aged 63 years, is a professor of Human Behaviour & Organization Development at Management Development Institute, Gurgaon. Prior to this he was a Professor at I.I.M. Lucknow. He is also a Professional Member of the Indian Society of Applied Behavioural Science (ISABS). He has consulted with Indo-Gulf Fertilisers, Power Trading Corporation,

NEEPCO and other large organizations on organization design and development. He has four books and over 100 scientific publications to his credit. He is also on the International Editorial Boards of a number of journals such as International Journal of Cross-Cultural Management (Sage, London), Journal of Research Practice (Online journal) and International Journal of Indian Culture and Business Management (Inderscience, Switzerland). He is a member of the Customer Service Committee of Bank of Baroda. He was a member of the Advisory Group on HR issues of Public Sector Banks set up by the Ministry of Finance, GoI. He is also a member of the Expert Group on Psychology set up by the Indian Council of Social Science Research (ICSSR) for the next survey of research and is on the Advisory Committee of a large research project funded by ICSSR. He is the Research Advisor to the KIIT School of Management, Bhubaneswar. In addition he is on the academic advisory bodies of a number of universities, management institutes, and is often involved in faculty selection processes, doctoral thesis examination, etc. He was appointed as a Director on our Board in January, 2013.

Shri Ajay Kumar Mittal
Independent Director



Shri Ajay Kumar Mittal, aged 52 years, is a Fellow Member of Institute of Chartered Accountants of India and is in practice in Delhi. He started his career in 1986 as a Finance Manager in Govt. Financial Institution and had been a Fellow to United Nation Industrial Development Organisation (UNIDO). He has a wide experience of more than 27 years in the field of Finance, Project Appraisal, Financial Management and in all Government

statutory compliances. He was appointed as a Director on our Board in January, 2013.

Shri R. Krishnamoorthy **Independent Director**



Shri R. Krishnamoorthy, aged 68 years, is a Fellow Member of the Cost and Works Accountants of India. Having been in Power & Financial Sector for more than 37 years, he possesses very rich experience in Project Appraisal, Financial Appraisal, Financial Management and Regulatory Aspects.

He held the positions of Member CERC, Member DERC, Chairman & Managing Director of Power Finance Corporation (PFC) and Director (Finance) of PFC. Before joining PFC he was with National Hydroelectric Power Corporation (NHPC). He was Member of a Committee constituted by Govt. of Karnataka to resolve certain issues on PPA and cost of a Private Sector Project vis-à-vis State Power Distribution Companies; was Chairman, 'Empowered Committee' set up for encouraging competition in development of transmission projects, constituted by Ministry of Power; Member, Deepak Parikh Committee of Ministry of Power on State-specific Reforms under Govt. of India's APDRP (Accelerated Power Development & Reform Program); Member, Committee on 'Financing of Power Sector' during X & XI Plan; Member, Advisory Council of the Project Management Institute, NTPC; Member, Task Force constituted by Govt. of Karnataka for steering power sector reforms in Karnataka. He is also in the Board of few Power Sector Companies in the Private Sector and Advisor to THDC. He was appointed as a Director on our Board in January, 2013.

Shri Mahesh Shah **Independent Director**



Shri Mahesh Shah, aged 60 years, has successfully dealt with various companies and industrial houses in the area of asset funding, arranging institutional finance, project evaluation, acquisition, merger, corporate advisory services investment etc. as the director of Inter Corporate Financiers & Consultants Ltd, SEBI Authorized Category I Merchant Banker.

He is the Past President, ICSI, ICWAI and was member of Accounting Standard Board of ICAI, Compliance Committee of International Federation of Accountant (IFAC), Executive Committee of Confederation of Asian and Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA).

He has represented leading industrial and trade bodies-both on regional and national level such as CII, FICCI, ASSOCHAM etc. and he was a member of advisory committee, ICFAI; member, technical group for the Depository System appointed by Ministry of Finance and member of review committee for reviewing MRTPL Act, Companies Act, Chartered Accountants Act, Companies Secretaries Act, Cost and Works Accountants Act appointed by Ministry of Law, Government of India.

He has also participated and represented Papers in various national and international seminars, workshops and professional development programs conducted by various Institutes, other trade, educational and professional bodies and contributed Articles in various professional Journals and Dailies. He was appointed as a Director on our Board in January, 2013.

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 25 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 Sr. Level Executives as on 31- May-13

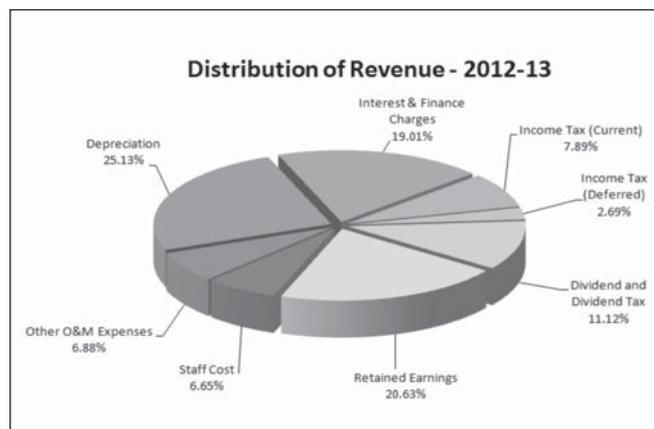
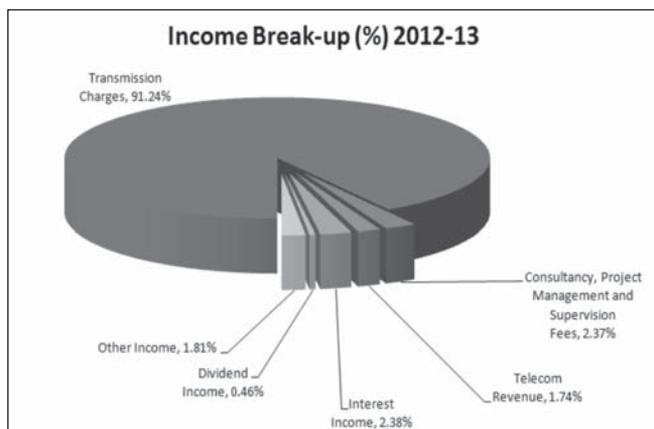
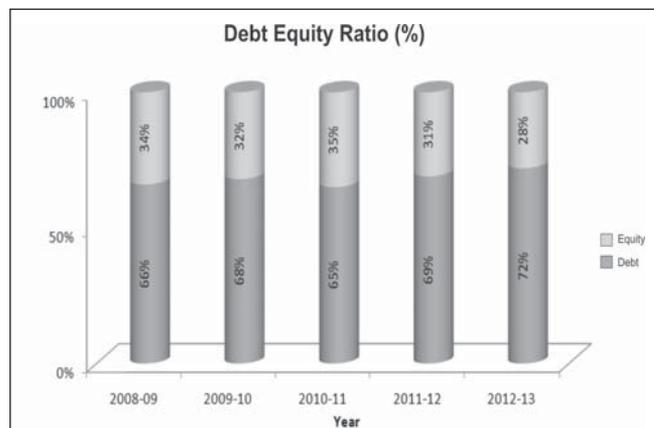
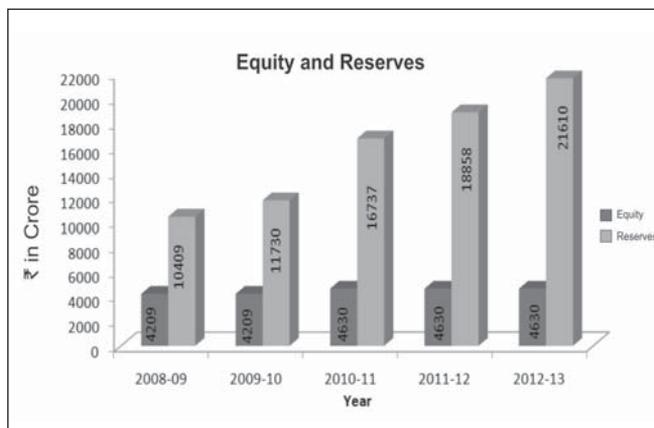
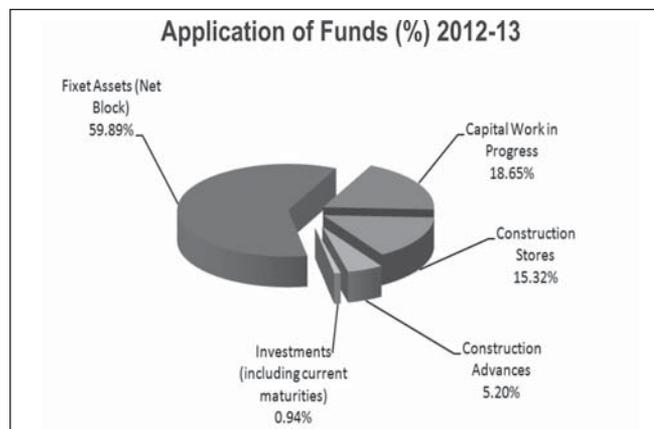
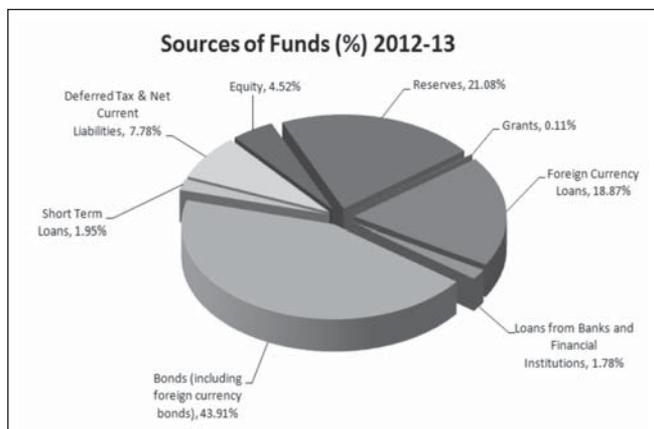
S.No	Name (S/Sh)	E.No	Desg	Level	Dept	Region	Location
Corporate Centre							
1	Dr. S.K. Agarwal	00075	ED	E9	Technology Development	CC	Gurgaon
2	Pankaj Kumar	00105	ED	E9	ERP	CC	Gurgaon
3	Mahender Singh	00184	ED	E9	Commercial	CC	Gurgaon
4	B. Mishra	00189	ED	E9	CP & IT	CC	Gurgaon
5	I.R. Kidwai	00454	ED	E9	HR	CC	Gurgaon
6	B.S. Pandey	10026	ED	E9	Engg-S/s,TL,Civil	CC	Gurgaon
7	D.K. Valecha	10027	ED	E9	CMG	CC	Gurgaon
8	Sanjeev Singh	10040	ED	E9	STF-SmartGrid	CC	Gurgaon
9	N.S. Sodha	10053	ED	E9	LD&C	CC	Gurgaon
10	Anil Jain	10060	ED	E9	DMS	CC	Gurgaon
11	S. Sen	10871	ED	E9	OS	CC	Gurgaon
12	Oommen Chandy	10872	ED	E9	Engg-HVDC and QA&I	CC	Gurgaon
13	Rajendra Singh	50861	ED	E9	HRD	CC	Gurgaon
14	Arun Kumar	00077	COO	E9	PI & BDD	CC	Gurgaon
15	Ashwani Jain	00095	COO	E9	Telecom	CC	New Delhi
16	Y.K. Sehgal	00122	COO	E9	CTU & Cost Engg.	CC	Gurgaon
17	Seema Gupta	00127	COO	E8	IB&EE	CC	Gurgaon
18	Jagmohan Sharma	16377	COO	E8	NTAMC	CC	Gurgaon
19	U.K. Tyagi	00368	GM (I/C)	E8	TBCB & RC	CC	Gurgaon
20	D.C. Joshi	40045	GM (I/C)	E8	CS&MM	CC	Gurgaon
21	S. Vaithilingam	40050	GM (I/C)	E8	F&A	CC	Gurgaon
REGIONS							
1	Prabhakar Singh	20003	ED	E9	Head of Region	NR-I	New Delhi
2	J.P. Singh	00195	ED	E9	Head of Region	NR-II	Jammu
3	B. Sharma	10031	ED	E9	Head of Region	ER-I	Patna
4	S.K. Gupta	10034	ED	E9	Head of Region	ER-II	Kolkata
5	V. Sekhar	20107	ED	E9	Head of Region	SR-I	Secunderabad
6	N. Ravikumar	30104	ED	E9	Head of Region	SR-II	Bangalore
7	Bharat Bhushan	20006	ED	E9	Head of Region	WR-I	Nagpur
8	R.K. Singh	11044	ED	E9	Head of Region	WR-II	Baroda
9	D.K. Sarma	50005	GM (I/C)	E8	Head of Region	NER	Shillong
PROJECTS							
1	A.K. Sinha	40062	ED	E9	Projects	WR-I	Raipur
2	B.P. Gantayet	40080	ED	E9	Projects	ER-II	Bhubaneswar
3	Bhoj Paul	10947	ED	E9	NE-N/W IC-I Project	NER	Guwahati
4	R.K. Chauhan	10951	GM (I/C)	E8	W/N Reg IC Project	NR-II	Kurukshetra
5	S.K. Sharma	16257	GM (I/C)	E8	Projects	NR-II	Jammu

S.No	Name (S/Sh)	E.No	Desg	Level	Dept	Region	Location
POSOCO							
1	S.K. Soonee	45003	CEO	E9	CEO POSOCO	POSOCO-HQ	New Delhi
2	V.K. Agarwal	17003	ED	E9	Head of RLDC	NLDC	New Delhi
3	P.R. Raghuram	30025	ED	E9	Head of RLDC	SRLDC	Bangalore
4	P. Mukhopadhyay	45007	GM	E8	Head of RLDC	NRLDC	New Delhi
5	U.K. Verma	16373	GM	E8	Head of RLDC	ERLDC	Kolkata
6	T.S. Singh	50022	GM	E8	Head of RLDC	NERLDC	Shillong
7	P. Pentayya	25011	GM	E8	Head of RLDC	WRLDC	Mumbai
On Deputation to other organisation(s)							
1	M. Krishna Kumar	00129	ED	E9	North Eastern Transmis- sion Co.Ltd.	Deptn	Gurgaon
2	D.S. Singh	10057	ED	E9	Teestavalley Power Trans- mission Ltd.	Deptn	Gurgaon
3	S.C. Singh	40081	ED	E9	Jaypee POWERGRID Ltd	Deptn	New Delhi

ED - Executive Director

COO - Chief Operating Officer

POWERGRID'S PERFORMANCE



FIVE YEARS' SUMMARY

OPERATING RESULTS

(₹in crore)

	2012-13	2011-12	2010-11	2012-13(*)	2011-12(*)	2010-11(*)	2009-10	2008-09
(A) EARNED FROM :								
Transmission Charges	12162.66	9544.19	7902.15	12162.66	9544.19	7902.15	6700.56	5324.26
Consultancy Revenue								
Sales of Services	228.96	289.95	299.35	228.96	289.95	299.35	269.17	215.90
Sales of Products	86.44	-	-	86.44	-	-	-	-
Telecom Revenue	231.39	201.19	187.20	231.39	201.19	187.20	157.72	149.83
Other Operative Revenue	48.40	128.94	118.68	48.40	128.94	118.68	19.69	12.22
Other Income	570.89	620.74	591.37	570.89	620.74	591.37	356.44	436.51
Total Earnings	13328.74	10785.01	9098.75	13328.74	10785.01	9098.75	7503.58	6138.72
(B) PAID & PROVIDED FOR :								
Purchases of stock-in-trade	63.50	-	-	63.50	-	-	-	-
Employees Remuneration & Benefits	886.40	842.97	745.89	886.40	842.97	745.89	726.70	643.88
Transmission Expenses	367.65	328.38	270.38	367.65	328.38	270.38	244.91	199.61
Administration Expenses	494.56	476.21	415.59	415.37	360.58	308.15	257.56	208.10
Other Expenses(Including Prior Period Adj.)	(18.12)	19.96	11.49	(18.12)	19.96	11.49	101.23	74.26
Deferred Revenue Expenditure	-	1.79	1.86	-	1.79	1.86	1.78	1.83
Provisions	2.75	2.30	3.98	2.75	2.30	3.98	22.15	46.23
Total Expenditure	1796.74	1671.61	1449.19	1717.55	1555.98	1341.75	1354.33	1173.91
(Excluding Depreciation & Interest)								
Profit before Depreciation & Interest	11532.00	9113.40	7649.56	11611.19	9229.03	7757.00	6149.25	4964.81
Depreciation	3351.92	2572.54	2199.39	3351.92	2572.54	2199.39	1979.69	1093.97
Interest & Finance Charges	2535.22	1943.26	1625.44	2614.41	2058.89	1732.88	1543.24	1642.27
Net Profit after Interest & Depreciation but before Tax	5644.86	4597.60	3824.73	5644.86	4597.60	3824.73	2626.32	2228.57
Provision for tax (MAT)	1052.08	888.51	684.61	1052.08	888.51	684.61	421.91	478.60
Fringe Benefit Tax (FBT)	-	-	-	-	-	-	(1.50)	14.60
Net Profit after MAT & FBT	4592.78	3709.09	3140.12	4592.78	3709.09	3140.12	2205.91	1735.37
Deferred Tax	358.28	454.14	443.23	358.28	454.14	443.23	164.97	44.76
Profit after Deferred Tax	4234.50	3254.95	2696.89	4234.50	3254.95	2696.89	2040.94	1690.61
Dividend	1273.18	976.89	810.23	1273.18	976.89	810.23	631.34	505.08

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

FINANCIAL POSITION

(₹ in crore)

	2012-13	2011-12	2010-11	2012-13(*)	2011-12(*)	2010-11(*)	2009-10	2008-09
(A) WHAT THE COMPANY OWNED:								
Gross Fixed Assets	80600.05	63387.34	50343.35	80600.05	63387.34	50343.35	43202.28	40319.33
Less: Depreciation	19199.41	15725.04	13119.37	19199.41	15725.04	13119.37	11141.02	9190.89
Net Fixed Assets	61400.64	47662.30	37223.98	61400.64	47662.30	37223.98	32061.26	31128.44
Capital Work in Progress	19114.92	15573.50	12963.68	19114.92	15573.50	12963.68	10242.37	6533.43
Construction Stores	15708.62	12610.04	10749.25	15708.62	12610.04	10749.25	7433.44	4694.19
Construction Advances	5328.98	5091.23	2911.66	5328.98	5091.23	2911.66	2746.37	2058.38
Long term Investments	964.24	1101.19	1214.01	1147.50	1284.45	1398.35	1453.22	1592.83
Other Non-current Loans & Advances	2350.71	1840.20	1032.64	-	-	-	-	-
Current Assets, Loans & Advances	6265.45	6329.89	9623.94	8432.90	7986.83	10483.83	9627.32	8312.92
TOTAL (A)	111133.56	90208.35	75719.16	111133.56	90208.35	75730.75	63563.98	54320.19
(B) WHAT THE COMPANY OWED:								
Long Term Loans from:								
- Financial Institutions	113.64	181.01	257.48	181.01	257.48	338.95	420.44	511.19
- Foreign Loans	18285.67	14352.17	11428.92	19345.37	15267.46	12221.55	11129.52	10248.83
- Bonds	43085.29	33443.51	25286.11	45019.00	34983.62	26528.10	21171.83	16409.57
- Other Loans	1591.67	1142.50	243.33	1642.49	1243.35	344.17	445.00	545.84
Total Long term Loans	63076.27	49119.19	37215.84	66187.87	51751.91	39432.77	33166.79	27715.43
Current Maturities of Long Term Loans	3111.60	2632.72	2216.93	-	-	-	-	-
Working Capital Loan (short-term)	2000.00	1650.00	1450.00	2000.00	1650.00	1450.00	1250.00	750.00
Current Liabilities & Provisions	9596.90	7088.29	6846.01	12535.07	9434.68	9989.27	10092.89	8313.19
Deferred Tax Liability(Net)	1959.16	1600.88	1146.74	1959.16	1600.88	1146.74	703.51	538.54
Deferred Revenue-Advance against Depreciation	2094.96	2143.78	2176.07	2094.96	2143.78	2176.07	2213.63	2159.59
Deferred Revenue-DFCFIE Account	1505.61	493.17	(11.59)	-	-	-	-	-
Grants in Aid	117.03	139.32	171.31	117.03	139.32	171.31	198.82	225.35
Long term Provisions	442.63	421.49	316.64	-	-	-	-	-
Other Long term Liabilities	989.93	1431.73	2826.62	-	-	-	-	-
TOTAL (B)	84894.09	66720.57	54354.57	84894.09	66720.57	54366.16	47625.64	39702.10
(C) NET WORTH OF THE COMPANY REPRESENTED BY :								
i) Equity capital(including Deposit)	4629.73	4629.73	4629.73	4629.73	4629.73	4629.73	4208.84	4208.84
ii) Reserves and Surplus	21583.68	18858.05	16724.05	21583.68	18858.05	16724.05	11708.23	10414.75
iii) Less: Misc. Exp. to the extent not written off	-	-	2.41	-	-	2.41	3.56	5.50
TOTAL (C)	26213.41	23487.78	21351.37	26213.41	23487.78	21351.37	15913.51	14618.09
(D) COMMITTED RESERVES								
i) LDC Development Fund	-	-	-	-	-	-	16.44	-
ii) CSR Activities Reserve	26.06	-	13.22	26.06	-	13.22	8.39	-
TOTAL (D)	26.06	-	13.22	26.06	-	13.22	24.83	-
TOTAL (B+C+D)	111133.56	90208.35	75719.16	111133.56	90208.35	75730.75	63563.98	54320.19
CAPITAL EMPLOYED (Net Fixed Assets+Net Current Assets)	52957.59	42621.18	36334.98	53244.35	42469.79	34429.03	28678.55	28430.04
(E) RATIOS								
Net Profit to Capital Employed(%)	8.00	7.64	7.42	7.95	7.66	7.83	7.12	5.95
Net Profit to Net Worth(%)	16.15	13.86	12.63	16.15	13.86	12.63	12.83	11.57
Net Worth per Rupee of Paid-up Capital (in ₹)	5.66	5.07	4.61	5.66	5.07	4.61	3.78	3.47
Debt/Equity Ratio (#)	72:28	69:31	65:35	72:28	69:31	65:35	68:32	66:34
Current Ratio	0.43:1	0.56:1	0.92:1	0.51:1	0.61:1	0.79:1	0.74:1	0.75:1
Earning per Share (Diluted EPS) (₹ per Share)	9.15	7.03	6.19	9.15	7.03	6.19	4.85	4.02
Book Value per share(₹ per share)	56.62	50.73	46.12	56.62	50.73	46.12	37.81	34.73
Capital Expenditure (₹ in Crore)	20037	17814	12005	20037	17814	12005	10617	8167
(F) OTHER IMPORTANT INFORMATION								
Length of Transmission Lines (CKT)	100200	92981	82335	100200	92981	82335	75290	71500
No. of Substations	167	150	135	167	150	135	124	120
No. of Employees	9347	9670	9775	9347	9670	9775	9162	8214
Transmission Network availability (%)	99.90%	99.94%	99.80%	99.90%	99.94%	99.80%	99.77%	99.55%
Power Transmitted on POWERGRID Network (in MU)	450027	430992	400596	450027	430992	400596	363723	334013

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

(#) For calculation of Debt-Equity Ratio, Loan liability also include Current Maturities of Long Term Loans.

DIRECTORS' REPORT

To,
Dear Shareholders,
Ladies & Gentlemen,

I am delighted to present, on behalf of the Board of Directors, the 24th Annual Report on the performance of your Company during the financial year ending March 31, 2013 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 earned the reputation as one of the largest and best managed transmission utilities in the world with its remarkable growth in the last two decades and carries about half of the country's total generated power. Your Company continues to play a critical role in development of the Country's power sector with its various techno-managerial initiatives in inter-State power transmission system along with transparent and effective grid operation in the Country.

Your Company has been selected for '**MoU Excellence Award**' for FY 2010-11 by Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises for being the top performer in the Energy Syndicate. Further, based on overall performance, the Company has been rated 'Excellent' by DPE for the FY 2011-12. Based on the approved score, POWERGRID stand top among the assessed Companies in the Power Generation and Transmission syndicate for the FY 2011-12 and expected to receive the "MoU Excellence Award" again.

Your Company has put on a remarkable performance in FY 2012-13 with achievements exceeding most of the targets under Memorandum of Understanding (MoU) signed with Ministry of Power (MoP), Government of India and poised to get 'Excellent' rating for FY 2012-13; continuously since signing of its first MoU in FY 1993-94.

Performance highlights of the Company during FY 2012-13 are briefly mentioned here to give an overview of accomplishments in all fronts:

- ❖ Made an investment of ₹**20,037 Crore**, an increase of about 13% over last year.
- ❖ Added about **7,156 circuit kilometre (Ckm)** of Extra High Voltage(EHV) transmission lines, **17 new sub-stations** and transformation capacity of more than **40,230 Mega Volt Ampere (MVA)**.
- ❖ Assets commercialisation of about ₹**17,213 Crore**.
- ❖ Investment approval accorded for **24** new transmission projects worth about ₹**12,579 Crore**.
- ❖ 1200kV Ultra High Voltage (UHV) AC **National Test Station at Bina, Madhya Pradesh** was test charged and then **dedicated to the Nation by Hon'ble Union Minister of State (I/C) for Power**.
- ❖ Attained **99.90%** Transmission system availability with number of trippings per line limited at **0.58**.
- ❖ Inter-regional power transfer capacity of National Grid has been enhanced by **2,000 MW** in the year and cumulative capacity stood at about **29,750 MW** by end of March, 2013. Further, in the month of May 2013, the inter-regional power transfer capacity has been increased by 2,100 MW to **31,850 MW**.

FINANCIAL PERFORMANCE

(Figures in ₹ crore, except per share data)

Description	2012-13	2011-12	Y-o-Y Growth
Income			
Transmission Charges	12,163	9,544	27.4%
Consultancy	315*	290	8.6%
Telecom	231	201	14.9%
Other Operating Income	49	129	(62.0%)
Other Income	571	621	(8.1%)
Total Income	13,329	10,785	23.6%
Profit After Tax (PAT)	4,235	3,255	30.1%
Earnings per Share (₹)	9.15	7.03	30.2%
Book Value per Share (₹)	56.62	50.73	11.6%
Gross Fixed Assets	80,600	63,387	27.2%
Long term borrowing **	66,188	51,752	27.9%
Net Worth	26,213	23,488	11.6%
Debt Equity Ratio	72:28	69:31	-
Commercialisation of Assets	17,213	13,045	31.95%

*including consultancy income from sale of products

**including current maturities of long term borrowings

OPERATIONAL EXCELLENCE

Transmission assets owned and operated by your Company as on April 1, 2013 has crossed the benchmarking values of 1,00,000 Ckm & 1,50,000 MVA and stands at **about 1,00,200 Ckm of Extra High Voltage (EHV) transmission lines, 167 EHVAC & High Voltage Direct Current (HVDC) sub-stations and 1,64,763 MVA transformation capacity** which spread over the length and breadth of the country. Using this vast transmission network your Company wheels about 50% of the total power generated in the country.

During the year 2012-13, the average availability of these transmission systems was maintained at **99.90%** by your Company with the number of trippings per line limited at **0.58**. **This high availability of transmission network is consistently maintained by your Company through deployment of technologically advanced operational techniques** such as Hot Line Maintenance, Hotline Washing of Insulators 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, 43 sub-stations of your Company are being operated remotely and many new sub-stations are being designed for remote operation.

The establishment of the **“National Transmission Asset Management Centre (NTAMC)”** for centralised remote monitoring, operation & control of sub-stations is nearing completion which will further improve the efficiency and transparency in the operation of the transmission system in the Country.

Your Company has developed for implementing a “Maintenance Service Hub” concept in which specialist manpower is pooled into a hub for undertaking the maintenance of number of sub-stations within a close range. This innovative concept shall enable your Company to enrich your manpower with the multifarious knowledge of its huge network of transmission lines & substations with various types of equipments in terms of makes, technology and ratings.

These technological interventions shall also facilitate rationalization of manpower in the field of O&M and this year your Company has achieved more than 1% manpower rationalization on this account.

Your Company has taken a proactive step to restrain the trippings of transmission lines caused due to fog and pollution in various parts of the country by replacing the conventional insulators with polymer insulators. Replacement of insulators in the critical lines / stretches in Northern Region has been completed and replacement of insulators in other parts of the country is in progress. This has significantly reduced pollution related trippings in the country. Further, to facilitate optimum selection of insulators for new transmission lines, your Company is conducting pollution mapping in Northern Region and these pollution measurements are being carried out at more than 150 locations of the Company and 108 locations of State Transmission Utilities (STUs). These corrective measures will further minimize the probability of occurrence of flashover in lines passing through pollution affected areas besides optimization of transmission line cost. Pollution mapping of Southern and Eastern Regions are also being taken up by your Company. In addition, advance actions are being taken like cleaning of conventional insulators as a part of winter preparedness in less polluted stretches to avoid pollution related trippings.

Your Company has placed state-of-the-art Emergency Restoration Systems (ERS) for transmission lines at strategic locations to enable restoration within shortest possible time of collapsed transmission line towers caused by the eventualities of natural calamities such as earthquake, cyclone, landslide, & sabotage, etc. Additionally, to alleviate the similar eventualities in case of substations, your Company is in the process of procuring a mobile 400/220 kV ERS for substation for quick deployment & restoration of 400kV substation in 2 to 4 weeks time which otherwise takes several months.

Your Company’s vast nationwide spread transmission network passes through various geographical areas including tough terrains such as snow bound area, deep forest. In these terrains to monitor the condition of transmission lines, a faster and efficient patrolling system was necessitated. Taking this into consideration, your Company has taken up aerial patrolling of transmission lines using helicopters for identifying visual and thermal defects in transmission lines caused due to environmental stresses and thereby to minimize the breakdown nature of maintenance work. To start with this, award for aerial patrolling through helicopters of about 15,000 route kms of transmission lines has already been placed. Further, your Company is also exploring more contemporary techniques such as Robotic Technology for condition monitoring of conductor, earthwire & hardware, etc.

PROJECT IMPLEMENTATION

Best efforts are being put in by your Company for implementing its transmission projects within stipulated time frame to derive commercial benefits. Your Company has developed the Integrated Project Management and Control System (IPMCS) for effective planning, implementation, monitoring and management of the transmission projects. Further, to optimise the implementation time schedule of the projects, various actions have been undertaken including total project review and monitoring using IPMCS and 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., were also undertaken in parallel with project investment approval process.

These well developed system of implementation process has once again resulted in exceptional output and projects worth about **₹17,213 Crore** were commercialised during the year, adding about **7,156 Ckm, 17 sub-stations** and transformation capacity of more than **40,230 MVA** in the transmission system. Your Company also timely commissioned notable major 765kV and 400kV transmission lines such as 765kV Sasan-Satna-Bina, 765kV Fatehpur-Agra, 765kV Moga-Bhiwani, 765kV Jhatikalan-Bhiwani, 400kV D/C Maithon-Koderma, 400kV D/C Mundra-Jetpur, 400kV D/C Chamera Pooling Station-Jalandhar, 400kV D/C Raipur-Wardha inspite of severe constraints faced including challenging terrains, severe Right-of-Way (RoW) problems.

Implementation of High Capacity Power Transmission Corridors (HCPTCs) is progressing as per schedule with completion in a phased

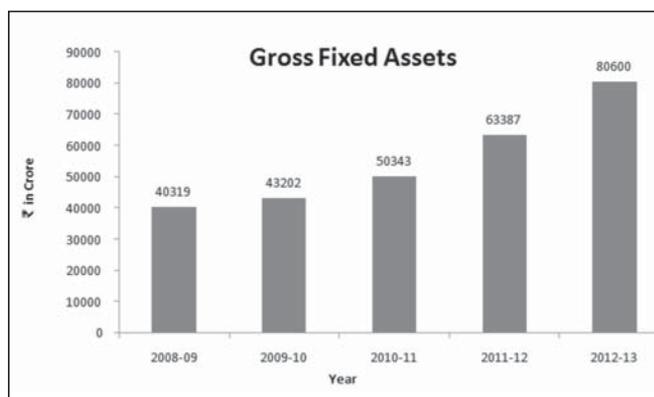
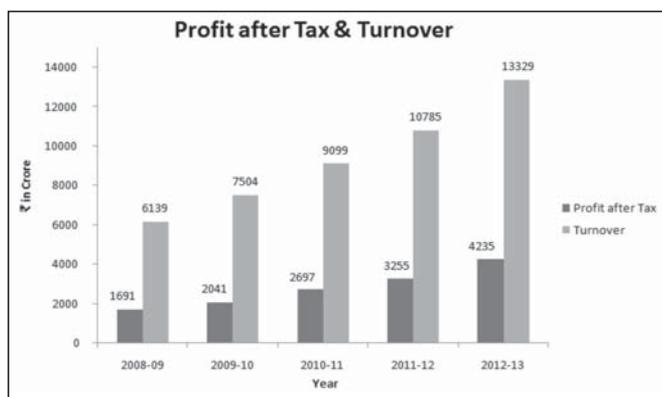
manner matching with generation projects. In fact, some of the elements under HCPTCs of Chhattisgarh and Odisha have already been commissioned in FY 2012-13 and balance elements of HCPTC's are expected to be completed progressively by FY 2015-16.

During the year, **24 new projects** with an estimated cost of about ₹ **12,579 Crore** involving about **5,530 Ckt km** of transmission lines, **4 new sub-stations** and transformation capacity of about **12,730 MVA** and supply & installation of **5,207 km** of OPGW fibre optic cable were approved and taken up for implementation.

FINANCIAL MANAGEMENT

The Financial performance of your Company in FY 2012-13 has been impeccable, achieving a turnover of ₹**13,329 Crore** and Net Profit of ₹**4,235 Crore** as compared to ₹**10,785 Crore** and ₹ **3,255 Crore** respectively during FY 2011-12, growth of about 24% in turnover and 30% in Net Profit. The gross asset base of the Company has been enhanced to ₹**80,600 Crore** from ₹ **63,387 Crore** in 2011-12, an increase of about 27%.

Your Company continues to show improved performance in all its business areas including Telecom and Consultancy businesses, enhancing the value for the shareholders.



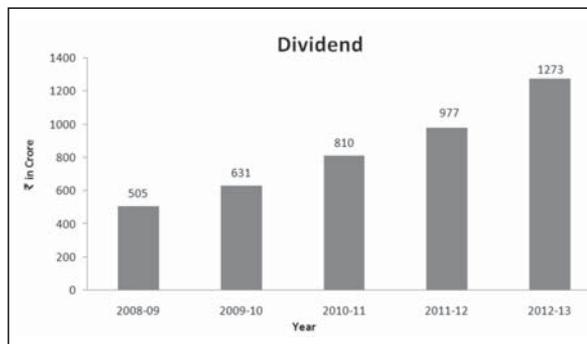
Capital Investment and Fund Mobilization

Your Company continues to explore new opportunities for raising long tenure debt from both domestic and international debt investors, for meeting its capex-programme in XII Plan, in addition to debt funding from multilateral funding agencies like The World Bank and ADB.

In this direction, during the year, your Company signed loan agreements with International Finance Corporation (IFC) and Infrastructure Crisis Facility Debt Pool Limited Liability Partnership (ICF Debt Pool LLP) in July, 2012 for a total amount of US\$270 million for funding various transmission projects. Further, your Company made its maiden foray into foreign currency markets in January, 2013 and raised US\$500 million through issuance of 10 year Foreign Currency Bonds (FCB) at an attractive coupon rate of 3.875% p.a. This maiden issue from your Company received an overwhelming response from the investing community and was over-subscribed nearly 19 times. The Bonds are currently listed in Singapore stock exchange.

In line with its targeted XII Plan capex-programme, your Company during the financial year 2012-13, made a capital investment of ₹ **20,037 Crore** which was about 13% higher than last year. About ₹ **15,700 Crore** of the capital investment was mobilised through private placement of bonds in domestic market with attractive coupon rates, Supplier's credit, proceeds of ongoing SBI Line of Credit, foreign currency bonds and loans from IFC, ICF Debt Pool LLP, multilateral funding agencies like The World Bank, Asian Development Bank etc. In addition, the accrued internal resources and FPO proceeds amounting to about ₹4300 Crore were utilized for funding equity component of the Company.

During the FY 2012-13, your Company was rated by International credit rating agencies, Standard & Poor's Rating Services (S&P) and Fitch Ratings, for the first time. Both the agencies have rated your Company at BBB – (outlook negative), consistent with GoI Sovereign Rating. Consequent upon revision of Sovereign rating to 'Stable' from 'Negative' recently by 'Fitch Ratings', the rating of your Company now stands as BBB- (outlook Stable). The Company continues to have its rating as AAA/stable (triple AAA with stable outlook) by CRISIL, ICRA and CARE ratings domestically.



Dividend Payout

For FY 2012-13, your Company has proposed a final dividend of ₹ 1.14 per share in addition to ₹ 1.61 per share of interim dividend paid in February, 2013. The final dividend shall be paid after your approval at the Annual General Meeting. Thus total dividend payout for the year amounts to ₹ 1,273.18 Crore (including an interim dividend of ₹ 745.39 Crore) as against ₹ 976.89 Crore paid during the previous year. The total dividend payout including dividend tax accounts for 34.99% of Profit after Tax of the Company.

Your Company values its shareholders and hence determined to pursue its dedication to build and maintain relationships with them by creating 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 (AA) of the Companies Act, 1956, your Directors confirm that:

- i. In the preparation of the Annual Accounts, 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 of the Company for that period;
- iii. 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;
- iv. The Directors have prepared the annual accounts on a going concern basis.

COMMERCIAL PERFORMANCE

With effective from July 1, 2011, Point of Connection (PoC) Charges tariff sharing mechanism has been implemented in the transmission sector for Sharing of Transmission Charges and Losses through Central Electricity Regulatory Commission Regulations, 2010. As the Central Transmission Utility (CTU) of the Country, your Company has also been assigned the responsibility of carrying out activities like raising of transmission charge bills on behalf of all the Inter-State Transmission System (ISTS) Licensees (presently 13 nos.), collecting the amount and disbursing the same to them. In this regard bills of transmission charges are prepared, raised and uploaded on the website portal for about 71 Designated ISTS Customers (DICs) including payment details by the customers.

It is a matter of pride that in FY 2012-13, Your Company had achieved a 100% realisation of transmission tariff with highest ever monthly realization of transmission tariff achieved in the month of March, 2013.

DEVELOPMENT OF NATIONAL GRID

Recognizing the need for development of National Grid, thrust was given to enhance the capacity of National Grid in a phased manner. In this direction, your Company had established/ planned various inter-regional links as a part of different generation projects/grid strengthening schemes. The Inter-regional power transfer capacity of the National grid has been planned to increase to about 65,550 MW at the end of XII Plan, by adding about 38,000 MW during XII Plan matching with generation capacity addition programme and power transfer requirement across the regions. In line with this, your Company has added **2,000 MW** of inter-regional power transfer capacity in FY 2012-13 through upgradation of both 765 kV Gwalior-Agra single circuit transmission lines to 765 kV voltage level from 400 kV voltage level. The cumulative inter-regional power transfer capacity at the end of first year of the XII plan stood at about **29,750 MW**.

All India synchronous grid is envisaged for facilitating bulk transfer of power across regional boundaries and to achieve optimal utilization of the resources in the Country. Towards this, presently regional grids of Northern, Eastern, Western and North-Eastern Regions (NEW grid) are already connected through synchronous interconnections and Southern Region (SR) is connected to this NEW grid through over 4,000 MW capacity HVDC links. Synchronous interconnection of SR with NEW grid is envisaged through high capacity 765 kV S/c Raichur – Sholapur lines (2 Nos.). One of the above lines is under implementation by private sector and the other line is being implemented by POWERGRID. Both the lines are envisaged to be completed by 2014.

GRID MANAGEMENT AND OPEN ACCESS

Your Company has been instrumental in providing an efficient, reliable, smooth and transparent grid operation and management in the Country. The grid management function in the Country is continued to be looked after by Power System Operation Corporation Limited (POSOCO), a fully owned subsidiary of your Company, with its state-of-the-art Unified Load Despatch & Communication facilities. These facilities are being updated continuously to further improve quality and economy in operation of power systems besides improving data availability, visibility and transparency.

Your Company's strong transmission network and modernised RLDCs have facilitated about **66 billion units (BUs)** of inter-regional energy transfer across the Country during FY 2012-13, as compared to previous year's energy transfer of about 59 BUs, meeting more demand in energy deficit regions.

During the year, 32,139 transactions involving about **73 BUs** of energy were approved under Short Term Open Access (STOA) compared to 24,111 transactions and about 67 BUs of energy during FY 2011-12.

Your Company, as CTU, is the nodal agency for processing & grant of Connectivity, Long Term Open Access/ Long Term Access (LTOA/LTA) and Medium Term Open Access (MTOA) of various applicants. Towards this, as on March 31st, 2013, the Company had granted LTOA/LTA to 151 nos. of applicants with 83,060 MW LTA capacity out of 214 applications with LTOA/LTA sought for about 1,29,408 MW. Some of the LTOA/LTA applications were withdrawn/closed due to non-satisfactory progress of the IPP generation projects. Further, POWERGRID received 180 Connectivity applications for about 1,74,450 MW, out of which connectivity has been granted to 80 nos. of applications for 69,074 MW. The MTOA was granted to 44 nos. of applications for 4,267MW. 27 nos. of MTOA applications were withdrawn/closed as the complete Available Transfer Capability (ATC) was already allocated and some applications are under process.

Unfortunately, there were two major grid disturbances on 30th and 31st July, 2012, which resulted in failure of Northern Regional Grid in first day and that of Northern, Eastern and North-Eastern regional grids by the disturbance occurred on the following day. Restoration of the affected areas was taken up immediately on both the days and majority system was normalized in about six to eight hours on respective days itself. An Enquiry Committee headed by Chairperson, CEA was constituted by Gol for investigation of causes for these two grid disturbances in July, 2012. Government of India is monitoring the implementation of the Enquiry Committee's recommendations. Various measures are

being taken by POWERGRID, POSOCO and Government of India for secure grid operation such as third party protection audit, advising State utilities to maintain grid discipline & draw power from grid within the schedule, formulation of Islanding schemes in different States, review of Unscheduled Interchange (UI) mechanism, preparation of comprehensive defence plan covering under-frequency, rate of change of frequency under voltage, system protection schemes to cover large generation and transmission line outages, advise to utilities to prepare outage plans for generating units and transmission lines in consultation with Regional Power Committees and review of transmission planning criteria, etc. Further, petitions have also been filed in Central Electricity Regulatory Commission (CERC) by various Regional Load Despatch Centres including the National Load Despatch Centre on various issues inter-alia, modification in congestion charge procedure, modification in UI charges and related matters, further tightening the frequency band, primary response from generators etc. In addition, Government of India is contemplating necessary amendments in Electricity Act, 2003 for mitigating the issues in Grid Operation.

QUALITY MANAGEMENT

Your Company with an aspiration to achieve absolute customer satisfaction is continuously endeavouring to provide cost effective & quality services to its valued customers. To achieve this, the Company is taking necessary steps to implement requisite quality measures in each and every step of its chain of operation right from conceptualization of project to commissioning and subsequently during operational phase. Your Company is following Standard Manufacturing Quality Plan at both national & international level while inspection at various manufacturing stages and also adheres to standard Operation and Maintenance (O&M) manuals for operation & maintenance of its transmission system. Further, to improve quality, various 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 2012-13, the certification on Integrated Management System was reviewed and revised certification was acclaimed based on the evaluation of implementation of latest systems and procedures. Your Company is presently 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). Your Company has re-confirmed its certification of the entire Corporation for Social Accountability Standard (SA 8000:2008) after auditing of its establishments for social accountability systems.

Capacity building, being one of the major challenge specially in multi-tasking environment under wide area operation, vendor development have been taken-up on priority to meet project requirements both, in execution and supply of 765/400kV equipment.

With zero product inspection as the ultimate goal, your Company has taken up process audits at a number of manufacturing units spread all over the country & also at overseas, at their works. Appropriate corrective actions are also being taken up based on Quality Audit feedback. Further, for asserting quality during transportation, storage, erection and commissioning activities during implementation of projects, Quality Audit on implementation of Field Quality Plans was also carried out.

TECHNOLOGY DEVELOPMENT

Your Company gives priority to research and development activities with potential for social, environmental & national benefits by incorporating advance technology solutions to gear up for future challenge.

The major areas of concern in development of transmission network in the Country are conserving the precious Right of Way (RoW), minimizing impact on natural resources, coordinated development of cost effective transmission corridor and flexibility in upgradation of transfer capacity of lines. In order to address these issues, your Company is deploying technologies such as Multi Circuits, Compact & Tall Towers, High Surge Impedance Loading Lines, Fixed & Thyristor controlled Series Compensation, High Temperature Low Sag (HTLS) Conductors, etc.

Experienced with construction of 765kV Extra-High-Voltage AC (EHVAC) & ± 500 kV HVDC transmission system, Your Company is now implementing next higher transmission voltages of ± 800 kV HVDC & working on 1200 kV Ultra-High-Voltage AC (UHVAC) system to achieve efficient utilization of RoW and increased power transfer capability for transfer of bulk power over long distances.

± 800 kV Multi-Terminal HVDC System

Implementation of ± 800 kV, 6,000 MW multi-terminal HVDC system of around 2,000 km from North Eastern Region (NER) (Biswanath Chariali in Assam and Alipurduar of West Bengal) to Northern Region (NR) (Agra in Uttar Pradesh) is progressing well and commissioning shall be in 2015-16. Upon completion, it shall be one of the largest multi-terminal HVDC systems in the world at this voltage level. HVDC system at 800kV level is particularly used for bulk power transmission over long distance with reduced RoW and losses.

1200kV UHVAC Transmission System

The 1200kV UHVAC technology, the highest voltage level in the world, is being developed indigenously by your Company in collaboration with 35 Indian manufacturers. This is one of the unique R&D projects in Public-Private Partnership model. In this, a 1200kV National Test Station is being established by the Company to facilitate indigenous development of UHVAC technology. The 1200kV Single Circuit (S/c) and Double Circuit (D/c) test lines were successfully test charged along with one 1200kV Bay at 1200kV UHVAC National Test Station at Bina, Madhya Pradesh and field tests are currently undergoing. Hon'ble Union Minister of State (I/C) for Power has dedicated the 1200kV Ultra High Voltage (UHV) AC National Test Station at Bina, Madhya Pradesh to the Nation in December, 2012.

Other technological initiatives such as Pollution & Lightning mapping, Emergency Restoration Systems for 400kV substation (Mobile substation), Process bus architecture for Substation Automation System, Transmission Line Arrestors, Mobile Test Van, 33kV Mobile Capacitor Bank & High Temperature Superconductor Technology for bulk power transmission, fault current limitation (Superconducting Fault Current Limiter) and energy storage (Superconducting Magnetic Energy Storage) applications are being taken up/ explored by your Company for their viability in Indian Power System to ensure more efficient, safe, secure & reliable operation of Grid.

SMART GRID TECHNOLOGY

Your Company continues to take pioneering steps in bringing Smart Grid technology in all facets of power supply value chain in the country. First Smart Grid Control Center in the Country has been established at Puducherry by your Company through open collaboration with more than 70 organizations & academic institutions. Under this, important Smart Grid attribute i.e. Advanced Metering Infrastructure (AMI) has been implemented and other functionalities like Outage Management System, Demand Response, Microgrid, etc. are being taken up in a progressive manner. This Smart Grid pilot project would be very helpful to demonstrate technology efficacy, evolution of commercial mechanism and suitable regulation, formulation of interoperability framework, indigenization of technology and renewable integration, etc. which can be scalable and replicable at other places in the Country for overall benefits to both consumers and utilities.

In addition, efficient street light management system has been implemented at Puducherry which has resulted in reduction of energy consumption for street lighting by about 15%. Further, development of Smart Home Energy Management System is being carried out in association with IIT, Kharagpur to facilitate consumers in energy management process through remote operation. Towards green energy initiatives, installation of 50kWp roof-top solar PV plant at NTAMC building, Manesar is under progress.

In addition to preparing Project Report for Smart Grid implementation by various distribution utilities/cities, your Company has prepared the feasibility report for upcoming green field project at Dholera SIR, coming under Delhi- Mumbai Industrial Corridor (DMIC).

Your Company has taken leadership initiative for implementation of Smart Grid Technology in transmission also. Towards this, the Company has executed Wide Area Measurement System (WAMS) pilot project in four (4) regions and is under progress in the Eastern Region. Under this initiative, presently about 40 nos. Phasor Measurement Units (PMUs) are in operation, facilitating dynamic real time measurements and better visualization of power system which are useful in monitoring safety & security of the grid along with enhanced situational awareness and taking control/corrective actions.

For full scale implementation of WAMS technology on pan India basis, your Company has proposed “Unified Real Time Dynamic State Measurement System (URTDSM)” scheme integrating State and Central grids, i.e. PMU placement at all HVDC, 400kV and above substations / generating stations including 220 kV level and PDC (Phasor Data Concentrator) at strategic locations. The Scheme shall enhance the efficiency in overall grid management in electricity open market regime. Total estimated cost of the URTDSM project is about ₹ 655 Crore.

GREEN ENERGY CORRIDORS - GRID INTEGRATION OF RENEWABLE ENERGY

Integration of Renewable Energy Resources with grid is the top priority worldwide for energy security and also for carbon emission reduction. Government of India is taking various initiatives in the area of renewable energy capacity addition and about 42 GW of generation is envisaged in XII plan. Your Company has taken a lead initiative and developed a comprehensive master plan, Green Energy Corridors, which has been released by Ministry of Power and Ministry of New & Renewable Energy (MNRE) for integration of renewables coming up country-wide in XII plan.

This covers identification of transmission requirement at inter-State and intra-State level for grid integration of envisaged renewable capacity addition. Further, to address the intermittency and variability characteristics of renewable generation, other control infrastructure like forecasting of renewable generation and demand, Real time measurement/monitoring through Synchrophasor technology, flexible generation, ancillary reserves, Demand-side & demand response management and energy storage, establishment of Renewable Energy Management Centers (REMC) etc. is also identified.

A Joint Declaration of intent is also signed between Govt. of India & Govt. of Germany for cooperation in the field of integration of renewable energy sources in the form of providing financial assistance through soft loan of about 1 billion euro by Germany to develop prioritized Inter-State & Intra-State transmission systems i.e. Green Energy Corridors as well as sharing of technical expertise in the above field.

PERFORMANCE IN TELECOM

Your Company is leveraging its countrywide transmission infrastructure diversified into Telecom business under the brand name ‘POWERTEL’ to expand its revenue base. Your Company has an all India Broad Band Telecom Network of about 29,300 km with connectivity provided to all metros, major cities, towns, State capitals including remote areas of North-Eastern Region, Jammu & Kashmir etc. covering about 290 Points of Presence (PoPs) across the country from where services are being rendered. Your Company is the only utility in the Country providing Telecom Services on overhead optic fibre network using Optical Ground Wire (OPGW) on power transmission lines and possess Infrastructure Provider Category-I (IP-I), Internet Service Provider ‘A’ (ISP ‘A’) and National Long Distance Service License (NLD) to provide a variety of Telecom services.

Availability of Telecom Backbone system was maintained at 99.92% during FY 2012-13. The income from Telecom in FY 2012-13 has increased to about ₹231 Crore from ₹201Crore in FY 2011-12. The revenue from our telecommunication business is mainly on account of leasing of bandwidth on our fibre-optic links to various customer segments viz, Telecom Service Providers, Government Departments, Multi National Companies (MNCs), media etc.

National Knowledge Network (NKN)

Your Company is one of the implementing agencies of the prestigious National Knowledge Network (NKN) project devised by Govt. of India which plans to connect all knowledge centres across the Country such as Indian Institutes of Technology (IITs), Indian Institute of Science (IISc) etc., on high speed connectivity. Total expected revenue to the Company under this project over a period of 10 years is about ₹ 900 Crore. Total advance amount received from National Informatics Centre (NIC) against NKN order is ₹ 640.85 Crore till March 31, 2013.

National Optical Fiber Network (NOFN)

Your Company is a member of Advisory Body and Core Committee of the ambitious National Optical Fiber Network Project through which

Government of India plans to connect 2,50,000 Gram Panchayats (GPs) on Optical Fiber network utilizing existing facilities of Bharat Sanchar Nigam Limited (BSNL), POWERGRID and RailTel Corporation of India Limited at an estimated cost of ₹ 20,000 Crore with completion period of 24 months. As a part of this, your Company has completed a pilot project at Parawada Block, Viskhapatnam District (Andhra Pradesh) in October 15, 2012 utilizing existing fibers of BSNL & POWERGRID and laying incremental fiber wherever required.

Under this, your Company has received an allotment letter from Bharat Broadband Network Ltd (BBNL) for development & maintenance of NOFN network in four States viz. Andhra Pradesh, Himachal Pradesh, Jharkhand & Odisha covering about 36,000 GPs. The work is to be carried out in about 89 districts covering 1,769 blocks across these four States. The estimate cost of the project for these four States would be about ₹ 2,700 Crore. As a part of this, your Company has signed a MoU with BBNL for developing NOFN network in 4 States on Build, Operate and Maintain basis, on December 04, 2012. Presently, survey activities are under progress.

BUSINESS DEVELOPMENT & CONSULTANCY

Your Company continues to showcase its leadership in its core areas such as Power Transmission, Sub-transmission, Distribution and Telecom utilising the techno-commercial proficiency to offer consultancy services worldwide.

On the domestic front, during FY 2012-13, the Company has bagged **26** new assignments aggregating to a project cost of **₹715 Crore**, with continued & unbounded trust in your Company by Public & Private utilities alike. To enhance customers' base, business promotion activities have been undertaken by your Company with various Central Public Sector Undertakings like SAIL, RINL, DMIC, DFCC, Railways, etc. & succeeded in bagging contract with SAIL for providing technical services to four plants of SAIL. In addition, being the front runner in Smart Grid implementation in the Country, our initiatives to provide technical services for Smart Grid / Smart City applications are expected to bear fruit and bring number of consultancy assignments in near future.

Further, your Company has undertaken an international Joint Venture (JV) with Nepal. As a result of this, Cross border Power Transmission Company Ltd., (CPTC) became operational this year, which has 10% equity participation from Nepal Electricity Authority. This Company shall implement Indian portion of Indo-Nepal link (Muzaffapur, India to Dhalkebar, Nepal). For Nepalese portion of this international link, your Company shall be participating 26% equity in another international JV Company i.e., Power Transmission Company Nepal Ltd., (PTCN).

In international arena, during the year, your Company had bagged **9 (nine)** new assignments having project cost of ₹ 332 Crore. At the end of the FY 2012-13, 17 assignments were under execution with footprint in **11 countries** viz. Nepal, Bhutan, Bangladesh, Afghanistan, Sri Lanka, Myanmar, UAE, Nigeria, Ethiopia, Kenya & Tajikistan.

During the year, your Company has earned revenue of ₹ 315 Crore from consultancy business including consultancy income from sale of products, surpassing previous year's revenue of ₹ 290 Crore.

SAARC Grid

Your Company continues to play an active role in preparing a roadmap for developing **South Asian Association for Regional Cooperation (SAARC)** market for electricity to develop a cross country power-grid, harnessing each other's capacities and resources to address the growing energy need in the region. Presently, various interconnections exist between India & Nepal and India & Bhutan and these are being strengthened for mutual exchange of power. For evacuation of power from various upcoming Hydro Electric Power (HEPs) in Bhutan, Punatsangchu-I HEP (in Bhutan) – Alipurduar (in India) 400 kV Double Circuit (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 High Voltage Direct Current (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. For transfer of bulk power, interconnection between **India and Nepal** through 400 kV Dhalkebar (in Nepal) - Muzaffarpur (in India) D/C transmission line is under implementation. For interconnection between **India and Sri Lanka**, feasibility study for a ±400kV, 500/1000MW under-sea HVDC bipole line is under finalization. Further, discussions at Government level are being held for interconnection between **India and Pakistan** through Amritsar (India) - Lahore (Pakistan) line.

EXPLORING NEW HORIZONS

Your Company continues to pursue its exploration towards backward integration and is forming Joint Venture Companies with the prime producers of raw material for manufacturing of major transmission equipment. In this direction, your Company has signed MoU with SAIL for manufacturing of transmission line towers and its parts including Research & Development facilities in addition to the MoUs signed earlier with National Aluminium Company Limited (for Conductors) and Rashtriya Ispat Nigam Limited (for transmission line towers). These facilities are envisaged to cater to domestic/ international market.

Further, with a view to spur the development of sub-transmission system in the Country by providing support to States, your Company has formed Joint Venture Companies (JVCs) namely **Bihar Grid Company Limited** with Bihar State Power (Holding) Company Limited and **Kalinga Bidyut Prasaran Nigam Private Limited** with Odisha Power Transmission Corporation Limited, on 50:50 equity participation basis for development of Intra-State Transmission System in the State of Bihar & Odisha, respectively. Various regulatory / statutory approvals in respect of the above are under process. Further, discussions are under process for forming a similar Joint Venture Company with other State(s).

CONTRIBUTION IN DISTRIBUTION REFORMS

Govt. of India's "Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)" scheme for Rural Electricity Infrastructure and Household Electrification was launched for the attainment of the National Common Minimum Programme of providing access to electricity to all Rural Household.

Your Company has taken a lead role in implementation of RGGVY works and has been assigned one-third of the total works for execution of rural electrification covered in 68 districts of nine States in the Country of a base cost of about ₹ 7,230 Crore. Most of the schemes

have already been completed. During FY 2012-13, infrastructure was created for **electrification in 3,852 villages** out of which 146 were un-electrified villages and **8,053 villages were energised** out of which **1,115 villages** were in un-electrified category. Service connections were provided to about **1.82 Lakh BPL households**. Cumulatively, till March, 2013, infrastructure has been created for electrification of **68,654 villages** out of which 32,463 were un-electrified villages and service connection to about **35.37Lakh BPL households** were provided.

XII PLAN INVESTMENT PROGRAMME

In XII Plan, your Company had planned to make an investment of ₹ 1,00,000 Crore matching with the envisaged generation capacity addition. This investment is mainly for implementation of various inter-state transmission systems including High Capacity Power Transmission Corridors (HCPTCs), inter-regional links for grid strengthening, system strengthening schemes, etc. Out of the planned ₹1,00,000 Crore, your Company has already made a Capital expenditure of ₹20,037 Crore in the first year of the Plan i.e. FY 2012-13. During the XII plan, transmission network addition of about 40,000 ckm of transmission lines and about 1,00,000 MVA of transformation capacity has been envisaged in which your Company has already commissioned 7,156 Ckm of EHV transmission lines and transformation capacity of more than 40,230 MVA in FY 2012-13.

To meet the CAPEX of ₹1,00,000 crore, your Company has to raise a Debt of about ₹70,000 Crore of which about ₹38,800 crore, i.e. 54%, has already been tied up through funding from various mechanisms. Further, your Company has excellent credit rating by both domestic and international credit agencies and thereby do not foresee any difficulty for resource mobilisation. The Loan requirements are planned to meet through Loans from multilateral institutions like The World Bank, Asian Development Bank, Supplier Credit, External Commercial Borrowings through bonds / notes besides loans from domestic market through private placement of bonds.

ERP & IT

Your Company is establishing the Enterprise Resource Planning (ERP) system in its organization to manage the massive information flows in the system. The main package of ERP Project has been awarded to M/s Tata Consultancy Services (TCS) which includes development of Data Centre, Disaster Recovery Centre and augmentation of communication network. The pilot project of the same is expected to be operational during FY 2013-14. The pilot project will cover the Company's Corporate Centre in Gurgaon and one of its regional headquarters.

During the year, your Company had provided Laptops and data-cards to the employees for efficient accomplishment of their functions with swifter & easier storage, usage, transfer and retrieval of data. Further, utilising the skills & in-house expertise, the Company has systematically developed various software applications to smoothening its functional areas. The Company has also renewed its website in a contemporary fashion to make it more user friendly. Being located in pan India basis, advanced communication system has become essential and to actualize that the Company had installed High Definition Multi-conference Unit (MCU) at Corporate Office, Gurgaon including Video Wall System. Your Company has taken the necessary steps for ISO:27001 certification and for implementation of the necessitated Information Security Management System (ISMS) across the organization tendering is in process.

SUSTAINABLE DEVELOPMENT

Major concern that globe is facing now is the environmental degradation and increasing threat of climate change. The transmission projects being implemented by your Company are environmentally clean and involve neither disposal of solid waste, effluents or hazardous substances in land, air or water nor large scale excavation which may result in soil erosion.

However, your Company has proactively formulated and followed the Environmental and Social Policy & Procedures (ESPP) for the conservation of forests, flora & fauna, resettlement & rehabilitation. Following the principle of Avoidance, Minimization and Mitigation, your Company ensured to evade Great Indian Bustard Sanctuary in Madhya Pradesh and Achanakmar-Amarkantak Biosphere Reserve in Chhattisgarh during construction of 765 kV Indore-Dahod and 765 kV Dharamjaigarh-Jabalpur lines respectively.

Your Company was the first Company in power sector to come out with the 'Sustainability Report' in March, 2010 and second such report has been published in March, 2013, providing all stakeholders a clear picture of our contribution to sustainable development through its activities. The report is based on GRI-G3 guidelines. International Standards like Accountability, UK Standard "AA1000:2008 APS and AA1000:2011 SES" have been followed to make the process more inclusive.

The Company has taken various initiatives towards sustainable development and in the direction of reducing its carbon footprint. Towards this, the Company has adopted Rain Water Harvesting facility in its establishments. Every substation being constructed now is provided with rain water harvesting systems. In addition, energy efficient Light Emitting Diode (LED) bulbs and Solar lights are being provided in new substations to reduce in-house consumption of energy. A waste paper recycling plant has been installed at Gurgaon substation and with the produced recycled papers letter heads and business cards are being printed. New buildings are being constructed as per Green Building norms. Your Company with an initiation to reduce the energy consumption has undertaken Energy audit at 12 of its sub-stations during FY 2012-13 and based on its reports necessary actions undertaken for improvement.

Your Company is focusing on more number of high capacity transmission systems which will help in utilizing the right-of-way in an optimal manner and minimizing the loss of forest, flora & fauna and natural resource like land, etc.

CORPORATE SOCIAL RESPONSIBILITY

Your Company, emphasizing on socio-economic and integral development of areas/ communities primarily in and around its areas of operations, carries out various community development activities such as Skill Development & Capacity Building, livelihood generation, healthcare, education, plantation, sanitation, drinking water besides infrastructure developments like classrooms, roads, community centres etc.

During the FY 2012-13, the Company made an expenditure of ₹ 21.75 Crore [0.67% of Profit After Tax (PAT) of the preceding year] for carrying out about 440 CSR projects including 19 in education sector, 152 in the area of infrastructure, 140 in healthcare and 131 for livelihood. During this period, about 1.09 lakh tree saplings were also planted by your Company in different parts of the Country.

Towards various skill development programmes, the Company has given more emphasis on training youths in the area of “Transmission Line Tower erection” which is being conducted in association with leading EPC Contractors. During the year, 258 candidates were trained under this program and most of them were gainfully employed in the transmission industry. Other skill development / livelihood training programs imparted to unemployed youth are in the field of tailoring, cutting/ stitching, embroidery, automobile repairing, handloom weaving, food & fruit processing, repairing of household appliances, etc. to secure employment or be self-employed.

An extensive programme on Maternal & Child Healthcare was organised in 15 villages of Gurgaon, Mewat & Jhajjar districts of Haryana. A total of 72 health camps in different villages of these 3 districts were conducted under this program during FY 2012-13.

Further, your Company is in the process of establishing 4 nos. Industrial Training Institutes (ITIs) with 2 nos. each in the States of J&K and Odisha. Consequently upon establishment of these ITIs, the same shall be handed over to the concerned State Government for operation and maintenance.

PEOPLE, OUR CORE STRENGTH

Attracting Talent, Nurturing & Development of Human Capital

Our employees are the most important asset and their incessant growth is the most treasured investment. Your Company encourages and initiates various programmes for bolstering and enriching the continuous development of the knowledge horizon of the employees.

In order to align the human resource development strategy with the business objectives, the Company conducted Organization Need Assessment (ONA) capturing the organizational requirement for competency enhancement of employees and then conducted online Training Need Assessment (TNA) for individual employees. Through the online TNA process, your Company has been able to link the development plans of employees with Performance Management System which helps the organization to keep updating the competencies of employees to meet current and future requirement.

Apart from focussed functional and behavioural development of its employees, the Company conducted series of certified Learning & Development Programs on Regulatory Framework in Power Sector and certified workshop on Earned Value Management System for top and senior level executives as part of their strategic development. During the year, an average **5.95 training mandays** per employee has been achieved to equip employees for leadership development, technological enhancement and future challenges.

During FY 2012-13, POWERGRID has inducted **117 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.

New initiative of Mentorship Development has been taken under which young executives are guided by the mentors who nurture, guide and direct them to integrate with the system and values of the organization and counsel them on regular basis. Setting the tone for new business areas in Energy Auditing, the Company has trained group of executives for undergoing through the process of National Certification Examination for Energy Auditors and subsequent accreditation by Bureau of Energy Efficiency (BEE).

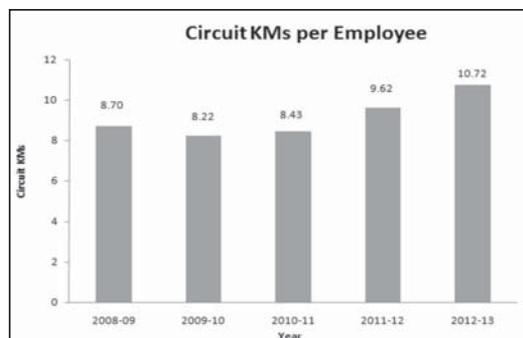
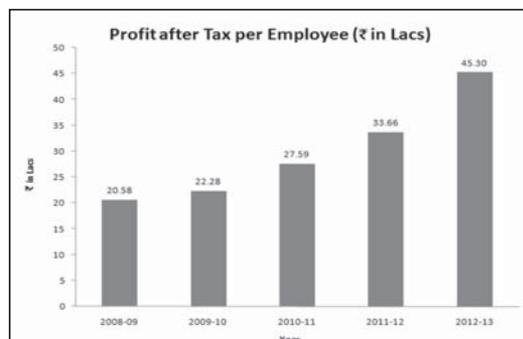
To create a vibrant workforce rising to opportunities and challenges in Company’s future business context, POWERGRID Climate Survey 2012-2013 was conducted amongst executive and supervisor level employees with a view to capture the key factors of employee satisfaction, employee engagement and the existing organisational cultural capabilities and the future cultural capabilities.

Your Company has started running its own Hot Line Training Centre at Hyderabad duly accredited by Central Electricity Authority (CEA). This centre is the only accredited Hotline Training Centre in India and has been set up to provide in-depth approach and training for technical and practical know-how of live line maintenance.

During the FY 2012-13, your Company has signed Memorandum of Understanding (MoUs) with IIM, Lucknow, IIM, Bangalore, CPRI, Bangalore, IIT, Chennai and IIFT, New Delhi which will enable the organization to leverage each other’s capability and resources in areas of pedagogy, training, research and innovation in systems, process, etc.

Employee Welfare

Your Company undertakes requisite changes in various policies from time to time in line with the needs and welfare of employees. The Company had empanelled various hospitals nearby to its establishments including Corporate Centre for the healthcare of employees and their dependents.



Your Company successfully continues to address the issues related to workmen through the National and Regional Bipartite Committee (PNBC/PRBC), a joint consultative forum comprising management and workmen representatives. 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.

Quality food is served to the employees in the ISO 22000:2005 conferred Cafeteria in the Corporate Office and Food Lounge of Multi Purpose hall of your Company. Healthy community living is spread through periodically conducted cultural programmes for celebrating various occasions like Diwali get-together, Holi Milan, New Year, Raising Day, etc. in all establishments of the Company.

The Company also conducted various sports competitions, for boosting the interest of employees in sports and games, at intra and inter-regional level for Kabaddi, Cricket, Volleyball, Badminton etc. Your Company also participates regularly in Inter-PSU Sports meet also. Your Company players in Cricket, Table Tennis, and Carom have stood meritorious and bagged awards in the Inter-PSU tournaments.

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, being sensitive towards our heritage, social and cultural concerns, continues to prove its commitment for implementation of Rajbhasha Policy of Govt. of India.

Your Company is enforcing and putting all efforts for usage of Hindi in all aspects of management in all levels of the corporation. Further, the Company is organizing various events such as workshops to impart training in translation, enhancing working knowledge through organizing computer trainings and Hindi classes, etc. for increased use of Official language. Events like 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, employees are nominated for external Hindi training programmes which are encouraging them to work in Hindi.

Various forums such as Parliamentary Committees on Official Language, Advisory Committee on Official Language and Town Official Language Implementation Committee (TOLIC) had applauded the efforts taken by your Company for implementing Rajbhasha besides receiving many accolades.

Corporate Image through Communication Management

In the current global competitive scenario, it is crucial that Companies carve out a unique niche for itself in terms of building strong relationship with its stakeholders and establishing brand identity for themselves through various innovative communications management initiatives.

In order to facilitate interaction with the stakeholders in respect of achievements, growth, recent developments on operational and financial front, 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.

Your Company through its efficient communication management handled the most challenging communication crisis by disseminating prompt information amongst the press and journalists regarding restoration of the National Grid in July/ August, 2012. The management was regularly updating the press and the media by releasing hourly updation reports and interviews thereby maintaining a transparent communication with the public.

Your Company successfully participated in the India International Trade Fair (IITF) 2012 exhibition by creating a theme stall based on Smart Grid Technology and 1200 kV HVDC transmission line, focusing on its ongoing activities, core competencies and current assignments. The Company also participated in many business oriented exhibitions, technical, social seminars and workshops to reach out to its principal clients and the public.

With a view to integrate the employees' outlook towards the Company's mission, goals and strategies numerous internal communications tools are deployed such as monthly newsletters in digital form, wall magazines, lounge for regular event updates to apprise the developments, achievements & viewpoints of organisation. Besides this, we also provide a stage to our employees for direct interaction with management by organizing "Open House" session time to time where CMD and Directors interact with all the employees either directly or through video conferencing. These internal communications has been instrumental in boosting employee morale, enthusiasm and in turn giving a fillip to revenue per employee.

EXHIBITION AND CONFERENCE ON NEW TECHNOLOGIES - GRIDTECH 2013

Your Company with the support of Ministry of Power and in association with CBIP and IEEMA has organised its 4th International Exhibition and Conference GRIDTECH 2013 on new technologies in transmission, distribution, smart grid/city, load dispatch & communication. Being an excellent global networking opportunity for exhibitors, visitors and delegates, GRIDTECH 2013 provided an opportunity for all Companies to showcase their Transmission, Distribution, Smart Grid, Load Dispatch and Communication expertise and know-how and to identify business opportunities in the electricity market in India and abroad. Recognising the importance in development of Smart Grid/City for sustainable development, special considerations and showcasing were done for exhibiting real life working of Smart Grid/City covering various functionalities by the exhibitors including the demonstration of the functioning of Smart Home Energy Management System.

RENEWED COMMITMENT TO TRANSPARENCY & VIGILANCE FUNCTION

Your Company focuses more on Preventive and Pro-active Vigilance, apart from Detective, Predictive and Punitive Vigilance. Aiming at better transparency in working of the Organisation and to inculcate a sense of Ethics, Integrity and sound Corporate Governance several steps are being taken for improving the system and vigilance administration through various technologies such as Online Complaint Handling System, Vigilance Information Network System (VINS), Online Property Returns, e-bidding, e-payments, e-auction, e-procurement, e-billing, etc. in the Organisation as a whole. Various workshops on Preventive Vigilance, Ethics and the RTI Act are also conducted both at the Corporate Centre as well as in the Regions.

Your Company, as a part of Preventive Vigilance, inspections in the form of surprise and process online were conducted, apart from CTE type inspections. Based on the inspections conducted, adequate cost compensation was effected on points not conforming to technical specifications or conditions of Contract, etc. On the basis of surprise inspections conducted, some cases were also registered for investigation and necessary disciplinary proceedings were initiated in some cases. A number of complaints were also received both internally as well as from outside agencies. The Company has adopted zero tolerance towards corruption. The complaints received are therefore, taken up for verification, earnestly. On the basis of investigations conducted into these complaints, disciplinary action, wherever appropriate, was also initiated against some employees. The Vigilance Department continues its drive to spread awareness amongst employees by sending bulk SMS and e-mails regarding the provisions of the Conduct, Discipline and Appeal Rules. Continuous improvement in systems and procedures has always remained one of the hallmarks of your Company. The Company have, like in previous years, continued its focus on spheres of functioning, like, communication of assessment to the concerned bidders, incorporation of provision relating to conflict of interest, restriction relating to purchase of mementoes to visiting dignitaries, installation of surveillance cameras to increase security, storage of materials at construction sites, etc. Vendors' meet were also organized during the year in various Regions to bolster more interaction with the stakeholders.

During Vigilance Awareness Week, your Company organized a number of programmes both at Corporate Centre and regions like essay, debate, quiz, slogan and painting competitions both for employees as well as for their family members. Panel discussions and lectures by eminent personalities and academicians were also organized. The Vigilance Commissioners, Shri R. Srikumar and Shri J.M. Garg, addressed the employees at Corporate Centre and at the Regions (through Video Conferencing) during this week. The in-house journal of the Vigilance Department, 'Candour' was also inaugurated during this period and distributed widely amongst the employees.

ACCOLADES & AWARDS

Govt. of India and other prestigious organisations & institutes has bestowed your Company with various awards/ accolades in various categories.

Your Company has been selected for '**MoU excellence award**' for FY 2010-11 by Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises for being the top performer in the Energy Syndicate.

Your Company had been conferred with the "**3rd Rajeev Gandhi Excellence Award 2011**" under the 'Best Power Company of the Year' Category by an **NGO "Pehchan"**, to commemorate Late Prime Minister Shri Rajiv Gandhi's birthday, in a function held on August 20, 2012 at New Delhi.

Your Company has also been conferred with the 4th DSIJ PSU Awards 2012 for "**Fastest Growing Navratna in non-manufacturing category**" by Dalal Street Investment Journal in a function held in New Delhi on March 23, 2013.

Further, your Company's team had won the National Championship of National Competition for Business Management Simulations -2012 and represented India in Asian Championship.

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**.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as stipulated under Clause 55 of the Listing Agreement with the Stock Exchanges is given in **Annexure-II** and forms part of the Annual 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-III** 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-IV** to this Report.

COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

Company has achieved 'NIL' comments on the accounts for the year ended March 31, 2013 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956. Copy is attached in **Annexure-V** to this Report.

CORPORATE GOVERNANCE

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

Your Company has got its Secretarial Compliance Audit conducted for the financial year ended March 31, 2013 from M/s Sanjay Grover & Associates, Practising Company Secretary. Their Report forms part of this Annual Report (**Annexure-VIII**).

STATUTORY AUDITORS OF THE COMPANY

The Statutory Auditors of your Company are appointed by the Comptroller & Auditors 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 2012-13.

COST AUDITORS OF THE COMPANY

Your Company had appointed the Cost Auditors Shri Jugal Kishore Puri and M/s. K. G. Goyal and Associates for the Financial Year 2012-13. Further, M/s. K. G. Goyal and Associates and M/s. S. C. Mohanty & Associates have been appointed as Cost Auditors for the Financial Year 2013-14 under Section 233B of the Companies Act, 1956.

The due date for filing Cost Audit Reports for the financial year 2012-13 with the Cost Audit Branch, Ministry of Company Affairs is September 27, 2013 and the same will be filed with the Cost Audit Branch within the stipulated time.

POWERGRID'S BOARD

During the year under report, some changes took place in the Directorate. Shri Ravi P. Singh assumed the charge of Director (Personnel) with effect from (w.e.f) April 1, 2012 and Shri R. P. Sasmal, took over the charge of Director (Operations) with effect from August 1, 2012. Five non-official part time directors viz. Shri R. K. Gupta, Dr. K. Ramalingam, Shri R. Krishnamoorthy, Shri Ajay Kumar Mittal and Shri Mahesh Shah were appointed with effect from January 16, 2013.

Further, Shri Rakesh Jain, JS&FA, MoP, ceased to be Director on the Board of the Company w.e.f. July 08, 2013 (Afternoon). The Board wishes to place on record its deep appreciation and gratitude for the invaluable contribution and unstinted support to the Company extended by Shri Rakesh Jain during his tenure as Director of 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, Smt. Rita Sinha, Shri Santosh Saraf, Independent Directors 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 BSE 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 co-operation 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: 06.08.2013

Management Discussion and Analysis

Economic outlook

The average growth over the five years of the Eleventh Plan (2007-12) was 8.0 per cent. Achieving 8% growth in the backdrop of two global crisis – one in 2008 and second in 2011 has been creditable. However, the slowdown in the rate of growth specially in 2012-13 is a matter of concern. As per the information released by the Central Statistics Office, Ministry of Statistics and Programme Implementation, the growth rate of Gross Domestic Product (GDP) is @ 5% for the fiscal 2012-13. Achieving the growth path in the 12th plan is a function of number of factors, wherein importance of power sector cannot be overlooked, for a robust power sector is central to India's economic growth. Electric power being a critical input in all economic activities viz. agriculture, industry, commerce and household, the rapid and inclusive growth is only possible if electricity with reliability and quality is made available everywhere.

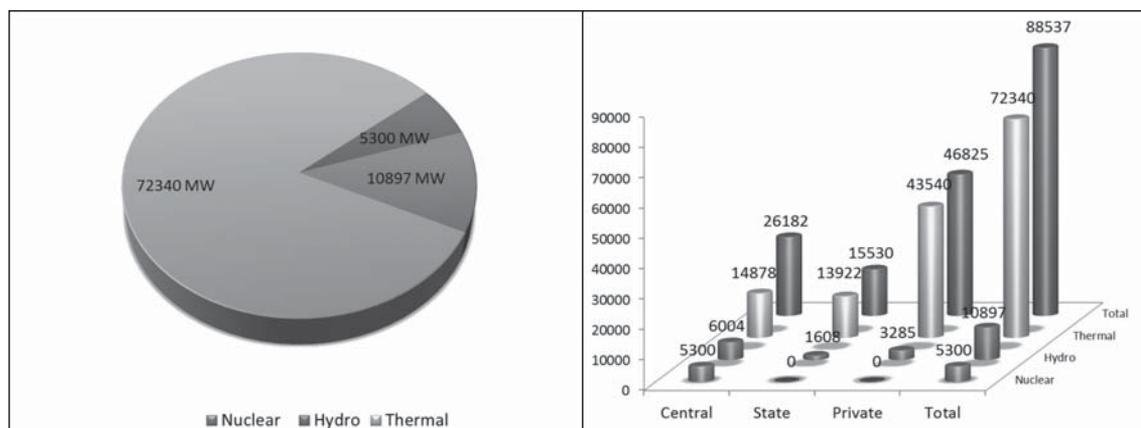
Sectoral outlook

The capacity addition during the Twelfth Plan period is estimated at 88,537 MW comprising 26,182 MW in the Central Sector, 15,530 MW in the State Sector, and 46,825 MW in the Private Sector respectively. Summary of Capacity Addition Programme during 12th Plan is as under:

Type/Sector	Central	State	Private	Total
Thermal	14878	13922	43540	72340
Hydro	6004	1608	3285	10897
Nuclear	5300	0	0	5300
Total	26182	15530	46825	88537

Source: CEA website- www.cea.nic.in

Capacity Addition Programme during XII Plan

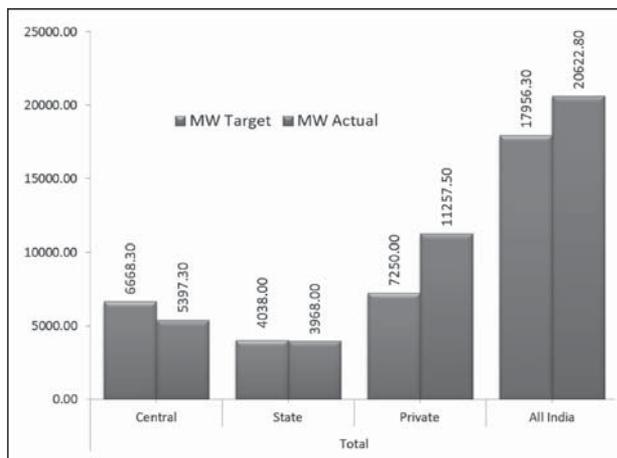


A capacity of 54,963.90 MW has been commissioned during XI Five Year Plan against the revised target of 62,374 MW as per the mid-term appraisal carried out by the Planning Commission. The capacity addition target for the year 2012-13 was set at 17,956 MW. As against this, a capacity of 20,622.80 MW have been added during first year of the Plan i.e. FY 2012-13, as detailed below:

Sector-wise and Fuel –wise capacity addition during April-March 2013 (MW)

Sector	Thermal		Hydro		Nuclear		Total		Percent to Target
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Central	4023.30	5023.30	645.00	374.00	2000.00	0.00	6668.30	5397.30	80.94%
State	3951.00	3911.00	87.00	57.00	0.00	0.00	4038.00	3968.00	98.27%
Private	7180.00	11187.50	70.00	70.00	0.00	0.00	7250.00	11257.50	155.28%
All India	15154.30	20121.80	802.00	501.00	2000.00	0.00	17956.30	20622.80	114.85%

Source: CEA website- www.cea.nic.in



Transmission

A total of about 1,07,440 ckm of transmission lines; 2,70,000 MVA of AC transformer capacity and 12,750 MW of HVDC systems are estimated to be added during the Twelfth Plan. The transmission programme to be taken up during the Twelfth Plan period and anticipated cumulative achievement at the end the year 2016-17 are as under:

Transmission Lines at the end of the XII Plan Period

Transmission System Type/Voltage Class	Unit	At the end of XI Plan	Expected Addition during XII Plan	Expected by end of XII Plan
Transmission Lines				
HVDC Bipole lines	ckm	9,432	7,440	16,872
765 kV	ckm	5,250	27,000	32,250
400 kV	ckm	1,06,819	38,000	1,44,000
230/220 kV	ckm	1,35,980	35,000	1,70,980
Total	ckm	2,57,481	1,07,440	3,64,921
Substations				
765 kV	MVA	25,000	1,49,000	1,74,000
400 kV	MVA	1,51,027	45,000	1,96,027
230/220 kV	MVA	2,23,774	76,000	2,99,774
Total	MVA	3,99,801	2,70,000	6,69,801
HVDC				
Bi-pole link capacity	MW	6,750	12,750	19,500
Back-to-back capacity	MW	3,000	0	3,000
Total	MW	9,750	12,750	22,500

Source: Planning Commission, XII Five Year Plan, Vol. – II.

The Installed Generation Capacity as on 31.03.2013 is as under:

All India	Thermal				Nuclear	Hydro (Renewable)	RES (MNRE)	Grand Total
	Coal	Gas	Diesel	Total				
MW	130220.89	20109.85	1199.75	151530.49	4780.00	39491.40	27541.71	223343.60
%age	58.3	9.0	0.5	67.8	2.1	17.7	12.3	100.0

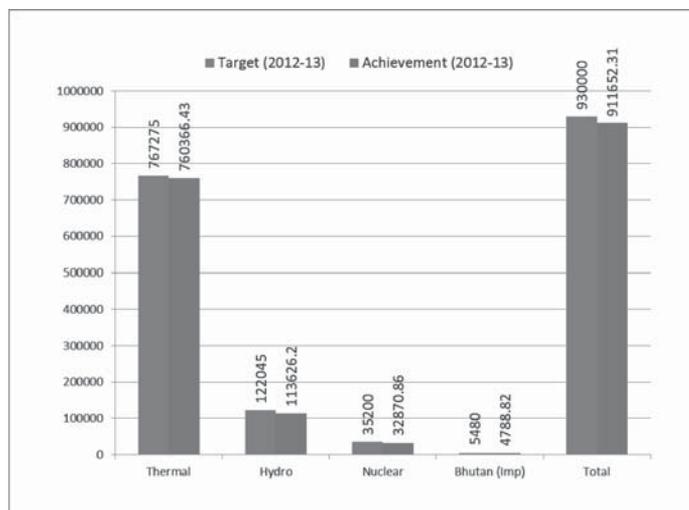
Source: CEA website- www.cea.nic.in

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

	Hydro	Thermal	Nuclear	Bhutan (Imp)	Total
Target (MU)	122045.00	767275.00	35200.00	5480.00	930000.00
Achievement up to Mar., 2013* (MU)	113626.2	760366.43	32870.86	4788.82	911652.31
%age	93.10	99.10	93.38	87.39	98.03

Source: CEA website- www.cea.nic.in

*Provisional



Growth of Transmission Sector as on 31.03.2013 is as under:

	Central Sector	State Sector	JV/Pvt.	Total
Transmission Lines (ckm.)				
765kV	6048	411	-	6459
400kV	76534	33276	8370	118180
220kV	10474	129213	830	140517
±500kV HVDC Lines (ckm.)	5948	1504	1980	9432
Sub Station: (MVA)				
765kV	48000	1000	-	49000
400kV	85165	82027	1567	167822
220kV	7716	233611	1567	242894
±500kV HVDC Converter/BTB Stn. Converter Terminal (MW)	9500	1500	2500	13500

Source :CEA website- www.cea.nic.in

Power supply position (Provisional) during 2012-13 is given below:

Region	Requirement	Availability (MU)	Surplus/Deficit (-)		Peak Demand (MW)	Peak Met (MW)	Surplus/Deficit (-)	
			(MU)	(%)			(MU)	(%)
Northern	300,616	273,082	-27,534	-9.2	45,860	41,790	-4,070	-8.9
Western	293,929	284,138	-9,791	-3.3	40,075	39,486	-589	-1.5
Southern	281,792	237,998	-43,794	-15.5	37,638	31,586	-6052	-16.1
Eastern	107,573	102,614	-4,959	-4.6	16,655	15,415	-1,240	-7.4
North Eastern	11,590	10,742	-848	-7.3	1,998	1,864	-134	-6.7
All India	995,500	908,574	-86,926	-8.7	135,453	123,294	-12,159	-9.0

Source: CEA website- www.cea.nic.in

By the end of Eleventh Plan, out of the total 5,93,732 villages in India (Census 2001), 5,56,633 villages (*93.8 per cent) have been electrified. The All India Village Electrification as on 31.03.2013 is (Nos.) 560266 (94.4%) as against 556633 (93.8%) as on 31.03.2012.

*Source: as per CEA report.

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 the autonomy to its Board of Directors to approve investment in its projects apart from equity investment in joint ventures and wholly owned subsidiaries in India or abroad with a ceiling of 15% of the its networth in one project limited to ₹1000crore with 30% overall ceiling in all projects. POWERGRID is also the notified "Central Transmission Utility" of the Country since 1998.

POWERGRID Transmission Network as on 31st March, 2013:

- Owns & operates transmission network of **1,00,200 Circuit kms.** of Extra High Voltage Transmission Lines, **167 nos.** of EHVAC & HVDC substations with a **total transformation capacity of 1,64,763 MVA.**
- Inter-regional power transfer capacity of about **29,750 MW.**
- Maintained the transmission system availability at 99.90% at par with the International utilities.
- Wheels about 50% of the total power generated across Country.

POWERGRID's commitment towards furtherance of National Grid

During the year, the Company has added transmission network of **7156 Circuit Kms.** and **17 substations** and transformation capacity of more than **40,230 MVA**. The target vis-à-vis achievements of POWERGRID in project implementation during the year 2012-13 have been as under:

Works	Target to achieve (Excellent rating as per MOU)	Achievement	Percentage
Foundation (Nos.)	15000	16233	108%
Tower Erection (Nos.)	13000	13868	107%
Stringing (in cKms.)	7000	7156	102%
Transmission Lines ready for commissioning (in GW - cKms.)	7240	7293	100%
Transformation Capacity addition (MVA)/ ready for commissioning	20000	35480	177%

Company's performance under operational, project implementation and commercial areas are enumerated in the Directors' Report.

Addressing the concerns in development of Inter-state transmission system (ISTS)

POWERGRID, the CTU, is engaged in construction, operation & maintenance of inter-state transmission system (ISTS) which entails multi dimensional challenges. Major areas of concern in development of transmission network in the country are:

- (i) Right of Way (RoW);
- (ii) Acquisition & optimal use of land for sub-stations;
- (iii) Obtaining forest clearances;
- (iv) Maintaining minimal Impact on Environment;
- (v) Availability of skilled manpower;
- (vi) Improvement in operational efficiency.

These challenges need to be addressed through innovation and adoption of new technologies. For this, your Company gives major thrust to R&D activities and seamless integration of new technologies to achieve sustainable growth and to improve quality of power supply while optimizing upon the cost of delivered power. Some of the activities/ measures undertaken to address these concerns are as follows:

(i) Addressing Right of Way issues:

- Ensuring availability of RoW of transmission lines is increasingly becoming difficult day by day. In order to address the RoW issues and to cater to the need of bulk Power Transfer to distantly located Load Centres, your Company is deploying technologies such as Multi Circuits, Compact & Tall Towers, High Surge Impedance Loading Lines, Fixed & Thyristor controlled Series Compensation, High Temperature Low Sag (HTLS) Conductors, etc. Company has been adopting higher voltages levels gradually for optimizing the right of way and increasing the power carrying capacity of transmission lines without much affect on transmission losses. Towards this, your Company has been developing high power transmission corridors comprising 765kV AC transmission and +500kV HVDC, ±800kV HVDC transmission systems.

Your Company has initiated action towards enhancement of the operating voltage level of the transmission network from 400 kV to 765 kV AC in 2007. For enhancing the power transmission per corridor of transmission lines, more number of 765 kV UHV AC D/C lines are being implemented, which reduces the right of way requirement.

Having experienced with construction of ±500kV HVDC transmission system, Your Company is now working on next higher transmission voltages of ±800kV HVDC to achieve efficient utilization of RoW and increased power transfer capability for transfer of bulk power over long distances.

For evacuation of power from the generation projects concentrated in resource rich States i.e. Odisha, Jharkhand, Sikkim, Madhya Pradesh, Chattisgarh and to conserve RoW, power from nearby generation units are being pooled to a common pooling point and from the pooling substation bulk power is transferred through High capacity Corridor to longer distance load centers. In this respect, eleven numbers of such High Power Capacity Transmission Corridor are being implemented with the approval of CERC.

Your Company is also implementing ±800kV, 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) and upon completion, it shall be the one of the longest HVDC lines in the world. Another ±800 kV Transmission System is also being implemented for bulk power transfer from Champa (Chattisgarh) to Kurushetra (in Haryana). Further, 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 the Company in collaboration with 35 Indian manufacturers. This is one of the unique R&D projects in public-private partnership model. The pilot 1200kV Single Circuit (S/c) and D/c lines have been successfully test charged at 1200kV UHVAC National Test Station at Bina, Madhya Pradesh and field tests are currently undergoing.

- Your Company has taken initiative of reconductoring some of its transmission lines by replacing 'Twin-Moose Conductor' to 'High Temperature Low Sag Conductor' (HTLS), thereby enhancing the power carrying capacity of transmission corridor. During the year, reconductoring of one circuit of 400 kV D/C Purnea-Siliguri Line of about 175 kms. has already been completed and reconductoring of another circuit is under progress. In addition, reconductoring of common multi-circuit portion, of 400 KV D/C Maithon-Gaya transmission line and 400 KV D/C Koderma-Gaya transmission line, passing through forest, have also been undertaken.
- Your Company is exploring the possibility of indigenous development and demonstration of AC High Temperature Superconductor (HTS) cable for power delivery, which will increase power carrying capacity of the corridor, reduce losses and requirement of RoW. High temperature superconductors (HTS) offer number of advantages including high efficiency performance and low-electrical losses.

(ii) Acquisition of Land for substations:

Land acquisition has become a huge problem in implementation of transmission projects. With scarce land availability, particularly in Metros and other urban areas, there is a growing need for reduction of land use for setting up of substations. Towards this:

- Gas Insulated Switchyard (GIS), which requires less land area (1/4th) in comparison to the conventional Air Insulated Switchyard (AIS) are being considered to address scarce land availability. Till 31.03.2013, POWERGRID has completed construction of 7 numbers of GIS substations and 21 more are under construction. GIS technology at 765 kV voltage level is also being planned for further optimising the requirement of land for the first time in the Country. With increase of GIS, the cost of substation vis-a-vis AIS substation has also become competitive.
- Settling compensation to land owners is matter of concern which delays the land acquisition process. For this, your Company has developed its own Environmental and Social Policy & Procedures (ESPP) and being implemented in all its projects. Under ESPP, in addition to the compensation awarded by the State Revenue Authorities, additional rehabilitation amount is also considered for payment to the affected families and R&R activities are also implemented in the affected villages.
- Your Company took path breaking practices like Consent Award under Land Acquisition Act,1894 for substations in Durg, Hyderabad, Korba, Kotra etc. and direct purchase of private land on willing seller willing buyer basis in substations like Padghe, Varanasi, Alipurduar etc., there by reducing resistance/ confrontation during land acquisition.

(iii) Forest Clearances:

Obtaining forest clearance for transmission projects is a lengthy and cumbersome process. As per guidelines issued by Ministry of Environment & Forest (MoEF), processing time of a proposal for forest clearance at the State level has been prescribed as 210 days. However, the time taken, especially for carrying out compliance of MoEF directives regarding Forest Rights Act,2006 (FRA) being normally very high. This results in delay in obtaining final approval and affects implementation of the projects. However, POWERGRID's concerted efforts and the active assistance of Ministry of Power has resulted in the relaxation of FRA Guidelines by MoEF for linear projects including transmission lines. The much needed relaxation is expected to reduce the time taken for getting forest clearances.

(iv) Maintaining minimal Impact on Environment:

Your company has always laid special emphasis on maintaining the bio diversity of the region during construction and operation stage of its Transmission system. As a responsible corporate citizen, your company has consistently adopted measures for avoidance of Forests/ National Parks/ Wildlife sanctuaries and ecologically sensitive and biologically diverse areas.

In its endeavour to preserve the flora and fauna of the region and maintaining minimal impact on Environment, your company has taken measures to optimize route alignment for the transmission corridor and by utilizing Multi-circuit Towers, adopting higher voltage transmission lines, etc.

Some of the major initiatives taken by your company in this year towards conservation of forest, sanctuary, etc. are mentioned here under:

- During the construction of 765 kV S/C Indore-Dahod line, the Great Indian Bustard Sanctuary was completely avoided by re-routing the line.
- Likewise the Achanakmar-Amarkantak Biosphere Reserve has also been avoided during construction of 765 D/C Dharmajaygarh-Jabalpur line.

(v) Developing skilled manpower:

Skilled manpower is an essential pre-requisite for rapid development. Massive capacity addition is envisaged in power sector and likewise in generation. Accordingly, the power transmission sector also required to be geared up to this challenge. Therefore, skilled manpower development by imparting training is essential to achieve XII plan target.

- Your company has taken pre-emptive measures under its Capacity Building Initiative and has trained 258 unemployed youths in power transmission line erection and power transmission line stringing jobs with the help of transmission line construction contractors. These trainees are assessed and provided certificate by Nation Council for Vocational Training (NCVT) on successful completion. Cumulatively, 503 persons have been trained under this initiative for enhancing the availability of skilled manpower for construction jobs in the field of transmission.
- Further, your company has continued its efforts to enhance the Project management capabilities of its executives through Certification program on Project Management. Project management is the value driver and brings value by improving execution of strategy, standardization, better communication, etc. In this continuing endeavour, 48 Executives have also been certified for Project Management in level-I and 21 Executives got certified for Project Management in Level-II during the year.

(vi) Improvement in operational efficiency:

POWERGRID assets have grown substantially at a higher rate during last 5 years and also there has been a gradual migration from 400kV to 765kV level transmission system resulting in optimal utilization of the scarce Right of way and facilitating higher power transfer capacity in the system.

However, with the increased geographical spread, open electricity market, increase in number of players in the market, wide variation in quantum of power flow, increased penetration of renewable generation and need for optimal utilization of existing assets, etc. have made it a challenging task to maintain safety, security and reliability of very large power system in real time basis.

Recognizing the need for effective control on real time basis and to improve planning and operations of power system as a whole, your company is adopting new measures such as:

- Implementation of WAMS (Wide Area Measurement System) in all the five Regions across the Country with the application of state-of-the-art synchrophasor technology (Phasor Measurement Unit). Under this initiative, over fifty(50) Phasor Measurement Units (PMUs) have been installed, facilitating dynamic real time measurements and better visualization of power system, which are useful in day to day monitoring and control of safety and security of the grid at the load dispatch centers. These projects have been found to be very useful in understanding the technology and using the data of system / events analysis.

- For enhancing the efficiency in overall grid management in open electricity market regime and full scale implementation of WAMS technology on pan India basis, POWERGRID has proposed “Unified Real Time Dynamic State Measurement System (URTDSM)” integrating State and Central grids. Under this project PMUs would be placed at all HVDC, 400kV and above AC substations and generating stations, substations up to 220 kV level besides PDCs (Phasor Data Concentrator) at Control Centers in the first phase. In this direction along with IIT Bombay various analytics based on PMUs data are being developed.

In view of expected increase in number of PMU, testing of PMUs shall be a huge task. Therefore a PMU Test Lab is required to be set-up in India. Accordingly your company has taken up setting up of a PMU Test Lab for pilot testing of PMUs under the supervision of Consultants at RTL, Bhiwadi Substation.

- Company has undertaken power system study through Real Time Digital Simulator (RTDS) for HVDC. RTDS has a specialized computer hardware and software designed specifically to achieve real time simulation of power systems with HVDC, FACTS and protective relays, etc. specifically for study of dynamic performance which is likely to enhance efficiency in operation.
- 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. To facilitate optimum selection of insulators for new transmission lines, pollution mapping in Northern Region is being conducted. Pollution measurements are being carried out at more than 150 locations of POWERGRID and 108 locations of State Transmission Utilities (STUs) in Northern Region. These corrective measures will further minimize the probability of occurrence of flashover in lines passing through pollution affected areas. Pollution mapping of SR and ER is also being taken up by POWERGRID.
- Your company has taken measures to minimize the tripping due to lightning by installing Transmission line arrestors especially in North Eastern Region which is highly prone to lightning activities.
- POWERGRID is implementing a Grid Security Expert System (GSES) Project for advance defense plan for the secure Grid operation. This GSES system shall be commissioned in all the five Regions, which shall enable all State Load Despatch Centers and Regional Load Despatch Centers/ National Load Despatch Center to manage the load disconnection/Generation disconnection automatically depending upon the criticality of Grid based upon Real Time information. The scheme is proposed to be implemented on Regional basis as per decision taken in respective Regional Power Committee.
- As per Government directives, 2.3-2.5 GHz frequency band of Microwave Links in all the Regions have been released to Department of Telecommunication. To overcome constraints being faced in grid operation in absence of wide band communication system, your company has taken up installation of Fiber Optic Network for connecting all 400 kV and above substations, most of the 220 kV substations and power plants. 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), Unified Real-time Dynamic State Measurements (URTDSM) and Grid Security Expert System (GSES) Project as well as remote operation of the system.
- To meet the future growth of Power System as well as the new requirement of technological changes your company is taking up nationwide up-gradation and expansion of SCADA/ EMS System of 5 Regional Load Despatch Centers (RLDCs) and 30 State Load Despatch Centers (SLDCs) with Backup Control Centres.
- Your company has signed MoU with Foundation of Innovation Technology Transfer (FITT), IIT, Delhi for Third Party Certification of Operation & Maintenance personnel through training & evaluation. In this endeavour your company has conducted 14 training programs in which 136 participants have been certified for maintenance of Transformers and Reactors, switchgears and On-load Tap Changers.

● Sustainable Development

Furthering its commitment towards avoiding, mitigating & minimizing the environmental & social impact of its operations, POWERGRID has undertaken following worth-mentioning activities:

- A “Waste Paper Recycling” plant has been established in the premises of our 400/220 kV GIS Substation at Gurgaon having recycling capacity to handle 40-60 kgs of paper daily. The waste paper generated from the POWERGRID Corporate Office is being used as raw material. POWERGRID is also in the process of segregating waste/used paper at source, in order to improve the quality of recycled paper. This initiative shall further reduce our carbon footprints, as 1 ton of paper requires cutting of 17 mature trees and about 10 litres of water to produce one A-4 sheet paper. The recycled paper produced in-house is now utilized for making company’s letterheads, visiting cards, envelopes, file/folders, etc.
- The scarcity of water is becoming a leading cause of brewing discontent within India and internationally among nations with access to common fresh water reserves. POWERGRID has undertaken Rain Water Harvesting systems in 7 substations with a total expenditure of ₹52.66 lakhs against a targeted ₹50 lakhs as per MoU target set by DPE as part of our Sustainable Development initiative to contribute to the endurance of our ground water reserves.
- POWERGRID released its Sustainability Report for the period 2009-10 & 2010-11 on 15.03.2013. The report is based on GRI-G3 Guidelines. International Standards like Accountability, UK Standard “AA1000:2008 APS and AA1000:2011 SES” have been followed to make the process more inclusive, focus on material / significant aspects for the company and responsiveness. The first report of the company was internally assured however taking our efforts towards transparency further; this report has been duly validated externally by an accredited assurance provider M/s TUV Rheinland India a group company of TUV Rheinland Germany. The Sustainability Report deals in measurement & disclosure of information on the Triple Bottom Line (TBL) i.e. environmental, social and economic impacts arising out of daily activities of the corporation. The report aims at sharing various initiatives taken by POWERGRID to highlight its commitment towards a socially responsible corporate entity not only focusing on business but also towards the community and the environment.

- A dedicated Energy Efficiency Cell has been created in POWERGRID with the objective to create inroads into reduction of carbon footprints and to promote energy efficiency in all sectors. POWERGRID is adopting energy efficient appliances for new constructions to be more energy efficient and retrofitting the existing establishments with energy efficient devices such as LED lights, Lighting energy savers, Fuel Conservation devices for DG sets in phased manner. POWERGRID is also in the process of installing solar power plant in their Corporate Office and in few other buildings to promote green energy. It is expected that the efforts shall yield in reduction of carbon emission and improve energy efficiency.

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. Balance assets at sub-stations along with transmission line assets are covered under the Self Insurance Scheme which covered only fire and allied perils and not machinery breakdown.

Risk Management Procedure

The 'Enterprise Risk Management Framework' (ERM framework) has already 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 always a gap in the commissioning of generation units vis-à-vis the transmission system and there might be delays in the materialisation of some of the generation projects. To mitigate the same, the Generators are signing Agreement with POWERGRID to share and bear the applicable transmission charges as decided by CERC from the date of actual commissioning of transmission system irrespective of commissioning of Generating Units. 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:-** We foresee numerous hurdles and challenges in conducting our daily business. This scenario will only become more onerous in the future in the light of the proposed statutory enactments like Land Acquisition and R&R Act, 2011. The process of obtaining forest clearance under Forest (Conservation) Act, 1980 involves a steep and tedious hierarchy. Apart from the legislative framework, social issues like RoW are contributing to prolonged delays in the commissioning of projects. However, we have taken number of internal & external measures to expedite land acquisition and forest clearance and based on our past experience in dealing with these issues, we envisage overall risk to be moderate.
- c) Revenue Risk:-** The Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 (notified on 15th June, 2010) came into effect from 01.07.2011. This Regulation provides for computation of Point of Connection (PoC) charges and losses which introduced new methodology for calculation of tariff and sharing of transmission charges. Certain States namely Bihar, Odisha, West Bengal, Maharashtra and Jharkhand 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 has taken a temporary hit till the cases are settled by Court. However, the State of Maharashtra is continuing to pay the transmission charge as per PoC methodology in terms of interim order of the Delhi High Court. West Bengal and Jharkhand are also making payment as per PoC method under protest subject to final settlement in the case. Other constituents, namely Bihar and Odisha are paying as per the old mechanism and that has resulted into high outstanding dues receivable from them. CERC Tariff regulations allow payment of monthly bills towards transmission within a period of 60 days from the date of bills. Further, there is a provision for rebate also in case of payment is made within 60 days. During the FY2012-13, most of the utilities were availing 60 days allowable period for clearing their dues. Appropriate actions for realization of dues were taken by the company against defaulting utilities that resulted into recovery of huge outstanding dues.

- **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 in place to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. The elaborate guidelines for preparation of Accounts are followed consistently for uniform compliance. The Internal Audit Manual, updated in consultation with M/s Deloitte Haskins & Sells has been implemented progressively. The regular and exhaustive Internal Audit on half yearly basis is carried out by the experienced Cost/Chartered Accountant Firms in close co-ordination with Company's own Internal Audit department to ensure that all checks and balances are in place and all internal controls/systems are in order. The Corporate Audit Department also carries out system audit to reassure the effectiveness of the internal control mechanism. The scope and authority of the Internal Auditor is derived from the Internal Audit Plan approved by the Audit Committee of the Board. The Audit Committee meets at regular intervals and keeps a close watch on compliance with internal control mechanism. The significant /material audit findings are placed before the Audit Committee for review, discussion and subsequent action.

As on 31st March, 2013, the Company had an Audit Committee in place as per clause 49 of the Listing Agreement, which had four independent Directors and one Non-Executive Director.

Financial Discussion and Analysis

Comparison of Fiscal 2013 to Fiscal 2012

Your company's total income in Fiscal 2013 was ₹13328.74crore, which represented an increase of 23.59 % over the total income of ₹ 10785.01 crore in Fiscal 2012. In Fiscal 2013, transmission and transmission-related activities constituted 91.61% 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 2013	Fiscal 2012
Revenue from transmission charges*	12211.06	9673.13
Consultancy fees	315.40	289.95
Revenue from telecom	231.39	201.19
Total	12757.85	10164.27

*Includes Short Term Open Access charges of ₹409.06 Crore for Fiscal 2013 and ₹325.48 Crore for Fiscal 2012.

The revenue was higher in Fiscal 2013 as compared to Fiscal 2012 mainly on account of increase in Gross Block (tangible and intangible assets) by ₹17213 crore added at various points of time during Fiscal 2013 and full year impact of assets added in Gross Block during Fiscal 2012.

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 for rest of period from 01.07.2010 to 31.03.2014.

Under the tariff norms prescribed by CERC for the tariff Block 2009-2014, recovery of transmission charge is permitted to your company on the achievement of the operational norms and an incentive is also allowed 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 2012-13, no hedging for foreign exchange exposure has been undertaken by your company.

As per Regulations on Sharing of Inter-State Transmission Charges & Losses, 2010 which came into force from 01.07.2011, POWERGRID, as CTU, is performing 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.

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 2013 was ₹315.40 crore as against ₹289.95 crore in the Fiscal 2012, an increase by 8.78%. Such increase is on account of revenue from Myanmar Project, new consultancy works of Jharkhand, though RGGVY and Tower Design consultancy works reduced during the year.

The revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines. The Telecom revenue grew by 15.01% in Fiscal 2013 to ₹ 231.39 crore from ₹ 201.19 crore in Fiscal 2012.

Other Income

Your company's other income was ₹570.89 crore in Fiscal 2013, a decrease of 8.03% over the other income of ₹620.74 crore in Fiscal 2012.

(₹ in Crore)

Other Income	Fiscal 2013	Fiscal 2012
Dividend –Subsidiary and Others	60.68	54.18
Interest income – bonds and long term advances	64.83	81.76
Interest income – banks	102.81	279.15
Interest income – others	101.83	7.50
Profit on sale of fixed assets	0.20	0.09
Deferred income (transfers from grants in aid)	22.29	26.33
Transfer from insurance reserves on a/c of loss of fixed assets	0.35	0.81
Lease income from State Sector ULDC	35.66	7.89
Surcharge on late payment from customers	73.47	66.93
FERV gain	1.16	-
Miscellaneous income	48.37	55.31
Provision written back	59.24	40.79
Total Other Income	570.89	620.74

The other income decreased mainly because there had been decrease in interest income from investments in banks owing to decrease in the unutilized proceeds of FPO; decrease in interest income on tax free bonds on account of repayment of bonds.

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 ₹ 7708.58 crore in Fiscal 2013, an increase of 24.96% over the total expenditures of ₹ 6168.75 crore in Fiscal 2012. The total expenditure as a percentage of total income were 57.83% in Fiscal 2013 compared to 57.20% in Fiscal 2012.

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 9347 employees on payroll as of March 31, 2013, compared to 9,670 employees as of March 31, 2012, a decrease by 3.34% mainly due to separation (completion of tenure/resignation) of employees hired on Fixed tenure basis. Employees' remuneration and other benefits increased by 5.15% to ₹ 886.40 Crore in Fiscal 2013 from ₹ 842.97 Crore in Fiscal 2012. 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 30.46% to ₹2535.22 crore in Fiscal 2013 from ₹1943.26 crore in Fiscal 2012. The increase was mainly due to commissioning of new Transmission Assets, interest on which were earlier capitalized but now treated as operating expenditure.

These charges include guarantee fee of ₹135.15 crore (net of IEDC) payable to the GoI for giving guarantees to the lenders of our foreign currency loans.

Depreciation

Your company's depreciation increased by about 30.30% to ₹3351.92 crore in Fiscal 2013 from ₹2572.54 crore in Fiscal 2012. The increase was mainly because of the commissioning of new transmission assets and full-year impact in Fiscal 2013 of transmission assets which were commissioned during Fiscal 2012.

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 7.60% to ₹871.54 crore in Fiscal 2013 from ₹809.98 crore in Fiscal 2012. The increase is on account of the increase in Gross Block (tangible and intangible assets) by ₹17213 crore added at various points of time during Fiscal 2013 and full year impact of assets added in Gross Block during 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 2013 was ₹ 5644.86 crore, an increase of 22.78% over our profit before tax of ₹ 4597.60 crore in Fiscal 2012.

The exchange differences arising on settlement/ translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and hitherto charged to the statement of profit and loss have now been adjusted in the cost of related capital assets. This change in accounting policy is made effective from 01 April, 2011 and has resulted in increase in Profit before tax for the year by ₹122.95 crore (including ₹ 66.12 crore for FY 11-12). (to be read with note no.2.39(i).

In view of opinion of EAC of ICAI, the unspent expenditure, out of the budget for the year towards Corporate Social Responsibility (CSR), which was hitherto being provided for in the statement of Profit & Loss is now being transferred to CSR reserve by appropriating profit and this change has resulted in increase in profit before tax for the year by ₹26.06 crore (including ₹15.26 crore write back of provision for earlier years). (to be read with note no.2.39(ii).

Provision for Tax

In Fiscal 2013, we provided for ₹1052.08 crore of Minimum Alternate Tax, compared to ₹888.51 crore in Fiscal 2012. The increase was primarily due to increase in Profit before tax in Fiscal 2013.

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 2013 was ₹4234.50 crore, an increase of 30.09 % over our Profit after Tax of ₹3254.95 crore in Fiscal 2012.

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, 2013, your company had cash and cash equivalents of ₹1661.97 crore. As at March 31, 2013, we also had unutilized Bank Guarantees limits of approximately ₹88.00 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	
	31 st March, 2013	31 st March, 2012
Net cash from operating activities	11046.04	6402.53
Net cash (used in) investment activities	(21710.70)	(15834.33)
Net cash from Financing activities	9989.75	8088.62
Cash and cash equivalents at the end of the year	1661.97	2336.88

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 ₹11046.04 crore in Fiscal 2013 as against ₹6402.53 crore in Fiscal 2012.

Net Cash (Used in) Investment Activities

Your company's net cash used in investing activities was ₹21710.70 crore in Fiscal 2013 as against ₹15834.33 crore in Fiscal 2012. This mainly reflected expenditures on fixed assets and capital work-in-progress as well as construction stores of ₹22150.80 crore and receipt of interest and dividend income of ₹ 341.75 crore.

Net Cash from Financing Activities

In Fiscal 2013, your company's net cash flow from financing activities was ₹9989.75 crore as against ₹8088.62 crore in Fiscal 2012. Your company raised ₹18042.83 crore (including short term loan of ₹ 2,000 crore) of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. The company repaid ₹4248.08 crore of borrowings and paid interest and finance charges of ₹2235.59 crore. In the Fiscal 2013, we paid dividends of ₹1351.89 crore comprising final dividend for Fiscal 2012 and an interim dividend for Fiscal 2013. The dividend for the financial year 2012-13 (including proposed final dividend @11.40% of paid up capital) is ₹1273.18 crore. The dividend payout 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 2013 and Fiscal 2012, were ₹20,037 crore and ₹17,814 crore, respectively. Capital expenditure budget for Fiscal 2014 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 2013 on transmission assets under our tariffs has been 15.5%. Our actual Return on Equity from period to period across our entire business in Fiscal 2013 is 16.15% as against 13.86% in Fiscal 2012, an increase of 16.52%. The return on equity of 16.15% is mainly due to return on the increased commissioned assets, accounting of principal and interest on dues from erstwhile DESU in view of approval of Gol on settlement of DESU dues and increase in dividend earnings.

Selected Balance Sheet Items

Fixed Assets

Your company's total fixed assets (Net Block of Fixed Assets & Capital Work-in-Progress) were ₹80,515.56 crore and ₹63,235.80 crore as at March 31, 2013 and March 31, 2012, respectively. 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 ₹47,339.78 crore in Fiscal 2012 to ₹60,877.69 crore in Fiscal 2013, an increase by 28.60%. 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 increased from ₹322.52 crore in Fiscal 2012 to ₹522.95 crore in Fiscal 2013, an increase by 62.14%.

(iii) Capital Work in Progress

Your company's capital work-in-progress was ₹ 18,921.30 crore and ₹ 15,499.89 crore, as at March 31, 2013 and 2012, respectively, an increase of 22.07%. 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 and 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 ₹193.62 crore and ₹ 73.61, as at March 31, 2013 and 2012, respectively.

Construction stores

Construction stores were ₹15,708.62 crore and ₹12,610.04 crore as at March 31, 2013 and 2012, 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, 2013, the Non-current Investments and Current Investments were ₹964.24 crore and ₹183.26 crore as against ₹1101.19 crore and ₹183.26 crore, respectively as at March 31, 2012. 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; ₹78 crore in Jaypee Powergrid Limited; ₹40.98 crore in Parbati Koldam Transmission Company Limited; ₹25.41 crore in Teestavalley Power Transmission Limited; ₹106.96 crore in North East Transmission Company Ltd.; ₹22.50 crore in Energy Efficiency Services Ltd.; ₹11.06 crore in National High Power Test Laboratory Private Ltd; ₹1.30 lac in Cross Border Power Transmission Company Limited; ₹0.5 lac in Kalinga Bidyut Prasaran Nigam Private Limited; ₹2.5 lac in Bihar Grid Company Limited; ₹ 30.74 crore in subsidiaries of our Company viz. ₹30.64 crore in Power System Operation Corporation Ltd and ₹0.05 crore in Powergrid NM Transmission Company Limited and 0.05 crore in Powergrid Vemagiri Transmission Limited

Loans and Advances

The loans and advances have been classified into long-term & short-term categories. As at March 31, 2013, the long-term loans & advances and short-term loans & advances were ₹5963.40 crore and ₹595.03 crore as against ₹ 5614.76 crore and ₹425.96 crore respectively as at March 31, 2012. 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, advances to related parties 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 2012 to Fiscal 2013 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 ₹ 551.53 crore, as at March 31, 2013. 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 2013 as compared with Fiscal 2012, 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, 2013 and 2012 were ₹1434.09 crore and ₹1497.49 crore, respectively. Trade receivables decreased by 4.23% in Fiscal 2013 as compared to Fiscal 2012. The decrease from Fiscal 2012 to Fiscal 2013 was mainly due to improved collection.

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

Other Current Assets

Our other current assets as at March 31, 2013 and 2012 respectively, were ₹1839.57 crore and ₹1445.99 crore. Other current assets mainly include interest accrued on investments (Bonds) & term deposits. Besides, it includes 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 increased by 27.22% in Fiscal 2013 as compared to Fiscal 2012 due to increase in unbilled amount to ₹1757.87crore (in Fiscal 2013) from ₹1348.81 crore (in Fiscal 2012).

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

MOU Parameters	Actual 2012-13	MOU 2012-13
Gross Sales (₹ crore)	12758	10877
Gross Margin (₹ crore)	11507	9736
Net Profit/Net worth (%)	16.15%	12.69%
Gross Margin/Gross Block (%)	14.28%	13.58%
Gross Profit/Capital Employed (%)	15.40%	13.07%
PBDIT/Total employment (₹ in lakhs)	123.11	98.87
Added value/Gross Sales (%)	48.69%	41.39%

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, 2013:

(₹ in Crore)

	2013-14	2014-15	2015-16	2016-17	BEYOND 2016-17	TOTAL
Rupee Loans						
Bonds	1933.72	2464.34	2791.71	3446.04	31637.70	42273.51
Other Domestic Loans	118.18	103.37	101.73	227.22	1273.00	1823.50
Foreign Currency Loans						
US\$	839.15	930.11	1193.20	1259.84	16405.43	20627.73
EUR	28.60	8.54	9.02	21.45	138.92	206.53
SEK	22.34	22.34	32.08	146.93	724.90	948.59
CHF	158.96	0.00	0.00	0.00	0.00	158.96
JPY	10.65	10.65	10.65	10.65	106.47	149.07
TOTAL :	3111.60	3539.35	4138.39	5112.13	50286.42	66187.89

Long-term borrowings

Your company's long-term borrowings as at March 31, 2013 and 2012 were ₹63076.27 crore and ₹49119.19 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. The company for the first time raised Unsecured foreign currency bond of USD 500 million and Non sovereign loan of USD 270 million with IFC. Due to the increased investment in new projects during the last year, our borrowings have increased substantially.

Secured Loans

Our secured loans (excluding current maturities of long term loans) as at March 31, 2013 and 2012 were ₹59644.88 crore and ₹48,670.50 crore, respectively. Most of these loans have been secured by floating charge on the movable and immovable properties of the Company. The following table presents the secured debt as at 31st March, 2013:

	Amount (₹ in crore)	% of total secured debt
Bonds denominated in Rupees	40339.79	67.63
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	17599.78	29.51
Denominated in Rupees	1705.31	2.86
Total	59644.88	100.00

*Loans guaranteed by the Government were ₹ 16117.21 crore.

Unsecured Loans

Our unsecured loans (long term) as at March 31, 2013 and 2012 were ₹ 3,431.39 crore and ₹ 448.69 crore, respectively, which consist of (ten year) foreign currency bonds, 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, Skandinaviska Enskilda Banken AB(publ) in Sweden and AB Svensk Exportkredit, Sweden.

The following table presents our unsecured debt as at March 31, 2013:

	Amount (₹ in crore)	% of total unsecured debt
Bonds denominated in Foreign Currency	2745.50	80.00
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	685.89	20.00
Denominated in Rupees	-	-
Total	3431.39	

*Loans guaranteed by the Government were ₹ 236.44 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, 2013 were ₹ 14708.50 crore (Previous year ₹ 11371.01 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 29.35% higher at March 31, 2013 compared to March 31, 2012. The increase is mainly due to increase in deposits retention money from contractors/ others & dues for capital expenditure from ₹2804.31 Crore in Fiscal 2012 to ₹4967.18 Crore in Fiscal 2013, and increase in current maturities of long term borrowings from ₹2408.85 crore in Fiscal 2012 to ₹2889.36 crore Fiscal 2013.

Contingent Liabilities

The following table sets forth the principal components of our Contingent Liabilities as at March 31, 2013 and 2012:

Contingent Liabilities Description	(₹ in crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
Claims against the Company not acknowledged as debt in respect of		
Capital Works	172.60	73.15
Land Compensation cases	2522.64	1765.09
Other Claims-	2.73	11.72
Disputed Tax Matters- Income Tax/Sales Tax/Excise	294.86	257.86
Others	89.78	80.16
Bank Guarantee given on behalf of wholly owned subsidiaries of POWERGRID towards performance of the work awarded for		
- Powergrid NM Transmission Limited	45.00	45.00
- Powergrid Vemagiri Transmission Ltd.	36.00	
Total	3163.61	2232.98

Contingent liabilities increased by 41.68% in Fiscal 2013 compared to Fiscal 2012. This increase was mainly on account of higher land compensation claims and these are being contested by the company before authorities/ courts; 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):

POWERGRID and TATA POWER are the Joint Venture Partners in this Joint Venture Company and hold 49% and 51% equity, respectively. 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 and was the first public - private partnership in Power Transmission. POWERLINKS successfully commissioned the project in August, 2006 and it is under commercial operation since 1st September, 2006. As on 31.03.2013, 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 has given a total dividend of 20% amounting to ₹45.86 crore for Fiscal 2013.

Financial Highlights of the Company:

Particulars	(₹ in crore)	
	Fiscal 2013	Fiscal 2012
POWERGRID's investment in Equity	229.32	229.32
Gross Income	259.88	299.24
Profit after Tax	119.08	112.35
Earning per Share*	2.54	2.40

*Face value per Share is ₹10 each.

B) JAYPEE POWERGRID Limited (JPL):

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 from Wangtoo to Abdullapur. As on 31.03.2013, JPL has Authorized share capital of ₹300 crore and paid-up capital of ₹300 crore divided into 30,00,00,000 equity shares of ₹10 each, POWERGRID equity being ₹78 crore. Jaiprakash Power Ventures Limited and POWERGRID individually hold 74% and 26%, respectively as on 31.03.2013. The project was commissioned on 01.04.2012. The Company is yet to start paying dividend.

Financial Highlights of the Company:

Particulars	(₹ in crore)	
	Fiscal 2013	Fiscal 2012
POWERGRID's investment in equity	78.00	75.92
Gross Income	206.21	-
Profit /(loss)after Tax	28.54	(1.91)
Earnings per Share*	0.96	0.07

*Face value per Share is 10/- each.

C) Torrent Powergrid Limited (TPL):

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 31.03.2013, 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. The Board of the Company has recommended maiden dividend of 10% for financial year 2012-13.

Financial Highlights of the Company:

Particulars	(₹ in crore)	
	Fiscal 2013	Fiscal 2012
POWERGRID's investment in Equity	23.40	23.40
Gross Income	50.02	54.51
Profit after Tax	2.39	10.26
Earning per Share*	0.27	1.14

*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' took up implementation of Parbati and Koldam Transmission systems through Joint venture route and got the Transmission License in September, 2008. As on 31.03.2013, PKTCL has Authorized Share Capital of ₹331 crore and paid-up capital of ₹157.63 crore, POWERGRID equity being ₹40.98 crore. 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 viz. 400kV D/C line associated with 1200 MW Teesta-III Hydro Electric Power Project to Kishanganj sub-station (Karandighi) and got the Transmission Licence in Fiscal 2009. As on 31.03.2013, TPTL has Authorized share capital of ₹250 crore and paid-up capital of ₹97.74 crore, POWERGRID equity being ₹25.41 crore. 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. (OPTCL), 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'. OPTCL, 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 31.03.2013, NETCL has Authorized Capital of ₹ 600 crore and paid-up share capital of ₹411.4 crore, POWERGRID equity being ₹106.96 crore. Palatana – Silchar 400 KV D/c line commissioned in Sep'2012 and Silchar – Byrnihat section commissioned in Mar'2013. Balance section, i.e. Byrnihat- Bongaigaon section is under implementation.

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

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 31.03.2013, NHPTL has Authorized share capital of ₹ 120 crore and paid-up capital of ₹ 55.30 crore, POWERGRID equity being ₹11.06 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 31.03.2013, the Company has Authorized share capital of ₹190 crore and paid up capital of ₹90 crore, POWERGRID equity being ₹22.5 crore. A full time MD has joined on 06.05.2013. The company has prepared project reports, which are being reviewed by their management for commercial workability and implementation.

I) Cross Border Power Transmission Company Limited (CPTC):

POWERGRID entered into a Joint Venture Agreement in July, 2012 with IEDCL, SJVNL & NEA for implementation of Indian portion of the transmission line, i.e. Muzaffarpur-Sursand section on Indian side of 400 kV D/C Muzaffarpur - Dhalkebar Indo-Nepal Cross Border transmission line. Equity contribution by POWERGRID, SJVNL, IEDCL & NEA, Nepal shall be 26%, 26%, 38% and 10% respectively in JVC. The estimated cost of the project is ₹210.7 Crore (Price Level: 2nd Quarter 2012) and the project has been envisaged to be implemented on 70:30 debt: equity ratio.

J) Power Transmission Company Nepal Limited (PTCN):

POWERGRID entered into a Joint Venture Agreement in July, 2012 with IEDCL & NEA for implementation of Nepalese portion of the transmission line, i.e. Dhalkebar-Bittamode section on Nepal side of Indo-Nepal cross Border transmission line. Presently, IEDCL and NEA are equity partners in PTCN on 50:50 basis. POWERGRID shall infuse its 26% equity share upon various statutory approvals. Consequent to this, POWERGRID, NEA and IEDCL shall respectively have 26%, 64% and 10% equity in JVC. The estimated cost of the project is ₹93.9 crore (Price Level: 2nd Quarter 2012) and the project has been envisaged to be implemented on 70:30 debt: equity ratio. The Nepalese and Indian portion of the line shall facilitate exchange of power between two countries.

K) Bihar Grid Company Limited (BGCL):

POWERGRID entered into a Shareholders' Agreement on 29.12.2012 with Bihar State Power (Holding) Company Limited (BSP (H) CL) for implementation of Intra State Transmission System in the State of Bihar on 50:50 equity participation basis. The Company has started action for obtaining various statutory/ regulatory approvals. The company has been granted transmission license by BERC in June 2013. Intra-State Transmission projects are being short listed for phase-wise implementation by this JVC during in the next few years.

L) Kalinga Bidyut Prasaran Nigam Private Limited (KBPNL):

POWERGRID has entered into a Shareholders' Agreement on 04.01.2013 with OPTCL for implementation of Intra State Transmission System in the State of Odisha on the basis of 50:50 equity participation. The Company has started action for obtaining various statutory/ regulatory approvals. Intra-State Transmission projects are being short listed for phase-wise implementation by this JVC during in the next few years.

M) Bharat Broadband Network Limited (BBNL)

Bharat Broadband Network Limited (BBNL) was incorporated on 25th February, 2012 with an objective to create, operate, maintain and manage National Optical Fibre Network (NOFN), in all the estimated 2,50,000 Gram Panchayats (GPs) of India. BBNL commenced business in April, 2012. POWERGRID holds one share of ₹10 in the company. POWERGRID has received consultancy work from BBNL through an allotment letter for development & maintenance of NOFN network in four States Andhra Pradesh, Himachal Pradesh, Jharkhand & Odisha covering about 36,000 Gram Panchayats.

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. As on 31.03.2013, POSOCO has Authorized Share Capital of ₹200 crore and paid-up capital of ₹30.64 crore. The company paid an interim dividend of ₹6.128 crore during the year and has recommended a further final dividend of ₹6.128 crore for Fiscal 2013.

Particulars	₹ in crore)	
	Fiscal 2013	Fiscal 2012
Gross Income	266.37	214.34
Profit after Tax	85.65	50.52
Earning per Share*	26.59	16.49

*Face value per Share is ₹10 each.

B) Powergrid NM Transmission Limited:

POWERGRID NM Transmission Limited was incorporated to establish transmission system associated with IPPs of Nagapattinam/ Cuddalore Area: Package-A. The transmission system comprises of 765 kV D/C & 765 kV S/C lines which is to traverse through the States of Tamil Nadu and Karnataka. Hon'ble Central Electricity Regulatory Commission (CERC) vide its order dated 9th May, 2013 has adopted

transmission charges for the project and CERC vide its letter dated 15th July,2013 has intimated issuance of transmission license to the Company. The Company has sought approval of CERC for extension of time and cost overrun for the Project and the CERC order is awaited. Construction activities of the Project shall commence shortly.

C) POWERGRID VEMAGIRI TRANSMISSION LIMITED :

POWERGRID Vemagiri Transmission Limited was incorporated to establish transmission system associated with IPPs of Vemagiri Area: Package – A. The transmission system comprises of 765 kV D/C line which is to traverse the State of Andhra Pradesh. Application for grant of transmission license and adoption of transmission charges have been filed before CERC and Order of CERC is awaited.

Consolidated financial statement of POWERGRID

The consolidated financial statements have been prepared in accordance with Accounting Standards (AS-21) 'Consolidated Financial Statements' and Accounting Standards (AS-27) 'Financial reporting of Interests in Joint Ventures' and are included in this Annual report.

A brief summary of the results on a consolidated basis is given below:

(₹ in Crore)

	FY 2012-13	FY 2011-12
Gross Income	13,727.12	11,073.58
Profit before Tax	5,775.63	4,689.66
Profit after Tax	4,312.61	3,302.99
Net Cash from operating activities	11,458.76	8,581.99

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: 06.08.2013

Business Responsibility Report

Introduction

Today, there is growing realization that business is a crucial member of society. Business and society are deeply and dynamically interdependent. Business can sustain their growth only if the society is satisfied with their overall contribution to societal well-being.

POWERGRID as a responsible corporate entity realises its obligations and commits itself to Sustainable Development. Sustainable Development is vital to our business operations with our concerns for people and environment taking centre stage. This is embedded in and reflected through our motto, "Reduce where you can and mitigate where you cannot". We are well aware that only by serving the needs of our society, we truly can advance our growth agenda. The main thrust of our sustainability efforts includes maintaining high standards of business conduct, reducing environmental & social impact, providing a safe workplace while promoting professional development; and fulfilling our commitments to clients, investors, associates and all other stakeholders.

Ensuring our commitments in a socially responsible manner is fundamental to our enduring delivery of sustainable values to all stakeholders. Understanding our responsibilities, we have always endeavored to protect the environment in areas of our activities right from planning to operation & maintenance stage. Transmissions projects are environmentally clean, non-polluting in nature and do not produce any solid / liquid wastes, thereby having minimal environmental and social implications. However, we have developed a comprehensive Environment and Social Policy and Procedures (ESPP) in 1998 and upgraded the same in 2005 & 2009, in line with international best practices, to pre-empt possible environmental and social issues. The ESPP is developed on three basic principles- Avoidance, Minimization and Mitigation, which provide us a framework for identification, assessment and management of environmental and social concerns at both organizational level as well as at project level. The policy has been applauded by the multilateral funding agencies like The World Bank & ADB and is applied uniformly for all the projects across the country.

POWERGRID operations are also governed by an Integrated Management System (IMS) comprising ISO 9001:2008 for Quality Management, ISO 14001:2004 for Environmental Management, and OHSAS 18001:2007 for Occupational Health and Safety. The Company has also obtained SA 8000:2008 certifications for its human resource and labor management policies and practices.

As a responsible corporate entity, POWERGRID has also evolved a Corporate Social Responsibility (CSR) Policy that promotes community development in and around our areas of operations with focus on Education, Health Care, Infrastructure Development, Ecology & Environment Conservation and Disaster relief in the country. The CSR initiatives are primarily aimed to improve the quality of life of the local population and bring the marginalized people to the mainstream of development.

We have also taken a lead initiative and developed a comprehensive master plan for integration of renewable energy generation coming up across the country into the grid through "Green Energy Corridors". Besides, we are working on specialized "Smart Grid" concept to take up implementation of Smart Grid/Smart City Projects which will help in reduction of Aggregate Technical & Commercial (AT&C) losses, peak load management/ demand response, integration of renewable energy, power quality management, outage management etc.

In March, 2010, POWERGRID had come out with the 'Sustainability Report' for the FY 2008-09 based on Global Reporting Initiative (GRI-G3) guidelines. The 2nd 'Sustainability Report' for the years 2009-11 has also been released in March, 2013. The report has been prepared as per GRI-G3 guidelines and in order to make the process inclusive and to focus on material / significant aspects and responsiveness, International Standards like Accountability, UK Standard "AA1000:2008 APS and AA1000:2011 SES" have been followed. While the first Sustainability Report was internally assured, however, taking our efforts towards further transparency, the 2nd report has been duly validated externally by an accredited assurance provider M/s TUV Rheinland India (a group company of TUV Rheinland Germany). The Report deals in measurement and disclosure of information on the Triple Bottom Line (TBL) i.e. environmental, social and economic impacts arising out of daily activities of the Company. The Sustainability Reports are available on our website -www.powergridindia.com.

The Securities and Exchange Board of India (SEBI) as per its circular dated 13th August 2012 has mandated the inclusion of a "Business Responsibility Report" (BR Report) as part of Company's Annual Report for top 100 listed entities based on market capitalisation at the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) as on March 31, 2012. The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the 9 Principles. Following is the first Business Responsibility Report of our company based on the format suggested by SEBI in its circular.

Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L40101DL1989GOI038121
2	Name of the Company	Power Grid Corporation of India Ltd
3	Registered address	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
4	Website	www.powergridindia.com
5	E-mail id	sustainability.report@powergridindia.com
6	Financial Year reported	2012-2013

7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Sector(s)	ITC Code No.
		Transmission	99691110
		Telecom	99841100
		Consultancy	99833244
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	i) Transmission ii) Telecom iii) Consultancy Services (Domestic / International)	
9	Total number of locations where business activity is undertaken by the Company i) Number of International Locations (Provide details of major 5) ii) Number of National Locations	(i) International: POWERGRID has a strong presence in Consultancy business in eleven countries in Asia and Africa. Major five include Ethiopia, Bhutan, Dubai, Bangladesh and Afghanistan. (ii) National: Total 177 which includes 167 substations, 9 Regional headquarters and 1 corporate office at Gurgaon. Telecom department has its presence in more than 200 cities/towns spread across the country. Apart from above, a no. of substations and transmission lines are presently under construction and personnel are located on these site(s).	
10	Markets served by the Company - Local/State/National/International/	POWERGRID has footprint in all the markets-Local/State/National/International.	

Section B: Financial Details of the Company

1	Paid up Capital (INR)	4629,725,353
2	Total Turnover (INR)	13328.74 Crore
3	Total Profit after Taxes (INR)	4234.50Crore
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax(%)	During FY 2012-13, the Company has spent ₹ 21.75 Crore [0.67% of Profit After Tax (PAT) of the preceding year] on various CSR activities.
5	List of activities in which expenditure in 4 above has been incurred	a) Healthcare b) Infrastructure c) Skill Development d) Plantation e) Education

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

POWERGRID has three wholly owned subsidiary Companies viz. Power System Operation Corporation Ltd. (POSOCO), POWERGRID NM Transmission Limited (POWERGRID NMTL) and POWERGRID Vemagiri Transmission Limited (POWERGRID VTL).

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Of the three subsidiary Companies referred to in Sr. No. (1) above, only POSOCO participates in BR initiatives. The remaining two subsidiary companies will get operationalised on receipt of transmission license.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Environment and Social Policy and Procedures (ESPP) of POWERGRID encompass the Company, its Joint Venture Company – Powerlinks Transmission Limited and relative aspects pertaining to Vendors / Suppliers / Contractors through contract conditions. Vendors /Suppliers/ Contractors are required to comply with the provisions of the labour laws, environmental laws & effectual safety plans through stipulations in the Conditions of Contract. The percentage of such Vendors/Suppliers/Contractors are more than 60%.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

CSR & Sustainable Development Committee has been set up which also has in its mandate to look into the Business Responsibility Report under Clause 55 of Listing Agreement. It comprises eight members viz. CMD, three functional Directors – Director (Personnel), Director (Projects) & Director (Finance) and four Independent Directors. Shri Atul Trivedi, General Manager (Env. & Social Management Deptt.) is the BR head and reports to Director (Projects).

The detail of the Director responsible for implementation of the BR policy/policies is as under:

- DIN Number : 00015615
- Name : Shri I S Jha
- Designation : Director (Projects)

b) Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Shri Atul Trivedi
3.	Designation	GM (Env. & Social Management Deptt.)
4.	Telephone number	0124-2571980
5.	e-mail id	atul.trivedi@powergrid.in

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted following nine areas of Business Responsibility:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

S.No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?*	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?*(50 words)	Y	Y	Y	Y	Y	Y [#]	NA	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.powergridindia.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?*	Y	Y	Y	Y	Y	Y	NA	Y	Y

*Conforms to/ are updated/ reviewed in accordance with, National Standards including GOI/CVC/ DPE Guidelines, applicable laws, etc.

[#]POWERGRID is World Bank's first 'Use of Country System (UCS)' compliant Power Transmission Utility having proven expertise in environmental and social safeguards management.

2a. If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S.No.	Questions	Principle 7- Responsible public policy advocacy
1.	The company has not understood the Principles	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-
3.	The company does not have financial or manpower resources available for the task	-
4.	It is planned to be done within next 6 months	-
5.	It is planned to be done within the next 1 year	-

S.No.	Questions	Principle 7- Responsible public policy advocacy
6.	Any other reason (please specify)	POWERGRID is a member of various industrial and trade bodies and participates in these forums on issues and policy matters that impact the interest of our stakeholders. Keeping in view the significant interests of POWERGRID in the Transmission sector, a separate Regulatory Cell is in place to undertake POWERGRID's endeavor of a pro-active approach as part of policy advocacy with the stakeholders and CERC. Wherever felt necessary, we give our comments on various approach papers, draft regulations etc issued by CERC, other authorities.

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

POWERGRID had constituted 'Sustainable Development Committee of Board' during the FY 2012-13 in line with the requirement of Department of Public Enterprises (DPE) Guidelines on Sustainable Development (SD) for Central Public Sector Enterprises. During FY 2012-13, four meetings of the said committee were held within 3-6 months to review the sustainable development projects of the Company.

With the introduction of new guidelines issued by DPE on CSR and Sustainability for CPSEs (effective from 01.04.2013) as well as keeping in view the requirement of the SEBI circular on Business Responsibility Report, the abovesaid committee was re-constituted as 'CSR & Sustainable Development (SD) Committee' which also looks after Business Responsibility Reports as per Clause 55 of the Listing Agreement.

Though assessing BR performance basis individual principles is an ongoing process, however, assessment /review is done periodically, generally quarterly; and annually at the end of the year as a whole.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

POWERGRID publishes Sustainability Report biennially. POWERGRID came out with its first 'Sustainability Report' for the FY 2008-09 in March, 2010 and thereafter, the 2nd 'Sustainability Report' was released in March, 2013 for the years 2009-11.

These reports are available on POWERGRID website at http://www.powergridindia.com/_layouts/PowerGrid/User/QuickLinksDetail.aspx?LangID=English&Category=Documents.

Section E: Principle-wise performance

Principle 1- Business should conduct and govern themselves with ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?**

POWERGRID is committed to observe transparency and consistency in all its operations. Since, POWERGRID is a designated public authority, the provisions of the Right to Information Act, 2005 are also applicable. The Chief Public Information Officers (CPIO) at the Corporate and regional level ensure smooth access to information in a timely manner.

POWERGRID follows policies/rules relating to ethics, bribery and corruption to strengthen ethical conduct at all levels including the following:

- a) Code of Business Ethics & Conduct:** POWERGRID has laid down two separate Code of Business Ethics & Conduct – one for Board Members and another for Senior Management Personnel (including those deputed in Subsidiaries/ Joint Ventures) in alignment with Company's Vision & Mission and aims at enhancing ethical and transparent process in managing the affairs of the Company.
- b) The Conduct and Discipline Appeal rules (CDA Rules):** The CDA Rules of POWERGRID define the desirable and non-desirable acts and conduct for the employees and extend to all employees working with it (including those deputed in Subsidiaries/ Joint Ventures). The aspects of Bribery and Corruption are also covered under CDA rules. There is a laid procedure for actions in the case of non-compliance with the defined terms as well as for any misconduct.
- c) Whistle Blower Policy :** Whistle Blower Policy provides a system for detection and prevention of fraud that is detected or suspected and fair dealing of matters pertaining to fraud and extends not just to all our employees but also to our Vendors defined therein to include Suppliers/Contractors/Consultants/ Service Providers or outside agency(ies) having business dealing with the Company. This policy provides a platform to employees and Vendors for reporting fraud or suspected fraud or any other fraudulent activity without fear of retribution and help in eliminating any kind of unethical conduct in the system.

Besides, several initiatives have been taken/are being taken by POWERGRID to strengthen Integrity, transparency and fairness in its business practices which includes the following:

- (i) Well defined "Delegation of Powers" is in place delineating the powers of the top executives and below for carrying out work in systematic manner.

- (ii) POWERGRID has prepared and implemented “Works and Procurement Policy and Procedure (WPPP) for Pre-award and Post-award Stages” with a view to making the policies and procedures more systematic, transparent and easy to administer uniformly throughout its business operations with major thrust on expeditious and decentralized decision making coupled with accountability and responsibility.
- (iii) “Integrity Pact” has been signed with Transparency International which is considered as a useful tool in ensuring transparency in awarding contracts. Contracts above the value of ₹100 Crore are also monitored by a panel of “Independent External Monitors (IEMs)”.
- (iv) Manuals and Procedures are in place for Construction, Operation & Maintenance.
- (v) e-procurement mechanism for most of the project procurements has been implemented.
- (vi) e-Reverse auction mechanism is in place.
- (vii) Enterprise Resource Planning (ERP) System across the Organisation is under implementation.
- (viii) System exists for On-line Payment of Document Fees & Submission of Soft Copy of Bid.
- (ix) After Award, summary of evaluation is posted on the website.
- (x) POWERGRID focuses more on Preventive and Pro-active Vigilance, apart from Detective, Predictive and Punitive Vigilance. Aiming at better transparency in working of the Organisation and to inculcate a sense of Ethics, Integrity and sound Corporate Governance several steps are being taken for improving the system and vigilance administration through various technologies. For more details, section on “Renewed Commitment to Transparency & Vigilance Function” in the Directors’ Report may be referred.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

83 nos. of complaints were received by Vigilance Department from various stakeholders during the FY 2012-13 and action against all the complaints was initiated. Out of these, 53 (approx. 64%) nos. of complaints have been disposed of as on March 31, 2013, while the remaining is under process.

Principle 2 -Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- Tower design in relation to Electric & Magnetic Fields(EMF)
- Compact tower design to reduce RoW and to conserve natural resource like forest/land.
- The Environment and Social Policy and Procedures of POWERGRID (ESPP) in relation to all activities from Construction to Operation & Maintenance stage.

All the Transmission lines and Sub-stations are designed and implemented consistently complying with the Statutory laws and conforming to the National / International Standards.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

These activities are being carried out under various policies / guidelines and are implemented from time to time.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Sustainability in sourcing is enforced through the Environment and Social Policy and Procedures (ESPP) of POWERGRID which extends to Suppliers/Contractors/Vendors through contract conditions. Vendors/ Suppliers/Contractors are required to comply with ESPP, Labour laws, Environmental laws & effectual Safety plans through stipulations in the Conditions of Contract. Contracts provide penalties to be imposed on the Vendors/ suppliers / contractors in the event of breach of the said provisions.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We encourage participation of local vendors for certain works in & around our establishments through local competitive bidding process.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Furthering POWERGRID’s commitment towards Sustainable Development, a “Waste Paper Recycling” plant has been established in the premises of our 400/220 kV GIS Substation at Gurgaon having recycling capacity to handle 40-60 kgs of paper daily. The waste paper generated from the POWERGRID Corporate Office is being used as raw material. The percentage of recycling waste /used paper is < 5 % in the first year of operation and may be increased progressively by installing more such plants in the Regions.

Principle 3- Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

Total numbers of employees as on March 31, 2013 were 9165.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Total number of employees hired on contractual basis as on March 31, 2013 were 182.

3. Please indicate the Number of permanent women employees.

Number of permanent women employees as on March 31, 2013 were 570.

4. Please indicate the Number of permanent employees with disabilities.

Number of permanent employees with disabilities as on March 31, 2013 were 140.

5. Do you have an employee association that is recognized by management.

Employees under the 'Workmen' category are represented through Trade Unions and the organization has recognized workmen-management forum.

6. What percentage of your permanent employees is members of this recognized employee association?

All employees under the 'Workmen' category are members of Trade Union. Workmen represent about 30% of the employee strength in POWERGRID.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S.No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Employees	% of Employees given safety & skill up-gradation training in the last year i.e. FY 2012-13
Permanent Employees	85%
Permanent Women Employees	80%
Casual/Temporary/Contractual Employees	75%
Employees with Disabilities	82%

Principle 4- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1. Has the company mapped its internal and external stakeholders? Yes/No

POWERGRID has mapped its internal and external stakeholders. We recognize Shareholders, Regulatory Authorities (GoI), Customers, Projects Affected Persons (PAPs)/Communities, Employees, Suppliers & Contractors, Research & Development Institutions, Funding Agencies and Media as our key stakeholders in economic, environment & social dimensions.

POWERGRID engages with its identified stakeholders on an ongoing basis and the prioritization of such engagement has been done considering factors like Dependency, Influence, Responsibility and Proximity. There is a structured Stakeholder Engagement Matrix which details specific engagement mechanisms including mode & frequency of engagement for each stakeholder category.

2. Of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Company has identified the disadvantaged, vulnerable & marginalized stakeholders and are broadly divided into two categories viz. Internal Stakeholders (Employees – Persons with Disabilities (PWD) / SC/ ST/ Women) and External Stakeholders {Projects Affected Persons / Families (PAPs / PAFs) : Widow women headed families, SC/ST/ Persons with Disabilities (PWD) }.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

POWERGRID has taken following initiatives to engage with the disadvantaged, vulnerable and marginalized stakeholders:

- Internal Stakeholders (Employees- Persons with Disabilities (PWD)/ SC/ ST/ Women) – The special initiatives taken include-

A time bound mechanism for the redressal of grievances is in place as under:

- (a) A Reservation Cell has been constituted at the corporate, as well as regional level to comply with GoI directives on reservation matters for SC/ST/OBC/Ex-servicemen/ Persons with Disabilities (PWD). This cell is under control of nominated liaison officer. The Liaison Officers are available on a pre-fixed day and time for interaction once in a week. Wide publicity regarding availability of the liaison officer is ensured amongst SC/ST employees. Regular meeting with SC/

ST/OBC Employee's Association are conducted. 'Awareness Programme' are organized to acquaint the SC/ST/ OBC/PWD employees about the relaxations and concessions available to them under Government directives.

- b) A sexual harassment committee has been constituted to handle grievances related to the discrimination of employees on the basis of gender.

POWERGRID ensures diversity at workplace through efforts to recruit, develop and retain the most talented people from the pool of SC/ ST/ OBC/ Ex-servicemen/ Persons with Disabilities (PWD) candidates, in accordance with GoI directives on reservation matters. Women employees are extended certain relaxation like posting in soft locations, relaxation in attendance etc. Facilities like Ramp etc are provided for Persons with Disabilities.

- External Stakeholders {Projects Affected Persons / Families (PAPs / PAFs)- Widow women headed families, SC/ST/ Physically Handicap} - The special initiatives taken include –
 - a) Rehabilitation and Resettlement (R&R) measures: Vulnerable groups like widow women headed families / SC / ST/ PWD physically handicap / disabled families who have suffered loss of land / loss of structure / loss of livelihood (wage or occupation) are considered for additional need based benefits.
 - b) CSR Initiatives: Our Corporate Social Responsibility (CSR) addresses the issues of Community Development (including employment, conservation and environment, education, health etc.) primarily in and around our areas of operations. Primary focus of the CSR intervention of POWERGRID was for inclusive development of under-privileged, vulnerable and deprived section of the society. A large number of women, girls, SC/ST/minority population were benefitted as a result of CSR initiatives. Various CSR initiatives such as construction of community centres, class rooms, toilets, water supply arrangements in different schools, supply of personal computers, sewing machines, tools and plants to girls school, village widow physically challenged women, Govt. ITI (women). Several CSR capacity building initiatives by conducting vocational training programme such as toy manufacturing, stitching, weaving and embroidery for rural women have also been taken up to create income generation. Comprehensive services for Maternal & Child health care were also rendered.

Principle 5 - Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

POWERGRID has incorporated Human Rights issues under related policies & practices which extend to all the employees including those deputed in Subsidiaries/ Joint Ventures and relative aspects pertaining to Vendors/ Suppliers/Contractors through contract condition.

The Conduct and Discipline Appeal rules ("CDA Rules") define the desirable and non-desirable acts and conduct for the employees (including those deputed in Subsidiaries/ Joint Ventures). There is a laid procedure for actions in case of non-compliance with the defined terms as well as any inappropriate or unwelcome sexually-determined behavior. To promote fair and equitable employment relationship, a scheme for Grievance Redressal of employees is in place which ensures a time bound mechanism for the redressal of grievances.

POWERGRID also got certified to Social Accountability standard SA-8000:2008 for its human resource and labor management policies and practices. Vendors /Suppliers / contractors are required to comply with the provisions of the labour laws/ Human rights etc through stipulations in the conditions of contract. As per the Contract agreement, contractors are prohibited from subjecting their workers to forced or compulsory labour. All contractors are required to comply with various compensation and regulatory acts. All suppliers to POWERGRID have to confirm to Conditions of Contract and SA 8000 clauses. POWERGRID takes declaration regarding Social Accountability from the bidders/contractors for compliance of all requirements of Social Accountability Standards i.e., SA8000 (latest Standard available at www.sa-intl.org), this declaration forms part of Contract Documents. Provision of penalties for non-adherence of the same are also included in the contract conditions.

POWERGRID promotes awareness of the importance of respecting Human Rights within its value chain and discourage instances of abuse. Besides conducting technical and behavioral trainings, the training on Human Rights issues to sensitize people towards women, the differently-abled and the socially weaker sections of the society have also been imparted.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint was received pertaining to human rights violation during the reporting period (2012-13).

Principle 6 - Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Environment and Social Policy and Procedures (ESPP) of POWERGRID encompass the company, its Joint Venture Company – Powerlinks Transmission Limited and relative aspects pertaining to Vendors/ Suppliers/Contractors through contract condition.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

POWERGRID has taken various initiatives in the area of environment sustainability. Taking into consideration the impact on natural resources (like forest and land) due to our project activities, we have taken measures to reduce deforestation and increase afforestation as well as adopt new technologies and measures to reduce the Right of Way (RoW) requirements. Several initiatives taken towards Environment Conservation including energy management, water management, emission control, waste management, material conservation and other technological initiatives are as under:

- a) **Energy Management:** To optimize energy consumption, energy efficiency measures like conversion/retrofitting equipment, process redesign etc. are being taken up. Apart from this, a significant reduction is achieved through various initiatives such as switching to CFL lamps from convention lamp, installation of solar lights and solar Geysers, optimization of AC temperature etc. at our facilities, setting up of a 10 kW Hybrid Generation Plant consisting of 4 kW Solar Photo Voltaic & 6 kW Wind Generation at Mapusa (Goa) substation which generates about 30 kWh per day and is utilized at Community Centre, Children Park and few street lights.
- b) **Water Management:** We have taken the initiative to conserve precious water resources through Rain Water Harvesting system which is now an integral part of every new substation design.
- c) **Emission Control:** Power Transmission projects don't involve any activity which directly emits waste/toxic substances like SO_x, NO_x, CO₂, etc. into the atmosphere. For DG sets used in construction activities/ Corporate office/ Regional offices, adequate maintenance is ensured to comply with the emission norms prescribed by Pollution Control Board. Regarding GHG emission i.e. leakage of SF₆ gas used in Circuit Breakers, we have GHG reduction plan in place to arrest leakage, systematically monitoring etc. Further, we do not use Ozone Depleting Substances (ODS) like CFCs, including Halon in our equipment and all our new equipment & refrigeration are CFC free certified.
- d) **Waste Management:** We have put in place following systems for waste segregation/disposal of waste material :
 - Metal scraps through auction for Recycling
 - Used batteries as per Batteries (Management and Handling) Rules, 2001
 - Used transformer oil which is Hazardous waste by authorized recycler/re-processor as per Hazardous Waste (Management, Handling & Transboundary movement) Rules, 2008

As a part of India's commitment to international guidelines, we have also phased out Polychlorinated Bi-phenyl (PCB), a Persistent Organic Pollutants (POP's) used as insulating medium in electrical equipment from all its establishments and has discontinued procuring electrical equipment containing PCB more than 2 mg/kg(PCB free).
- e) **Material Conservation:** Contribution to the conservation of the natural resource base and efforts to reduce the material intensity is an integral part of Company's sustainability strategy. Major raw materials used for the construction of transmission line and substation include Steel, Aluminum and concrete which are semi-manufactured goods. The specific consumption of these raw materials have been reduced over the years through technological innovation using high capacity transmission lines i.e. 765 KV, ±800 HVDC for transmitting bulk power.
- f) **Technological Initiatives:** We have made efforts for conservation of energy in our projects - right from the planning stage, to the execution stage and throughout the O&M period. We are implementing ±800kV HVDC systems and 765kV D/c lines to minimize RoW and environmental problems. In addition, 1200 kV UHVAC technology, highest AC voltage level in the world is under development which will enable transfer of 7000-8000 MW power over single corridor. These latest technologies will have wide influence in minimizing environmental and social impact of high voltage transmission line and these initiatives will show extensive results in optimizing of RoW and its associated environmental and social impact. Besides, the Company is taking pioneering steps in bringing Smart Grid technology in all facets of power supply value chain in the country.

For more details, Sustainability Reports available on the POWERGRID website- www.powergridindia.com , may be referred.

Besides, POWERGRID has been taking several other initiatives including despatch of annual reports/postal ballot notices & other communications to shareholders in electronic mode under 'Green Initiative in the Corporate Governance' thereby reducing wastage of natural resources.

3. Does the company identify and assess potential environmental risks? Y/N

A detailed Risk Assessment and Management procedure is in place to identify and assess potential environmental risks, as part of ESPP of POWERGRID. ESPP lays down a framework for identification, assessment and management of environmental and social risks and impacts associated with POWERGRID's projects based on the avoidance, minimization and mitigation principle and hierarchy. ESPP framework includes procedures for: (a) Screening and Identification of Risks (from environmental receptors, social receptors and other stakeholders); (b) avoidance of risks (including criteria and procedures for alternative routing); (c) mitigation of risk through impact management, implementation of Good International Industry Practices (GIIP), adequate compensation to affected stakeholders, public consultation and disclosure, and grievance redress; (d) monitoring, reporting, evaluation, feedback, management review and corrective action; and (e) responsibility and resource allocation including an organization structure for management of social and environmental risks.

POWERGRID 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.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

POWERGRID is constructing \pm 800 KV HVDC high capacity transmission system for evacuation & transfer of about 3000 MW of power from hydro projects under construction for transfer of surplus power available in North-Eastern Region (NER) to Northern Region (NR). POWERGRID in association with the World Bank subscribed it as a Clean Development Mechanism (CDM) project to avail carbon credits under Kyoto Protocol. However, the project is still awaiting certain clarifications from Central Electricity Authority on base line issues due to integration of NER and NR grids.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

POWERGRID has undertaken initiatives on energy efficiency, renewable energy, etc.

Energy Efficiency:

A dedicated Energy Efficiency Cell has been created in POWERGRID with the objective to create inroads into reduction of Carbon footprints and to promote Energy Efficiency in all sectors. POWERGRID is adopting energy efficient appliances for new constructions to be more energy efficient and retrofitting the existing establishments with energy efficient devices such as LED lights, Lighting energy savers, Fuel Conservation devices for DG sets in a phased manner. POWERGRID is also in the process of installing solar power plants in their Corporate Office and in few other buildings to promote green energy. It is expected that the efforts shall yield in reduction of carbon emission and improve energy efficiency.

Renewable Energy:

Integration of Renewable Energy Resources with grid is the top priority worldwide for energy security and also for carbon emission reduction. POWERGRID has taken a lead initiative and developed a comprehensive master plan which has been released by Ministry of Power and Ministry of Non-conventional & Renewable Energy (MNRE) for integration of renewable coming up country-wide in XII Plan into the grid through Green Energy Corridors at an estimated cost of about ₹ 43,000 Crore. The plan covers both intra-state & inter-state transmission systems along with issues for grid interconnection of intermittent and variable renewable generation and its mitigation measures. To address the intermittency and variability characteristics of renewable generation, other control infrastructure like Forecasting of renewable generation and demand, Real time measurement/monitoring through Synchrophasor technology, Flexible generation, ancillary reserves, Demand-side & demand response management and energy storage, establishment of Renewable Energy Management Centers (REMC) etc are also identified.

For more details on above, POWERGRID website- www.powergridindia.com , may be referred.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

There are no emissions or waste generated by POWERGRID. The only emission that can be attributed is towards utilization of DG sets for power backup, which is also maintained within permissible limits.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

POWERGRID did not receive any show cause/ legal notice from CPCB/SPCB.

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

POWERGRID is a member of various industry bodies including the following:

1. Federation of Indian Chambers of Commerce and Industry (FICCI)
2. Confederation of Indian Industry (CII)
3. CII CPSE Council
4. The Energy and Resource Institute (TERI)
5. TERI Business Council for Sustainable Development
6. The Associated Chambers of Commerce & Industry of India (ASSOCHAM)
7. PHD Chamber of Commerce & Industry (PHDCCI)
8. Central Board of Irrigation & Power (CBIP)
9. World Energy Council- India Member Committee (WEC-IMC)

10. Indian Institute of Plant Engineers (IIPE)
11. Standing Conference of Public Enterprises (SCOPE)
12. India Energy Forum (IEF)
13. Global Compact Network (GCN)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas.

(dropbox: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

POWERGRID participates through associations in (1) above on the issues and policy matters that impact the interest of its stakeholders.

Keeping in view the significant interests of POWERGRID in the Transmission sector, a separate Regulatory cell is in place to undertake POWERGRID's endeavor of a pro-active approach as part of policy advocacy with the stakeholders and CERC. Wherever felt necessary, we give our comments on various approach papers, draft regulations etc issued by CERC/other authorities. Besides, POWERGRID also gives its comments in the field of Governance & Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Sustainable Business Principles etc, as and when sought by GoI.

Principle 8- Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

By the very nature of our business and as the Central Transmission Utility, we touch millions of lives every day and understand that real success is the result of inclusive development of the involved entities and stakeholders. The Company supports the principles of inclusive growth and equitable development through corporate social responsibility initiatives as well as through our core business.

Our commitment towards Social Responsibility (Labour, Employees, Communities, Employee's families) is amply reflected in our already adopted Integrated Management Policy, Environmental and Social Policy & Procedures (ESPP), Rehabilitation Action Plan (RAP), Vision & Mission, OSHAS-18001 and Social Accountability SA 8000. Corporate Social Responsibility is primarily to showcase our abiding commitment and concern to pay-back to the society and environment for the benefits reaped so far. CSR has always been an integral part of our vision and the cornerstone of Core Values of Good Corporate Citizenship. We are committed towards taking responsibility for its impact, though very minimal in nature, on society and being accountable to the inhabitants of Mother Nature. We emphasize on socio-economic and integral development of areas and communities primarily in and around its areas of operations, carries out various community development activities such as Skill Development & Capacity Building, Livelihood generation, Healthcare, Education, Environment, Plantation, sanitation, drinking water besides infrastructure developments like classrooms, roads, community centres etc.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The programs / projects are undertaken by in-house teams as well as through NGOs, other organizations/foundations etc.

3. Have you done any impact assessment of your initiative?

Impact Assessment studies have been carried out. POWERGRID internally performs impact assessment of its initiatives annually to – (i) understand /evaluate the community development activities undertaken, budget utilization, the benefits accrued to communities and the number of people benefited and (ii) gain insights for formulating & improving the community development activities in future.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

An amount of ₹ 21.75 Crore has been incurred under CSR activities and about ₹ 14.63 Crore provided as Rehabilitation Assistance (RA) under Rehabilitation & Resettlement (R&R) measures during the FY 2012-13. In addition to the measures taken for R&R, community development works are also undertaken for the overall improvement of surrounding villages and community. Based on social assessment outcome, we implement need based development works like construction of roads, drinking water facility, school building, community center etc. in association with local authorities. In addition, ₹10.65 Crore was spent on community development works during the year.

The section on "Corporate Social Responsibility" in the Directors' Report may also be referred.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Regular awareness programs as well as inclusive Public Consultation at each and every step as per the Environment and Social Policy and Procedures (ESPP) have been carried out. One or more of the following was adopted at various stages:

- Public Meetings

- Informal Small Group Meetings
- Information Brochures and Pamphlets
- Operating Field Officers
- Local planning visits and site visits
- Response to public Enquires
- Press release inviting comments
- Project coordination committees
- Ombudsman or representative
- Public Displays

Principle 9- Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

NIL

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks(additional information)**

Not Applicable.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

As part of POWERGRID's structured Stakeholder Engagement Matrix, we engage with our customers on an ongoing basis and generally hold meetings on a regular basis. The objective of said meetings inter alia includes identification of process improvement areas, understanding concerns & behavior of the customers. Based on feedback, Company takes measures for system improvement, wherever required.

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 06.08.2013

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 for the year 2012-13

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 the full year								
1	Indu Shekhar Jha	Director(Projects)	BSc.Engg., Diploma (Management)	6567309	32	16-Aug-91	54	NTPC
Employed for part of the year								
2	V C Jagannathan	ED(Fin.)	CA.,BSc.	7337473	31	10-Oct-91	60	NTPC
3	K G sadanandan	Sr.VO	Graduation Equivalent Exam	1097697	34	19-Nov-91	60	NHPC
4	T Sivaprasada rao	ED (Law)	LLB.,BSc.	4271865	35	26-Feb-97	60	Coal India Ltd.
5	Smt. Anjana Dhar	ED (IB)	MBA.,B.Tech	5075368	38	6-May-04	60	NTPC
6	V K Sharma	GM (DMS)	BSc.Engg.	5755354	36	16-Aug-91	60	NTPC
7	Varinder Tyagi	DGM(Matl.)	BSc.Engg.	5837409	38	19-Dec-91	60	NHPC
8	Sushil Kumar	Sr.PS (SG)	BA	1779307	39	1-Apr-94	60	CEA
9	Prolaya Kumar De	DGM (Telecom)	BA (H)	4468290	30	1-Dec-92	60	NLC
10	Manik Majumdar	Junior Engineer (SG)	-	1417034	28	19-Nov-91	60	NHPC
11	Amar Jit	GM(Director-PKTC Ltd. - on deputation)	BE (Elect.)	1084275	30	16-Aug-91	52	NTPC
12	Ajay Pratap Singh	AGM(HR)	MBA.,MSc.	4094589	29	29-Apr-02	60	BISCO MAUN
13	Rajendra Singh	DGM-SS I/C	BE (Elect.)	2345742	28	14-Nov-91	60	NEEPCO
14	B Singh	DGM-ST & RGGVY	BSc.Engg.(Elect.)	5402489	27	16-Aug-91	60	NTPC
15	S K Roy	AGM	B Tech (Elect.)	2679733	34	16-Aug-91	60	NTPC
16	R.N.Banerjee.	AGM	B.E (Elec)	2943814	38	16-Aug-91	60	NTPC
17	P.K.Mukhopadhyay	DGM	AMIE(Mech)	2196370	35	16-Aug-91	60	NTPC
18	B K Sarkar	Sup Sel-Gr	B.A.	860738	37	19-Nov-91	60	NHPC
19	K R Dasgupta	AGM(HR)	PGDPM.,MSW	3575998	32	19-Nov-91	60	NHPC
20	P.Satyanarayana	DGM	B.COM,ACA	2381711	21	16-Aug-91	60	NTPC
21	T.V.S.Narayana	Chief Manager	MA(PPM), Phd PR, B.Com	3235744	21	16-Aug-91	60	NTPC
22	Y.C.Sukla	Chief Manager	B.Tech	3850098	19	1-Sep-93	45	NTPC
23	A.K.Garg	DGM (HR)	B.A.L.L.B	3635090	21	19-Nov-91	56	NHPC
24	S.R.Deb	Sr.Asstt	HSLC	1680898	21	18-Nov-91	60	NHPC
25	K.K.Choudhury	ED	BE, Mech	6516930	21	14-Nov-91	60	NEEPCO
26	N.Mazumdar	Sr.Asstt	HSLC	1107390	21	14-Nov-91	60	NEEPCO
27	Sunil Sarma	Sr.Asstt	HSLC	800545	21	14-Nov-91	60	NEEPCO
28	A S Puri	Sr. Sup(HR)SG/HR Works	BA Part-I	1202356	40	19-Nov-91	60	NHPC
29	A K Sindhvani	Chief Manager/TL Works	Dip.Engg(Civil)	2087972	33	19-Nov-91	60	NHPC
30	Kuldeep Kaur	Sr.Asstt(SG)/Office Works	Matric	1162138	34	19-Nov-91	60	NHPC
31	Joga Singh	Jr. Engr.(SG)/TL Works	Matric(ITI)	1089969	34	19-Nov-91	60	NHPC
32	S C Singh	Executive Director (Director Jaypee Power -on deputation)	BE(Electrical)	5558761	34	16-Aug-91	59	NTPC
33	D Chattopadhyay	Chief Manager I/C IOTL Itarsi	BE.,PGDPM	724827	35	16-Aug-91	60	NTPC
34	Suresh Pal	Chief Manager	Diploma Engg.	2152321	24	16-Aug-91	60	NHPC
35	Ramesh Bahri	ED	BSc.Engg.	1200585	38	16-Aug-91	60	NTPC
36	S.Singh	ED	B.E.	1385579	34	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


(R. N./Nayak)

Chairman & Managing Director

Place: New Delhi
Date: 06.08.2013

1. 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, +500kV HVDC, +800kV 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. HVDC project with LTT thyristor in Balia-Bhiwadi HVDC
2. Four converter transformer arrangement arranged in such a configuration that outage time of transformer is minimized.
3. Completed in-house design of 15 no. towers for transmission lines
4. Completed in-house design of approx. 750 nos. tower foundations for transmission lines upto 765kV including 220 nos of pile foundations.
5. Completed testing of 18 nos of towers for various transmission lines including 800kV HVDC and 765kV EHVAC
6. Development of Indigenous vendors for 765kV Transformers, Reactors, Circuit Breaker, Current Transformer and Wave Trap.

Ongoing projects

1. **Indigenous Development of 1200kV UHVAC Technology** - Establishment of 1200kV National Test Station at Bina s/s through unique collaborative efforts with Indigenous Manufacturers & CPRI created facility for field testing of UHV 1200 kV equipment developed by Indian manufacturers. This National test station comprises two 1200kV bays, two nos. 1200kV Test Lines (one S/C & one D/C) of about 1 km line length each. Equipment developed by Indian manufacturers have been installed and the field trials are in progress.

Phase-I: One bank of 1200/400/33kV 333MVA Transformers have been commissioned alongwith one 1200kV Transmission line (S/C) of about 1.0 km length.

Phase-II: One 1200kV Transmission line (D/C) of about 1.0 km length has also been commissioned and another bank of 1200/400/33kV 333MVA Transformer shall be commissioned with this year to facilitate power flow.

Under this prestigious project of national interest, 35 Indian manufacturers have joined hands on basis of Public Private Partnership & signed MOU with POWERGRID and CPRI to design, develop and supply 1200kV Transmission Equipments at their own cost. This Test Station will facilitate in finalization of technical parameters, design review, field testing, and trial operation etc. of 1200kV AC system Station and help manufacturers for indigenous development of 1200 KV transmission line and substation equipment which shall benefit Indian Power sector by optimization of transmission cost. With successful test charging of World's highest voltage level (1200kV) system, the dream of India becoming world leader in 1200kV UHVAC power transmission technology is achieved.

2. High Capacity, +800kV, 6000 MW HVDC multi terminal system for long distance power transfer over 2000 km. from NER/ER to NR.
3. High Capacity, +800kV, 6000 MW HVDC for long distance power transfer over 2000 km. from WR to NR.
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 tower and foundation designs including 765kV D/C and 400kV Multi Circuit towers for use in on-going transmission line projects.
6. Development of 4 more additional Indigenous vendors for 400kV Composite Insulators
7. Design of Highest River crossing tower across Haldia (Height being 236 meters).
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. Indigenous Development of SF6 gas filled Current Transformer with BHEL
11. "Green Energy Corridors" to facilitate integration of large scale renewable generation into the grid along with other control infrastructure.
12. Implementation of Controlled Switching schemes of circuit breakers for 400kV transmission lines.
13. Engineering Data Integration on GIS Platform.
14. Lightning mapping - North Eastern Region of POWERGRID is highly prone to lightning activities which causes trippings of Transmission lines in NER region. Lightning detection system at various substations in NER have been installed. Lightning Mapping system shall help in correlating tripping of line with lightning activities. Preventive measures like improvement of tower earthing, change of insulators shall be decided based on the evaluation of lightning data.
15. Process bus Technology - POWERGRID is in 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 new approach for a substation wherein the 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.
16. Superconducting Transmission Technology - POWERGRID is exploring the viability of application of AC High Temperature Superconductor Power Transmission Cable pilot project in POWERGRID's network, which will offer substantial saving in ROW besides increasing power transfer capability, reducing the losses if proven successful & commercially viable.
18. 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 in northern region.
19. Development of Indigenous vendors for 765kV Isolators and surge arrestors
20. Development of indigenous 765 kV clamps, connectors and insulator string hardware.
21. Spare phase switching arrangement is being adopted for 765 kV transformers and reactors to minimize outage/ shut down period
22. Implementation of smart grid technology in power system is being carried out through installation of phasor measurement units (PMU) on EHV substations and laying of optical fibres on all EHV transmission lines.
23. Development of Smart Grid pilot project at Puducherry covering major attributes of Smart Grid in a holistic manner through open Collaboration.

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 Sub-stations 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 +500kV HVDC technology has been implemented in our country. Now, 765kV AC D/c, +800kV HVDC and 1200kV UHVAC technologies are being implemented for bulk power transfer across the country.
4. 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.
5. Use of metallic return in HVDC system has been adopted.
6. Special insulators like polymer composite insulators have been adopted in transmission lines in polluted areas.
7. High temperature low sag conductors have been adopted for increasing the transfer capacity of transmission corridors.
8. GIS technology at 400kV and 765kV level has been adopted in substations where space constraints exist.
9. Multi-level beams have been used in GIS and AIS substations with multi-ckt. lines to optimize line corridor areas near sub-station
10. On line transformer monitoring techniques are being used for monitoring of critical parameters of power transformers.
11. SVCs at 3 locations in NR grid and STATCOMs at 13 locations in all India grid have been planned for dynamic control of reactive power in order to maintain the voltage and improve the stability of the transmission grid. These dynamic compensations would be state of the art technologies and would be online 24x7 having response time in msec.

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/ pole 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 Kurukshtra HVDC terminal, GIS substation feeding the converter bus is being implemented.

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. Near the entry of substations also, multicircuit towers are being used to conserve right-of-way.

FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ in Crore
Foreign Exchange Earnings	
(i) Interest	0.01
(ii) Consultancy Fee	7.40
(iii) Export of Goods	86.44
Total	<u>93.85</u>
Foreign Exchange outgo	
(i) Capital goods and Spare Parts	1549.19
(ii) Professional and Consultancy Fee	0.05
(iii) Interest	260.53
(iv) Others	146.03
Total	<u>1955.80</u>

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi
Date: 06.08.2013

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 2013

The preparation of financial statements of Power Grid Corporation of India Limited for the year ended 31 March 2013 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 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 2013.

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 2013. 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/-
(Brij Mohan)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi

Place: New Delhi
Dated: 17, June 2013

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; CSR and Sustainable Development Committee; Vigilance Disciplinary Cases 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.

Besides adhering to provisions of Listing Agreement, POWERGRID also follows the Guidelines on Corporate Governance issued by Department of Public Enterprises, Government of India. POWERGRID have been bestowed with 'Certificate of Recognition for Excellence in Corporate Governance, 2012' presented by The Institute of Companies Secretaries of India (ICSI). POWERGRID also obtained 'Excellent' rating from Department of Public Enterprises on the basis of Self-evaluation report on the compliance of Guidelines on Corporate Governance for CPSEs for the Year 2010-11. The compliance of the Company with the conditions of the Corporate Governance and the disclosure requirements for the Year 2012-13 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, 2013, 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.

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 2012-13 the requirement of independent Directors as per this clause was partially met. Details regarding Independent Directors on the Board of the Company during the Financial Year 2012-13 are as under:

Period	Requirement	Actual
1 st April, 2012 to 15 th January, 2013	7	2
16 th January, 2013 to 31 st March, 2013	7	7

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 President of India usually for tenure of three years.

The tenure of Directors as on 31st March, 2013 are 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 Ravi P. Singh	01.04.2012	Completion of tenure – 31.03.2017. Date of superannuation – 31.01.2020.
	Director (Operations)	Shri R. P. Sasmal	01.08.2012	Completion of tenure – 31.07.2017. Date of superannuation – 28.02.2018.
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	Ms. Rita Acharya	26.08.2011	Till the President desires
3. Non-official Part-time Directors	Non-official Part-time Director (Independent Director)	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 the earlier.
		Ms. Rita Sinha		
		Shri R. K. Gupta	16.01.2013	
		Dr. K. Ramalingam		
		Shri R. Krishnamoorthy		
		Shri Ajay Kumar Mittal		
Shri Mahesh Shah				

* ceased to be Director w.e.f. 8th July, 2013 (Afternoon) on repatriation to parent cadre.

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. In case of urgency, resolutions are passed by circulation.

During the financial year ended 31st March, 2013 fifteen Board meetings were held on 4th May, 29th May, 27th June, 25th July, 6th August, 31st August, 26th September, 14th October, 31st October, 6th December, and 27th December, of the year 2012, and 3rd January, 12th February, 8th March and 28th March, of the year 2013. The maximum interval between any two meetings during this period was 38 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 2012-13 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 19.09.12)	No. of other Directorship held on 31.03.13*	No. of Other Committee Membership held on 31.03.2013**	
					Chairman	Member
Whole Time Directors						
Shri R. N. Nayak, Chairman & Managing Director (w.e.f. 01.09.2011)	15	15	Yes	9	NIL	NIL

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 19.09.12)	No. of other Directorship held on 31.03.13*	No. of Other Committee Membership held on 31.03.2013**	
					Chairman	Member
Shri I. S. Jha, Director (Projects) (w.e.f. 01.09.2009)	15	13	Yes	7	NIL	2
Shri R. T. Agarwal Director (Finance) (w.e.f. 29.07.2011)	15	15	Yes	5	1	3
Shri Ravi P. Singh Director (Personnel) (w.e.f. 01.04.2012)	15	14	Yes	3	NIL	2
Shri R. P. Sasmal Director (Operations) (w.e.f. 01.08.2012)	11	11	Yes	2	NIL	NIL
Non-executive Directors (Government Nominees)						
Shri Rakesh Jain Jt. Secy.& Fin. Adv., Ministry of Power (w.e.f. 09.06.2009 to 08.07.2013)	15	15	No	1	1	2
Ms. Rita Acharya Jt. Secy., Ministry of Power (w.e.f. 26.08.2011)	15	13	Yes	2	NIL	NIL
Independent Directors						
Shri Santosh Saraf (w.e.f. 27.12.2011)	15	15	Yes	2	4	NIL
Ms. Rita Sinha (w.e.f. 27.12.2011)	15	14	Yes	NIL	NIL	1
Shri R. K. Gupta (w.e.f. 16.01.2013)	3	3	N/A	NIL	NIL	NIL
Dr. K. Ramalingam (w.e.f. 16.01.2013)	3	2	N/A	NIL	NIL	1
Shri R. Krishnamoorthy (w.e.f. 16.01.2013)	3	3	N/A	3	1	3
Shri Ajay Kumar Mittal (w.e.f. 16.01.2013)	3	3	N/A	NIL	NIL	1
Shri Mahesh Shah (w.e.f. 16.01.2013)	3	3	N/A	2	NIL	1

N/A indicates that concerned person was not a Director on POWERGRID's Board on the relevant date.

* Excludes Directorship in private limited companies, foreign companies, companies registered under Section 25 of the Companies Act, 1956, unlimited companies and Alternate Directorships.

** In line with Clause 49 of the Listing Agreement, only the Audit Committee and Shareholders'/Investors' Grievance Committee have been taken into consideration in reckoning the number of committee memberships of Directors as Chairman and as Member including committee position in POWERGRID.

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:

15. 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) Remuneration Committee
- 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) CSR and Sustainable Development Committee
- x) Vigilance Disciplinary Cases Committee

3.1 Audit Committee:

As on 31st March, 2013, the Audit Committee comprised the following Directors:

(i) Shri Santosh Saraf	Non-official Part-time Director	:	Chairman of the Committee
(ii) Shri R. Krishnamoorthy	Non-official Part-time Director	:	Member
(iii) Shri Rakesh Jain	JS & FA, Govt. Nominee Director	:	Member
(iv) Ms. Rita Sinha	Non-official Part-time Director	:	Member
(v) Shri Ajay Kumar Mittal	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, 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 Enterprises 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. 2012-13:

The composition of Audit Committee during the financial year 2012-13 was as under:

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

On appointment of five Independent Directors on the Board of POWERGRID w.e.f. 16.01.2013, the Audit Committee was reconstituted on 08.03.2013 with following directors as Chairman/Members on the Audit Committee:

- | | | | |
|-----------------------------|---------------------------------|---|---------------------------|
| (i) Shri Santosh Saraf | Non-official Part-time Director | : | Chairman of the Committee |
| (ii) Shri R. Krishnamoorthy | Non-official Part-time Director | : | Member |
| (iii) Shri Rakesh Jain* | JS &FA, Govt. Nominee Director | : | Member |
| (iv) Ms. Rita Sinha | Non-official Part-time Director | : | Member |
| (v) Shri Ajay Kumar Mittal | Non-official Part-time Director | : | Member |

ceased to be Director w.e.f. 8th July, 2013 (Afternoon)

Attendance:

During the financial year ended 31st March, 2013, nine meetings of the Audit committee were held on 26th April, 28th May, 27th June, 13th July, 25th July, 6th September, 31st October and 5th December, of the year 2012 and 11th February, 2013.

Attendance at Audit Committee Meetings during the Financial Year 2012-13:

Name	Audit Committee Meeting held during the tenure	
	Held	Attended
Shri Santosh Saraf, Director	9	9
Shri Rakesh Jain, JS&FA, MOP	9	9
Ms. Rita Sinha, Director	9	8

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, 2013 the Committee comprised the following Directors:

(i) Shri Santosh Saraf	Non-official Part-time Director	:	Chairman of the Committee
(ii) Shri Mahesh Shah	Non-official Part-time Director	:	Member
(iii) Dr. K. Ramalingam	Non-official Part-time Director	:	Member
(iv) Shri R. T. Agarwal	Director (Finance)	:	Member
(v) Shri Ravi P. Singh	Director (Personnel)	:	Member

The Company Secretary is the Secretary of the Committee.

Composition of Shareholders'/Investors' Grievance Committee during the F.Y. 2012-13:

The composition of Shareholders'/Investors' Grievance Committee during the financial year 2012-13 was as under:

Shri Santosh Saraf	Member & Chairman	Non-official Part-time Director
Ms. Rita Sinha	Member	Non-official Part-time Director
Shri Ravi P. Singh	Member	Director (Personnel)
Shri R. T. Agarwal	Member	Director (Finance)

Two meetings of the Shareholders'/Investors' Grievance Committee were held during the financial year 2012-13 on 7th September, 2012 and 23rd October, 2012, respectively.

Attendance at Shareholders'/Investors' Grievance Committee meeting during the Financial Year 2012-13:

Name	Shareholders'/Investors' Grievance Committee Meeting held during the tenure	
	Held	Attended
Shri Santosh Saraf, Director	2	2
Ms. Rita Sinha, Director	2	2
Shri Ravi P. Singh, Director (Personnel)	2	2
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.

Investors' Grievances

During the financial year ending 31st March, 2013, the Company has attended its investors' 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	165	165	0
2	Non receipt of dividend warrants	0	135	135	0
3	Non receipt of share certificate	0	36	36	0
4	SEBI	229	156	381	4
5	Stock Exchange	0	15	15	0
6	Advocate Notices	0	8	8	0
7	Consumer Forum/Court cases	0	16	16	0
	Total	229	531	756	4

Investors' complaints pending as on 31st March, 2013 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, 43,216 shares held by 221 shareholders as on 01.04.2012 were lying in the suspense account.
- In respect of FPO, 10830 shares held by 50 shareholders as on. 01.04.2012 were lying in the suspense account.

- iii) 2 shareholders had approached POWERGRID for transfer of 572 shares from suspense account during the year 2012-13 in respect of IPO and POWERGRID has transferred 572 shares related to 2 shareholders during the year.
- iv) 21 shareholders had approached POWERGRID for transfer of 4796 shares from suspense account during the year 2012-13 in respect of FPO and POWERGRID has transferred 4796 shares related to 21 shareholders during the year.
- v) In respect of IPO, the aggregate number of shareholders as on 31.03.2013 were 219 and the outstanding shares in the suspense account lying as on 31.03.2013 were 42644 shares.
- vi) In respect of FPO, the aggregate number of shareholders as on 31.03.2013 were 29 and the outstanding shares in the suspense account lying as on 31.03.2013 were 6034 shares.

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.

Centralized Web Based Complaint Redressal System- SCORES.

The centralized web based Complaint Redressal System of SEBI i.e. SCORES (SEBI Complaints Redress System) is in place since June, 2011. Through SCORES, shareholders can register their complaints against the Company for redressal. When the complaint is registered, a unique complaint registration number is allotted for future reference and tracking. Status of every complaint lodged can also be viewed online and the Shareholder can send reminder for their complaint. The concerned entity (Company or Intermediary) takes action for redressal of the complaints and uploads Action Taken Report on line. SEBI disposes off the complaints if it is satisfied that the complaints have been redressed adequately. A Shareholder, who is not accessing SCORES can lodge his/her complaint in physical form also.

3.3 Remuneration Committee

POWERGRID had constituted Remuneration Committee in March, 2013 with the following Directors as members of the Committee:

Ms. Rita Sinha	Chairperson	Non-official Part-time Director
Shri Rakesh Jain	Member	JS & FA, MOP
Ms. Rita Acharya	Member	Jt. Secy., MOP
Shri Ajay Kumar Mittal	Member	Non-official Part-time Director
Shri R. K. Gupta	Member	Non-official Part-time Director

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, 2013, the Committee comprised the following members:

- | | | | |
|------------------------------|-------------------------------------|---|---------------------------|
| (i) Shri R. N. Nayak | CMD | : | Chairman of the Committee |
| (ii) Shri I. S. Jha | Director (Projects) | : | Member |
| (iii) Shri R. T. Agarwal | Director (Finance) | : | Member |
| (iv) Shri Rakesh Jain* | JS & FA, Govt. Nominee Director | : | Member |
| (v) Ms. Rita Acharya | JS (Trans.), Govt. Nominee Director | : | Member |
| (vi) Shri R. Krishnamoorthy | Non-official Part-time Director | : | Member |
| (vii) Shri Ajay Kumar Mittal | Non-official Part-time Director | : | Member |

ceased to be Director w.e.f. 8th July, 2013 (Afternoon)

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, 2013, the following Directors were members of the Committee:

- | | | | |
|------------------------------|-------------------------------------|---|---------------------------|
| (i) Shri R. N. Nayak | CMD | : | Chairman of the Committee |
| (ii) Shri I. S. Jha | Director (Projects) | : | Member |
| (iii) Shri R. T. Agarwal | Director (Finance) | : | Member |
| (iv) Shri R. P. Sasmal | Director (Operations) | : | Member |
| (v) Ms. Rita Acharya | JS (Trans.), Govt. Nominee Director | : | Member |
| (vi) Shri R. K. Gupta | Non-official Part-time Director | : | Member |
| (vii) Shri Ajay Kumar Mittal | Non-official Part-time Director | : | 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, 2013, the Committee comprised the following Directors as members:

- i) Shri Ravi P. Singh - Director (Personnel)
- ii) Shri I. S. Jha - Director (Projects) and
- iii) Shri R. T. Agarwal - Director (Finance)

Share Transfers affected 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, 2013, the Committee for Bonds comprised the following members:

- | | |
|--|---------------|
| i) Shri R. N. Nayak - Chairman & Managing Director | – Chairman |
| ii) Shri R. T. Agarwal - Director (Finance) | – Member |
| iii) Shri I. S. Jha - Director (Projects) | – Member, and |
| iv) Shri R. P. Sasmal - 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, 2013, Shri R. N. Nayak, CMD; Shri R. T. Agarwal, Director (Finance); Shri I. S. Jha, Director (Projects); Shri Ravi P. Singh, Director (Personnel) and Shri R. P. Sasmal, Director (Operations) are the members of the Committee.

3.9 CSR and Sustainable Development Committee

POWERGRID has constituted a CSR and Sustainable Development Committee in line with the requirement of Department of Public Enterprises' Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises'. As on 31st March, 2013 the Committee comprised the following members:

- | | | | |
|--------------------------|---------------------------------|---|---------------------------|
| (i) Shri R. N. Nayak | CMD | : | Chairman of the Committee |
| (ii) Ms. Rita Sinha | Non-official Part-time Director | : | Member |
| (iii) Shri Ravi P. Singh | Director (Personnel) | : | Member |
| (iv) Shri R. T. Agarwal | Director (Finance) | : | Member |
| (v) Shri I. S. Jha | Director (Projects) | : | Member |
| (vi) Shri Mahesh Shah | Non-official Part-time Director | : | Member |
| (vii) Dr. K. Ramalingam | Non-official Part-time Director | : | Member |
| (viii) Shri R. K. Gupta | Non-official Part-time Director | : | Member |

Prior to CSR and Sustainable Development Committee, there existed a Sustainable Development Committee comprising Ms. Rita Sinha, Independent Director, Shri I. S. Jha, Director (Projects), Shri R. T. Agarwal, Director (Finance) and Shri Ravi P. Singh, Director (Personnel) and during the year 2012-13 the said committee met 4 times.

3.10 Vigilance Disciplinary Cases Committee

POWERGRID has constituted a Vigilance Disciplinary Cases Committee to deal with the matter related to disciplinary cases. As on 31st March, 2013 the Committee comprised the following members:

- | | | | |
|-----------------------------|---------------------------------|---|------------------------------|
| (i) Ms. Rita Sinha | Non-official Part-time Director | : | Chairperson of the Committee |
| (ii) Shri R. Krishnamoorthy | Non-official Part-time Director | : | Member |
| (iii) Shri Ravi P. Singh | 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 2012-13 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 2012-13 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	Chairman & Managing Director	2,498,227.93	286,766.00	-	2,996,648	5,781,641.93
2.	Shri I. S. Jha	Director (Projects)	2,923,877.00	997,421.00	-	2,501,421	6,422,719.00
3.	Shri R. T. Agarwal	Director (Finance)	2,585,995.73	945,896.00	-	1,865,447	5,397,338.73
4.	Shri Ravi P. Singh	Director (Personnel)	3,719,025.33	246,609.00	-	146,117	4,111,751.33
5.	Shri R. P. Sasmal (From 1.08.2012 to 31.03.2013)	Director (Operations)	1,579,586.00	216,275.00	-	495,114	2,290,975.00

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 for attending Board/Committee Meetings as per the following:

Period	Sitting Fee (in ₹)
1 st April, 2012 to 5 th December, 2012	15,000
6 th December, 2012 to 31 st March, 2013	20,000

Details of Payment made towards sitting fee to Independent Directors during the year 2012-13 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	2.55	2.80	5.35
Ms. Rita Sinha	2.40	3.35	5.75
Shri R. K. Gupta	0.60	0.20	0.80
Dr. K. Ramalingam	0.40	NIL	0.40
Shri R. Krishnamoorthy	0.60	0.20	0.80
Shri Ajay Kumar Mittal	0.60	0.40	1.00
Shri Mahesh Shah	0.60	NIL	0.60

As on 31.03.2013 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 Ravi P. Singh	9,016
5	Shri R. P. Sasmal	1,798
6	Shri Rakesh Jain *	-
7	Ms. Rita Acharya	-
8	Shri Santosh Saraf	1,190
9	Ms. Rita Sinha	-
10	Shri R. K. Gupta	-
11	Dr. K. Ramalingam	-
12	Shri R. Krishnamoorthy	286
13	Shri Ajay Kumar Mittal	879
14	Shri Mahesh Shah	-

* ceased to be Director w.e.f. 8th July, 2013 (Afternoon)

5. Risk Management

The 'Enterprise Risk Management Framework' (ERM framework) has been implemented in POWERGRID. The detail of the same are given in Management Discussion and Analysis.

6. Monitoring of Subsidiaries:

The Company does not have any material unlisted Subsidiary Companies in terms of the Clause 49 of the Listing Agreement or the subsidiaries as defined under Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, Govt. of India. However, minutes of the meeting of the Board of Directors of the subsidiaries are placed before the Company's Board periodically.

7. General Body Meetings:

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

Year	Date	Time	Venue	Special Resolution
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
2011-12	19 th September, 2012	11.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110 010	NIL

Resolutions passed through Postal Ballot:

The Shareholders of the Company have approved with requisite majority, the Special Resolution under the provisions of the Companies Act, 1956 for Alteration of Articles of Association of POWERGRID under Section 31 and other applicable provisions of the Companies Act, 1956 for : (A) Insertion of new Article as Article 31A in the Articles of Association of POWERGRID and (B) Amendment of existing Article 52 in the Articles of Association of POWERGRID circulated for passing through Postal Ballot pursuant to Section 192A of the Companies Act, 1956 vide notice dated 7th March, 2013.

Notice dated 7th March, 2013, 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. Ms. Savita Jyoti, Practicing Company Secretary was appointed as scrutinizer for conduct of Postal Ballot. The details of the voting are as under:

(A) Insertion of New Article 31A on "Additional Directors"

7091 total number of Ballots received.

Promoter/ Public	No. of Shares Held (1)	No. of Votes Polled (2)	% of Votes Polled on Outstanding shares (3) = [2/1]*100	No. of Votes in favour (4)	No. of votes Against (5)	% of votes in favour on votes Polled (6) = [4/2]*100	% of votes against on votes Polled (7) = [5/2]*100
Promoter and Promoter Group	3214024212	3214024212	100	3214024212	0	100	0
Public - Institutional Holders	1203520409	569744815	47.34	569741202	0	99.99	0
Public - Others	212180732	1695193	0.80	1462144	116528	86.25	6.87
Total	4629725353	3785464220[^]	81.76	3785227558	116528	99.99	0.00

[^] This is sum of votes casted in favour, votes casted against and 120134 invalid votes casted physically.

(B) Amendment in existing Article 52 on "Appointment of Auditors"

7105 total number of Ballots received.

Promoter/ Public	No. of Shares Held (1)	No. of Votes Polled (2)	% of Votes Polled on Outstanding shares (3) = [2/1]*100	No. of Votes in favour (4)	No. of votes Against (5)	% of votes in favour on votes Polled (6) = [4/2]*100	% of votes against on votes Polled (7) = [5/2]*100
Promoter and Promoter Group	3214024212	3214024212	100	3214024212	0	100	0
Public - Institutional Holders	1203520409	569744815	47.34	569741202	0	99.99	0
Public - Others	212180732	1699025	0.80	1380050	124561	81.23	7.33
Total	4629725353	3785468052[^]	81.76	3785145464	124561	99.99	0.00

[^] This is sum of votes casted in favour, votes casted against and 198027 invalid votes casted physically.

The Special Resolution as mentioned in the notice of the postal ballot dt. 07.03.2013 has been passed with requisite majority.

8. 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 not on an arm's length basis.
- (VII) The Company has complied with the requirements of the Listing Agreement with Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India as well as Regulations and Guidelines prescribed by SEBI, except that of composition of the Board as mentioned in paragraph 2.2 of this Report. The Company has also generally complied with the Voluntary Guidelines on Corporate Governance, 2009 issued by the Ministry of Corporate Affairs, Govt. of India such as taking certificate of independence from Independent Directors, Secretarial Audit, training of Directors, etc. 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 2012-13 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.

CEO/CFO Certification

As required by Clause 49 of the Listing Agreement(s), the Certificate duly signed by Shri R. N. Nayak, Chairman & Managing Director and Shri R. T. Agarwal, Director (Finance) was placed before the Board of Directors at the meeting held on 28.05.2013.

9. Means of Communication

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

The Company also communicates with its Institutional shareholders through Analysts and Investors meets held during the end of each quarter where Directors and Senior Officials of the Company interact with the investing community.

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

In order to save trees and environment by cutting down the consumption of costly paper habits, our Company has sent the Annual Report and other communications to large number of shareholders from the Financial Year 2010-2011 onwards through e-mail of the shareholders registered with NSDL/ CDSL and after seeking their consent to send the Annual Reports through e-mail. This was in compliance of 'Green Initiative in the Corporate Governance' by Ministry of Corporate Affairs, Government of India by allowing paperless communication by the companies under the provisions of the Companies Act, 1956.

Quarterly Results

Publication of Financial Results in Newspapers					
Publication of Financial Results for the quarter ended		30.06.2012	30.09.2012	31.12.2012	31.03.2013
English	Date(s) of publication	26/07/2012/ 28/07/2012	02/11/2012	13/02/2013	30/05/2013/ 31/05/2013
	Newspapers	Economic Times, Times of India, Business Line, Business Standard, Telegraph	Economic Times, Times of India, Hindustan Times, Mint, Financial Express	Economic Times, Times of India, Business Line, Financial Express, Business Standard, Telegraph	Economic Times, Times of India, Hindustan Times, Mint, Financial Express, Telegraph
Hindi	Date of Publication	28/07/2012	03/11/2012	13/02/2013	30/05/2013
	Newspapers	Business Standard, National Dunia	National Dunia, Jansatta	Business Standard, Jansatta	Hindustan, Jansatta

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

Official Releases and Presentations

The Company's official news releases, other press coverage, presentations made to institutional investors or to the analysts are also hosted on the Website.

10. 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 31st March, 2013.

Place : Gurgaon

Dated: 28.05.2013

Sd/-

(R. N. Nayak)

Chairman & Managing Director

11. 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.

12. Separate Meeting of Independent Directors

POWERGRID had on its Board two Independent Directors for the first three quarters and five more Independent Directors were appointed by the President of India w.e.f. 16th January, 2013. The Independent Directors held a meeting in April, 2013 without the attendance of Functional Directors and Government Directors and the members of management.

13. Shareholders' Information

i) Annual General Meeting

Date	:	19 th September, 2013
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 Members and Share Transfer Books of the Company will remain closed from 7th September, 2013 to 19th September, 2013 (both days inclusive).

iv) Payment of dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 11.4% (₹ 1.14 per share) for the financial year ended 31st March, 2013 in addition, an Interim Dividend of 16.1% (₹1.61 per share) was paid on 4th March, 2013. [Dividend for the Previous Year was ₹976.87Crore i.e. 21.1% (8% Interim Dividend and 13.1% Final Dividend)].

The record date for the payment of Dividend is 6th September, 2013.

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
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	976.87	19.09.2012	08.10.2012
2012-13	4629.73	745.39*	12.02.2013**	04.03.2013#

*Amount of Interim Dividend

** Date of Board Meeting declaring Interim Dividend

Date of Payment of Interim Dividend

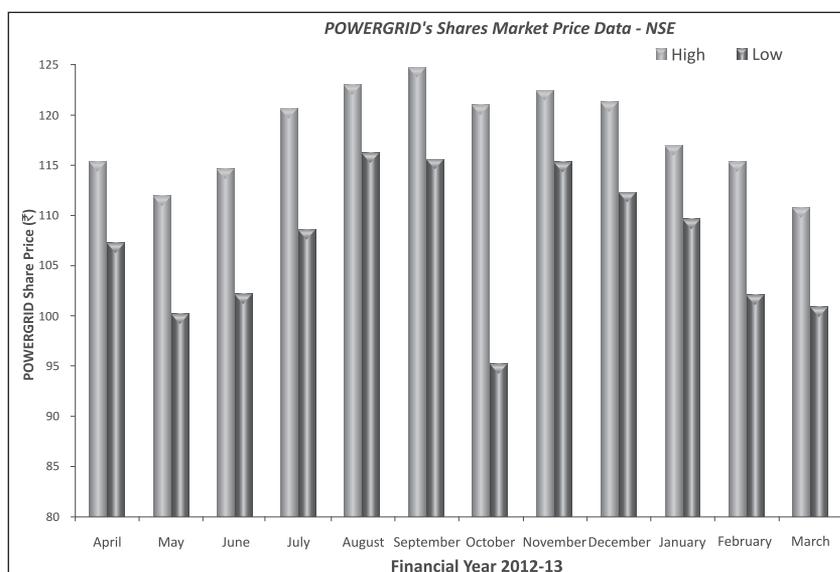
vi) Listing on Stock Exchange

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.	BSE Limited PhirozeJeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Scrip Code : POWERGRID EQ	Scrip Code: 532898
Stock Code: ISIN – INE752E01010	

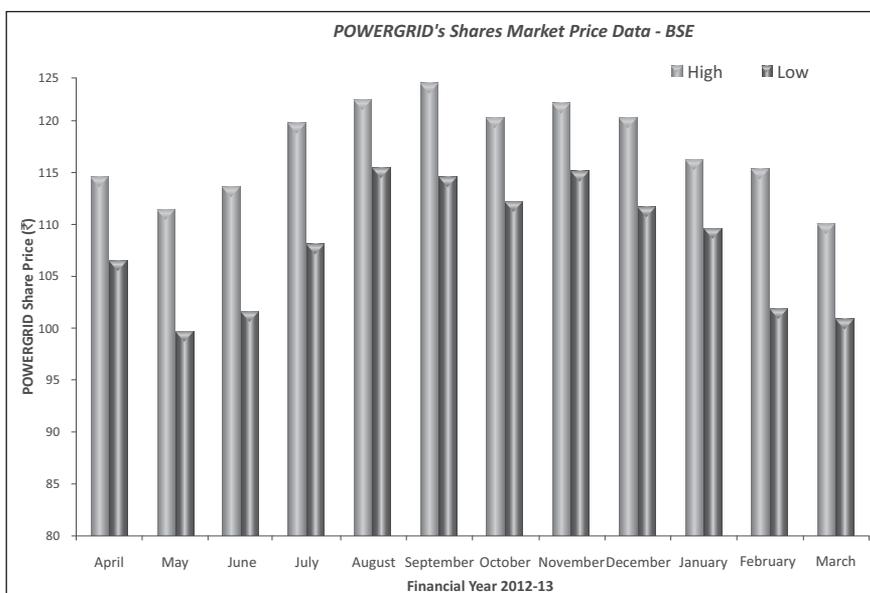
vii) POWERGRID's Shares Market Price Data - NSE

	High (₹)	Low (₹)	Sum of Turnover in Lac (₹) during the Month
April, 2012	115.35	107.25	52825.1
May, 2012	111.85	100.1	45062.3
June, 2012	114.6	102.1	72179.31
July, 2012	120.7	108.55	61808.5
August, 2012	123	116.2	63947.39
September, 2012	124.7	115.6	87140.76
October, 2012	121	95.2	76782.29
November, 2012	122.45	115.3	78190.44
December, 2012	121.25	112.3	64250.1
January, 2013	116.95	109.6	111776.2
February, 2013	115.35	102.05	104920.9
March, 2013	110.75	100.85	57829.18

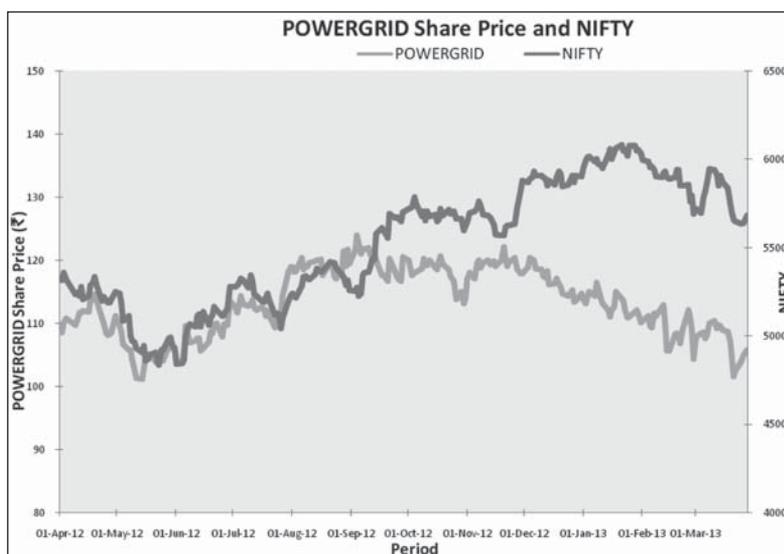


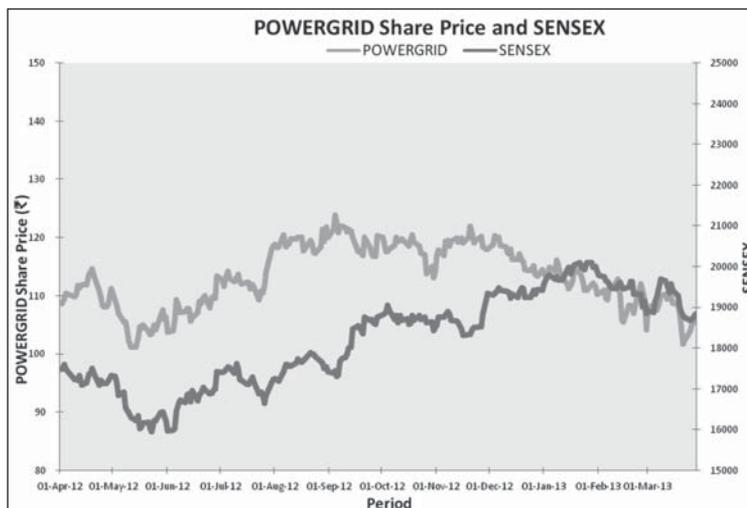
viii) POWERGRID's Shares Market Price Data - BSE

	High (₹)	Low (₹)	Sum of Turnover in Lac (₹) during the Month
April, 2012	115.25	107	4392.22
May, 2012	112	100.1	4820.96
June, 2012	114.25	102.05	4061.47
July, 2012	120.5	108.6	6266.90
August, 2012	122.8	116.1	6954.03
September, 2012	124.45	115.25	6039.80
October, 2012	121	112.8	5620.58
November, 2012	122.45	115.75	5117.75
December, 2012	121.05	112.3	4877.29
January, 2013	116.95	110	5253.27
February, 2013	116	102.25	18696.82
March, 2013	110.75	101.2	3021.83



ix) Performance in comparison to indices NSE NIFTY, BSE Sensex 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: 040-44655000
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, 2013

Shares held by different categories of shareholders and according to the size of the holdings as on 31st March, 2013 are given below:

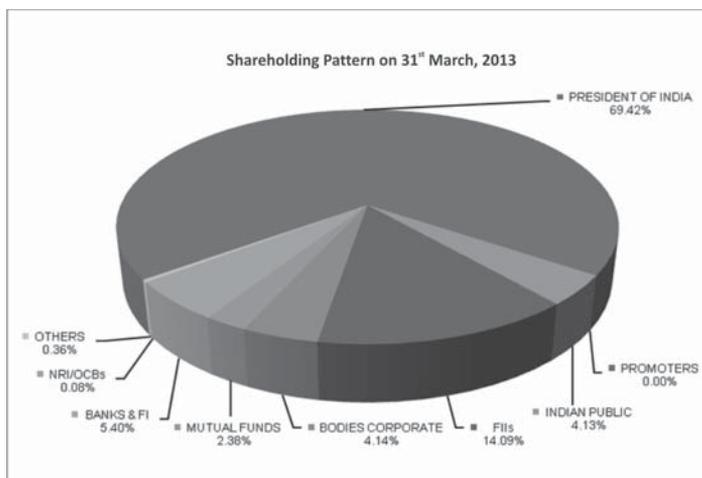
According to Size

a. Distribution of shareholding according to size, % of holding as on 31st March, 2013:

Category	No. of Cases	% of Cases	Amount	% of Amount
1-5000	823673	92.97	1317736080.00	2.85
5001- 10000	46557	5.26	314921790.00	0.68
10001- 20000	9204	1.04	131884310.00	0.28
20001- 30000	2204	0.25	54955150.00	0.12
30001- 40000	958	0.11	34227780.00	0.07
40001- 50000	753	0.08	35018530.00	0.08
50001- 100000	1143	0.13	81977480.00	0.18
100001& Above	1418	0.16	44326532410.00	95.74
Total:	885910	100.00	46297253530.00	100.00

b. Shareholding pattern as on 31st March, 2013

Sl. No.	Category	Total Shares	% To Equity
1	PRESIDENT OF INDIA	3214024212	69.42
2	PROMOTERS	0	0.00
3	INDIAN PUBLIC	191209474	4.13
4	FIIs	652345309	14.09
5	BODIES CORPORATE	191515518	4.14
6	MUTUAL FUNDS	110305277	2.38
7	BANKS & FI	250086992	5.40
8	NRI/OCBs	3559084	0.08
9	OTHERS	16679487	0.36
	Total	4629725353	100



c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on 31st March, 2013 are given below:

S. No.	Name of the shareholder	Shares	% Equity	Category
1	PRESIDENT OF INDIA	3112754412	67.23	POI
2	EUROPACIFIC GROWTH FUND	162690336	3.51	FII
3	LIFE INSURANCE CORPORATION OF INDIA	140760197	3.04	INS
4	PRESIDENT OF INDIA	101269800	2.19	POI
5	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	90095327	1.95	LTD
6	AMERICAN FUNDS INSURANCE SERIES INTERNATIONALFUND	61651640	1.33	FII

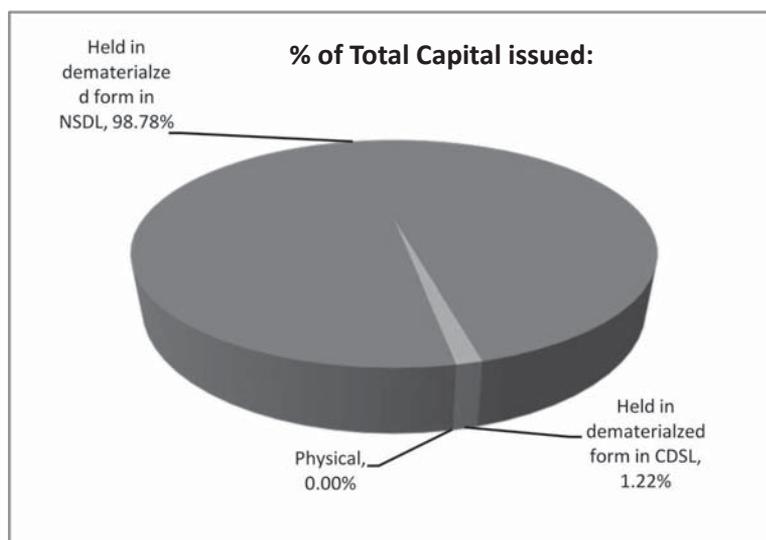
xiii) Dematerialization of Shares

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	14215	44738	0.00
2	Held in dematerialized form in NSDL	613757	4573112075	98.78
3	Held in dematerialized form in CDSL	257938	56568540	1.22
	Total	885910	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
PhirozeJeejeebhoy 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)	0124-2571901-02	0124-2571903
E-mail ID	ravipsingh@powergridindia.com	
Company Secretary, Ms. DivyaTandon	0124-2571968	0124-2571969
E-mail ID	dtandon@powergridindia.com	

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 section 53 and 219(1) of the companies act, 1956, in case documents like notice, annual reports, 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 the 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

Annexure-I

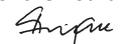
Non-Mandatory Requirements

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, 2012 were published in Times of India and Economics Times dated 2nd November, 2012 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 2012-13 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
 - ✓ International Business
 - ✓ Other notifications issued by the Govt. of India 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.

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi
Date: 06.08.2013

Certificate on Corporate Governance

To
The Members,
Power Grid Corporation of India Limited

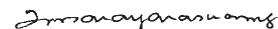
25.07.2013

I have examined the compliance of conditions of corporate governance by Power Grid Corporation of India Limited, for the year ended on 31st March, 2013 as stipulated in the Clause 49 of the Listing Agreement in respect of Equity Shares of the said Company with Stock Exchanges and in 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 us, I certify that except the composition of the Board of Director, particularly with regard to the number of independent directors the company has 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 and in DPE Guidelines.

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

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, 2013 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 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 2012-13 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 23rd Annual General Meeting held on September 19th, 2012;
 - 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 Revised Schedule VI to the Act and requirements as to Statement of Profit & Loss 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 except that for part of the period under review the Company didn't have required number of independent directors on its Board in terms of provisions of Clause 49(I)(A) of Listing Agreement, as the Government of India Order's for appointment of independent directors was awaited.
 - 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
FCS No.4223
C.P. No. 3850

Date: July 16, 2013
Place: New Delhi

Balance Sheet as at 31st March, 2013

(₹ in Crore)

Particulars	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	4629.73	4629.73
(b) Reserves and surplus	2.2	21609.74	18858.05
		26239.47	23487.78
Deferred revenue	2.3	3717.60	2776.27
Non-current liabilities			
(a) Long-term borrowings	2.4	63076.27	49119.19
(b) Deferred tax liabilities (Net)	2.5	1959.16	1600.88
(c) Other long term liabilities	2.6	989.93	1431.73
(d) Long-term provisions	2.7	442.63	421.49
		66467.99	52573.29
Current liabilities			
(a) Short-term borrowings	2.8	2000.00	1650.00
(b) Trade payables	2.9	246.73	200.78
(c) Other current liabilities	2.10	11693.46	8463.56
(d) Short-term provisions	2.11	768.31	1056.67
		14708.50	11371.01
Total		111133.56	90208.35
II. ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.12	60877.69	47339.78
(ii) Intangible assets	2.13	522.95	322.52
(iii) Capital work in progress	2.14	18921.30	15499.89
(iv) Intangible assets under development	2.15	193.62	73.61
		80515.56	63235.80
(b) Construction stores	2.16		12610.04
(c) Non-current investments	2.17	964.24	1101.19
(d) Deferred foreign currency fluctuation asset		1716.29	1316.67
(e) Long-term loans and advances	2.18	5963.40	5614.76
		8643.93	8032.62
Current assets			
(a) Current investments	2.19	183.26	183.26
(b) Inventories	2.20	551.53	440.31
(c) Trade receivables	2.21	1434.09	1497.49
(d) Cash and Bank balances	2.22	1661.97	2336.88
(e) Short-term loans and advances	2.23	595.03	425.96
(f) Other current assets	2.24	1839.57	1445.99
		6265.45	6329.89
Total		111133.56	90208.35
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

As per our report of even date

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

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

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

(CA. Jyoti Bagga)
Partner
Membership No. 087002

(CA. R.N.Basu)
Partner
Membership No. 050430

(CA. B.Srinivasa Rao)
Partner
Membership No. 202352

Place: Gurgaon
Date: 28th May, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Crore)

Particulars	Note No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
I. Revenue from operations	2.25	12757.85	10164.27
II. Other income	2.26	570.89	620.74
III. Total Revenue (I + II)		13328.74	10785.01
IV. Expenses:			
Purchases of stock-in-trade		63.50	-
Employee benefits expense	2.27	886.40	842.97
Finance costs	2.28	2535.22	1943.26
Depreciation and amortization expense	2.29	3351.92	2572.54
Transmission, Administration and other Expenses	2.30	871.54	809.98
Total expenses		7708.58	6168.75
V. Profit before Prior period items and tax (III - IV)		5620.16	4616.26
VI. Prior period items (Net)	2.31	(24.70)	18.66
VII. Profit before tax (V - VI)		5644.86	4597.60
VIII. Tax expense:			
(1) Current tax - Current Year		1071.50	891.10
- Earlier years		(19.42)	(2.59)
		1052.08	888.51
(2) Deferred tax - Current Year		341.80	454.14
- Earlier years		16.48	-
		358.28	454.14
		1410.36	1342.65
IX. Profit for the year (VII-VIII)		4234.50	3254.95
X. Earnings per equity share:	2.46		
(1) Basic		9.15	7.03
(2) Diluted		9.15	7.03
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

As per our report of even date

For S.K. Mehta & Co.
Chartered Accountants
Firm Regn No. 000478 N
(CA. Jyoti Bagga)
Partner
Membership No. 087002

For Chatterjee & Co.
Chartered Accountants
Firm Regn No. 302114 E
(CA. R.N.Basu)
Partner
Membership No. 050430

For Sagar & Associates
Chartered Accountants
Firm Regn No. 003510 S
(CA. B.Srinivasa Rao)
Partner
Membership No. 202352

Place: Gurgaon
Date: 28th May, 2013

Cash Flow Statement for the year ended 31st March, 2013

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	5644.86	4597.60
Adjustment for :		
Depreciation (including prior period)	3379.69	2610.29
Transfer from Grants in Aid	(22.29)	(31.99)
Deferred revenue - Advance against Depreciation	(48.82)	(32.29)
Amortised Expenditure(DRE written off)	-	2.41
Provisions	2.75	2.30
Transfer from Self Insurance Reserve	(0.35)	(0.81)
Net Loss on Disposal / Write off of Fixed Assets	6.38	1.21
Interest and Finance Charges	2609.14	1858.83
Provisions Written Back	(59.24)	(40.79)
FERV loss / (gain)	(73.92)	84.43
Interest earned on Bonds and loans to State Govts.	(262.46)	(81.76)
Dividend received	(60.68)	(54.18)
Operating profit before Working Capital Changes	11115.06	8915.25
Adjustment for :		
(Increase)/Decrease in Inventories	(111.21)	(58.80)
(Increase)/Decrease in Trade Receivables	120.82	(1201.35)
(Increase)/Decrease in Loans and Advances	(411.57)	(1679.43)
(Increase)/Decrease in Other current assets	(412.19)	1590.85
Increase/(Decrease) in Liabilities & Provisions	1802.23	(284.70)
Increase/(Decrease) in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	(120.48)	(45.11)
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	135.33	127.63
	1002.93	(1550.91)
Direct taxes paid	(1071.95)	(961.81)
Net Cash from operating activities	11046.04	6402.53
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(440.23)	(665.88)
Capital work in progress	(18611.99)	(13861.17)
Construction Stores	(3098.58)	(1860.79)
(Increase)/Decrease in Investments	136.95	113.90
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	7.72	15.42
Loans & Advances to Subsidiaries	-	97.20
Lease receivables	(46.32)	183.26
Interest earned on Bonds and loans to State Govts.	281.07	89.55
Dividend received	60.68	54.18
Net cash used in investing activities	(21710.70)	(15834.33)

Cash Flow Statement for the year ended 31st March, 2013 (contd...)

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised during the year	18042.83	14363.05
Loans repaid during the year	(4248.08)	(3666.93)
Interest and Finance Charges Paid	(2235.59)	(1504.94)
Dividend paid	(1351.89)	(949.11)
Dividend Tax paid	(217.52)	(153.45)
Net Cash from Financing Activities	9989.75	8088.62
D. Net change in Cash and Cash equivalents(A+B+C)	(674.91)	(1343.18)
E. Cash and Cash equivalents(Opening balance)	2336.88	3680.06
F. Cash and Cash equivalents(Closing balance)	1661.97	2336.88
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	1,653.51	1,830.95
Other Bank balances (*)	8.46	505.93
	1,661.97	2,336.88
(*) Break up of Other Bank balances		
1. Balance in current accounts (unclaimed dividend)	8.46	5.93
2. In term deposits (FPO proceeds for utilisation for identified projects)	-	500.00
	8.46	505.93

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
	As per our report of even date	
For S.K. Mehta & Co. Chartered Accountants Firm Regn No. 000478 N	For Chatterjee & Co. Chartered Accountants Firm Regn No. 302114 E	For Sagar & Associates Chartered Accountants Firm Regn No. 003510 S
(CA. Jyoti Bagga) Partner Membership No. 087002	(CA. R.N.Basu) Partner Membership No. 050430	(CA. B.Srinivasa Rao) Partner Membership No. 202352
Place: Gurgaon		
Date: 28 th May, 2013		

NOTE 1 - 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 affected, capitalization 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 levelling, 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, discount on bonds, 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.

1.10 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 Foreign Exchange Rate Variation (FERV) arising on settlement / translation of foreign currency loans relating to fixed assets/ capital work-in-progress are adjusted to the carrying cost of related assets.

1.10.3 FERV accounted for as per policy no 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) whichever is later.

The above FERV to the extent recoverable or payable as per the CERC norms is accounted for as follows:

a) FERV recoverable/payable adjusted to carrying cost of fixed assets 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'.

b) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.

c) 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 trade receivables.

1.10.4 FERV earlier charged to Statement of Profit and Loss & included in the capital cost for the purpose of tariff 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 in the transmission charges.

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 recognised 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 REVENUE RECOGNITION

1.13.1 Transmission Income is accounted for based on tariff orders notified by the 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 the CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by the 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 the CERC.

1.13.2 Income from short term open access is accounted for on the basis of regulations notified by the CERC.

1.13.3 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 the CERC.

1.13.4 ADVANCE AGAINST DEPRECIATION

- 1.13.4.1 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.
- 1.13.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after twelve 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 in the accounts.
- 1.13.5 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.
- 1.13.6 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 1.13.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 1.13.8 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 the issue of Notice Inviting Tender for execution
 - 5% on the Award of Contracts for execution
 - Balance 85% on the basis of actual progress of work including supplies
- 1.13.9 Income from Sale of Goods is recognized on the transfer of significant risks and reward of ownership to the buyer.
- 1.13.10 Application Fees received on account of Long Term Open Access (LTOA) Charges is accounted for as and when received in accordance with CERC Guidelines.
- 1.13.11 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 1.13.12 Dividend income is recognized when right to receive payment is established.

1.14 LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 1.14.1 State sector unified load dispatch centre (ULDC) assets leased to the beneficiaries 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.
- 1.14.2 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 the CERC.
- 1.14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

1.15 DEPRECIATION / AMORTIZATION

- 1.15.1 Depreciation / amortization is provided on straight line method following the rates and methodology notified by the 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%

- 1.15.2 ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levellized tariff.
- 1.15.3 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.
- 1.15.4 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.
- 1.15.5 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 at the rates and methodology as specified by the CERC Tariff Regulations, 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.
- 1.15.6 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.
- 1.15.7 Other fixed assets costing upto ₹ 5000/- are fully depreciated in the year of acquisition.
- 1.15.8 Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised.
- 1.15.9 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.

1.16 EXPENDITURE

- 1.16.1 Pre-paid/prior-period expenses/Income of items up to ₹100000/- are charged to natural heads of account.
- 1.16.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrance.
- 1.16.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred

1.17 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 Statement of profit & loss. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

1.18 EMPLOYEE BENEFITS

- 1.18.1 Company contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the Statement of Profit and Loss. The same is paid to a fund administered through a separate trust.
- 1.18.2 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.
- 1.18.3 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.
- 1.18.4 Short term employee benefit are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.
- 1.18.5 Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss.

1.19 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 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.

1.20 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.

Note 2.1 - Share capital

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Equity Share Capital		
Authorised Capital		
10000000000 equity shares of ₹ 10/- each	10000.00	10000.00
Issued, Subscribed and paid up		
4629725353 (Previous Year 4629725353) 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 st March, 2013		For the year ended 31 st March, 2012	
	No.of Shares	Amount (₹ in crore)	No.of Shares	Amount (₹ in crore)
Shares outstanding at the beginning of the year	4629725353	4629.73	4629725353	4629.73
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
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 voting rights proportionate to their shareholding at meetings of the Company.
- 3) The Government of India holds 3214024212(Previous Year 3214024212) 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

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Securities Premium Reserve		
As per last balance sheet	4875.15	4875.15
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	4875.15	4875.15
Bonds Redemption Reserve		
As per last balance sheet	3224.03	2568.04
Additions during the year	1166.79	969.49
Deductions during the year	385.53	313.50
Closing Balance	4005.29	3224.03
Self Insurance Reserve		
Through appropriation		
As per last balance sheet	251.38	207.53
Additions during the year	52.84	43.85
Deductions during the year	-	-
Closing Balance	304.22	251.38
Through charge to Profit		
As per last balance sheet	65.39	66.20
Additions during the year	-	-
Deductions during the year	0.35	0.81
Closing Balance	65.04	65.39
	369.26	316.77

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

Particulars	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
Corporate Social Responsibility(CSR) Activity Reserve		
As per last balance sheet	-	13.22
Additions during the year	10.80	-
Deductions/Adjustments during the year	(15.26)	13.22
Closing Balance	26.06	
General Reserve		
As per last balance sheet	10415.95	8965.95
Additions during the year	1900.00	1450.00
Deductions during the year	-	-
Closing Balance	12315.95	10415.95
Short Term Open Access(STOA) Reserve		
As per Last Balance Sheet	-	-
Additions during the year	276.34	219.88
Deductions during the year [being utilisation of STOA income (Net of Taxes) (Note No.2.25) in accordance with the CERC (Open Access inter-state transmission) Regulations, 2008 as amended upto date]	276.34	219.88
Closing Balance	-	-
	21591.71	18831.90
Surplus (Balance in statement of Profit and Loss)		
As per last balance sheet	26.15	41.18
Add: Additions		
Profit after tax as per Statement of Profit and Loss	4234.50	3254.95
Transfer from Bond Redemption Reserve	385.53	313.50
Transfer from STOA Reserve	276.34	219.88
CSR Activities Reserve	-	13.22
Dividend tax adjusted	-	0.50
Less: Appropriations		
STOA Reserve	276.34	219.88
Bonds Redemption Reserve	1166.79	969.49
CSR Activities Reserve	26.06	-
Self Insurance Reserve	52.84	43.85
Dividend tax adjusted	0.73	-
General Reserve	1900.00	1450.00
Interim dividend	745.39	370.39
Dividend tax on Interim dividend	119.89	60.07
Proposed Dividend	527.79	606.50
Dividend tax on proposed Dividend	88.66	96.90
Closing Balance	18.03	26.15
Total	21609.74	18858.05

Note 2.3 - Deferred Revenue

Particulars	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
a) Advance Against Depreciation	2094.96	2143.78
b) Grants in aid	117.03	139.32
c) Deferred income/(expenditure) from Foreign Currency Fluctuation(Net)	1505.61	493.17
Total	3717.60	2776.27

Note 2.4-Long-term borrowings

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A) BONDS		
A1) Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)		
A1.1 i) Bonds of ₹10 Lakh each		
XXXIX Issue- 9.40% redeemable at par on 29.03.2027	1800.00	1800.00*
XXXVIII Issue- 9.25% redeemable at par on 09.03.2027	855.00	855.00*
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.		
ii) Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
XLI Issue-8.85% redeemable w.e.f. 19.10.2016	2842.50	-
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.		
iii) Bonds of ₹1.50 crore each, consisting of 15 STRPPs of ₹10.00 Lakhs each redeemable at par in 15 (fifteen) equal annual instalments		
XXXVI Issue- 9.35% redeemable w.e.f. 29.08.2016	3090.00	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.		
iv) Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
XL Issue-9.30% redeemable w.e.f. 28.06.2016	3997.50	-
XXXVII Issue- 9.25% redeemable w.e.f 26.12.2015	1995.00	1995.00
XXXV Issue- 9.64% redeemable w.e.f 31.05.2015	1957.50	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	948.75	1035.00
XXXI Issue- 8.90% redeemable w.e.f 25.02.2014	1876.88	2047.50
XXX Issue- 8.80% redeemable w.e.f 29.09.2013	2138.12	2332.50
XXIX Issue- 9.20% redeemable w.e.f 12.03.2013	1081.25	1189.37
XXVIII Issue- 9.33% redeemable w.e.f 15.12.2012	2000.00	2200.00
XXVII Issue- 9.47% redeemable w.e.f 31.03.2012	528.75	587.50
XXVI Issue- 9.30% redeemable w.e.f 07.03.2012	749.25	832.50
XXV Issue- 10.10% redeemable w.e.f 12.06.2011	798.75	887.50
XXIV Issue- 9.95% redeemable w.e.f 26.03.2011	533.00	599.63
XXIII Issue- 9.25% redeemable w.e.f 09.02.2011	205.00	230.63
XXII Issue- 8.68% redeemable w.e.f 07.12.2010	460.00	517.50
XXI Issue- 8.73% redeemable w.e.f 11.10.2010	340.00	382.50
XX Issue- 8.93% redeemable w.e.f 07.09.2010	1000.00	1125.00
XIX Issue- 9.25% redeemable w.e.f 24.07.2010	330.00	371.25
XVIII Issue- 8.15% redeemable w.e.f 09.03.2010	582.75	666.00
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.		
v) Bonds of ₹1.00 crore each, consisting of 10 STRPPs of ₹10.00 Lakhs each redeemable at par in 10 (ten) equal annual instalments.		
XVII Issue- 7.39% redeemable w.e.f 22.09.2009	500.00	600.00

Note 2.4-Long-term borrowings (contd...)

Particulars	(₹ in Crore)	
	As at 31 st March,2013	As at 31 st March, 2012
XVI Issue- 7.10% redeemable w.e.f 18.02.2009	300.00	375.00
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.		
vi) Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
XV Issue-6.68% redeemable w.e.f. 23.02.2008	375.00	450.00
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.		
A1.2 Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments		
XIII issue-8.63% redeemable w.e.f 31.07.2006	270.00	337.50
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		
A1.3 Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments		
XII issue-.9.70% redeemable w.e.f 28.03.2006	46.12	61.50
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 and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System		
A1.4 Bonds of ₹3 crore each consisting of 12 STRPPs of ₹25 lakh each redeemable at par in 12 (twelve) equal annual instalments		
XI issue-9.80% redeemable w.e.f 07-12-2005	135.75	181.00
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 Anta,Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahbad, LILO of Singraulli-Kanpur and Allahbad Sub-Station		
A1.5 VIII issue-10.35% redeemable w.e.f. 27.04.2005	2.00	4.00
Secured by floating charge over the Fixed Assets of the Company		
Bonds of ₹1.5 crore each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
A1.6 XIV issue-6.10% redeemable w.e.f 17.07.2004	116.50	174.75
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.		
A1.7 Bonds of ₹12 lakh each redeemable at par in 12 (twelve) equal annual instalments		
X issue-10.90% redeemable w.e.f 21.06.2004	126.92	190.38
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-Farakka & Chamera Transmission system		
	38349.79	33443.51

Note 2.4-Long-term borrowings (contd...)

Particulars	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
A2) To be Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)		
A2.1 Redeemable Bonds of ₹10 Lakh each XLII Issue-8.80% redeemable at par on 13.03.2023	1990.00	-
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.		-
		1990.00
A3) Unsecured		
A3.1 Redeemable Foreign Currency Bonds 3.875% Foreign Currency Bonds to be redeemed at par on 17.01.2023	2745.50	-
Total (A)	43085.29	33443.51
B) TERM LOANS FROM BANKS		
B1) Rupee Loan (Secured)		
B1.1 i) Corporation Bank	-	5.00
ii) Punjab National Bank-Loan-II	50.00	75.00
iii) Oriental Bank of Commerce	41.67	62.50
Secured by a floating charge on the fixed assets of the Company		
B1.2 Line of Credit (LOC) from State Bank of India	1500.00	1000.00*
Secured by way of pari passu charge on asset of the company except investments, Land and Buildings and Current Assets.		
Total (B1)	1591.67	1142.50
B2) Foreign Currency Loans(Secured)		
B2.1 Bank of India Cayman Islands	260.10	271.73
Secured by a Floating charge on the immovable properties of the company		
B2.2 i) Nordic Investment Bank (PIL5120)	556.71	470.19*
ii) ADB-VIII (2788-IND)	124.86	-
Secured by pari passu interest in the liens created on the assets as security for the debts.		
Guaranteed by Government of India		
B2.3 From Asian Development Bank (ADB)		
ADB-I (1405-IND)	146.15	262.05
ADB-II (1764-IND)	892.71	919.02
ADB-III (2152-IND)	1847.57	1768.63
ADB-IV (2415-IND)	1764.94	1348.74*
ADB-V (2510-IND)	518.64	340.14*
From International Bank for Reconstruction and Development IBRD)		
PSDP-II (4603-IN)	1489.44	1542.33
PSDP-III (4813-IN)	1861.59	1859.81
PSDP-IV (4890-IN)	2970.23	2685.06
PSDP-IV (Addl.) (7593-IN)	1668.72	1486.81
PSDP-V (7787-IN)	1706.89	878.91
Secured by pari passu interest in the lien created on the assets as security for the debts.		
B2.4 PSDP-I (3577-IN)	-	70.06
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyachal and Rihand Transmission system.		
Total B2	15808.55	13903.48
B3) Foreign Currency Loans(To Be Secured)		
B3.1 From Asian Development Bank (ADB) (Guaranteed by Government of India)		
ADB-VI (2823-IND)	96.05	-
ADB-VII (2787-IND)	212.61	-

Note 2.4-Long-term borrowings (contd...)

Particulars	(₹ in Crore)	
	As at 31 st March,2013	As at 31 st March, 2012
B3.2 From Other Banks		
International Finance Corporation	1208.02	-
ICF Debt Pool LLP	274.55	-
To be Secured by pari passu interest in the lien created on the assets as security for the debts.		
Total B3	1791.23	-
B4) Foreign currency loans (Unsecured)		
B4.1 Skandinaviska Enskilda Banken AB(publ) Sweden	67.03	82.52
AB Svensk Exportkredit, Sweden	382.42	-
B4.2 Guaranteed by Government of India		
Natixis Banque (Formerly Credit National) France	98.01	104.68
Japan International Cooperation Agency(Formerly Japan Bank for International Cooperation) Japan	138.43	161.09
European Investment Bank Luxembourg	-	21.29
Total (B4)	685.89	369.58
Total B	19877.34	15415.56
C Term Loan From Others		
Rupee Loans (Secured)		
C1 Life Insurance Corporation of India-II	110.32	171.10
Life Insurance Corporation of India-III	3.32	9.91
Secured by a floating charge on the fixed assets of the Company.	113.64	181.01
Foreign Currency Loan (Unsecured)		
C2 Kreditanstalt fur Wiederaufbau Germany	-	79.11
	-	79.11
Total C	113.64	260.12
Total (A to C)	63076.27	49119.19
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.

*In previous year shown as to be secured. Securities for these are created in Current Year.

Note 2.5 - Deferred tax liabilities (Net)

Particulars	(₹ in Crore)	
	As at 31 st March,2013	As at 31 st March, 2012
Deferred Tax liability		
Towards Fixed Assets(Net) (A)	5487.94	5059.67
Deferred Tax Assets		
Income during Construction Period	86.58	44.26
Self Insurance Reserve	22.22	21.21
Provisions allowable on payment basis	68.79	131.98
Advance Against Depreciation	711.78	695.55
Others	-	1.56
Sub-total (B)	889.37	894.56
Deferred Tax Liability (Net) (A-B)	4598.57	4165.11
Less : Recoverable from Beneficiaries	2639.41	2564.23
Net Deferred Tax Liability	1959.16	1600.88

Net increase in deferred tax liability of ₹358.28 Crore (Previous year ₹454.14 Crore) has been charged to the Statement of Profit and Loss.

Note 2.6 - Other Long term liabilities

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Other liabilities		
i) Deposits /Retention money from contractors and others.	508.85	607.93
Less: Investments held as security	-	0.34
	508.85	607.59
ii) Advance from customers (Consultancy contracts)	443.55	468.71
iii) Dues for Capital Expenditure	28.53	303.32
iv) Others	9.00	52.11
Total	989.93	1431.73

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 at 31st March, 2013 and as at 31st March, 2012.

Note 2.7 - Long-term provisions

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Employee Benefits		
As per last balance sheet	421.49	316.64
Additions during the year	442.63	104.85
Amounts utilised/paid during the year	421.49	-
Closing Balance	442.63	421.49
Total	442.63	421.49

Note 2.8 - Short-term borrowings

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Short Term loans		
From Banks		
Unsecured	2000.00	1650.00
Total	2000.00	1650.00

Note 2.9 - Trade payables

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
For goods and services	246.73	200.78
Total	246.73	200.78

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 at 31st March, 2013 and as at 31st March, 2012.

Note 2.10 - Other current liabilities

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A) Current maturities of Long Term borrowings		
Secured		
Bonds	1933.71	1540.11
Rupee Term Loans	118.19	172.31
Foreign Currency Loans	837.46	696.43
	2889.36	2408.85

Note 2.10 - Other current liabilities (contd...)

Particulars	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
Un-secured		
Rupee Term Loans	-	5.00
Foreign Currency Loans	222.24	218.87
	222.24	223.87
B) Interest Accrued But Not Due On borrowings From		
Indian Banks Financial Institutions & Corporations	15.73	17.78
Foreign Banks & Financial Institutions	40.10	41.47
Secured/Unsecured redeemable Bonds	1588.94	1211.97
C) Others	1644.77	1271.22
i) Dues for Capital Expenditure	2795.31	1221.01
ii) Employee related liabilities	67.42	4.20
iii) Unpaid matured bonds	0.09	0.08
iv) Unclaimed Dividends	8.46	5.93
v) Deposits/Retention money from contractors and others.	2177.85	1584.05
Less: Investments held as security	5.98	0.75
	2171.87	1583.30
vi) Advance from customers	1648.29	1629.82
vii) Statutory dues	107.55	69.29
viii) Related parties*	22.99	37.89
ix) Others	115.11	8.10
	6937.09	4559.62
Total	11693.46	8463.56

Further notes:

*Breakup of related parties is provided in Note 2.44(b)

Note 2.11 - Short-term provisions

Particulars	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
a) Employee Benefits		
i) Transmission incentive/special incentive		
As per last balance sheet	215.10	190.71
Addition during the year	124.46	127.92
Amount paid/adjusted during the year	216.52	103.53
Closing Balance	123.04	215.10
ii) Retirement benefit/Wage revision		
As per last balance sheet	94.60	64.24
Additions during the year	-	30.36
Amounts utilised/paid during the year	94.60	-
Closing Balance	-	94.60
iii) Other Employee Benefits		
(Leave Encashment, Settlement Allowance and Long Service Award etc.)		
As per last balance sheet	23.66	28.18
Additions during the year	21.03	6.49
Amounts utilised/paid during the year	19.61	11.01
Closing Balance	25.08	23.66
Total (A)	148.12	333.36

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

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
b) Others		
i) Taxation (Including interest on Tax)		
As per last balance sheet		1581.98
Additions during the year	1071.50	891.10
Amount adjusted during the year	(1551.58)	465.35
Net off against taxes paid (Note 2.23)	2623.08	2007.73
Closing Balance	-	-
ii) Proposed Final Dividend		
As per last balance sheet	606.50	578.72
Additions during the year	527.79	606.50
Amounts paid during the year	606.50	578.72
Closing Balance	527.79	606.50
iii) Tax on proposed Dividend		
As per last balance sheet	96.90	93.88
Additions during the year	88.66	118.52
Amounts paid/adjusted during the year	96.90	115.50
Closing Balance	88.66	96.90
iv) Downtime Service Credit-Telecom		
As per last balance sheet	3.21	2.46
Additions during the year	1.71	0.75
Amounts adjusted/paid during the year	1.18	-
Closing Balance	3.74	3.21
v) Provision for Corporate Social Responsibility (CSR) Activity		
As per last balance sheet	15.26	-
Additions during the year	-	15.26
Amounts adjusted/paid during the year	15.26	-
Closing Balance	-	15.26
vi) Provision Others		
As per last balance sheet	1.44	-
Additions during the year	-	1.44
Amounts adjusted/paid during the year	1.44	-
Closing Balance	-	1.44
Total (B)	620.19	723.31
Total (A+B)	768.31	1056.67

Note 2.12 - Tangible assets

(₹ in Crore)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 st April, 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 st March, 2013	Upto 31-Mar- 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Land												
a) Freehold	1190.26	143.69	-	(19.47)	1353.42	-	-	-	-	-	1353.42	1190.26
b) Leasehold	211.58	30.88	-	(9.45)	251.91	17.95	8.31	-	(0.55)	26.81	225.10	193.63
Buildings												
a) Sub-Stations & Office	497.57	54.83	-	(7.51)	559.91	152.87	19.37	-	0.15	172.09	387.82	344.70
b) Township	413.69	34.98	-	(6.51)	455.18	97.77	16.99	-	(0.96)	115.72	339.46	315.92
Temporary Erection	9.16	0.32	-	1.94	7.54	9.16	0.33	-	1.95	7.54	-	-
Roads & Bridges	127.86	12.69	-	0.94	139.61	33.97	6.05	-	(0.03)	40.05	99.56	93.89
Water Supply												
Drainage & Sewerage	81.14	12.82	-	0.07	93.89	22.73	3.42	-	(0.16)	26.31	67.58	58.41
Plant & Equipment												
a) Transmission	39584.59	7277.35	-	(781.34)	47643.28	8752.50	2128.63	-	26.09	10855.04	36788.24	30832.09
b) Substation	18860.13	7771.34	-	(535.06)	27166.53	5696.57	1143.90	-	(18.37)	6858.84	20307.69	13163.56
c) Unified Load Despatch & Communication	331.50	28.22	-	(15.16)	374.88	234.34	25.26	-	(0.03)	259.63	115.25	97.16
d) Telecom	1224.81	102.34	-	(39.54)	1366.69	443.58	73.50	-	(0.17)	517.25	849.44	781.23
Furniture Fixtures	69.82	9.06	0.08	0.56	78.24	31.69	4.04	0.06	0.03	35.64	42.60	38.13
Office equipment	74.58	11.63	0.13	(0.40)	86.48	33.44	4.53	0.06	0.01	37.90	48.58	41.14
Electronic Data Processing & Word Processing Machines	75.43	19.52	0.11	0.27	94.57	54.16	9.20	0.07	(0.72)	64.01	30.56	21.27
Vehicles	4.94	0.16	0.24	0.13	4.73	2.21	0.34	0.21	0.12	2.22	2.51	2.73
Construction and Workshop equipment	103.43	28.96	0.14	(0.60)	132.85	25.33	6.00	0.04	(0.06)	31.35	101.50	78.10
Electrical Installation	86.46	30.50	-	0.43	116.53	32.35	4.74	-	(0.47)	37.56	78.97	54.11
Laboratory Equipments	56.49	7.84	-	-	64.33	28.35	2.54	-	(0.03)	30.92	33.41	28.14
Workshop & Testing Equipments	21.37	1.12	-	(0.05)	22.54	14.36	0.46	-	-	14.82	7.72	7.01
Miscellaneous Assets/Equipments	0.14	-	0.03	-	0.11	0.08	0.01	0.02	-	0.07	0.04	0.06
Total	63024.95	15578.25	0.73	(1410.75)	80013.22	15683.41	3457.62	0.46	6.80	19133.77	60879.45	47341.54
Less: Provision for assets discarded	10.47	-	-	-	10.47	8.71	-	-	-	8.71	1.76	1.76
Grand Total	63014.48	15578.25	0.73	(1410.75)	80002.75	15674.70	3457.62	0.46	6.80	19125.06	60877.69	47339.78
Previous Year	50078.51	12323.34	1.89	(624.99)	63024.95	13106.46	2586.76	1.58	8.23	15683.41	47341.54	
Less: Provision for assets discarded	10.47	-	-	-	10.47	8.71	-	-	-	8.71	1.76	
Total	50068.04	12323.34	1.89	(624.99)	63014.48	13097.75	2586.76	1.58	8.23	15674.70	47339.78	

Further Notes:

- The company owns 5957 hectare (previous Year 5377 hectare) of land amounting to ₹ 1605.33 crore (previous Year ₹ 1401.84 crore) which has been classified into freehold ₹1353.42 crore (previous year ₹ 1190.26 crore) and leasehold ₹ 251.91 crore (previous year ₹ 211.58 crore) based on available documentation
- i) The land classified as leasehold land held in the State of Jammu and Kashmir amounting to ₹ 59.72 crore (Previous Year ₹ 54.60 crore) is acquired by state Government as per procedures under State Land Acquisition Act. As per prevailing law the state government remains the owner of the land so acquired and company is only given possession for the specific use.
ii) The transmission system situated in the state of Jammu and Kashmir have been taken over by the company w.e.f 1st April 1993 from National Hydroelectric Power Corporation of India Ltd. (NHPC) upon mutually agreed terms pending completion of legal formalities.
- Freehold land includes ₹ 55.32 crore (previous year ₹ 33.71 crore) and ₹ 52.39 crore (previous year ₹ 27.31 crore) in respect of land acquired by the Company for which conveyance deed in favour of the Company and mutation in revenue record respectively is pending.
- 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
- Leasehold land includes ₹ 13.97 crore (previous year ₹ 13.97 crore) in respect of land acquired by the company for which legal formalities are pending.
- Freehold land includes 0.16 hectare land valuing ₹ 0.03 crore which is not in possession of the Company due to encroachment by farmers. Company is taking appropriate action for repossession of the same.
- 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 ₹ 3.8 crore (previous year ₹ 3.8 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.

Note 2.13 - Intangible assets

(₹ in Crore)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 st April, 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 st March, 2013	Upto 31-Mar- 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Electronic Data Processing Software	5.49	1.15	-	0.08	6.56	3.29	1.55	-	0.01	4.83	1.73	2.20
Right of Way-Afforestation Expenses	367.37	210.03	-	(13.34)	590.74	47.05	22.47	-	-	69.52	521.22	320.32
Total	372.86	211.18	-	(13.26)	597.30	50.34	24.02	-	0.01	74.35	522.95	322.52
Previous Year	275.31	95.29	-	(2.26)	372.86	21.62	17.32	-	(11.40)	50.34	322.52	

Note 2.14 - Capital work in progress

(₹ in Crore)

Particulars	As at 1 st April, 2012	Additions	Adjustments	Capitalised during the year	As at 31 st March, 2013
Land					
Development of land	53.00	37.51	39.80	0.53	50.18
Buildings					
a) Sub-Stations & Office	67.17	115.83	5.82	54.83	122.35
b) Township	63.97	48.24	18.84	34.98	58.39
Temporary erection	0.45	0.51	0.04	0.25	0.67
Roads & Bridges	11.08	23.17	0.62	11.67	21.96
Water Supply Drainage and Sewerage	6.13	13.55	0.77	12.82	6.09
Plant & Equipments (including associated civil works)					
a) Transmission	8836.15	11658.48	(102.83)	7213.90	13383.56
b) Sub-Station	3586.30	5805.56	(149.66)	7719.85	1821.67
c) Unified Load Despatch & Communication	9.64	2.47	1.96	8.06	2.09
d) Telecom	65.20	144.92	41.19	102.34	66.59
Furniture Fixtures	0.33	0.91	-	0.48	0.76
Other office equipments	1.88	-	0.94	0.77	0.17
Electrical Installations	12.42	21.24	2.62	19.94	11.10
Expenditure pending allocation					
i) Survey Investigation Consultancy & Supervision Charges	50.22	15.38	5.10	2.58	57.92
ii) Difference in Exchange on foreign Loans	231.81	395.61	117.04	73.15	437.23
iii) Expenditure during Construction (Note 2.32)	2504.14	2014.34	1637.91	-	2880.57
Total	15499.89	20297.72	1620.16	15256.15	18921.30
Previous Year	12864.63	16126.32	1832.80	11658.26	15499.89

Further Notes:

Capital Work in Progress (CWIP) includes ₹1.58 crore being the cost of 13 foundations which became redundant because of change in a transmission scheme and ₹ 0.46 crore towards cost of survey for realignment of transmission line route. Company proposes to hold discussion with the beneficiaries for recovery of these costs.

Note 2.15 - Intangible assets under development

(₹ in Crore)

Particulars	As at 1 st April, 2012	Additions	Adjustments	Capitalised during the year	As at 31 st March, 2013
Electronic Data Processing Software	-	0.70	-	-	0.70
Right of Way-Afforestation expenses	73.61	322.50	(5.50)	210.03	191.58
Development Expenditure	-	-	(1.34)	-	1.34
Total	73.61	323.20	(6.84)	210.03	193.62
Previous Year	99.05	46.11	0.16	71.39	73.61

Note 2.16 - Construction stores

Particulars	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
Towers	3961.79	3572.68
Conductors	7038.36	4311.27
Other Line Materials	2320.23	1445.24
Sub-Station Equipments	1736.62	3087.93
High Voltage Direct Current (HVDC) Equipments	389.71	57.86
Unified Load Despatch & Communication(ULDC) Materials	48.47	38.37
Telecom Materials	35.97	8.42
Others	177.48	88.28
	15708.63	12610.05
Less: Provision for shortages and obsolete material	0.01	0.01
Total	15708.62	12610.04
Construction Stores include:		
i) Material in transit		
Towers	27.51	29.03
Conductors	31.58	-
Other Line Materials	136.25	-
Sub-Station Equipments	131.16	317.86
High Voltage Direct Current (HVDC) Equipments	220.75	-
Telecom Materials	1.74	-
Others	87.65	-
Total	636.64	346.89
ii) Material with Contractors		
Towers	3931.64	3539.39
Conductors	7006.78	4307.28
Other Line Materials	2178.97	1444.13
Sub-Station Equipments	1600.05	2768.13
High Voltage Direct Current (HVDC) Equipments	168.96	57.03
Unified Load Despatch & Communication(ULDC) Materials	10.59	-
Telecom Materials	5.85	8.23
Others	60.33	79.48
Total	14963.17	12203.67
Grand total	15599.81	12550.56

Further Notes:

- Pending reconciliation, materials amounting to ₹63.55 crore (previous year ₹43.82 crore) in commissioned lines is shown as construction stores lying with contractors.
- Construction Stores includes ₹ 91.61 crore representing the value of conductors supplied by a supplier but found to be defective. The supplier has agreed to replace the defective conductors.

Note 2.17 - Non-current investments

	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
LONG TERM		
A. TRADE INVESTMENTS (AT COST)		
I. Equity Instruments-Fully Paid up :-		
Quoted		
PTC India Limited 12000006(Previous year 12000006) Shares of ₹10/- each {Market Value ₹ 71.94 crore @₹ 59.95 (NSE) per share (Previous year ₹ 73.68 crore @₹ 61.40 (NSE) per share)}	12.00	12.00
Unquoted		
Subsidiary Companies		
Power System Operation Corporation Limited 30640000(Previous year 30640000) Shares of ₹ 10 each.	30.64	30.64
Powergrid NM Transmission Company Limited	0.05	0.05

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

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
50000(Previous year 50000) Shares of ₹ 10 each. Powergrid Vemagiri Transmission Limited		
50000(Previous year NIL) Shares of ₹ 10 each.	0.05	-
Joint Venture Companies		
Torrent Power Grid Limited		
23400000 (Previous year 23400000) Shares of ₹ 10/- each.	23.40	23.40
Jaypee Powergrid Limited		
78000000 (Previous year 75920000) Shares of ₹ 10/- each	78.00	75.92
Parbati Koldam Transmission Company Limited		
40983800 (Previous year 21483800) Shares of ₹ 10/- each.	40.98	21.49
Teestavalley Power Transmission Limited		
25411762 (Previous Year 20333000) Shares of ₹ 10/- each.	25.41	20.33
Powerlinks Transmission Limited		
229320000 (Previous year 229320000) Shares of ₹ 10/- each	229.32	229.32
North East Transmission Company Limited		
106964000 (Previous year 92040000) Shares of ₹ 10/- each	106.96	92.04
Energy Efficiency Services Limited		
22500000 (Previous year 6250000)Shares of ₹ 10/- each	22.50	0.63
National High Power Test Laboratory Limited		
11060000 (Previous year 2625000) Shares of ₹ 10/- each	11.06	2.63
Cross Border Power Transmission Company Limited		
13000 (Previous year NIL) Shares of ₹ 10/- each	0.01	-
Kalinga Bidyut Prasaran Nigam Private Limited		
5000 (Previous year NIL) Shares of ₹ 10/- each	0.01	-
Bihar Grid Company Limited		
25000 (Previous year NIL) Shares of ₹ 10/- each	0.02	-
	580.41	508.45
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	36.10	54.16
Arunachal Pradesh	1.04	1.57
Assam	33.56	50.34
Bihar	32.43	48.64
Gujarat	14.01	21.01
Haryana	16.10	24.15
Himachal Pradesh	0.57	0.85
Jammu & Kashmir	32.40	48.59
Kerala	4.82	7.23
Madhya Pradesh	20.81	31.22
Maharashtra	2.69	4.04
Manipur	6.34	9.51
Meghalaya	0.09	0.13
Mizoram	0.01	0.01
Nagaland	2.79	4.18
Punjab	9.39	14.08
Rajasthan	3.27	3.27
Sikkim	2.25	3.38
Tripura	0.18	0.27
Uttar Pradesh	92.29	138.44
Uttaranchal	10.25	15.38
West Bengal	16.10	24.15
Jharkhand	22.30	33.45
	359.79	538.05

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

Particulars	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 30.11.2007	8.09	10.38
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 31.03.2008	10.75	13.43
	18.84	23.81
III. Share application money pending allotment in Joint Venture Companies		
Teestavalley Power Transmission Limited	5.20	-
National High Power Test Laboratory Limited	-	6.50
Energy Efficiency Services Limited	-	24.38
	5.20	30.88
Total (A)	964.24	1101.19
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)	964.24	1101.19

Further notes:

- Aggregate amount of Quoted Investments

Book value	12.00	12.00
Market Value	71.94	73.68
- Aggregate amount of Unquoted Investments

Book value	952.24	1089.19
------------	--------	---------
- 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 Limited.
- Investments have been valued as per accounting policy no. 1.11(Note no 1)

Note 2.18 - Long-term loans and advances

(Unsecured considered good unless otherwise stated)

Particulars	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
A) Advances for Capital Expenditure		
i) Secured		2.09
ii) Unsecured		
a. Against Bank guarantees	4783.48	4671.52
b. Others	544.29	417.62
iii) Unsecured Considered Doubtful	1.14	1.14
	5328.91	5090.28
Less: Provision for Bad & Doubtful Advances	1.14	1.14
	5327.77	5089.14
	5328.98	5091.23
B) Loans		
i) Employees (including interest accrued)		
Secured	111.30	118.04
Unsecured	5.50	5.22
	116.80	123.26
ii) Long Term Loan (Under securitisation Scheme)	38.56	53.99
iii) Lease Receivables	447.36	295.02
	602.72	472.27

Note 2.18 - Long-term loans and advances (contd...)

(Unsecured Considered good unless otherwise stated)

(₹ in Crore)

Particulars		As at 31 st March, 2013	As at 31 st March, 2012
C) Security Deposits		3.95	7.70
D) Advances recoverable in cash or in kind or for value to be received			
Contractors & Suppliers(Including material issued on Loan)	16.55		1.25
Employees	5.31		14.74
Others	3.62		20.38
Balance with Customs Port Trust and other authorities	2.27		7.19
	27.75		43.56
Considered doubtful	9.00		7.18
		36.75	50.74
Less: Provision for bad and doubtful Advances		9.00	7.18
		27.75	43.56
Total		5963.40	5614.76
Due from:			
Directors		0.05	0.05
Officers		9.60	13.53

Note 2.19 - Current investments

(₹ in Crore)

Particulars		As at 31 st March, 2013	As at 31 st March, 2012
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	18.04
Arunachal Pradesh		0.52	0.52
Assam		16.78	16.78
Bihar		16.22	16.22
Gujarat		7.00	7.00
Haryana		8.04	8.04
Himachal Pradesh		0.28	0.28
Jammu & Kashmir		16.20	16.20
Kerala		2.42	2.42
Madhya Pradesh		10.40	10.40
Maharashtra		1.34	1.34
Manipur		3.18	3.18
Meghalaya		0.04	0.04
Nagaland		1.40	1.40
Punjab		4.70	4.70
Sikkim		1.12	1.12
Tripura		0.10	0.10
Uttar Pradesh		46.14	46.14
Uttaranchal		5.12	5.12
West Bengal		8.06	8.06
Jharkhand		11.16	11.16
		178.26	178.26

Note 2.19 - Current investments (contd...)

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
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
	<u>5.00</u>	<u>5.00</u>
Total	183.26	183.26
Grand total	183.26	183.26
Further notes:		
Aggregate amount of Unquoted Investments		
Book value	183.26	183.26

Note 2.20 - Inventories

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
(As taken valued and certified by the Management)		
(For mode of valuation refer Note 1.12)		
Loose tools	0.68	0.69
Consumable stores	5.15	3.11
Components, Spares & other spare parts:		
Towers	130.35	113.07
Conductors	41.82	25.18
Other Line Materials	149.14	96.29
Sub-Station Equipments/Spares	136.72	108.55
High Voltage Direct Current Equipments/spares	60.78	57.56
Unified Load despatch Centre Spares	2.26	2.33
Telecom Spares	8.06	8.02
Other Stores	16.82	25.77
	<u>551.78</u>	<u>440.57</u>
Less Provision for Shortages	0.25	0.26
Total	551.53	440.31
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)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
i) Outstanding for a period exceeding six months		
Considered good	245.46	184.87
Considered doubtful	20.61	78.03
	<u>266.07</u>	<u>262.90</u>
ii) Others	1188.63	1312.62
	<u>1454.70</u>	<u>1575.52</u>
Less: Provision for bad & doubtful trade receivables	20.61	78.03
Total	1434.09	1497.49

Note 2.22 - Cash and Bank balances

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
1) Cash and Cash Equivalents		
Balance with banks-		
- In Current accounts	860.95	451.17
- In term deposits (FPO proceeds to be utilised for identified projects)	-	250.00
- In designated current accounts (to be utilised for consultancy assignments)	788.15	1124.50
Drafts/Cheques in hand	4.37	5.25
Cash in hand	0.03	0.02
Stamps and Imprest	0.01	0.01
	1653.51	1830.95
2) Other Bank balances		
- In current account (Unclaimed dividends)	8.46	5.93
- In Term Deposits having maturity over 3 months (FPO proceeds to be utilised for identified projects)	-	500.00
Total	1661.97	2336.88

Further notes:

Balance with Banks in current accounts and designated current accounts under cash and cash equivalents above, includes liquid flexi term deposit ₹ 115.71 crore (previous year ₹ NIL) and ₹ 775.15 crore (previous year ₹1104.70 crore) respectively

Note 2.23 - Short-term loans and advances

(Unsecured Considered good unless otherwise stated)

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A) Loans		
a) Employees including interest accrued		
i) Secured	49.88	29.20
ii) Unsecured	5.09	4.08
	54.97	33.28
b) Others		
Current maturities of Long Term Advances (Under securitisation Scheme)	23.14	15.43
Current Maturities of Lease Receivables	63.44	131.44
	86.58	146.87
Total (A)	141.55	180.15
B) Advances to related parties	105.39	26.43
C) Advances recoverable in cash or in kind or for value to be received		
a) Employees	20.40	23.32
b) Others		
Contractors & Suppliers (Including Material issued on loan)	31.72	6.78
Balance with Customs Port Trust and other authorities	15.70	11.24
Advance Tax & TDS	2749.70	2114.48
Less: Provision for taxation (Note 2.11)	2623.08	2007.73
	126.62	106.75
Others	153.65	71.29
	327.69	196.06
Total (C)	348.09	219.38
Total(A+B+C)	595.03	425.96
Directors	0.02	-
Officers	3.22	11.32

Further notes:

Breakup of advances to related parties is provided in Note 2.44(b)

Note 2.24 - Other current assets

(Unsecured Considered good unless otherwise stated)

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
a) Unbilled Revenue	1757.87	1348.81
b) Interest accrued but not due		
Interest accrued on Investments (Bonds)	27.94	35.76
Interest accrued on Term/Fixed Deposits	4.88	15.67
c) Claims recoverable	8.91	8.35
d) Others	39.97	37.40
	<u>1839.57</u>	<u>1445.99</u>
Total	1839.57	1445.99

Further notes:

Unbilled revenue ₹742.15 crore (Previous year ₹530.93 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 and also includes transmission charges for the month of March,2013 amounting to ₹1015.72 crore (previous year ₹817.88 crore) billed to beneficiaries in the month of April, 2013(Previous year April,2012).

Note 2.25 - Revenue from operations

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
i) Transmission Business		
Sales of services		
Transmission Charges	11704.78	9186.42
Add:Revenue Recognised out of Advance against depreciation	48.82	32.29
Add: -Short Term Open Access	409.06	325.48
	<u>12162.66</u>	<u>9544.19</u>
Other operating revenue		
Interest on differential between Provisional and Final Tariff by CERC	48.40	128.94
	12211.06	<u>9673.13</u>
ii) Telecom income		
Sales of services		
NLD	227.06	199.36
IP-1	10.31	9.43
ISP	1.36	1.21
Others	4.85	-
	<u>243.58</u>	<u>210.00</u>
Less: Inter Divisional Transfer		
NLD	6.88	3.53
IP-1	5.16	5.16
ISP	0.15	0.12
	<u>12.19</u>	<u>8.81</u>
	231.39	201.19
iii) Consultancy Project Management and Supervision		
Sales of services	228.96	289.95
Sales of products	86.44	
	<u>315.40</u>	<u>289.95</u>
Total	12757.85	10164.27

Further notes:

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

- ₹3450.39 crore (previous year ₹ 1934.42 crore) for which provisional tariff orders have been issued by the Central Electricity Regulatory Commission (CERC) allowing provisional billing at 85-95% of the tariff claimed ;
- ₹8141.51 crore (previous year ₹ 6516.80 crore) for which final tariff orders have been issued by CERC
- ₹ 96.44 crore (previous year ₹ 301.94 crore) based on CERC Tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC.
- Transmission charges for the current year include ₹ 65.26 crore (Previous year ₹ 465.55 crore) on account of deferred tax materialised during the year which is recoverable from beneficiaries as per CERC Tariff Regulations 2009 notified by the CERC.
- CERC issued tariff order dated 29.04.2011 in respect of Barh-Balia Transmission line considering the date of commercial operation (DOCO) 01.07.10. Against this tariff order, one of the beneficiaries filed appeal before the Appellate Tribunal for Electricity (ATE) challenging the tariff approved by CERC based on above DOCO claimed by the company. The ATE vide its orders dated 2.07.12 observed that the DOCO of 1.7.10 was not correct as the appellant had reported that the transmission line was actually commissioned in August 2011 i.e. when it was successfully test charged at both ends as the work which was in scope of generating Company have been completed in August 2011. Accordingly, the ATE remanded CERC for redetermination of DOCO and tariff of the Transmission line. ATE vide order dated 8.11.12 also rejected the review petition of the company in this regard. Upon this, the company filed an appeal in the Supreme Court explaining that the DOCO of 1.7.10 was as per CERC Regulations.The Supreme Court in its order dated 15.3.13 granted stay in further proceedings before the CERC. Pending decision of the Supreme Court, and considering that 1.7.10 is correct DOCO as per CERC Regulations, no adjustment has been made in respect of Revenue of ₹ 85.18 crore recognised during the period 1.7.10 to 31.7.11.

Note 2.26 - Other income

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A) Income from non-current Investments		
i) Dividend		
Subsidiary	10.72	7.65
Others	49.96	46.53
ii) Interest on Govt.securities	59.26	74.88
B) Other Interests		
Loan to State Govt. in settlement of dues	5.57	6.88
Indian Banks	216.75	346.70
Interest from advances to contractors	267.49	178.90
Interest on outstanding dues from DESU	91.38	-
Others	7.92	7.89
	709.05	669.43
C) Others		
Profit on sale of Fixed Assets	0.20	0.09
Deferred Income (Transferred from Grants-in-aid)	22.29	26.33
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	0.35	0.81
Lease Income-State Sector ULDC	35.66	7.89
Surcharge	73.47	66.93
Hire charges for equipments	0.28	0.08
FERV gain	1.16	-
Rebate	0.27	0.30
Provisions written back (including for DESU dues of ₹57.79 Crore)	59.24	40.79
Miscellaneous income	51.26	62.66
	953.23	875.31
Less: Income transferred to expenditure during construction-Note 2.32	382.34	254.57
Total	570.89	620.74

Further Notes:

Ministry of Power vide order dated 5.2.13 conveyed the approval of Government of India for non-plan assistance to Government of National Capital Territory of Delhi (GNCTD) towards settlement of dues of erstwhile Delhi Electric Supply Undertaking (DESU) to four CPSUs including Power Grid Corporation of India Ltd. According to this order payment of principal amount of ₹ 57.79 crore and interest of ₹ 91.38 crore is to be made by GNCTD to the Company. In view of above The Company has written back provision of ₹ 57.79 crore made in earlier years and accounted interest of ₹ 91.38 crore as 'Other income'.

Note 2.27 - Employee benefits expense

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Salaries wages allowances & benefits	1086.33	1026.10
Contribution to provident and other funds	140.38	88.41
Staff Welfare expenses	101.31	87.58
	1328.02	1202.09
Less: Transferred to Expenditure during Construction-Note 2.32	441.62	359.12
TOTAL	886.40	842.97

Further notes:

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

	Current Year	Previous year
Salaries and Allowances	2.21	1.80
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	0.10	0.08
Other benefits	0.16	0.22

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

c) Pending approval of Ministry of Power and Department of Public Enterprises, special allowance up to 10% of Basic pay amounting to ₹16.73 crore for the financial year 2012-13 (Cumulative amounting to ₹ 61.43 crore upto 31.03.2013) is being paid to employees who are posted in the difficult and far flung areas. The above allowance is above the maximum ceiling of 50% of Basic Pay as per DPE office memorandum no. 2(70)/08-DPE(WC)-GL-XVI/08 dated 26-Nov-2008.

Note 2.28 - Finance costs

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A) Interest on Loan from		
Indian Banks, Financial Institutions & Corporations	358.13	225.08
Foreign Banks and Financial Institutions	230.40	145.68
Secured/Unsecured redeemable Bonds	3530.04	2696.98
Others	7.60	26.87
	<u>4126.17</u>	<u>3094.61</u>
B) Other borrowing costs		
Commitment charges	18.34	3.23
Guarantee Fee	212.03	142.77
Other finance charges	77.53	39.35
	<u>307.90</u>	<u>185.35</u>
C) ERV as adjustment to Borrowing Cost		
ERV as adjustment to Borrowing Cost	(671.89)	918.45
Less: Transferred to Expenditure during Construction-Note 2.32	-	246.01
	<u>(671.89)</u>	<u>672.44</u>
Less: FERV recoverable	(597.97)	588.01
	<u>(73.92)</u>	<u>84.43</u>
	<u>4360.15</u>	<u>3364.39</u>
Less: Transferred to Expenditure during Construction-Note 2.32	1824.93	1421.13
TOTAL	<u>2535.22</u>	<u>1943.26</u>

Note 2.29 - Depreciation and amortization expense

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Depreciation/amortisation on Tangible Assets	3457.62	2586.76
Amortisation of Intangible assets	24.02	17.32
	<u>3481.64</u>	<u>2604.08</u>
Less: Transferred to Expenditure During Construction-Note 2.32	11.06	8.99
	<u>3470.58</u>	<u>2595.09</u>
Less: Depreciation amortised due to FERV adjustment Charged To Statement of Profit & Loss	118.66	22.55
	<u>3351.92</u>	<u>2572.54</u>

Note 2.30 - Transmission, Administration and other expenses

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Repair & Maintenance		
Buildings	27.97	24.44
Plant & Machinery		
Sub Station	124.22	113.73
Transmission lines	68.62	47.57
Telecom	25.61	23.12
Others	8.50	7.62
	<u>226.95</u>	<u>192.04</u>
System and Market Operation Charges	16.80	27.39
Power charges	105.68	80.80
Less: Recovery from contractors	0.77	1.05
	<u>104.91</u>	<u>79.75</u>
Expenses of Diesel Generating sets	6.22	4.29
Stores consumed	0.09	0.05

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

(₹ in Crore)

Particulars		For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Water charges		1.03	0.97
Right of Way charges(Telecom)		5.43	4.25
Patrolling Expenses-Telecom		1.51	1.69
Lastmile connectivity-Telecom		0.30	0.12
Training & Recruitment Expenses	17.30		20.93
Less:Fees for training and application	<u>0.05</u>		<u>1.09</u>
		17.25	19.84
Legal expenses		14.69	7.90
Professional charges(Including TA/DA)		10.67	7.19
Consultancy expenses(Including TA/DA)		1.60	1.33
Communication expenses		12.02	9.73
Travelling & Conv.exp.(excluding foreign travel)	83.83		78.88
Foreign travel	<u>7.54</u>		<u>6.64</u>
		91.37	85.52
Tender expenses	13.23		16.16
Less: Sale of tenders	<u>4.14</u>		<u>6.14</u>
		9.09	10.02
Remuneration to auditors			
Statutory Auditors			
Audit Fees	0.51		0.42
Tax Audit Fees	0.10		0.12
In Other Capacity	0.64		0.47
Arrears	0.24		-
Out of pocket Expenses	<u>0.67</u>		<u>0.58</u>
		2.16	1.59
Advertisement and publicity		6.75	10.66
Printing and stationery		4.72	5.24
Books Periodicals and Journals		0.91	0.93
EDP hire and other charges		3.26	3.10
Entertainment expenses		1.63	1.61
Brokerage & Commission		0.20	0.32
Research & Development expenses		1.07	3.16
Cost Audit and Physical verification Fees		0.45	0.28
Rent		9.92	9.15
Capital Expenditure on assets not owned by the Company		7.87	0.45
CERC petition & Other charges		14.24	5.45
Miscellaneous expenses		29.95	24.12
Horticulture Expenses		8.80	6.93
Security Expenses		67.59	58.83
Hiring of Vehicle		74.02	57.73
Insurance		49.96	31.07
Rates and taxes		10.13	7.34
License Fees to DOT		15.93	14.10
Bandwidth charges dark fibre lease charges (Telecom) etc		16.61	13.38
Expenditure on Corporate Social Responsibility (CSR)		21.75	26.97
Expenditure sustainable development		0.09	-
Non operating expenses		0.32	1.13
Transit Accomodation Expenses	6.50		5.50
Less : Income from Transit Accomodation	<u>0.78</u>		<u>0.66</u>
		5.72	4.84
Rebate to Customers		79.19	113.40
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)		-	2.23

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

(₹ in Crore)

Particulars		For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Provisions			
Provision-Others	2.75		2.30
		2.75	2.30
		983.89	882.83
Less: Transferred to Expenditure during Construction-Note 2.32		118.93	75.94
		864.96	806.89
Deferred revenue Expenses written off		-	1.79
Loss on Disposal/Write off of Fixed Assets		6.58	1.30
Total		871.54	809.98
Stores consumption included in repair and maintenance		83.46	51.77

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

(₹ in Crore)

Particulars		For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Income			
Transmission charges		51.20	(17.20)
Depreciation written back		0.15	-
Depreciation amortised due to FERV		1.82	-
Deferred Income (Transferred from Grants-in-aid)		-	5.66
Lease income-State Sector ULDC		-	9.97
Consultancy Project Management and Supervision Fees		-	2.97
Others		20.30	1.15
		73.47	2.55
Expenditure			
Rates and taxes		1.20	-
Depreciation		29.74	6.21
Unspent CSR Expenditure for earlier years		-	13.22
Interest		12.66	0.75
Employee Remuneration		-	7.43
Others		5.31	(5.98)
		48.91	21.63
Prior period expenditure/(income)(Net)		(24.56)	19.08
Less: Transferred to Expenditure during Construction -Note 2.32		0.14	0.42
Total		(24.70)	18.66

Note 2.32 - Expenditure during Construction (Net)

(₹ in Crore)

Particulars		For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. Employees Remuneration & Benefits			
Salaries wages allowances and benefits		377.78	316.13
Contribution to provident and other funds		43.68	26.35
Welfare expenses		20.16	16.64
Total(A)		441.62	359.12
B. Other Expenses			
Repair and maintenance			
Buildings	2.54		1.98
Others	3.57		0.89
		6.11	2.87

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

(₹ in Crore)

Particulars			For the year	For the year
			ended 31 st	ended 31 st
			March, 2013	March, 2012
Power charges	16.43			3.65
Less: Recovered from contractors	0.60			0.88
		15.83		2.77
Expenses on Diesel Generating sets		1.45		0.68
Water charges		0.17		0.29
Training & Recruitment Expenses		0.05		0.01
Legal expenses		1.23		0.66
Professional charges		1.67		1.79
Consultancy expenses		0.19		0.01
Communication expenses		2.79		2.11
Travelling & Conv.exp. (Including Foreign Travel)		35.77		28.86
Tender expenses	5.83			9.46
Less: Income from sale of tenders	3.83			5.87
		2.00		3.59
Payment to Auditors		0.06		0.06
Advertisement and Publicity		1.30		0.62
Printing and stationery		0.59		0.52
EDP hire and other charges		0.26		0.11
Entertainment expenses		0.17		0.12
Brokerage and commission		0.06		0.05
Rent		3.80		3.16
Miscellaneous expenses		5.75		3.40
Horticulture Expenses		0.54		0.48
Security Expenses		10.73		6.49
Hiring of Vehicles		24.86		15.90
Insurance		0.60		0.22
Rates and taxes		2.08		0.76
Guest House Expenses	0.91			0.44
Less: Income from guest house	0.04			0.03
		0.87		0.41
Sub-total			118.93	75.94
Prior Period adjustment (net)			0.14	0.42
Total(B)			119.07	76.36
C. Depreciation/Amortisation			11.06	8.99
D. Finance Costs				
a) Interest on Loans from				
Indian Banks, Financial Institutions and Corporations	125.16			7.50
Foreign Banks and Financial Institutions	84.98			20.05
Secured/Unsecured Redeemable Bonds	1454.52			1327.87
		1664.66		1355.42
b) Other borrowing costs				
Commitment charges	18.20			2.82
Guarantee fee	76.88			32.32
Other Finance Charges	65.19			30.57
		160.27		65.71
c) FERV adjustment to borrowing cost		-		246.01
Total (D)			1824.93	1667.14
E. Less: Other Income				
Interest from				
Indian banks	113.94			67.55
Contractors	264.05			178.66
Others	0.91			0.63
		378.90		246.84
Miscellaneous income		3.20		7.72
Hire charges		0.24		0.01
Total (E)			382.34	254.57
GRAND TOTAL (A+B+C+D-E)			2014.34	1857.04

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.

In the regard the Cumulative amount received and de-capitalized upto 31st March 2013 is ₹ 12.12 crore (Previous year ₹ 12.12 crore). The company continued to show the balance of ₹ 197.87 crore as at 31st March 2013 (Previous year ₹ 197.87 crore) in the 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 ₹ 750 crore (Previous Year ₹1371.17 crore) has been utilised during the year for part financing of capital expenditure on the projects specified for utilization resulting in complete utilisation of funds amounting to ₹ 3721.17 crore raised through FPO.

2.35 a) Certain balances in Loans and Advances & Trade Payables 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 :

(₹ in Crore)

Particulars		Year ended 31.03.2013	Year ended 31.03.2012
i)	The amount of revenue recognised on cost plus consultancy contract works	176.90	200.88
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	11519.24	10243.19
iv)	Cumulative amount of advance received from customers	13251.85	12045.80
v)	Amount of retention money with customers	96.01	0.00
vi)	Gross amount due from customers for contract works as an asset	35.52	13.58
vii)	Gross amount due to customers for contract works as a liability	1413.25	1415.10

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 ISTS (Interstate transmission System) licensees through the mechanism of the POC (Point of Connection) charges introduced w.e.f. 01-07-2011 which involves billing based on approved drawal/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 ₹ 273.27 crore (previous year ₹ 141.56 crore) is included in Trade Receivables. All such appeals have been transferred to Delhi High Court as per order of the Supreme Court on the appeal preferred by the company and company has also requested for directing agitating states to pay full transmission charges as per new methodology pending settlement of the matter.

2.38 (i) FERV Loss of ₹ 1660.02 crore including ₹ 671.89 crore for Previous Year (previous year FERV loss ₹882.14 crore) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.

(ii) FERV Gain of ₹1.16 crore (Previous Year FERV Loss ₹2.23 crore) has been recognised in the Statement of Profit and Loss.

2.39 Effect due to change in accounting policies during the year -

i) Ministry of Corporate Affairs, Government of India through circular no.25/2012 dated 9th August 2012 has clarified that Para 6 of Accounting Standard (AS)-11 and para 4(e) of AS 16 shall not apply to company which is applying para 46A of AS 11. Consequently, exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and charged to the statement of profit and loss have now been adjusted in the cost of related capital assets. This change in accounting policy is made effective from 01 April 2011. This change has resulted in increase in Profit before tax for the year by ₹ 122.95 crore (including ₹ 66.12 crore for FY 11-12).

ii) In view of opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, unspent expenditure, out of the budget for the year towards Corporate Social Responsibility(CSR), which was hitherto being provided for in the statement of Profit & Loss is now being transferred to CSR reserve by appropriating profit. The change has resulted in increase in profit before tax for the year by ₹ 26.06 crore (including ₹15.26 crore write back of provision for earlier years).

2.40 Borrowing cost capitalised during the year is ₹ 1824.93 crore (previous Year ₹ 1667.14 crore) as per AS 16- "Borrowing Cost".

2.41 Pending approval of the Performance Related Pay (PRP) scheme for workmen, provision of ₹41.48 crore (including ₹ 21.87 crore for earlier years) has been made net of payments made as per old Performance Linked Incentive Scheme.

OTHER NOTES (contd...)

2.42 Disclosures as per Accounting Standard (AS) 15

Defined employee benefit/ contribution 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 year amounting to ₹ 66.57 crore (previous year ₹60.69 crore) has been 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 the 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. Pension

The Company has scheme of employees defined Pension Contribution. Company contribution is paid to separate trust. Amount of contribution paid/payable for the year is ₹ 52.24 crore (Previous Year ₹ 30.36 crore) has been recognised as expense and is charged to statement of profit & loss.

D. 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.

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 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 and Balance Sheet and funded status is 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 Year	Previous Year
Current Service Cost	19.11	17.27	6.13	4.81	0.66	0.61
Interest cost on benefit obligation	28.62	27.05	11.88	10.03	1.01	0.90
Expected return on plan assets	(30.14)	(27.05)	--	--	--	--
Net actuarial (gain)/loss recognized in the year	4.11	10.18	14.70	20.86	(0.47)	0.78
Expenses recognized in the Statement of profit and loss	21.69	27.45	32.71	35.71	1.20	2.31

b) Actual return on plan assets is ₹ 30.25 crore (previous year ₹ 27.77 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
(i) Present value of obligation as at 31/03/2013	389.51	357.73	179.27	148.53	13.42	12.62
(ii) Fair value of plan assets as at 31/03/2013	383.54	354.62	-	-	-	-
Difference (ii) – (i)	(5.96)	(3.11)	(179.27)	(148.53)	(13.42)	(12.62)
Net asset (liability) recognized in the Balance Sheet	(5.96)	(3.11)	(179.27)	(148.53)	(13.42)	(12.62)

OTHER NOTES (contd...)

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 01/04/2012	357.73	318.28	148.53	117.99	12.62	10.64
Interest cost	28.62	27.05	11.88	10.03	1.01	0.91
Current Service Cost	19.11	17.27	6.13	4.81	0.66	0.61
Benefits paid	(20.16)	(15.77)	(1.97)	(5.17)	(0.40)	(0.33)
Net actuarial (gain)/loss on obligation	4.22	10.90	14.70	20.86	(0.47)	0.79
Present value of the defined benefit obligation as at 31/03/2013	389.51	357.73	179.27	148.53	13.42	12.62

e) Changes in the fair value of plan assets:

(₹ in crore)

Description	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2012	354.62	318.28
Expected return on plan assets	30.14	27.05
Contribution by employer	18.85	24.34
Benefits paid	(20.17)	(15.77)
Actuarial gain/(loss)	0.11	0.72
Fair value of plan assets as at 31/03/2013	383.54	354.62

F. Other Employee Benefits

Provision for Leave encashment (including compensated absences) amounting to ₹ (11.65) crore (previous Year ₹ 60.33 crore) for the year has been made on the basis of actuarial valuation at the year end and same is credited to Statement of Profit and Loss.

Provision for Long Service Award amounting to ₹ 1.19 crore (Previous Year ₹ 8.67 crore including for earlier years ₹ 7.43 crore) have been made on the basis of actuarial valuation at the year end.

G. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2013 are as follows:-

(₹ in crore)

	(At Purchase Value)	
	Current Year	Previous Year
i) State Government Securities	68.84	41.92
ii) Central Government Securities	88.43	64.18
iii) Corporate Bonds/Debentures	228.63	242.55
iv) RBI Special Deposit	5.13	5.13
v) Other Assets	15.46	23.09
Total:-	406.49	376.87
Less : Share of POSOCO in the plan Assets	22.95	22.25
Grand Total	383.54	354.62

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

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

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.

I. The Company's best estimate of contribution towards gratuity for the financial year 2013-14 is ₹8.13 crore (previous year ₹22.36 crore)

OTHER NOTES (contd...)

J. 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	2.77	(3.29)
Present value of obligation	17.05	(20.21)

K. Experience Adjustments

(₹ in crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Gratuity		
i) Plan assets – Loss/(Gain)	(0.11)	(0.72)
ii) Obligation- Loss/(Gain)	4.22	10.90
PRMF		
Obligation – Loss/(Gain)	14.70	20.86
ODRB		
Obligation – Loss/(Gain)	(0.47)	0.78

2.43 Segment information (AS 17):

a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, 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)

	Transmission		Consultancy		Telecom		Elimination		Total	
	Current Year	Previous Year								
Revenue:										
Revenue from Operations (including allocable other income)	12448.99	9868.63	318.03	292.35	231.57	201.44			12998.59	10362.42
Inter Segment Revenue					12.19	8.81	(12.19)	(8.81)		
Net Revenue from Operations	12448.99	9868.63	318.03	292.35	243.76	210.25	(12.19)	(8.81)	12998.59	10362.42
Segment results	7653.29	5886.19	133.25	167.55	76.05	65.28			7862.59	6119.02
Unallocated Interest and Other Income									330.15	422.59
Unallocated Finance Costs									2547.88	1944.01
Profit before Tax									5644.86	4597.60
Provision for Taxes									1410.36	1342.65
Profit after Tax									4234.50	3254.95
Other information:										
Segment Assets	67896.41	52632.58	890.39	1309.65	829.57	739.02			69616.37	54681.25
Unallocated Assets									41517.19	35527.10
Total Assets									111133.56	90208.35
Segment Liabilities:	4843.44	3903.37	1746.15	1772.43	521.25	490.47			7110.84	6166.27
Unallocated Other Liabilities (including loans)									77783.25	60554.30
Total liabilities									84894.09	66720.57
Depreciation and Amortisation	3315.89	2522.11	0.42	0.43	63.38	56.21			3379.69	2578.75
Non-cash expenditure other than Depreciation	6.70	4.36	1.99	0.10	0.64	0.93			9.33	5.39
Capital Expenditure	20592.69	15573.46	0.29	0.31	161.15	80.04			20754.13	15653.81

Note :

- Profit of Telecom segment has been increased by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.
- In earlier years, ULDCs were treated as separate business segment. In order to have better presentation of segment result, same have been merged with Transmission segment and accordingly previous year figures have also been merged with Transmission segment.

OTHER NOTES (contd...)

d) The operation of the company mainly carried out within the country and therefore there is no reportable geographical segment.

2.44 Related Party Disclosures:-

a) List of Related Parties:-

i) Key Management Personnel

Sh. R.N. Nayak	Chairman and Managing Director
Sh. I.S. Jha	Director (Projects)
Sh. R.T. Agarwal	Director (Finance)
Sh. Ravi P Singh	Director(Personnel) w.e.f. 01.04.2012
Sh. R.P. Sasmal	Director(Operations) w.e.f. 01.08.2012

ii) Subsidiaries:- Wholly Owned

- i) Power System Operation Corporation Limited (POSOCO)
- ii) Powergrid NM Transmission Limited
- iii) Powergrid Vemagiri Transmission Limited

iii) Joint Ventures:-

- i) Powerlinks Transmission Limited
- ii) Torrent Power Grid Limited
- iii) Jaypee Powergrid Limited
- iv) Parbati Koldam Transmission Company Limited
- v) Teestavalley Power Transmission Limited
- vi) North East Transmission Company Limited
- vii) National High Power Test Laboratory Private Limited
- viii) Energy Efficiency Services Limited.
- ix) Bihar Grid Company Limited w.e.f. 04.01.2013
- x) Kalinga Bidyut Prasaran Nigam Private Limited w.e.f. 31.12.2012
- xi) Cross Border Power Transmission Company Limited w.e.f. 11.08.2012

b) Transactions with the related parties at 2.44 (a) above during the year are as follows:

(₹ in crore)

Particulars	Current year		Previous Year	
Transactions for services received by the company		16.29		27.39
Power System Operation Corporation Limited	16.29		27.39	
Transactions for services provided by the company*		24.59		52.50
Parbati Koldam Transmission Company Limited	0.17		0.51	
Torrent Power Grid Limited	0.03		-	
Jaypee Powergrid Limited	0.06		2.00	
North East Transmission Company Limited	22.22		45.75	
National High Power Test Laboratory Private Limited	1.54		2.15	
Powerlinks Transmission Limited	0.34		-	
Teestavalley Power Transmission Limited	-		0.53	
Power System Operation Corporation Limited	0.23		1.56	
Amount recoverable		105.39		26.43
Parbati Koldam Transmission Company Limited	0.01		0.08	
Torrent Power Grid Limited	0.03		0.03	
North East Transmission Company Limited	20.12		6.80	
National High Power Test Laboratory Private Limited	0.19		-	
Energy Efficiency Services Limited	0.02		0.05	
Bihar Grid Company Limited	0.08		-	
Kalinga Vidut Prasaran Nigam Private Limited	0.05		-	
Power System Operation Corporation Limited	45.15		-	
Powergrid Vemagiri Transmission Limited	19.20		-	
Powergrid NM Transmission Limited	20.54		19.47	

OTHER NOTES (contd...)

(₹ in crore)

Particulars	Current year	Previous Year
Amount payable	22.99	37.89
Parbati Koldam Transmission Company Limited	0.09	0.25
Jaypee Powergrid Limited	0.50	0.52
North East Transmission Company Limited	2.08	1.87
National High Power Test Laboratory Private Limited	20.07	24.62
Powerlinks Transmission Limited	0.25	2.78
Power System Operation Corporation Limited	-	7.85
Investment made	71.97	72.86
Jaypee Powergrid Limited	2.08	10.92
Teestavalley Power Transmission Limited	5.08	-
Parbati Koldam Transmission Company Limited	19.50	-
North East Transmission Company Limited	14.92	61.89
Energy Efficiency Services Limited	21.87	-
Cross Border Power Transmission Company Limited	0.01	-
Bihar Grid Company Limited	0.02	-
Kalinga Bidyut Prasaran Nigam Private Limited	0.01	-
National High Power Test Laboratory Private Limited	8.43	-
Powergrid NM Transmission Limited	-	0.05
Powergrid Vemagiri Transmission Limited	0.05	-
Dividend Received	58.88	52.37
Powerlinks Transmission Limited	48.16	44.72
Power System Operation Corporation Limited	10.72	7.65
Deputation of Employees	0.89	0.66
North East Transmission Company Limited	-	0.06
Energy Efficiency Services Limited	0.21	0.60
National High Power Test Laboratory Private Limited	0.68	-

*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 ₹ 2.47 crore (previous year ₹ 2.10 crore) and amount of dues outstanding to the company as on 31st March, 2013 are ₹ 0.07 crore (previous year ₹ 0.05 crore).

2.45 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 the CERC for tariff fixation) is as under:

(₹ in crore)

	Particulars	Current Year	Previous Year
	Gross value of assets acquired and leased at the beginning of the year	995.92	994.06
Add	Adjustment for gross value of assets acquired prior to the beginning of the year	-	1.86
	Revised Gross value of the assets at the beginning of the year	995.92	995.92
Less	Capital recovery provided up to the beginning of the year	582.45	390.23
Add	Capital recovery for assets acquired prior to the beginning of the year	-	78.98
	Revised Capital recovery provided up to the beginning of the year	582.45	469.21
	Capital recovery outstanding as on 31st March of last financial year	413.47	526.71
Add	Gross value of assets acquired and leased during current financial year	68.01	-
Less	Capital recovery for the current year	60.44	113.24
	Lease receivables	421.04	413.47

OTHER NOTES (contd...)

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2013 for each of the periods are as under:

(₹ in crore)

Particulars	Amount as at 31 st March, 2013	Amount as at 31 st March, 2012
Gross investment in Lease	581.63	531.02
Un-earned Finance Income	160.59	117.55
Present value of Minimum Lease Payment (MLP)	421.04	413.47

The unearned finance income as on 31st March, 2013 is ₹ 160.59 crore (previous year ₹ 117.55 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	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
Not later than one year	95.23	90.67	60.74	59.55
Later than one year and not later than five years	336.22	341.90	253.58	266.40
Later than five years	150.18	98.45	106.72	87.52
Total	581.63	531.02	421.04	413.47

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 ₹ 33.28 crore (previous Year ₹ 32.40 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 9.92 crore (previous Year ₹ 8.14 crore) in respect of premises for offices and guest house/transit camps are shown under the head Rent in Note 2.30 Transmission, Administration and Other expenses.

2.46 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)	4234.50	3254.95
Weighted average number of equity shares used a denominator	4629725353	4629725353
Earning per share (Basic & Diluted) (in ₹)	9.15	7.03
Face Value per share in ₹	10	10

2.47 Interest in Joint Ventures

Joint Venture entities

Name of the company	Proportion (%) of ownership as at	
	31 st March, 2013	31 st March, 2012
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid 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	20%	25%
Energy Efficiency Services Limited	25%	25%
Bihar Grid Company Limited	50%	-
Kalinga Vidyut Prasaran Nigam Private Limited	50%	-
Cross Border Power Transmission Company Limited	26%	-

* The accounts are unaudited.

OTHER NOTES (contd...)

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 2013 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

(₹ in crore)

		As at 31 st March, 2013	As at 31 st March, 2012
A.	Assets		
	• Non Current Assets		
	• Fixed Assets	1557.88	1415.76
	• Long term loans and advances	24.15	37.50
	• Current Assets	250.09	166.14
	Total	1832.12	1619.40
B.	Liabilities		
	• Non current liabilities	1040.73	942.76
	• Current Liabilities	196.73	152.50
	Total	1237.46	1095.26
C.	Contingent Liabilities	23.56	9.58
D.	Capital Commitments	158.23	231.23
		Current Year	Previous year
E.	Income	233.48	164.09
F.	Expenses(Including provision for taxes)	160.53	105.67

2.48 In accordance with Accounting Standard (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.

2.49 Capital and Other Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 43190.76 crore (previous year ₹ 41800.14 crore).
- As at 31st March, 2013, the company has commitment of ₹ 1005.31 crore (previous year ₹ 149.36 crore) towards further investment in joint venture entities.
- As at 31st March, 2013, the company has commitment of ₹ 183.33 crore towards further investment in subsidiary companies.

2.50 Contingent Liabilities

- 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 ₹ 172.60 crore (previous year ₹ 73.15 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 ₹ 2522.64 crore (previous year ₹ 1765.09 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 ₹ 2.73 crore (previous year ₹ 11.72 crore) has been estimated.

OTHER NOTES (contd...)

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to ₹ 294.86 crore (previous year ₹ 257.86 crore) are pending before various Appellate Authorities 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 ₹ 89.78 crore (previous year ₹ 80.16 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 Powergrid NM Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Nagapattinam Madugiri Transmission Company Ltd.) and Powergrid Vemagiri Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Vemagiri Transmission System Limited) has been taken over to carry over the business awarded under Tariff based bidding. Bank guarantee of ₹ 45.00 crore (previous year ₹ 45.00 crore) and ₹ 36.00 crore (previous year Nil) respectively has been given by the company on behalf of SPV towards performance of the work awarded.

2.51 a) VALUE OF IMPORTS CALCULATED ON CIF BASIS :

(₹ in crore)

Particulars	Current Year	Previous Year
i) Capital Goods	1543.54	2164.70
ii) Spare Parts	5.65	26.49

b) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ in crore)

Particulars	Current Year	Previous Year
i) Professional and Consultancy fees	0.05	-
ii) Interest	260.53	152.30
iii) Others	146.03	22.89

c) VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :

(₹ in crore)

Particulars	%	Current Year	%	Previous Year
i) Imported	0.74%	0.62	2.55%	1.32
ii) Indigenous (Including fuel)	99.26%	82.84	97.45%	50.45

d) EARNINGS IN FOREIGN EXCHANGE

(₹ in crore)

Particulars	Current Year	Previous Year
Interest	0.01	-
Consultancy Fee	7.40	9.65
Export of Goods	86.44	-

- 2.52 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

As per our report of even date

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

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

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

(CA. Jyoti Bagga)
Partner
Membership No. 087002

(CA. R.N.Basu)
Partner
Membership No. 050430

(CA. B.Srinivasa Rao)
Partner
Membership No. 202352

Place: Gurgaon
Date: 28th May, 2013

Independent Auditors' Report

To the Members of Power Grid Corporation of India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Power Grid Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to:

Note 2.25(a) & 2.25(c) of the financial statements, in respect of the provisional recognition of revenue from transmission charges.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- As required under the provisions of Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Companies Act, 1956, we report that:
 - 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;
 - 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;
 - 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;
 - in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - 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 the Companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

For S.K.MEHTA & CO.

Chartered Accountants
Firm Registration No.000478N

(CA Jyoti Bagga)

Partner

Membership No.087002

For CHATTERJEE & CO.

Chartered Accountants
Firm Registration No. 302114E

(CA R.N.Basu)

Partner

Membership No.050430

For SAGAR & ASSOCIATES

Chartered Accountants
Firm Registration No. 003510S

(CA B.Srinivasa Rao)

Partner

Membership No.202352

Place of Signature: Gurgaon

Date: 28th May, 2013

Annexure to the Independent Auditors' Report

Re: Power Grid Corporation of India Limited

Annexure referred to in our report of even date for the year ended 31st March, 2013

- (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 and goods. 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 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) In our opinion, the Company has an internal audit system commensurate with its size and nature of 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, 2013 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:

Name of the Statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
Punjab VAT Act, 2005 (Entry Tax)	Entry Tax	8.78	2011-12 to 2012-13	Honbl. High Court, Punjab & Haryana
J&K GST Act 1962	Sales Tax	33.98	1992-93 to 2001-02	J&K State, Sales Tax Appellate Tribunal
J&K GST Act 1962	Sales Tax	18.51	2002-03 to 2007-08	Dy. Commissioner of Sales Tax (Appeals), Jammu, J&K State
J&K VAT Act 2005	Sales Tax	0.15	2008-09	Dy. Commissioner of Sales Tax (Appeals), Jammu, J&K State
Finance Act 1994	Service Tax	1.57	2004-05	CESTAT, Kolkata
Finance Act 1994	Service Tax	1.89	2007-08 & 2008-09	Commissioner of Central Excise, Customs & Service Tax, Bhubaneswar.
Income Tax Act 1961	Income Tax	5.04	2008-09 & 2009-10	Commissioner of Income Tax (Appeals), Delhi.
Income Tax Act 1961	Income Tax	157.43	2004-05 to 2007-08	Income Tax Appellate Tribunal, Delhi.
Total		227.35		

Annexure to the Independent Auditors' Report (contd...)

- (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 obtained.
- (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 ₹1990 crore, security/ charge is yet to be created.
- (xx) The end use of money raised by Follow-on Public Offer (FPO) during the year 2010-11 as stated in the draft prospectus filed with SEBI and offer document are disclosed in the Note 2.34 to the financial statements. For the interim period the FPO proceeds were kept with Banks as Term Deposits and ultimately utilized for the stated end use and the same has been duly verified by the monitoring agency IFCI Ltd.
- (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

(CA Jyoti Bagga)
Partner
Membership No.087002

For CHATTERJEE & CO.
Chartered Accountants
Firm Registration No. 302114E

(CA R.N.Basu)
Partner
Membership No.050430

For SAGAR & ASSOCIATES
Chartered Accountants
Firm Registration No. 003510S

(CA B.Srinivasa Rao)
Partner
Membership No.202352

Place of Signature: Gurgaon
Date: 28th May, 2013

Power System Operation Corporation Limited - Subsidiary Company

Directors' Report

To,

The Members,

I, on behalf of the Board of Directors' present the fourth 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 2012-13.

In line with its mission to have reliable and secure operation of regional and national power systems while ensuring economy & efficiency in operation, the Regional Load Despatch Centres (RLDCs) and National Load Despatch Centre (NLDC) under POSOCO are operating with the state-of-the-art technology implemented by the Company and are greatly contributing to bringing economy and efficiency in operation of power system, besides improving visibility and transparency. SCADA and other state of the art facilities are being upgraded continuously at all RLDCs and NLDC considering the fast expansion and increased complexity of the power system operation of the country. Synchrophasor technology is being implemented as pilot scheme in all the RLDCs for improving visualization of the power system of the country. Total 42 nos. of PMUs are in operation across India. PMUs are helping in grid event analysis and understanding the power system transients at national level.

The MoU for the FY 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. I am happy to share that based on overall targets, your Company is poised to get "Excellent MoU rating" for FY 2012-13.

Revenue stream of POSOCO

CERC has notified the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centres and other Related Matters) Regulations, 2009. These Regulations have ensured an independent revenue stream and financial autonomy for the Company. The revenue is being realised by levying the Fees and Charges on the Users like Generating stations/Sellers, Distribution Licensees/ Buyers and the Transmission Licensees towards the services provided to them. Realisation of more than 95% was achieved against billing of ₹ 191.19 Crore during the year.

Financial Highlights

	₹ crore	
	2012-13	2011-12
Turnover	266.37	214.34
Gross Margin	134.79	99.98
Depreciation	12.27	20.11
Prior period income	(2.79)	(5.76)
Profit before Interest and Taxes(PBIT)	125.31	85.63
Finance cost	(5.04)	5.74
Profit Before Tax(PBT)	130.35	79.89
Profit After Tax(PAT)	85.65	50.52
Gross Fixed Assets (before Depreciation and WIP)	291.10	281.49
Debt*	0	-
Net Worth	81.21	46.52

* There is no loan outstanding during the year.

Dividend Payout

Your Board of Directors have recommended a final dividend of ₹2.0 per share for the year 2012-13 in addition to an interim dividend of ₹2.0 per share paid in February, 2013. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend payout for the year amounts to ₹12.26 Crore.

Operational Highlights

During the year 2012-13, there was generation capacity addition of 23467 MW with total all India installed capacity of 223344 MW.

- **Total All India Energy Met** in 2012-13 was 918 BUs, representing a 5% increase over FY 2011-12 which was 874 BUs.
- **All India Peak Demand Met** in 2012-13 was 119 GW, as against 115 GW during 2011-12, representing a 2.96% increase.
- **Total All India Hydro Generation** was 121 BUs, as against 135 BUs during 2011-12. It decreased by 10.6% over last year.

- **Inter Regional Exchange** was 66 BUs as against 59 BUs during 2011-12; thereby representing an 11.86% increase.
- **UI billed** was ₹ 8732 Cr in FY 2012-13. There is 11.64% decrease as compared to FY 2011-12 which was ₹9883 Cr.

Frequency remained within the prescribed IEGC Band of 49.7 Hz – 50.2 Hz for most of the period. For NEW Grid it was 77% of the time within the band and for SR Grid it was 69% of time within the band. This could be achieved due to improved grid discipline, better generation availability, round the clock monitoring and close vigil by system operator and shift from unscheduled transactions to scheduled contracts.

GRID MANAGEMENT

Your Company has been instrumental in providing an efficient, reliable, smooth and transparent grid operation and management in the country with its state-of-the-art Unified Load Despatch & Communication facilities. These facilities are being upgraded continuously to further improve quality and economy in operation of power systems besides improving data availability, visibility and transparency.

There were two major grid disturbances on 30th and 31st July, 2012, in Northern Regional Grid on first day and that of Northern, Eastern and North-Eastern regional grids on the following day. Restoration of the affected areas was taken up immediately on both the days and majority system was normalized in about six to eight hours on both the days.

An Enquiry Committee headed by Chairperson, CEA was constituted by GoI for investigation of causes for these two grid disturbances in July, 2012. Government of India is monitoring the implementation of the Enquiry Committee's recommendations.

Various measures are being taken by POWERGRID, POSOCO and Government of India for secure grid operation such as third party protection audit, advising State utilities to maintain grid discipline & draw power from grid within the schedule, formulation of Islanding schemes in different States, review of Unscheduled Interchange (UI) mechanism, preparation of comprehensive defence plan covering under-frequency, rate of change of frequency under voltage, system protection schemes to cover large generation and transmission line outages, advise to utilities to prepare outage plans for generating units and transmission lines in consultation with Regional Power Committees and review of transmission planning criteria, etc.

Power Market Operation

The strong transmission network of the country and modernised RLDCs have facilitated about 66 Billion units (BUs) of inter-regional energy transfer across the country during FY 2012-13, as compared to previous year's energy transfer of about 59 BUs, thereby, meeting more demand in energy deficit regions and facilitating energy transfer from surplus regions to deficit regions across India.

During FY 2012-13, 32,139 transactions of quantum about 73 BUs of energy were approved under Short Term Open Access (STOA) as compared to 24,111 transactions of quantum about 67 BUs of energy during FY 2011-12.

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. NLDC has submitted Operational Feedbacks on various issues, like 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.

It has been observed that congestion is being faced in some of the corridors. With a large quantum of capacity being added in certain pockets, it is anticipated that in case there is a mismatch in the commissioning of the corresponding transmission system for evacuation, congestion may be faced in certain inter-regional and/or intra-regional transmission corridors. In order to address the issue, NLDC has prepared and submitted a separate feedback on Priority of Transmission Systems under implementation to relieve congestion to Member (Power System), Central Electricity Authority.

Frequency Response Characteristic (FRC)

Frequency Response Characteristic (FRC) is a measure of the 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 the same has been submitted to CERC.

The Honorable Commission has approved the "Procedure for Assessment of Frequency Response Characteristic (FRC) of control Areas in Power System" in May'13 and directed POSOCO to give wide publicity to the procedure for the information of and compliance by all concerned.

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 to CERC on half yearly basis and the approved rates were put into effect from April'12 and Oct'12 respectively. The new PoC rates and PoC losses are being implemented in accordance with orders of CERC.

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 feedback and participation in the Regulatory process.

Following the grid disturbances in July 2012, POSOCO had taken up with the CERC the need for certain basic changes in the Indian Electricity Grid Code (IEGC) and the Unscheduled Interchange (UI) Regulations. The emphasis was on the need to quickly move to tighten control on draws vis-à-vis schedules and the need to maintain the system frequency within a very narrow band. The CERC has already come out with a draft regulation on pricing of deviation from schedule.

Another basic issue taken up with CERC was that of providing connectivity to the Inter State Transmission System (ISTS) to different entities in the grid. Increasing number of entities getting connected to the ISTS without long term access was leading to a situation where adequate transmission was not being planned/built leading to congestion in the operational phase. The matter was discussed in the Central Advisory Committee (CAC) constituted by CERC.

POSOCO also provided its comments to the Central Electricity Authority (CEA) on the following issues :

- i. Draft National Electricity Plan – Generation and Transmission.
- ii. Draft amendments to CEA (Technical Standards for connectivity to the grid) , Regulations.
- iii. Draft CEA (Technical Standards for connectivity of the Distributed Generation Resource) Regulations, 2010.
- iv. Manual on Transmission Plan Criteria.

Renewable Energy Certificate (REC) Mechanism

NLDC, as Central Agency is the administrator of the REC 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.

Key statistics in this regard are as under:

- ✓ 13% of India's total grid interactive renewable capacity (MW) is registered in the REC Mechanism
- ✓ 680 number of projects of aggregate capacity of 3,420 MW registered by 31st March 2013.
- ✓ 326 nos. of projects registered with a cumulative capacity of 1,273 MW in FY 2012-13.
- ✓ RE Generators from 18 States have been registered till 31st March, 2013.
- ✓ 20 nos. of projects registered with Solar Renewable Energy Generators with a total capacity of 62 MW till 31st March, 2013.
- ✓ REC Issuance crossed the 5 millionth mark in the fiscal year 2012-13 with total 5,382,441 RECs issued till 31st March, 2013.
- ✓ Issuance of Solar RECs commenced in FY 2012-13 with a total issuance of 14,646 RECs.
- ✓ Since its inception in March'11, Twenty five trading sessions have taken place till 31st March, 2013 with over 3.17 million RECs redeemed.

“Hands on training on REC Web Application” and “Workshop on REC Framework & Web Application” were held for the stakeholders at NLDC, New Delhi. A technical paper on “Analysis of REC Mechanism in India” was published in NPSC-2013 held at IIT-BHU.

With a view to encourage Renewable Energy (RE) sources, CERC has come out with provision of Renewable Regulatory Fund (RRF). This mechanism is effective from 15th July, 2013.

Integrated Management System

In our continued endeavour to provide quality services to our valued stakeholders, Integrated Management System at POSOCO for PAS:99 recertification was achieved in FY 2012-13 for a period of three years for the following standards:

- ISO 9001 : 2008 – Quality Management System
- ISO 14001 : 2004 – Environment Management System
- ISO 18001 : 2007 – Occupational Health & Safety Management System
- ISO 27001 : 2005 – Information Security Management System

Participation at International Forums

Your Company participated in various international forums, like TSO Comparison Group for benchmarking performance and exchange best practices on system operation. POSOCO participated in the interim workshop held at Cologne, Germany in April'12. POWERGRID/POSOCO as one of the founder members of the group of GO 15 [erstwhile Very Large Power Grid Operators (VLPGO)] representing more than 70 percent of the world's energy demand, also participated in the meetings of VLPGO held in Paris and Shanghai .POSOCO also participated in the CIGRE (International Council on Large Electric Systems) Annual Conference at Paris in August, 2012.

A Memorandum of Understanding was signed with Lawrence Berkeley National Laboratory (LBNL) in December, 2012 for collaboration on Power System Operation, Electricity Markets and Integration of Renewable Energy Resources. POSOCO has been actively associated with the activities pertaining to energy cooperation in the SAARC region and the development of a SAARC Electricity Market. POSOCO participated in the two day workshop sponsored by Australia-India Strategic Research Fund at Brisbane, Australia in October, 2012. POSOCO also participated in the 3rd International Conference on Ancillary Services at Berlin, Germany in September, 2012.

A number of meetings were organised for distinguished foreign delegates from organisations like ICPE (Slovenia), The World Bank, VLPGO. International training programmes were also organised for delegates from Bangladesh, Malawi, Mauritius and Nigeria through Central Institute of Rural Electrification (CIRE), Hyderabad.

Forum of Load Despatchers (FOLD)

FOLD has been constituted by Forum of Regulators (FOR). NLDC has been designated as secretariat of FOLD. Three meetings of Forum of Load Despatchers have been organised in FY 2012-2013. A workshop on “Ancillary Services in Indian Context” was organized under the umbrella of FOLD. The workshop aimed to discuss various options of Ancillary Services which could be implemented in India. FOLD has also taken up the task of benchmarking load despatchers and load despatch centres and assessment of manpower in all load despatch centres in real time operation. Draft procedure of assessment of frequency response characteristics and power maps which are being prepared by CBIP have also been discussed in the forum. Various issues related to reliability and security of power system have also been taken up during the meetings held in FY 2012-2013.

Leveraging Technology: System Logistics

The challenges in power system operation in India are increasing manifold day by day as a result of enlarged system size; brisk pace of capacity addition; long distance power flows; multiple players; increasing competition in the electricity market; emphasis on pan India optimization; climate change; large scale integration of renewable energy sources in certain pockets; and increasing customer expectations. The ability of the system operators to take decisions in real-time is dependent on their ‘situational awareness’ derived from the data/information available with them in real-time.

The network of phasor measurement units is called wide area measurement system (WAMS). WAMS allows the acquisition of high-speed real-time and time-synchronized grid parameters across an entire system or interconnection. This data provides wide-area visibility across the bulk power system in ways that let grid operators understand real-time conditions, see early evidence of emerging grid problems, and better diagnose, implement and evaluate remedial actions to protect system reliability.

Phasor Data Concentrator (PDC) at National Load Despatch Centre has been installed and all regional pilot project’s have been integrated at national level. As on 31 July, data from about 42 PMUs located all over India is available at National PDC and is expected to scale up to 59 nos (56 PMUs under pilot projects plus 3 PMUs installed by IPP’s) by the end of 2013.

Integration of the PMUs has brought the unified visibility of system with increased observability of Indian power system at national level. This has helped the grid operators in many ways in day to day operation. After the availability of all regional PMUs data at National Control Centre, it became possible to visualise the grid wide impact of any grid event. Occurrence of an event in the system gets captured with its signature in the real time depicting the trend of voltage, frequency and angle measurement.

Replacement and up-gradation of existing SCADA/EMS system in the RLDCs is under progress. LOA’s for the same have already been placed for all RLDCs except NERLDC.

POSOCO has appointed a Panel of Experts for Grid Security assessment and planning as well as use of new technologies for modernization of control centres. The Panel consist of three distinguished professors from academia headed by Dr. Anjan Bose, Regents Professor, Washington State University, Prof. S.A. Khaparde, IIT Mumbai and Prof A.K.Sinha, IIT Kharagpur.

Employees – our Assets

Mentoring Initiative at POSOCO

POSOCO introduced *Anubandh* -its first mentoring initiative in August 2012. The unique feature of the programme is that it is bi-directional. wherein both the senior and the junior employee have learning goals. At present there are about 80 mentees and 50 mentors across all the RLDCs and NLDC. The initiative aims to create strong bond amongst employees and leverage the tacit knowledge of multi –generational workforce.

Power System Training and Certification

In accordance with the recommendations of the Committee headed by Member (GO&D), CEA for training and certification, vide its Report published in 2009, system operator certification has been introduced for the system operators of the NLDC, RLDCs and SLDCs. Your company has taken a lead for implementation of this mechanism in association with NPTI. In this direction, first Basic Level Certification exam was conducted in November, 2011 and the second exam was organized in December, 2012. As on date, there are total 506 certified system operators in India, out of which 200 system operators of POSOCO have been certified. A scheme of providing one time award of ₹20,000/- as per the directives of Ministry of Power to the system operators who qualify the basic level certification has been introduced.

The mechanism provides for Specialist Level Training and Certification also. In this direction specialist level certification on ‘Regulatory framework in Power Sector’ was introduced and an online exam was organized on 17th March 2013. System Operators from 19 LDCs participated and 181 Candidates appeared for the exam out of which 93 candidates were declared successful. As on date, there are a total of 45 Specialists system operators in POSOCO. A specialist level certification on “Reliability” would be introduced in the year 2013-14.

Welfare activities

Several welfare Initiatives were organized by POSOCO throughout the year, these included Health Check-up Camps and Yoga Classes for employees. Gyms and wellness centres were established at RLDCs. The Mahila Samiti of POSOCO organized various events, like workshop on ‘Art of Living’, lecture on women’s health and Physiotherapy. In an endeavour to promote plantation of tree for future sustainability and conservation of environment, saplings were distributed amongst the employees for adoption by an NGO “Nanhi Chhaan”.

GRIDTECH, 2013

POSOCO participated in GRIDTECH, 2013 and put up its pavilion where the focus was on Renewable Energy Certificate Mechanism. POSOCO showcased the progress made in the REC Mechanism and how this commercial mechanism is helping promote green energy in the country. The pavilion was appreciated by academicians, Industry and other stakeholders. A paper on ‘Overview of Indian Renewable Energy Certificate

Mechanism” was also presented on this occasion.

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. Hindi Pakhwara was celebrated in all the RLDCs and NLDC wherein series of inspirational talks, seminars, symposia and competition for employees were organized. Several workshops were also organized throughout the year orienting employees to adopt use of Hindi in their routine work and especially integrating Technology while encouraging Hindi usage.

Corporate Social Responsibility

In accordance with the DPE guidelines, your Company has taken up CSR activities during the year 2012-13 and made an allocation of ₹1.51 crore, i.e. three percent (3%) based on the Profit After Tax (PAT) for the FY 2011-12 and the same was met from LDC Development Fund as approved by CERC vide its order dt. 28.09.2012. The projects undertaken towards Corporate Social Responsibility (CSR) during the FY 2012-13 included- ‘E for Energy Efficiency’ – Awareness program for school children, ‘Rhythms from the Riverbanks’ – towards promotion of Art and Culture, scholarships to meritorious students belonging to SC/ST/OBC and disabled categories, awards in the field related to Power Systems in selected IITs/ NITs, etc. All the activities were successfully implemented during the year.

On the basis of opinion of the expert Advisory Committee of the Institute of Chartered Accountants of India, unspent expenditure of ₹ 0.46 crore out of the budget for the year towards CSR has been transferred to CSR Reserve by appropriation of profits for utilization in future. The same has been utilised towards the CSR activities undertaken during 2012-13.

Sustainable Development

Your Company made an allocation of ₹ 25.26 lakh, i.e. 0.5% based on the Profit After Tax (PAT) for the FY 2011-12 and the same was adjusted from LDC Development Fund as approved by CERC vide its order dt. 28.09.2012. The SD Projects / activities for the FY 2012-13 included -Solar Lighting, wherein 10 solar lamp posts were installed in ERLDC, Energy Audit at NLDC and NERLDC, voluntary procurement of 800 RECs, Training of all employees on aspects of SD and plantation of 1000 nos. of plants at Bangalore through Forest Department. All the activities were successfully implemented during the year.

Research & Development

In accordance with the DPE guidelines, 0.5% of Profit after Tax of the Financial Year 2011-12 was earmarked for implementation of R&D activities of POSOCO. Schemes envisaged under R&D for 2012-13 included (i) Study on development of Electricity Market mechanism, (ii) Study on Reliability Standards and (iii) Simulation studies for reliable and efficient Power System operation. Activities covered under R&D were in-house activities, completed successfully and no external/ specialized agencies were engaged for executing them. It shall be our endeavour to involve institutes such as IIT’s and IISc in the coming years.

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**.

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 **Annex-II**.

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**.

Auditor’s Report

The qualification in Statutory Auditors’ Report and Management’s reply thereto is given at **Annex-IV(a)**.

Comments of the Comptroller and Auditor General of India

The Comments of the Comptroller and Auditor General of India on the account for the year ended 31st March, 2013 under Section 619(IV) of the Companies Act, 1956 are attached at **Annex-IV(b)** 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 at **Annexure VI** of this Report.

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 that:

- i) In the preparation of the annual accounts for the year ended 31st March, 2013, 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 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 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.

Statutory Auditors of the Company

M/s B.C. Jain & Co., Chartered Accountants, Kanpur, were appointed by C&AG as Statutory Auditors of the Company for the FY 2012-2013.

POSOCO's Board

Shri Santosh Saraf, independent Director, POWERGRID was appointed as an additional Director on the Board of POSOCO w.e.f. 26.03.2012. He was appointed as Director at the AGM of the Company held on 06.09.2012. Ministry of Power, Govt. of India, vide its Order No.11/20/2005-PG dt.28.06.2013 has nominated Smt. Rita Acharya, JS (Transmission), Ministry of Power and Smt. Neerja Mathur, Member (GO&D), Central Electricity Authority as Govt. nominee Directors on the Board of POSOCO.

At present, Shri R.N.Nayak, Shri R.T.Agarwal, Shri I.S. Jha, Shri Santosh Saraf, Smt. Rita Acharya and Smt. Neerja Mathur are on the Board of the Company.

Acknowledgement

The Board of Directors, with deep sense of appreciation, extends its sincere thanks to Ministry of Power, Department of Public Enterprises, Central Electricity Authority, Central Electricity Regulatory Commission, Regional Power Committees and other concerned agencies and 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. The Directors also take this opportunity to thank the Principal Director of Commercial Audit and Ex-Officio Member Audit Board-III for the cooperation extended during the year. The Board also acknowledges the valuable suggestions and guidance received from the statutory auditors during the audit of account of the company for the year under review.

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED


(R.N. Nayak)
Chairman

Date : 05.08.2013

Place: New Delhi

Management Discussion and Analysis

The Indian power sector is one of the most diversified sectors in the world. Power in India is generated from commercial sources like coal, lignite, natural gas, oil, hydro and nuclear power as well as other viable non-conventional sources, like wind, solar, and agriculture and domestic waste. The demand for electricity in the country has been growing at a rapid rate and is expected to increase further in the years to come. In order to meet the increasing requirement of electricity, massive addition to the installed generating capacity in the country is required. Sustained growth of the power sector is a key parameter to drive economic development. Electricity must play a key role in achieving the strategic objectives of India's energy policy. The ever increasing complexity of the national power system 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, wide area controls, including integrative controls in the transmission and Smart Grid technologies have put greater responsibilities on the shoulder of system operator for ensuring reliable and secure power system.

Power is one of the key sectors attracting FDI inflows into India. The Government has targeted capacity addition of 100,000 MW each under the 12th (2012-17) and 13th (2017-22) Five Year Plans. There is tangible shift as regards to policy focus on the sources of power. The Government is keen to promote hydro, renewable and gas-based projects, as well as adoption of clean coal technology.

The drivers of the change in the system operation as well as market operation include high pace of growth, technological obsolescence, ever increasing appetite for information and expertise of man behind machine. 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. Overall, the implementation of cost effective technologies along with more emphasis on environment friendly energy resources and proper strategies to mitigate the key challenges for the development of power sector will only ensure India's march towards inclusive growth.

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.

Facilitating Market Operations

During the year 2012-13, a total number of 32139 transactions (10135 bilateral transactions and 22004 collective transactions) were approved under STOA as against 24111 Transactions (6885 Bilateral Transactions and 17226 Collective Transactions) during last year registering an increase of 33%. Total Energy approved under STOA was 73.1 BUs (23 BUs under collective transactions and 50.1 BUs under bilateral transaction) as against 67 BUs (15 BUs under Collective Transactions and 52 BUs under Bilateral Transactions) during last year registering an increase of 9.7%.

Resolving operational challenges

POSOCO has taken various steps in line with the recommendations of the Enquiry Committee on the Grid Disturbances that occurred during 30-31st July, 2012, like filing of Petition for further tightening of frequency band to 49.9 - 50.1. Hz with CERC. The matter is under active consideration of the Commission. Updated version of PSS/E has been installed at all SLDCs, RLDCs, NLDC, RPCs, CEA and CERC enabling simulation of the system and carrying out stability studies. Presently all planned outages are approved and TTC is reviewed and updated, if required, for these conditions. POSOCO has also provided inputs to CEA for modification of Transmission Planning Criteria. A revised criterion has been issued by CEA on 31st Jan, 2013. POSOCO has also submitted a proposal to CERC regarding the inconsistency between Congestion regulation and the detailed procedure framed thereunder so that congestion due to forced outages and unscheduled interchange can be handled effectively. POSOCO circulated the Draft Outage Planning Procedure to RPC's to discuss in RPC forum for effective co-ordination of Transmission Element Outages.

Outlook

Various regulatory pool accounts are operational and being maintained by RLDCs and NLDC to facilitate financial settlement such as Unscheduled Interchange, Short Term Open Access-Collective and Bilateral, Congestion Revenue etc. Given the present and expected enormity of and complexity in settlement of pool accounts, a separate specialist entity is envisaged in the sector. This entity will bring financial and management expertise to Clearing and Settlement in terms of Institutional Capacity and human capital, address risk management, fund management and streamline associated compliance related matters. This imperative had also been recognized in Section 2.14 of the Report of the Working Group on Power for XIIth Plan. Further modalities in this regard are being explored.

Ancillary Services

Of the four pillars of market design, three pillars are already in place i.e. Congestion management, Imbalance settlement mechanism and Scheduling and Despatch. There is an urgent need for the fourth pillar of Ancillary Services. The main drivers for Ancillary Services are Reliability and Security of the Grid, Deregulated Power Systems, Changing Nature of Electricity Grid: Interconnected and meshed grid with renewables. There is mandate for NLDC/RLDCs to identify ancillary services in the amended CERC UI Regulations, 2009. Definition and Operation of Ancillary services are included as an exclusive function of RLDCs in IEGC, 2010.

An approach paper on Ancillary Services was brought out by POSOCO in June, 2010 in which various types of ancillary services were identified and international benchmarks were explained. Frequency Support Ancillary Service (FSAS) was identified for immediate implementation. In April, 2013, CERC floated a staff paper on "Introduction of Ancillary Services in Indian Electricity Market" which is an important step forward in the development of the Indian Electricity Market.

With the help of Ancillary Services, it is expected that un-despatched generation would be harnessed. It would also promote integration of renewable energy generation by addressing the intermittency issues, especially for wind generation. This would reduce dependence on imbalance settlement mechanism for meeting demand.

Capacity Building in Power System Simulation and Studies

As a major step towards capacity building across the entire power sector comprising of statutory bodies such as CEA, CTU, RLDCs/NLDC, CERC, SERCs, STUs, SLDCs and the RPC Secretariats, 220 licenses of PSS/E simulation software at a total cost of ₹16.72 crore for all the entities have been provided. As part of capacity building, training is also being imparted to all the stakeholders for using this utility. It has ensured common platform for merging of data and for carrying out power system studies for operational planning, contingency analysis, etc.

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 - Sholapur line in 2013-14. Since synchronisation involves merging of markets, a number of exercises and trial operations would be undertaken before the final synchronisation in FY 2013-14. 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. The interim report of the Study Committee is likely to be submitted by 31 Oct, 2013.

Financial Discussion and Analysis

Comparison of Fiscal 2013 to Fiscal 2012

Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended as at 31st March, 2013 have been prepared as per the Revised Schedule VI.

System Operation and Market Operation charges comprising of RLDC Fees and Charges are recognised on the basis of tariff approved by Central Electricity Regulatory Commission(CERC) and further adjustment made for truing up. Human Resources and Operation & Maintenance expenses component of tariff are accounted based on 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.

NLDC has been designated 'Central Agency' by CERC for REC mechanism. As the Company is responsible for discharging the functions of NLDC, it is required to maintain books of accounts pertaining to REC Mechanism also. Accordingly, the Assets and Liabilities of REC Mechanism have been merged with the company's books of accounts for the first time in the Current FY 2012-13 with the concurrence of Central Electricity Regulatory Commission (CERC).

Revenue from Operations

The revenue earned from System Operation and Market Operation including STOA income and Registration Money for the year 2012-13 was ₹220.04 Crore as against ₹186.98 Crore in the FY 2011-12. Revenue for the Current Year has increased proportionately as compared to revenue for previous year 2011-12 in accordance with the tariff approved by CERC. In respect of System and Market Operation charges ₹4.67 crore nett after adjustment for earlier years (Previous Year ₹ 33.39 crore) has been de-recognized from income during the year and the same is transferred to the Truing-up liability (As per the policy of revenue recognition).

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. With effect from 01/04/2009 (effective date of CERC Regulations, 2009), useful life has been worked out prospectively based on unamortized balance of such asset on the basis of the rate of Depreciation specified by CERC except for mobile phones which have been depreciated at 33.33%.

Depreciation charged in the FY 2012-13 is ₹12.27 crore whereas in FY 2011-12 it was ₹20.11 crore. Depreciation charge has reduced since majority of assets have been depreciated to the extent of 90% of cost with residual value of 10% and 100% of cost with nil residual value as in the case of computer hardware and software or 100% of their cost.

Profit before Tax

Your company's profit before tax in FY2012-13 was ₹130.35 crore as against ₹79.89 crore in FY 2011-2012.

Profit after Tax

Your company's Profit after Tax in FY 2012- 2013 was ₹ 85.65 crore as against ₹50.52 crore in FY 2011- 2012.

LDC Development Fund

In line with CERC "RLDC Fee and Charges Regulation 2009", LDC Development Fund of ₹95 crore is accrued (gross) in LDC Development Fund out of Gross Income for the FY 2012-13. This includes Return on Equity (based on truing up adjustment), Interest on Loan and Depreciation amounting to ₹23.98 crore and Other Income amounting to ₹71.02 crore. The fund has been utilised towards Corporate Social Responsibility and Sustainable Development activities for ₹1.31 crore, income tax of ₹38.60 Crore, dividend of ₹14.29 Crore (including dividend tax) & CAPEX ₹ 8.76 Crore resulting in net accretion of ₹32.04 Crore to LDC Development Fund for FY 2012-13.

Selected Balance Sheet Items

Fixed Assets:

Your Company's Net fixed assets as on 31st March, 2013 were ₹36.55 Crore as against ₹39.24 Crore as on 31st March 2012. 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 at 31st March, 2013 were ₹ 117.81 Crore against ₹ 109.51 Crore in the FY 2011-12. The marginal increase is mainly on account of normal transactions during the course of business.

Other Current Assets

Our other current assets as on 31st March, 2013 includes ₹ 28.03 Crore against ₹ 29.53 Crore as on 31st March 2012 which includes accrued interest on flexi deposits with banks and unbilled debtors related to March billing of RLDC Fees and Charges.

Sundry Debtors

Sundry Debtors as on 31st March 2013 reduced to ₹4.57 Crore against ₹6.17 crore as on 31st March 2012. The reduction is mainly on account of realization of dues on RLDC Fees and Charges.

Unsecured loan

There is no amount of unsecured loans as on 31.03.2013.

Other Current liabilities

Your company's other current liabilities as at 31st March, 2013 were ₹ 833.68 Crore as against ₹ 622.33 Crore as on 31st March 2012. The increase is mainly on account of increase in advances from customers of STOA.

Other Long term liabilities

The other long term liabilities during the FY 2012-13 were ₹ 7.46 crore comprising mainly of ₹6.75 Crore liability on account of truing up.

Contingent liability

The contingent liability of ₹ 5.00 Crore is the demand of Rent for the office and staff quarters accommodation raised by the WREB, Mumbai for the period up to FY 2012-13 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.

Cash Flows

(₹ in crore)

	Year ended March 31	
	2013	2012
Net cash from operating activities	191.82	(254.87)
Net cash (used in) investment activities	26.39	(10.40)
Net Cash from Financing activities	(8.16)	(54.21)
Net Surplus under REC Mechanism Regulation	4.17	-
Cash and cash equivalents at the end of the year	889.31	675.09

Net Cash from Operating Activities

The operating profit before working capital changes is ₹97.83 crore. However, the net cash from Operating activities of ₹191.82 crore is mainly due to increase of ₹ 218.24 Crore in liabilities towards STOA advances 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. Increase in net cash is on account of receipt of Interest on Bank Flexi Deposits amounting to ₹ 36.76 crore.

Net Cash from Financing Activities

A sum of ₹ 13.21 Crore has been utilized for payment of dividend and dividend tax. However finance charges on account of truing up has been reversed for ₹5.05 during the year. Hence, the net outflow is ₹ 8.16 Crore.

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 for the Financial Year 2012-13 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 and also in compliance with the DPE Guidelines of Corporate Governance.

Risk Management Procedure

The Enterprise Risk Management Policy & Procedures of POWERGRID is being followed by POSOCO.

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
POWER SYSTEM OPERATION CORPORATION LIMITED


(R.N. Nayak)
Chairman

Date : 05.08.2013

Place: New Delhi

Particulars of Employees Pursuant to Section 217(2A) of the Companies Act, 1956 for the Year 2012-13

Sl. No.	Name (Sh./Smt.)	Designation	Qualification	Remuneration (₹)	Experience (years)	Date of Commencement of employment (in POWERGRID)	Age (years)	Last employment held
1	Sumanta Kumar Ghosh	Sr. Assistant	Bachelor of Science	729339	36 years	01-Jan-95	60	CEA
2	P Bhaskar Rao	AGM (Commercial)	M.Tech (Power System) IIT, Kharagpur	4771095	34 years	01-Jan-96	60	CEA
3	M R Jeevan	Chief Manager	B.E. (Electrical & Electronics), Madurai	3017050	35 years	01-Jan-94	60	CEA
4	Y K Mallikarjunaswamy	Jr. Operator (PR)	SSLC	608909	34 years	01-Jan-94	60	CEA

Notes:

- 1) Remuneration includes Salary, Allowances, Leave Encashment, Leave Travel Concession, Payment for the 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
POWER SYSTEM OPERATION CORPORATION LIMITED


(R.N. Nayak)
 Chairman

Date : 05.08.2013
Place: New Delhi

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

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 ₹ 3 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 as well as computers.

NLDC as Central Agency for Renewable Energy Certificate(s)(RECs) is also looking towards encouraging voluntary buyers of RECs. POSOCO today is amongst the Ten voluntary buyers of RECs in the country. In 2012-13, POSOCO has purchased 800 no. of RECs as a small step in this initiative. (1 REC= 1000 units of electricity). The scheme of Solar lighting system was implemented on a limited extent basis at ERLDC during FY 2012-13.

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 GO-15 (earlier known as Very Large Power Grid Operators (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 complements 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	5.14
(ii) Foreign travel	0.04
(iii) Others	0.33

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED


(R.N. Nayak)
 Chairman

Date : 05.08.2013

Place: New Delhi

THE COMMENTS OF THE STATUTORY AUDITOR'S AND MANAGEMENT'S REPLY THERETO ARE GIVEN BELOW:-

Auditor's Comments	Management's Reply
<p>During the year, the company has changed the Accounting Policy regarding Revenue Recognition (refer Note. No 2.39 of other Notes). The change in Accounting Policy has resulted in increase of Profit for the year by ₹ 52.92 Crore, Income Tax Provision by ₹ 17.17 Crore and Shareholders Funds by ₹ 35.75 Crore, same is subject to admissible by Central Electricity Regulatory Commission(CERC) after prudence check at the time of truing up. The extent of uncertainty involved on account of additional revenue is dependent upon outcome of CERC order. Recognition of such additional revenue to the extent of uncertainty involved is departure from the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.</p>	<p>The HR and O&M expenses were accounted for as 'actual expenditure or expenditure allowed by CERC RLDCwise whichever is less', up to FY 2011-12. However, such actual expenditure is allowable as per CERC regulations subject to truing up after the end of the control period i.e. 2009-14. On the petition filed by the company, CERC vide order dated 28th September, 2012, has directed that 'Any additional legitimate HR expenses over and above that approved by the Commission in its various tariff orders as mentioned in para 3 of this order may be temporarily met by the petitioner out of the LDC Development Fund which will be recouped at the time of truing up'.</p> <p>Considering certainty of receipt as per AS-9, matching revenue concept and accrual system of accounting, the accounting policy has been changed as 'Revenue recognition based on actual HR and O&M expenditure incurred'.</p> <p>In view of CERC Regulations, CERC order dated 28th September, 2012 and past CERC orders on the above matters, Management is of the view that uncertainty involved on account of additional revenue is negligible and not material. Only the legitimate expenditure eligible under CERC Regulations has been considered for additional revenue.</p>

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 FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Power System Operation Corporation Limited for the year ended 31 March 2013 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 21 June 2013.

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 for the year ended 31 March 2013. 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/-
(Naina A. Kumar)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - III,
New Delhi

Place: New Delhi
Dated: 31st July, 2013

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 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 Company 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 Code 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 its 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 the 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, 2013, 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. Ministry of Power, vide its Order No.11/20/2005-PG dt.28.06.2013 had nominated Smt. Rita Acharya, Joint Secretary, Transmission, Ministry of Power and Smt. Neerja Mathur, Member, GO&D, Central Electricity Authority on the Board of POSOCO. They were subsequently co-opted w.e.f.18.07.2013 on the Board of POSOCO as Additional Directors.

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 (other than Independent Director(s)) from the Board of POWERGRID is 60 years.

The date of appointment of the Directors who are in office as on 31st March, 2013 was as follows:

Name & Designation	Date of Joining on the Board*
Shri R.N. Nayak, Non – executive Chairman	29.09.2009
Shri R.T. Agarwal, Part – time Director	16.05.2011
Shri I.S. Jha, Part – time Director	01.09.2011
Shri Santosh Saraf, Independent 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 / Ministry.

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

2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are held at the Registered office of the Company / Corporate Office of POWERGRID, the holding 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, 2013, seven Board meetings were held on 7th May, 28th May, 27th July, 6th September and 5th December of the year 2012 and 16th January and 11th February of the year 2013. The maximum interval between any two meetings during this period was 89 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 2012-13 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 06.09.2012)	No. of other Directorships held on 31.03.13*	No. of Committee Membership held on 31.03.13**	
					Chairman	Member
Non executive Directors						
Shri R.N.Nayak, Chairman	7	7	Yes	9	NIL	NIL
Shri R.T. Agarwal, Director	7	7	Yes	5	1	3
Shri I.S. Jha, Director	7	5	Yes	7	NIL	2
Shri Santosh Saraf, Independent Director	7	7	Yes	2	4	NIL

*Excluding Directorships in Private Limited Companies and companies registered under Section 25 of the Companies Act, 1956.

**Includes Chairmanship / Membership of POSOCO. Further, only Chairmanship / Membership of Audit Committee and the Shareholders' Grievance Committee has been considered.

2.5 Information placed before the Board of Directors.

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. Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
6. Compliance of regulatory or statutory provisions
7. Other materially important information.

Post Meeting Follow –up system

Action taken on the deliberations of the Board and Committee meetings is put up for information of the Board and the Committee's of the Board.

3. Committee(s) of the Board of Directors

POSOCO Board has constituted the following Committees:

- 1) Audit Committee
- 2) Sustainable Development Committee

3.1 Audit Committee

POSOCO Board had constituted an Audit Committee in its meeting held on 15th March, 2011. The following were its members as on 31.03.2013:

- (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 elapse 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, 2013, 07 meetings of the Audit Committee were held on 4th May, 28th May, 27th July, 6th September and 5th December of the year 2012 and 16th January and 11th February, of the year 2013.

Attendance at the Audit Committee Meetings during the Financial Year 2012-13

Name of the member	Audit Committee Meetings during the tenure	
	Held	Attended
Shri Santosh Saraf	07	07
Shri R.T. Agarwal	07	07
Shri I.S. Jha	07	05

3.2 Sustainable Development Committee

POSOCO Board had constituted the Sustainable Development Committee in its meeting held on 7th May, 2012 for implementation of Sustainable Development (SD) activities in line with the requirement of Department of Public Enterprises (DPE) Guidelines on SD for Central Public Sector Enterprises. The Committee comprised of the following members as on 31.03.2013:

- (i) Shri Santosh Saraf, Director– Member & Chairman
- (ii) Shri R.T. Agarwal, Director – Member
- (iii) Shri I.S. Jha, Director – Member

During the Financial Year 2012-13, two meetings of the Sustainable Development Committee were held – on 17th October, 2012 and 16th January, 2013. Attendance at the above meetings was as follows:

Name of the member	Sustainable Development Committee Meetings during the tenure	
	Held	Attended
Shri Santosh Saraf	02	02
Shri R.T. Agarwal	02	02
Shri I.S. Jha	02	02

4. Remuneration of Directors

In the Board meeting of the Company held on 16.01.2013, sitting fee paid to the independent Director on the Board of POWERGRID, who had been nominated on the Board of POSOCO had been approved to be enhanced from ₹ 10,000/- to ₹ 20,000/-. 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	Sustainable Development Committee Meeting	
Shri Santosh Saraf	90,000	90,000	30,000	2,10,000 [^]

[^]Gross amount.

As on 31.03.2013, 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	-

5. General Body Meetings:

Date, time and location of the last three Annual General Meetings is as under:

Year	Date	Time	Venue	Special Resolution
2009-2010	23 rd 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
2011-2012	06th September, 2012	3.00 p.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 2012-13 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 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>.

8. Code of Conduct

The Board of Directors of POWERGRID, the Holding Company has laid down two separate Codes 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.

9. Shareholders' Information

i) Annual General Meeting

Date	:	26 th August, 2013
Time	:	4.30 p.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 20% (₹ 2.0 per share) for the financial year ended 31st March, 2013. In addition, an Interim Dividend of 20% (₹ 2.0 per share) was paid on 22nd February, 2013. (Dividend paid in the Previous Year was ₹ 3.0 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.

Dividend History

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	9.20	06.09.2012	06.09.2012
2012-13	30.64	6.13*	11.02.2013@	22.02.2013#

* Amount of interim Dividend for F.Y. 2012-13

@ Date of the Board Meeting at which the interim dividend was declared.

Date of Payment of Interim Dividend for F.Y. 2012-13

v) Location of POSOCO Plants

POSOCO has no plants.

vi) Shareholding Pattern

The entire shares of the Company are owned by Power Grid Corporation of India Limited.

vii) 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	http://posoco.in	
Company Secretary, CS 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 : 05.08.2013
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.
- Remuneration Committee:** As POSOCO comprises the employees of POWERGRID who have been deputed on secondment basis, approvals by the Remuneration Committee of POWERGRID are applicable to POSOCO also.
- Audit qualifications:** The financial statement for the year 2012-13 is qualified
- 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.
- Whistle Blower Policy:** Being a wholly owned subsidiary of POWERGRID, in terms of the MoU signed with POWERGRID, the Policies, Guidelines, etc. of POWERGRID are applicable to POSOCO as well.

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 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 2013 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 Corporation 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, the Audit Committee has only one independent director as against the requirement of two and that not constituted a Remuneration Committee, 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 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

Balance Sheet as at 31st March 2013

(₹ in Crore)

Description	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	30.64	30.64
(b) Reserves and surplus	2.2	<u>157.48</u>	<u>86.12</u>
		188.12	116.76
Non-current liabilities			
(a) Long-term borrowings	2.3	-	-
(b) Deferred Revenue	2.4	0.50	1.27
(c) Other Long term liabilities	2.5	7.46	23.57
(d) Long-term provisions	2.6	<u>26.67</u>	<u>26.95</u>
		34.63	51.79
Current liabilities			
(a) Short-term borrowings	2.7	-	-
(b) Trade payables	2.8	9.12	2.23
(c) Other current liabilities	2.9	833.68	622.33
(d) Short-term provisions	2.10	<u>16.94</u>	<u>76.01</u>
		859.74	700.57
Total		1082.49	869.12
II. ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.11	31.65	35.73
(ii) Intangible assets	2.12	4.90	3.51
(iii) Capital work in progress	2.13	3.62	2.83
(iv) Construction stores	2.14	<u>-</u>	<u>0.06</u>
		40.17	42.13
(b) Deferred tax Assets (Net)	2.15	2.60	6.69
(c) Long-term loans and advances	2.16	14.48	11.74
Current assets			
(a) Trade receivables	2.17	4.57	6.17
(b) Cash and Bank Balances	2.18	889.31	675.09
(c) Short-term loans and advances	2.19	103.33	97.77
(d) Other current assets	2.20	<u>28.03</u>	<u>29.53</u>
		1025.24	808.56
Total		1082.49	869.12
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.
Chartered Accountants
Firm Regn. No. 001099 (C)

(Ranjeet Singh)
Partner

Membership No. 073488

Place : Gurgaon
Date : 21st June, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Crore)

Description	Note No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
I. Revenue from operations	2.21	220.04	186.98
II. Other income	2.22	46.33	27.36
III. Total Revenue (I + II)		266.37	214.34
IV. Expenses:			
Employee benefits expense	2.23	83.23	74.22
Finance costs	2.24	(5.04)	5.74
Depreciation and amortization expense	2.25	12.27	20.11
Operation, Maintenance and Other Administrative Expenses	2.26	48.35	40.14
Total expenses		138.81	140.21
V. Profit before Prior period Items and tax (III - IV)		127.56	74.13
VI. Prior period items	2.27	(2.79)	(5.76)
VII. Profit before tax (V - VI)		130.35	79.89
VIII. Tax expense:			
(1) Current tax		40.06	32.71
(2) Tax for earlier years		0.55	-
(3) Deferred tax		4.09	(3.34)
		44.70	29.37
IX. Profit after tax (VII - VIII)		85.65	50.52
X. Earnings per equity share: (In ₹ per share)			
(Face Value of ₹ 10/- each)	2.45		
(1) Basic		26.59	16.49
(2) Diluted		26.59	16.49
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.
Chartered Accountants
Firm Regn. No. 001099 (C)

(Ranjeet Singh)
Partner
Membership No. 073488

Place : Gurgaon
Date : 21st June, 2013

Cash Flow Statement For The Year Ended 31st March, 2013

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	126.18	79.89
Adjustment for :		
Depreciation	12.27	20.11
Transfer from Grants in Aid	(0.77)	(0.73)
Net Loss on Disposal/Write off of Fixed Assets	0.06	0.05
Interest and Finance Charges	(5.04)	5.74
Interest on Bank Flexi Deposits	(34.87)	-
Provisions write back	-	(0.01)
Operating profit before Working Capital Changes	97.83	105.05
Adjustment for :		
Increase/(Decrease) in Other Long Term Liabilities	(16.11)	5.43
Increase/(Decrease) in Long Term Provisions	(0.28)	3.25
Increase/(Decrease) in Other Long Term Borrowings	-	(49.04)
(Increase)/Decrease in Trade and other Receivables	1.59	0.58
Increase/(Decrease) in Trade Payables & current liabilities	218.24	(329.00)
Increase/(Decrease) in Short Term Provisions	(8.89)	5.65
(Increase)/Decrease in Other current assets	(0.38)	(2.08)
(Increase)/Decrease in Long Term Loans and Advances	(2.75)	13.04
(Increase)/Decrease in Trade Receivables	-	68.30
(Increase)/Decrease in Short Term Loans and Advances	(33.49)	(9.00)
	157.93	(292.87)
Direct taxes paid	(63.94)	(67.05)
Net Cash from operating activities	191.82	(254.87)
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Tangible and Intangible Assets	(7.44)	(8.26)
(Increase)/Decrease in Work in Progress	(2.99)	(2.14)
(Increase)/Decrease in Construction Stores	0.06	-
Interest on Bank Flexi Deposits	36.76	-
Net cash used in investing activities	26.39	(10.40)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised/(repaid) during the year	-	(40.31)
Dividend paid	(10.73)	(7.66)
Dividend tax paid	(2.48)	(0.50)
Interest and Finance Charges Paid	5.05	(5.74)
Net Cash from Financing Activities	(8.16)	(54.21)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013 (contd...)

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
D. NET SURPLUS UNDER REC MECHANISM REGULATION	4.17	-
E. Net change in Cash and Cash equivalents(A+B+C+D)	214.22	(319.48)
F. Cash and Cash equivalents(Opening balance)	675.09	994.57
G. Cash and Cash equivalents(Closing balance) (E+F)	889.31	675.09

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	705.90	258.50
Other Bank balances (*)	183.41	416.59
	889.31	675.09

(*) Amounts available for specific use only

In designated current accounts/flexi deposit accounts operated and maintained in terms of CERC regulations (refer note 2.30)

177.13 416.59

In Flexi Deposit accounts -REC (refer note 2.36)

6.28 -

183.41 416.59

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.
Chartered Accountants
Firm Regn. No. 001099 (C)

(Ranjeet Singh)
Partner
Membership No. 073488

Place : Gurgaon
Date : 21st June, 2013

Note 1 - 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

Load Despatch and Communication 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 of expenditure towards Corporate Social Responsibility (CSR), Sustainable Development (SD) activities and Research & Development (R&D) Projects and Income Tax payable, if any. 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, grant 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 TRANSACTIONS 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 Foreign Exchange Rate Variation (FERV) arising on settlement/translation of foreign currency loans are shown as recoverable from constituents.

1.10.3 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

1.10.4 Other exchange differences are recognized as income or expense 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 accounted on the basis of 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 take 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 receipt 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 Charges Account, Reactive Energy Charges Account and Inter Regional Exchange Account are credited directly to respective fund account.

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 unamortized balance of such asset on the basis of the rate of depreciation specified by 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 ₹ 5,000/- or less at the beginning of the year, are charged to revenue.

1.13 EXPENDITURE

1.13.1 Pre-paid /prior period expenses / income of items of ₹ 1,00,000/- and below are charged 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.

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

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 statement of profit & loss. 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 the 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.

Note 2.1 - Share capital

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Equity Share Capital		
Authorised Capital		
200000000 (Previous Year 200000000) equity shares of ₹ 10/- each	200.00	200.00
Issued, Subscribed and paid-up		
30640000 (Previous Year 30640,000) 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 st March, 2013		As at 31 st March, 2012	
	No.of Shares	(₹ in crore)	No.of Shares	(₹ in crore)
Shares outstanding at the beginning of the year	30640000	30.64	30640000	30.64
Shares Issued during the year	NIL	NIL	NIL	NIL
Shares bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	30640000	30.64	30640000	30.64

- 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.
- 30640000 (Previous Year 30640000) equity shares are held by Powergrid Corporation of India Limited-Holding Company and its nominees.
- Out of above 30590000 (Previous Year 30590000) 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

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Corporate Social Responsibility(CSR) Activity Reserve		
As per last balance sheet	-	-
Additions during the year	0.46	-
Deductions during the year	-	-
Closing Balance	0.46	-
General Reserve		
As per last balance sheet	5.20	-
Additions during the year	8.60	5.20
Deductions during the year	-	-
Closing Balance	13.80	5.20
REC Fund		
As per last balance sheet	-	-
Additions during the year	4.17	-
Deductions during the year	-	-
Closing Balance	4.17	-
Load Despatch & Communication Development (LDC) Fund		
As per Last Balance Sheet	70.24	46.29
Additions during the year	32.04	23.95
Deductions during the year	-	-
Closing Balance	102.28	70.24

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

(₹ in Crore)

Description	As at 31 st March,2013	As at 31 st March, 2012
Surplus (Balance in Statement of Profit and Loss)		
As per last balance sheet	10.68	-
Add: Profit After tax as per Statement of Profit and Loss	85.65	50.52
Less: Appropriations		
Corporate Social Responsibility (CSR) Activities Reserve	0.46	-
LDC Development Reserve	32.04	23.95
General Reserve	8.60	5.20
REC Reserve	4.17	-
Interim dividend paid	6.13	4.60
Dividend tax on Interim Dividend	0.99	0.74
Proposed Final Dividend	6.13	4.60
Dividend tax on Proposed Dividend	1.04	0.75
Closing Balance	36.77	10.68
TOTAL	157.48	86.12

Note 2.3-Long-term borrowings

(₹ in Crore)

Description	As at 31 st March,2013	As at 31 st March, 2012
-	-	-
-	-	-

Note 2.4 - Deferred Revenue

(₹ in Crore)

Description	As at 31 st March,2013	As at 31 st March, 2012
Grants in aid	0.50	1.27
TOTAL	0.50	1.27

Note 2.5 - Other Long term liabilities

(₹ in Crore)

Description	As at 31 st March,2013	As at 31 st March, 2012
i) Deposits/ Retention money from contractors and others.	0.71	2.44
ii) Liability on account of Truing up (refer Note No.2.39 of Other Notes on Accounts)	6.75	19.81
iii) Dues for Capital Expenditure	-	0.76
iv) Others	-	0.56
Total	7.46	23.57

Note 2.6 - Long-term provisions

(₹ in Crore)

Description	As at 31 st March,2013	As at 31 st March, 2012
Employee Benefits		
As per last balance sheet	26.95	23.70
Additions during the year	6.50	3.25
Amounts utilised/paid during the year	6.78	-
TOTAL	26.67	26.95

Note 2.7 - Short-term borrowings

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
—	—	—
—	—	—

Note 2.8 - Trade payables

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
For goods and services	9.12	2.23
Total	9.12	2.23

Further Notes :

Based on 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 2013 and as on 31st March 2012.

Note 2.9 - Other current liabilities

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
i) Employee related liability	0.85	0.13
ii) Deposits/Retention money from contractors and others.	2.33	-
iii) Advances from Customers	557.35	189.48
iv) Others	4.71	4.89
v) Other Liabilities- Third Party (Net) (Liabilities in respect of Designated accounts operated and maintained in terms of CERC Regulations (Refer Note no.2.30 of Other Notes on Accounts)	203.75	426.64
vi) Statutory Dues	4.40	1.19
vii) Related parties -Holding Company	60.29	-
Total	833.68	622.33

Note 2.10 - Short-term provisions

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
A) Provision for Employee Benefits		
i) Transmission incentive/special incentive		
As per last balance sheet	10.48	8.76
Addition during the year	13.16	9.30
Amount paid/adjusted during the year	15.99	7.58
Closing Balance	7.65	10.48
ii) Provision for Wage revision		
As per last balance sheet	6.15	3.08
Additions during the year	-	3.07
Amounts utilised/paid during the year	6.15	-
Closing Balance	-	6.15
iii) Other Employee Benefits (Leave Encashment, Settlement Allowance, Post Retirement Medical Benefits etc.)		
As per last balance sheet	2.03	1.18

Note 2.10 - Short-term provisions (contd...)

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Additions during the year	2.01	2.79
Amounts utilised/paid during the year	1.92	1.94
Closing Balance	2.12	2.03
Total (A)	9.77	18.66
B) Others		
i) Taxation		
As per last balance sheet	51.26	18.55
Additions during the year	40.61	32.71
Amount adjusted during the year	-	-
Net of against Taxes paid (Refer Note no. 2.19)	91.87	-
Closing Balance	-	51.26
ii) Proposed Dividend		
As per last balance sheet	4.60	3.06
Additions during the year	12.26	9.20
Amounts paid during the year	10.73	7.66
Closing Balance	6.13	4.60
iv) Dividend Tax		
As per last balance sheet	1.49	0.50
Additions during the year	2.03	1.49
Amounts paid during the year	2.48	0.50
Closing Balance	1.04	1.49
Total (B)	7.17	57.35
Total (A+B)	16.94	76.01

Note 2.11 - Tangible assets

(₹ in Crore)

Description	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 st April, 2012	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31 st March, 2013	Upto 31 st March, 2012	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Civil Works												
a) RLDCs	9.87	0.61	-	(0.10)	10.58	1.90	0.23	-	-	2.13	8.45	7.97
b) Township	0.05	-	-	-	0.05	0.01	-	-	-	0.01	0.04	0.04
Temporary Erection	0.11	-	-	-	0.11	0.11	-	-	-	0.11	-	-
Water Supply Drainage & Sewerage	0.04	0.03	-	-	0.07	-	0.01	-	-	0.01	0.06	0.04
Plant & Machinery												
a) RLDCs	2.67	0.19	-	-	2.86	0.81	0.14	-	-	0.95	1.91	1.86
b) ULDC	55.84	0.68	0.04	(0.54)	57.02	40.70	6.77	0.01	-	47.46	9.56	15.14
c) Communication	0.52	-	-	-	0.52	0.20	0.03	-	0.01	0.22	0.30	0.32
Furniture Fixtures***	7.69	0.06	0.02	(0.01)	7.74	2.99	0.61	0.03	-	3.57	4.17	4.70
Office equipment	2.46	0.31	0.05	-	2.72	0.98	0.19	0.02	-	1.15	1.57	1.48
Electronic Data Processing & Word Processing Machines	8.42	1.99	0.10	0.33	9.98	4.33	1.17	0.08	0.16	5.26	4.72	4.09
Vehicles	0.01	-	-	-	0.01	-	-	-	-	-	0.01	0.01

Note 2.11 - Tangible assets (contd...)

(₹ in Crore)

Description	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 st April, 2012	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31 st March, 2013	Upto 31-Mar- 2012	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Constrn. and Workshop equipment	0.01	-	-	-	0.01	0.01	-	-	-	0.01	-	-
Electrical Installation	0.10	0.79	-	-	0.89	0.04	0.01	-	-	0.05	0.84	0.06
Miscellaneous Assets /Equipments	0.11	-	-	-	0.11	0.09	-	-	-	0.09	0.02	0.02
Total	87.90	4.66	0.21	(0.32)	92.67	52.17	9.16	0.14	0.17	61.02	31.65	35.73
Previous Year	85.25	3.03	0.01	0.38	87.89	42.73	9.92	-	0.47	52.18	35.71	42.52

Note:

The Adjustments in Gross Block & Depreciation in above Data includes Amount Relating to REC -

1) Gross Block	0.01
2) Accumulated Depreciation	-
3) Net Block	0.01

Note 2.12 - Intangible assets

(₹ in Crore)

Description	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 st April, 2012	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31 st March, 2013	Upto 31 st March, 2012	Additons during the year	Sale/ Disposal during the year	Adjustment during the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
SCADA Software	191.47	1.26	-	(0.12)	192.85	189.49	2.12	-	-	191.61	1.24	1.98
Electronic Data Processing Software***	2.12	2.84	-	(0.62)	5.58	0.59	0.99	-	(0.34)	1.92	3.66	1.53
Total	193.59	4.10	-	(0.74)	198.43	190.08	3.11	-	(0.34)	193.53	4.90	3.51
Previous Year	191.53	1.98	-	(0.08)	193.59	182.91	10.18	-	3.01	190.08	3.51	8.62

Note:

The Adjustments in Gross Block & Depreciation in above Data includes Amount Relating to REC -

1) Gross Block	0.30
2) Accumulated Depreciation	0.18
3) Net Block	0.12

Note 2.13 - Capital work in progress

(₹ in Crore)

Description	As at 1 st April, 2012	Additions during the year	Adjustments during the year	Capitalised during the year	As at 31 st March, 2013
Civil Works					
Regional Load Despatch Centre & Office (Incl. civil work)	0.60	0.24	0.08	0.64	0.12
Township	-	0.30	-	-	0.30
Plant & Equipments (including associated civil works)					
ULDC	2.21	2.55	-	1.56	3.20
Incidental Expenditure during Construction	0.02	-	0.02	-	-
TOTAL	2.83	3.09	0.10	2.20	3.62

Note 2.14 - Construction stores

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Construction Stores	-	0.06
TOTAL	-	0.06

Note 2.15 - Deferred tax Assets (Net)

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Deferred Tax Asset		
Employee Benefits-Leave encashment, Incentive u/s 43B Including Wage Revision Provision	8.36	11.28
Provisions	0.03	0.01
Interest on Truing up	-	1.57
Sub-total (A)	8.39	12.86
Deferred Tax Liability		
Towards Fixed Assets (Net)	5.79	6.17
Sub-total (B)	5.79	6.17
Net Deferred Tax Assets (A-B)	2.60	6.69

Note 2.16 - Long-term loans and advances

(Unsecured Considered good unless otherwise stated)

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Other loans and advances		
i) Employees (including Interest Accrued)		
a) Secured Considered good	6.52	6.17
b) Unsecured - Considered good	0.38	0.42
- Considered doubtful	0.05	0.05
	6.95	6.64
Less: Provision for Bad & Doubtful Advances	0.05	0.05
	6.90	6.59
ii) Advances recoverable in cash or in kind or for value to be received (Unsecured considered good)		
a) Contractors & Suppliers	0.39	0.01
b) Employees	0.30	0.99
c) Capital Advance -Holding Company	4.91	-
d) Others	1.83	2.38
e) Others-Third Party	-	1.61
f) Balance with Customs Port Trust and other authorities	0.15	0.16
	7.58	5.15
	14.48	11.74
Total	14.48	11.74
Due from		
Directors	-	-
Officers	0.66	0.60

Note 2.17 - Trade receivables

(Unsecured Considered good unless otherwise stated)

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
i) Debts Outstanding for a period exceeding Six Months		
Considered Good	1.10	3.14
Considered Doubtful	0.04	0.03
ii) Other Debts	3.47	3.03
	4.61	6.20
Less: Provision for bad & doubtful debts	0.04	0.03
Total	4.57	6.17

Note 2.18 - Cash and Bank balances

Description	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
1) Cash and Cash Equivalents		
Balance with Banks		
-In Current Accounts / Flexi deposit Accounts	643.89	231.40
-In LDC Development Account	62.00	27.10
Cash on hand	-	-
Drafts/Cheques in Hand	0.01	-
Stamps and Imprest	-	-
	705.90	258.50
2) Other Bank Balances		
-In Designated Current Accounts / Flexi Deposit accounts operated & maintained in terms of CERC regulations (Refer Note no. 2.30 of Other Notes on Accounts)	177.13	416.59
-In Flexi Deposit accounts -REC (Refer Note no.2.36 of Other Notes on Accounts)	6.28	-
	183.41	416.59
TOTAL	889.31	675.09

Note 2.19 - Short-term loans and advances

Description	(₹ in Crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
A) Loans		
a) Employees including interest accrued		
Secured considered good	1.21	1.47
Unsecured considered good	0.23	-
	1.44	1.47
b) Related parties		
Holding Company	15.26	7.85
Total(A)	16.70	9.32
B) Advances recoverable in cash or in kind or for value to be received		
Employees	0.97	1.13
Contractors & Suppliers	6.02	0.17
In Designated A/c	21.03	-
Contractors & Suppliers- REC (Refer Note no.2.36 of Other Notes on Accounts)	0.11	-
Advance Tax & TDS	149.98	86.05
Less : Provision for Taxation (Refer Note no. 2.10)	91.87	58.11
Others	0.39	1.10
	85.66	87.32
Total (B)	86.63	88.45
Total(A+B)	103.33	97.77
Directors	-	-
Officers	0.41	0.41

Note 2.20 - Other current assets

(₹ in Crore)

Description	As at 31 st March, 2013	As at 31 st March, 2012
a) Interest accrued but not due		
Interest accrued on Flexi Deposits with Bank	11.83	9.68
Interest accrued on Flexi Deposit with Deposits-In Designated A/c	0.25	4.30
Interest accrued on Flexi Deposits- REC (Refer Note no.2.36 of Other Notes on Accounts)	0.02	-
b) Others (Unbilled Debtors)	15.93	15.55
Total	28.03	29.53

Note 2.21 - Revenue from operations

(₹ in Crore)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. Sales of services		
i) Revenue from System and Market Operation (Gross)	191.19	176.68
ii) Deferred Tax Income	-	15.25
Less: Truing up Adjustment (Net)	4.67	33.39
Net Revenue	186.52	158.54
B. Short Term Open Access-Other Charges	32.42	25.44
C. Registration Money	1.10	3.00
Total	220.04	186.98

Note:

Truing up Adjustment for the year is after reversal of Truing up of earlier year amounting to ₹ 24.87 Crore

Note 2.22 - Other income

(₹ in Crore)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A) Interest from		
Indian Banks	34.87	23.93
Employees Loans and Others	0.37	0.36
Total (A)	35.24	24.29
B) Others		
Consultancy Project Management and Supervision Fees	1.45	1.65
REC Surplus	4.49	-
Deferred Income (Transferred from Grants-in-aid)	0.77	0.85
Surcharge	0.17	0.17
Interest From Others	0.79	-
Provision written back	-	0.01
Interest on Truing up	1.20	-
Miscellaneous income	2.22	0.39
Total (B)	11.09	3.07
Total (A+B)	46.33	27.36

Note 2.23 - Employee benefits expense

(₹ in Crore)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Salaries wages allowances & benefits	68.38	65.03
Contribution to Provident and other funds	7.67	4.29
Staff Welfare expenses	7.18	4.90
Total	83.23	74.22

Note 2.24 - Finance costs

(₹ in Crore)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A) Interest on Loan from		
Foreign Banks and Financial Institutions	-	0.15
Secured/Unsecured redeemable Bonds	-	0.54
Others	(5.05)	4.84
	(5.05)	5.53
B) Other Borrowing Cost		
Guarantee Fee	-	0.20
Other finance charges	0.01	0.01
	0.01	0.21
C) Foreign Exchange Rate Variation	11.47	22.42
Less: Recoverable from Beneficiaries at the time of Truing Up (Refer Note No. 2.39 (iii) of Other Notes on Accounts).	11.47	22.42
Total	(5.04)	5.74

Note:

Interest on Loan is reversal of Interest on Truing up Liability of Previous Year for ₹ 5.05 Crore

Note 2.25 - Depreciation and amortization expense

(₹ in Crore)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Depreciation/Amortization-Tangible Assets	9.16	19.67
Amortization-Intangible Assets	3.11	0.44
Total	12.27	20.11

Note 2.26 - Operation, Maintenance and Other Administrative Expenses

(₹ in Crore)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Repair & Mainenance		
Buildings	0.86	0.55
Plant & Machinery		
RLDCs	21.19	20.46
Others	1.44	1.62
	22.63	22.08
Power charges	2.96	2.74
Training & Recruitment Expenses	1.12	1.35
Communication expenses	0.98	0.94

Note 2.26 - Operation, Maintenance and Other Administrative Expenses (contd...)

(₹ in Crore)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Travelling & Conv.exp.(excluding foreign travel)	3.16	3.32
Foreign travel	0.12	0.28
	3.28	3.60
Statutory Audit Fees	0.08	0.07
Tax Audit Fees	0.02	0.02
Capital Expenditure on assets not owned by the Company	4.99	-
Miscellaneous expenses	4.73	3.98
Security Expenses	2.59	2.36
Expenditure on Corporate Social Responsibility (CSR)	1.05	-
Expenditure on Sustainable Development	0.26	-
Rebate to Customers	2.74	2.40
	48.29	40.09
Loss on Disposal/Write off of Fixed Assets	0.06	0.05
Total	48.35	40.14

Note 2.27 - Prior period items

(₹ in Crore)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
PRIOR PERIOD AND EXTRAORDINARY ITEMS		
Prior Period items		
Income		
Depreciation written back	-	3.29
REC Surplus	1.69	-
Others	1.31	3.09
(A)	3.00	6.38
Expenditure		
Depreciation	-	0.09
Interest cost	-	0.22
Others	0.21	0.31
(B)	0.21	0.62
Nett Prior period expenditure/(income) (B - A)	(2.79)	(5.76)
Total	(2.79)	(5.76)

OTHER NOTES

2.28 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:-

- To supervise and control all aspect concerning operations and manpower requirement of RLDCs and NLDC.
- To act as the apex organisation for human resources requirement of NLDC and RLDCs.
- To ensure planning and implementation of infrastructure required for smooth operation and development of National and Regional LDCs.
- To coordinate the functioning of NLDC and all RLDCs.
- To advise and assist state level Load Despatch Centres, including specialized trainings etc.
- To perform any other function entrusted to it by the Ministry of Power.

2.29 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.

2.30 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 Dispatch 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 Dispatch 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 Dispatch 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 31/03/2013, the total balance in these designated bank accounts were amounting to ₹ 177.13 Crore as against the liability in these funds amounting to ₹ 203.75 Crore. The net difference in the Liability and the designated bank accounts amounting to ₹ 26.62 Crore on account of the Interest accrued and TDS on interest is subject to reconciliation and consequential adjustments if any.

2.31 LDC Development Fund

Revenue during the year on account of Depreciation, Interest on Loan, Return on Equity (based on Truing-up adjustment) amounting to ₹ 23.98 Crore and other income amounting to ₹ 71.02 Crore 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 Corporate Social Responsibility Exp. & Sustainable Development Exp. of ₹ 1.31 Crore, income tax of ₹ 38.60 Crore, dividend of ₹ 14.29 Crore (including dividend tax), & Capex ₹ 8.76 Crore. There is net accretion of ₹ 32.04 Crore to LDC Dev. Fund.

A sum of ₹ 62.00 Crore is lying in the designated bank account against LDC Development Fund of ₹ 102.28 Crore as on 31.03.2013. Balance of ₹ 40.28 Crore will be contributed during the FY 2013-14.

2.32 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.

2.33 In view of the opinion of the expert Advisory Committee of the Institute of Chartered Accountants of India, unspent expenditure (₹ 0.46 Crore), out of the budget for the year towards Corporate Social Responsibility (CSR) and Sustainable Development (SD) has been transferred to CSR reserve by appropriation of profit.

2.34 Capital expenditure of ₹ 4.99 Crore incurred on assets not owned by the company is charged off to Profit and Loss account during the current year (As per Accounting Policy no. 1.13.3).

2.35 Other income includes ₹ 0.77 Crore (Previous Year ₹ 0.85 Crore) being the amount transferred from Grants-in-aid received (As per Accounting Policy note no. 1.4)

2.36 The company is responsible for discharging the functions of NLDC, is required to maintain books of accounts pertaining to REC Mechanism Account also. The assets and liabilities of REC Mechanism have been merged with company books of account for the first time in the current year with the concurrence of Central Electricity Regulatory Commission (CERC). Due to this the figures of current year are not comparable with the previous year figures.

Net surplus of REC Mechanism to the tune of ₹ 6.18 Crore, which includes ₹ 1.69 Crore for earlier years has been accounted for in the Books of Account of the Company during the year, pending amendment in REC Mechanism Regulations. Income Tax Provision of ₹ 2.01 Crore, which includes ₹ 0.55 Crore for earlier years has been made against the above surplus. Net Surplus after provision of Income Tax amounting to ₹ 4.17 Crore is transferred to REC fund, which shall be utilized only for the expenses allowed under REC Mechanism Regulations.

2.37 a) Balances in TDS certificates, receivables/recoverable, STOA Advance from customers, Sundry Creditors, Advances from Customers for designated accounts, third party accounts 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.

2.38 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 except for mobile phones which have been depreciated at 33.33% in line with the policy adopted by POWERGRID.

2.39 i) In respect of System and Market Operation charges ₹ 29.54 Crore (Previous Year ₹ 33.39 Crore), has been de-recognised from income during the year and the same is transferred to the Truing-up Liability which shall be considered by CERC after the expiry of the control period (2009-14) as per accounting policy note no 1.11.1 regarding revenue recognition.

ii) **Change in accounting policy:** Revenue Recognition of HR and O&M expenses was hitherto being made based on actual expenditure incurred or amount allowed by CERC whichever is less. However such actual expenditure incurred is allowable as per CERC regulations subject to truing up after the end of the control period i.e 2009-14. On the petition filed by the company, CERC vide order dated 28th September 2012, has directed that "Any additional legitimate HR expenses over and above that approval by the Commission in its various tariff orders as mentioned in para 3 of this order may be temporarily met by the petitioner out of the LDC Development Fund which will be recouped at the time of truing up"

Considering certainty of receipt as per AS-9, matching revenue concept and accrual system of accounting, the accounting policy has been changed as "Revenue recognition based on actual HR and O&M Expenditure incurred". The change of Accounting Policy has resulted in increase of revenue by ₹ 46.67 Crore and decrease in Truing-up Liability by the same amount. This includes amount of ₹ 24.87 Crore provided for, in earlier years. The change has also resulted in the reversal of interest amounting to ₹ 5.05 Crore provided for in the previous year. The above additional revenue is subject to truing up by CERC.

iii) FERV loss of ₹11.47 Crore (Previous Year ₹22.42 Crore) 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. The same has been transferred to truing-up liability account code.

2.40 Pending approval of the Performance Related Pay (PRP) scheme for workmen and supervisors, a provision of ₹ 3.17 Crore including provision for earlier years has been made, net of payments made for old Performance Linked Incentive Scheme.

2.41 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 from Actuary Valuer for all employees.

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. Contribution to family pension scheme is paid to the appropriate authority. 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 and to ensure a minimum rate of interest on contribution 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 a/c on the basis of actuarial valuation on annual basis on Balance Sheet date.

D. Pension

The company has scheme of Employees Defined Pension Contribution. Company contribution is paid to separate Trust. Amount of contribution paid/payable for the year is ₹ 2.97 Crore (₹ 6.18 Crore upto 31.03.2012) has been recognised as expense and is charged to Statement of Profit & Loss.

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 on Balance Sheet date.

F. Other Employee Benefits

Provision for Leave Encashment for the year amounting to ₹ 5.72 Crore (Previous Year ₹ 4.72 Crore) for the year upto 31st March 2013 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 Statment of Profit & Loss Account :

(₹ in Crore)

	GRATUITY Current Year	PRMF Current Year	ODRB Current Year
Current Service Cost	1.06	0.33	0.03
Interest Cost on benefit obligation	1.75	0.67	0.06
Expected return on plan assets	(1.82)	-	-
Net actuarial (gain)/loss on recognised during the year	(0.45)	1.75	(0.02)
Expenses recognised in the Statment of Profit & Loss	0.54	2.75	0.07

b) The amount recognised in the Balance Sheet:

(₹ in Crore)

	GRATUITY Current Year	PRMF Current Year	ODRB Current Year
i) Present value of obligation as at 31/03/2013	22.90	11.05	0.81
ii) Fair value of plan assets as at 31/03/2013 (*)	23.32	-	-
Difference (i) - (ii)	(0.42)	11.05	0.81
Net Assets (Liability) recognised in Balance Sheet	0.42	(11.05)	(0.81)

(*) The fund is maintained with the Power Grid 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) 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 31/03/2012	21.89	8.39	0.73
Interest cost	1.75	0.67	0.06
Current Service Cost	1.06	0.33	0.04
Benefits paid	(1.42)	(0.09)	0
Net actuarial (gain)/loss on obligation	(0.38)	1.75	(0.02)
Present Value of obligation as at 31/03/2013	22.90	11.05	0.81

G. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2013 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 Ltd. on secondment basis.

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected Unit Credit (PUC)
- Discount rate – 8% (Previous period 8.5%)
- Expected rate of return on assets (Gratuity only) – 8.5 % (Previous period 8.5%)
- Future salary increase- 6 % (Previous period 6%)

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.

2.42 Segment Reporting

The company's principle business is Power System and Market Operation. 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.

2.43 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.
- ix) Bihar Grid Company Limited w.e.f. 04.01.2013
- x) Kalinga Bidyut Prasaran Nigam Private Ltd. w.e.f. 31.12.2012
- xi) Cross Border Power Transmission Company Ltd. w.e.f. 11.08.2012

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. R. T. Agarwal Director (from 16.05.2011 to till date)
- iii) Sh. I. S. Jha Director (from 01.09.2011 to till date)
- iv) Sh. Santosh Saraf Independent Director (from 26.03.2012 to till date)

d) Transactions with the POWERGRID - Holding Company are as follows:

(₹ in Crore)

Particulars	Current Year	Previous Year
RLDC Fee and charges billed to PowerGrid	16.29	18.00
Amount paid by Powergrid for RLDC Fee & Charges	13.31	15.48
Transmission Charges paid/payable to PowerGrid STOA-POC	1802.68	914.70
UI, RE, IRE amounts paid to PowerGrid	8.35	27.07
Other payments/transactions with the Company	21.50	2.74

e) Director's sitting fee ₹ 2,28,540 (Previous Year ₹ 30,000) for independent director.

2.44 Disclosures regarding Leases

Operating Leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees and office use, are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 4.18 Crore (Previous Year ₹ 4.35 Crore) towards lease payments net of recoveries in respect of premises for residential use of employees.

2.45 Earning Per Share calculated in accordance with the provisions of AS-20

Numerator	As at 31.03.2013 (FY 2012-13)	As at 31.03.2012 (FY 2011-12)
Profit after tax as per Profit and Loss Account Used as Numerator (₹ In Crore) excluding net surplus of REC.	81.48	50.52
Denominator		
-Number of Equity Shares (Face value of. ₹ 10/- each)	30640000	30640000
-Number of Shares allotted during the year	-	-

-Weighted Average number of equity shares for calculating Basic Earning Per Share	30640000	30640000
-Weighted Average number of equity shares for calculating Diluted Earning Per Share	30640000	30640000
-Basic Earning Per Share (₹ / per share) (Face value of ₹ 10/- each)	26.59	16.49
-Diluted Earning Per Share (₹ / per share) (Face value of ₹. 10/- each)	26.59	16.49

2.46 During the year company has ₹ 2.60 Crore (Previous Year ₹ 6.69 Crore) as net deferred tax assets.
Major components of deferred tax assets are given as under:-

(₹ in Crore)

Particulars	Balance as at 31.03.2013	Balance as at 31.03.2012
Deferred Tax Liability		
Towards Depreciation(Diff. of WDV as per Income Tax and Books) (A)	5.79	6.17
Deferred Tax Asset		
Liabilities towards 43B incl. Wage Revision Provision	8.36	11.28
Other Provisions	0.03	0.01
Towards Interest on Truing-up of income	-	1.57
Sub Total (B)	8.39	12.86
Net Deferred Tax Assets (B-A)	2.60	6.69

- 2.47 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.
- 2.48 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. These expenses have been allowed by CERC against the petition filed by the company.
- 2.49 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 16.16 Crore (Previous Year ₹ 6.57 Crore).
- 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 ₹ 5.00 Crore (Previous Year ₹3.00 Crore), 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 Crore)

	Current Year	Previous Year
i) Capital Goods	-	-
ii) Spare Parts	-	-

- b) EXPENDITURE IN FOREIGN CURRENCY

(₹ in Crore)

	Current Year	Previous Year
i) Repair & Maintenance	5.14	9.28
ii) Foreign Travel	0.04	0.06
iii) Others	0.33	-

c) VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :

(₹ in Crore)

	%	Current Year	%	Previous Year
i) Imported	-	-	-	-
ii) Indigenous (including fuel)	-	-	-	-

d) EARNINGS IN FOREIGN EXCHANGE :

(₹ in Crore)

	Current Year	Previous Year
Income	-	-

- 2.52 a) Figures have been rounded off to nearest Rupees in Crore up to two decimal.
b) 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.
Chartered Accountants
Firm Regn. No. 001099 (C)

(Ranjeet Singh)
Partner
Membership No. 073488

Place : Gurgaon
Date : 21st June 2013

Independent Auditors' Report To the Members of Power System Operation Corporation Limited

Report on Financial Statements

We have audited the accompanying financial statements of Power System Operation Corporation Limited ("the Company"), which comprise of the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our **qualified** audit opinion.

Basis for Qualified Opinion:

During the year, the company has changed the Accounting Policy regarding Revenue Recognition (Refer Note No 2.39 of other Notes). The change of Accounting Policy has resulted in increase of Profit for the year by ₹ 52.92 crore, Income Tax Provision by ₹ 17.17 crore and Shareholders' Funds by ₹ 35.75 crore, same is subject to admissible by Central Electricity Regulatory Commission(CERC) after prudence check at the time of truing up. The extent of uncertainty involved on account of additional revenue is dependent upon outcome of CERC order. Recognition of such additional revenue to the extent of uncertainty involved is departure from the Accounting Standards referred to in sub section (3C) of section 211 of the Act .

Qualified Opinion:-

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31,2013;
- In the case of the Statement of Profit and Loss, of the Profit for the year ended that date ;
- In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

Emphasis of Matter

We draw attention to

- Note No. 2.36 of Other Notes regarding inclusion of Renewable Energy Certificate (REC) Mechanism Income, which is subject to approval from CERC
- Note No. 2.37 of Other Notes regarding TDS Certificates Receivables/Recoverable, STOA Advances from Customers, Third Party Balances and Sundry Debtors are subject to reconciliation, confirmations and consequential adjustments, if any.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements :-

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - 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;
 - 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) *Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;*
- e) 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 the Companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

For B. C. Jain & Co.

Chartered Accountants

Firm Regn No. 01099C

(Ranjeet Singh)

Partner

M.No. 073488

Place : Gurgaon

Date : 21st June, 2013

Annexure to Independent Auditors' Report

Referred to Paragraph I under the heading of "Report on Other Legal and Regulatory Requirements" 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. According to information and explanation 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.
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. In our opinion, the Company has an Internal Audit system 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 31.3.2013 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 has not raised any money by public issue 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 year.

For **B C Jain & Co.**
Chartered Accountants
Firm Regn. No. 01099C

(Ranjeet Singh)
Partner
M.No. 073488

Place : Gurgaon
Dated: 21st June, 2013

Powergrid NM Transmission Limited - Subsidiary Company

DIRECTORS' REPORT

To

The Members,

POWERGRID NM Transmission Limited was incorporated to establish transmission system associated with IPPs of Nagapattinam/Cuddalore Area: Package-A. The transmission system comprises of 765 kV D/C & 765 kV S/C lines which is to traverse through the States of Tamil Nadu and Karnataka. Hon'ble Central Electricity Regulatory Commission (CERC) vide its order dated 9th May, 2013 has adopted transmission charges for the project and CERC vide its letter dated 15th July, 2013 has intimated issuance of transmission license to the Company. The Company has sought approval of CERC for extension of time and cost overrun for the Project and the CERC order is awaited. Construction activities of the Project shall commence shortly.

Board of Directors

During the year Shri Ravi P. Singh, Director (Personnel), POWERGRID has been appointed as an Additional Director on the Board of the Company w.e.f. 29th November, 2012.

At present Shri I. S. Jha, Shri R. T. Agarwal, Shri Ravi P. Singh and Shri Bharat Bhusan are on the Board of the Company.

Auditors

M/s. T. Gandhi & Co., Chartered Accountants, Bangalore were appointed by C&AG as Statutory Auditors of the company for the Financial Year 2012-13.

Comptroller and Auditor General's Comments

Comptroller and Auditor General's vide its letter dated 14th June, 2013 decided not to review the report of Statutory Auditors on the accounts of the Company for the Financial Year ended 31st March, 2013. Copy of the letter received is annexed as 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 ending 31st March, 2013 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, 2013 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
POWERGRID NM Transmission Limited.

sd/-
(I. S. Jha)
Chairman

Date: 31st July, 2013

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 POWERGRID NM TRANSMISSION LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH, 2013

The preparation of financial statements of Powergrid NM Transmission Limited, New Delhi, for the year ended 31st March 2013 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 21st May 2013.

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 grid NM Transmission Limited, New Delhi for the year ended 31st March 2013 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/-

(Brij Mohan)

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

Place: New Delhi

Dated: 14th June, 2013

Balance Sheet as at 31st March, 2013

(Amount in ₹)

Particulars	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
(1) Share Holder's Funds			
(a) Share Capital	3	500000	500000
(b) Reserves & Surplus	4	(34034)	(34034)
		465966	465966
(2) Current Liabilities			
Payable to Powergrid(Holding company)	5	205435581	194658,933
Other Current Liabilities	5	142626	-
		205578207	194658933
Total		206044173	195124899
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets		-	-
(ii) Capital Work in Progress	6	206034611	195115077
		206034611	195115077
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	7	9562	9822
		9562	9822
Total		206044173	195124899
Accounting policies	2.1		
Other Notes on accounts	12 to 26		
The accompanying notes are an integral part of the financial statements			

As per our report of even date
For & On Behalf of
T. Gandhi & Co.
CHARTERED ACCOUNTANTS
Firm Reg No. 00008535

T. Gandhi
Partner
Mem No. 025495

Place: Bangalore
Date: 21st May, 2013

For and on behalf of Board of Directors

(R. T. Agarwal)
Director

(I. S. Jha)
Chairman-part time

Place: Gurgaon
Date: 21st May, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in ₹)

Particulars	Note No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
I. Revenue from Operations			
(a) Consultancy Income		-	-
II. Other Income			
Other Income		-	-
III. Total (I+II)		-	-
IV. EXPENSES			
Employee benefit Expenses	8	-	-
Finance costs	9	-	-
Administration & other expenses	10	-	-
Preliminary Expenses		-	34034
Total		-	34034
V. Profit before exceptional and extraordinary items and tax (III-IV)		-	(34034)
VI. Exceptional itmes/ Prior Period Expense		-	-
VII. Profit before exceptional and extraordinary items and tax (V-VI)		-	(34034)
VIII. Extraordinary itmes		-	-
IX. Profit Before Tax (VII-VIII)		-	(34034)
X. Tax Expenses			
(1) Current Tax			
for current year		-	-
for earlier year		-	-
(2) Deferred Tax		-	-
XI. Profit/(Loss) for the period (IX-X)		-	(34034)
XII. Earnings per equity shares:			
(1) Basic		-	-
(2) Diluted		-	-
Expenditure during construction period	11	10381748	195115077
Accounting policies	2.1		
Other Notes on accounts	12 to 26		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For & On Behalf of

T. Gandhi & Co.

CHARTERED ACCOUNTANTS

Firm Reg No. 00008535

T. Gandhi

Partner

Mem No. 025495

Place: Bangalore

Date: 21st May, 2013

For and on behalf of Board of Directors

(R. T. Agarwal)

Director

(I. S. Jha)

Chairman-part time

Place: Gurgaon

Date: 21st May, 2013

Cash Flow Statement for the year ended 31st March, 2013

(Amount in ₹)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) as per Profit & Loss A/c	-	(34034)
Prior Period Expenses/ Preliminary expenses	-	-
Operating profit before working capital changes	-	(34034)
Adjustment For Increase/Decrease in:		
Other Current Assets	-	-
Short Term Loans & Advances	-	-
Current Liabilities & Provisions	10919274	194658933
Total	10919274	194624899
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital Work in Progress	(10919534)	(195115077)
Total	(10919534)	(195115077)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Issue of Share Capital	-	500000
Total	-	500000
NET INCREASE/(DECREASE) IN CASH FLOW (A+B+C)	(260)	9822
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	9822	-
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	9562	9822
Cash on hand and balance with banks	9562	9822
Other Cash and Cash Equivalentents	-	-

As per our report of even date
For & On Behalf of
T. Gandhi & Co.
CHARTERED ACCOUNTANTS
Firm Reg No. 00008535

T. Gandhi
Partner
Mem No. 025495

Place: Bangalore
Date: 21st May, 2013

For and on behalf of Board of Directors

(R. T. Agarwal)
Director

(I. S. Jha)
Chairman-part time

Place: Gurgaon
Date: 21st May, 2013

Notes to Financial Statements for the period ended 31st March, 2013

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 (PFCCL), (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 through the states of Tamil Nadu and Karnataka (Project). The Company was taken over by Power Grid Corporation of India Ltd. on 29/03/2012.

2 Basis of Preparation

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956.

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.

2.1 Summary of Significant Accounting Policies

a. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

b. 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.

c. Depreciation / Amortisation

Depreciation on assets is provided on Straight Line 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 ₹ 5000/- are fully depreciated.

d. 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.

e. Expenditure incurred by Holding Company

Expenditure incurred by the company for the Project is financed by the Holding Company (Power Grid Corporation of India Ltd.) and considered as current liabilities.

f. Preliminary Expenses

Preliminary expenses has been charged to the Profit & Loss account in the year in which such expenditure has been incurred.

g. Borrowing Costs

Borrowing cost is charged to the profit & loss account for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

h. 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.

i. 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

Particulars	(Amount in ₹)	
	As at 31 st March, 2013	As at 31 st March, 2012
Authorised :		
50000 Equity shares of ₹10/- each	500000	500000
Issued, subscribed and fully paid up shares :		
50000 Equity shares of ₹10/- each fully paid-up	500000	500000
Total Issued, subscribed and fully paid up share capital	500000	500000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Description	(Amount in ₹)			
	For the year ended 31 st March, 2013		For the year ended 31 st March, 2012	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
Equity Shares				
At the beginning of the period	50000	500000	-	-
Issued During the period	-	-	50000	500000
Outstanding at the end of the period	50000	500000	50000	500000

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:

Description	(Amount in ₹)	
	As at 31 st March, 2013	As at 31 st March, 2012
Power Grid Corporation Limited, the Holding Company		
50000 equity shares of ₹ 10 each fully paid	500000	500000

d. Details of shareholders holding more than 5% shares in the company

	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	50000	100%	50000	100%
Power Grid Corporation Limited, the Holding Company	50000	100%	50000	100%

* Out of 50,000 equity shares 600 shares are held by nominees of Power Grid Corporation of India limited on its behalf.

4 RESERVES & SURPLUS

Description	(Amount in ₹)	
	As at 31 st March, 2013	As at 31 st March, 2012
Surplus(Deficit) in the statement of Profit and Loss Account		
As per Las balancesheet	(34034)	-
Add: Additions	-	(34034)
Closing balance	(34034)	(34034)

5 Other Current Liabilities

(Amount in ₹)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Payable to Power Grid	205435581	194658933
Deposits Retention money from contractors and others.	70439	-
Payable to Contractors - Survey contract work	30861	-
Audit Fees Payable	35393	-
TDS Payable	3933	-
Others	2000	-
Total	205578207	194658933

6 Capital Work in Progress

(Amount in ₹)

Description	As at 31st March, 2012	Additions	Adjustments	capitalised during the year	As at 31st March, 2013
i) Survey Investigation Consultancy Charges	-	339802	-	-	339802
ii) Expenditure during Construction	195115077	10381748	(197984)	-	205694809
Total	195115077	10917534	(197984)	-	206034611
Previous Year	-	195115077	-	-	195115077

7 Cash and Cash Equivalents

(Amount in ₹)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Balances with banks:		
On current accounts	9562	9822
Total	9562	9822

8 Employee benefit Expenses

(Amount in ₹)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Manpower Charges	561103	22810751
	561103	22810751
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 11 Line (i)	561103	22810751
Total	-	-

9 Finance Cost

(Amount in ₹)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Finance charges	3826403	1462000
	3826403	1462000
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 11 Line (ii)	3826403	1462000
Total	-	-

10 Administration and Other Expenses

(Amount in ₹)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Audit Fees	39326	39326
Certification Charges	-	22472
Professional Charges	197630	165511709
Conference Charges	-	29554
Printing & Stationary	108643	59233
Advertisement	812681	2678014
Vehicle Hiring	250414	119739
Survey & Studies Expenses	-	1628236
Legal & Filing Charges	-	600
Tour & Travelling	128995	79066
Tender Expenses	147314	-
CERC Application fee and Other Charges	4200000	-
Other Administrative Expenses	109239	674377
	<u>5994242</u>	<u>170842326</u>
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 11 Line (iii)	5994242	170842326
Total	<u>-</u>	<u>-</u>

11 Incidental Expenditure During Construction (IEDC)

(Amount in ₹)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Employee benefit Expenses	561103	22810751
Finance Cost	3826403	1462000
Administration and Other Expenses	5994242	170842326
Total	<u>10381748</u>	<u>195115077</u>

Administration and Other Expenses(IEDC) includes a sum of ₹25,00,000/- paid to CERC towards application fee for adoption of transmission charges.

12 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.

13 The details of Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri I S Jha	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	04.04.2012
5	Shri Ravi P Singh	Director	29.11.2012	Continuing
6	Shri R N Singh	CEO (Part-time)	29.03.2012	Continuing

- 14 Employees working for the Company are from holding company i.e. M/s Power Grid Corporation of India Limited (PGCIL). The manpower charges ₹ 561103/- of employee are charged by PGCIL on the basis of cost to company based on actual time utilised by the employees for the Company.
- 15 The related expenses are paid by the Holding Company (PGCIL) and charged to the Company. Original Supporting bills in respect of expenditure incurred by the Holding company are retained by them of which copies are available with the Company. The holding company will comply statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to these expenses.
- 16 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 1464120500
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.

17 Auditors Remuneration (including Service Tax)

(Amount in ₹)

S. No.	Particulars	For the year ended 31 st March, 2013
1	Statutory Audit Fees	35000
	Service Tax	4326
	Total	39326

- 18 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.

- 19 The disclosure as per AS 18 – Related Party Disclosure :

The POWERGRID NM Transmission Limited (erstwhile 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 POWERGRID NM Transmission Limited where the POWERGRID nominees exercise control.

Details of Related parties and nature of relationship

S. No.	Nature of Relationship	Name of the Related Party
1	Holding Company (after share purchase agreement dated 29.03.2012)	Power Grid Corporation of India Limited

Details of Related party transactions

(Amount in ₹)

S. No.	Particulars	For the year ended 31 st March, 2013
	POWER GRID CORPORATION OF INDIA LIMITED	
1	Equity Contribution	500000
2	Closing Balances: -	
2(a)	Payable to Power Grid Corporation of India Limited	205435581

Expenditure of ₹ 10721550/- incurred by Powergrid corporation of India limited on behalf of company during the year 2012-13 is directly attributable to the company, not qualified as related party transaction, and has been included in CWIP and depicted as Current Liability.

- 20 The Current Liabilities includes a sum of ₹ 205435581/- due to Holding Company for which no interest has been charged by Holding Company
- 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 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

23 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	For the year ended 31 st March, 2013
1	Nominal Value of share ₹	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax ₹	-
4	Earning per share ₹	-

24 (a) Expenditure in foreign currency – Nil
(b) Income in foreign exchange – Nil

25 Figures have been rounded off to the nearest Rupee unless otherwise stated.

26 The name of the company has been changed from NAGAPATTINAM-MADHUGIRI TRANSMISSION COMPANY LIMITED to POWERGRID NM TRANSMISSION LIMITED during the year.

As per our report of even date

For & On Behalf of

T. Gandhi & Co.

CHARTERED ACCOUNTANTS

Firm Reg No. 0000853S

T. Gandhi

Partner

Mem No. 025495

Place: Bangalore

Date: 21st May, 2013

For and on behalf of Board of Directors

(R. T. Agarwal)

Director

(I. S. Jha)

Chairman-part time

Place: Gurgaon

Date: 21st May, 2013

Auditor's Report

TO

THE MEMBERS OF M/s. POWERGRID NM TRANSMISSION LIMITED.

We have audited the accompanying financial statements of M/s. POWERGRID NM TRANSMISSION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) In the case of the Profit and Loss Account, of the profit/loss (Nil) for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, 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 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 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 comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956;
 - e) 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.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on behalf of **T. Gandhi & Co.,**
Chartered Accountants
Firm Reg No. 000853S

T. Gandhi
Partner

Membership No: 025495

Place: Bangalore

Date: 21st May, 2013

ANNEXURE TO AUDITORS' REPORT OF POWERGRID NM TRANSMISSION LIMITED (REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE)

1. (a) In our opinion and according to information and explanations 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 explanations given to us, provision of para 4(i) (b) of the Companies (Auditors Report) Order, 2003 relating to physical verification of its 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 explanations 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 and 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 explanations 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 (Auditor's Report) Order, 2003 relating to adequate internal control procedure commensurate with the size of company and nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services are not applicable to company.
5. According to the information and explanation given to us, there are no transitions 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 the 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 their consecutive financial years immediately preceding the financial year concerned, the provision of para 4 (vii) of the companies (Auditor's 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's Report) Order, 2003 relating to maintaining of cost records under section 209 (1)(d) of the companies act is not applicable to the company.
9. (a) According to the 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. Power Grid Corporation of India Limited. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March ,2013 for a period of more than six months from the date they become payable.
- (b) According to the 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 not having any accumulated losses, since business is not started at the end of the current financial year. All the expenses are incurred are capitalizing .And not having any cash losses in the current financial year. Previous loss of ₹ 34,034/- is on account of 100% write off of preliminary expenditure.
11. According to the records made available to us and information and explanation given by the management, the company has not taken any loan, from any financial institutions 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 information and explanation given to us, provision of para 4 (xii) of the companies (Auditor's 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 the information and explanations given to us, the company is not a chit fund, Nidhi/Mutual benefit,

Trust/society. According, provision of para 4 (xiii) of the companies (Auditor's Report) Order, 2003 is not applicable to company.

14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments and hence the requirement of para 4 (xiv) of the companies (Auditor Report) Order, 2003 is not applicable to company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from the Banks or 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 (Auditor Report) Order, 2003 are not applicable to company.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet and cash Flow statement of the company, we report that current liabilities of ₹ 20,54,35,581/- have been used for long term investment purposes.
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 the information and explanations given to us the company does not have any debentures and hence the requirement of para 4 (xix) of the companies (Auditor Report) Order, 2003 are not applicable to company.
20. According to the information and explanations 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 course of our audit.

For and on behalf of **T. Gandhi & Co.,**
Chartered accountants
Firm Reg No. 000853S

T. Gandhi
Partner
Membership No 025495

Place: Bangalore

Date: 21st May, 2013

**Powergrid
Vemagiri Transmission
Limited -
Subsidiary Company**

DIRECTORS' REPORT

To,

The Members,

POWERGRID Vemagiri Transmission Limited was incorporated to establish transmission system associated with IPPs of Vemagiri Area: Package – A. The transmission system comprises of 765 kV D/C line which is to traverse the State of Andhra Pradesh. Application for grant of transmission license and adoption of transmission charges have been filed before CERC and Order of CERC is awaited.

Board of Directors

During the year Shri R. P. Sasmal, Director (Operations), POWERGRID has been appointed as an Additional Director of the Company w.e.f. 29th November, 2012.

At present Shri R. T. Agarwal, Shri I. S. Jha, Shri V. Sekhar and Shri R. P. Sasmal are on the Board of the Company.

Auditors

M/s. S. B. S. Murthy & Co., Chartered Accountants, Hyderabad, were appointed as Statutory Auditors of the company for the year 2012-13 by Comptroller & Auditor General of India.

Comptroller and Auditor General's Comments:

Comptroller and Auditor General vide its letter dated 14th June, 2013 decided not to review the report of Statutory Auditors on the accounts of the Company for the year ended 31st March, 2013. Copy of the letter received is annexed as 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 annual accounts for the year ended 31st March, 2013 the applicable accounting standards had been followed and no material departure have been made under the same;
- 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 that period;
- iii) that the Directors had 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 had prepared accounts for year ended 31st March, 2013 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 Auditors of the Company.

For and on behalf of
POWERGRID VEMAGIRI TRANSMISSION LIMITED.

sd/-
(R. T. Agarwal)
Chairman

Date: 31st July, 2013.

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 POWERGRID VEMAGIRI TRANSMISSION LIMITED, NEW DELHI FOR THE YEAR ENDED 31st MARCH, 2013

The preparation of financial statement of Powergrid Vemagiri Transmission Limited, New Delhi, for the year ended 31st March 2013 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 21st May 2013.

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 Powergrid Vemagiri Transmission Limited, New Delhi for the year ended 31st March 2013 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/-

(Brij Mohan)

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

Place: New Delhi
Dated: 14th June, 2013



पावरग्रिड

Balance Sheet as at 31st March, 2013

(Amount in ₹)

Description	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	500000	500000
(b) Reserves & Surplus	2	(28033)	(28033)
		471967	471967
(2) Current Liabilities			
Trade payables	3	-	162547024
Other Current Liabilities	4	192087871	16600765
Short Term Provisions	5	1500	-
		192089371	179147789
Total		192561338	179619756
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets			-
(ii) Capital Work in Progress	6	192541888	179600306
		192541888	179600306
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	7	19450	19450
		19450	19450
Total		192561338	179619756
Accounting policies	13		
Notes to accounts	14		

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For S.B.S. MURTHY & CO.,
 CHARTERED ACCOUNTANTS
 ICAI Firm Reg. No:002213S

S. B. Srinivasa Murthy
 (Partner)
 Membership No. 026755

(R T Agarwal)
 Chairman-part time

(I S Jha)
 Director

Place : Gurgaon
 Date : 21st May, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in ₹)

Description	Note No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
I. Revenue from Operations			
(a) Consultancy Income		-	-
II. Other Income			
Other Income		-	-
III. Total (I+II)		-	-
IV. EXPENSES			
Employee benefit Expenses		-	-
Finance costs		-	-
Administration & other expenses		-	-
Preliminary Expenses		-	28033
Total		-	28033
V. Profit before exceptional and extraordinary items and tax (III-IV)		-	(28033)
VI. Exceptional itmes/ Prior Period Expense		-	-
VII. Profit before exceptional and extraordinary items and tax (V-VI)		-	(28033)
VIII. Extraordinary itmes		-	-
IX. Profit Before Tax (VII-VIII)		-	(28033)
X. Tax Expenses			
(1) Current Tax			
for current year		-	-
for earlier year		-	-
(2) Deferred Tax		-	-
XI. Profit (Loss) for the period (IX-X)		-	(28033)
XII. Earnings per equity shares:			
(1) Basic		-	(0.56)
(2) Diluted		-	(0.56)

Other Income	8
Employee benefit Expenses	9
Finance costs	10
Administration & other expenses	11
IEDC	12
Summary of significant Accounting Policies	13
Notes to accounts	14

The accompanying notes are an integral part of the financial statements

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For **S.B.S MURTHY & CO.**,
CHARTERED ACCOUNTANTS
ICAI Firm Regn. No. 002213S

For and on behalf of the Board of Directors

S. B. Srinivasa Murthy
(Partner)
Membership No. 026755

(R. T. Agarwal)
Chairman-part time

(I. S. Jha)
Director

Place : Gurgaon

Date : 21st May, 2013

Cash Flow Statement For the year Ended 31st March, 2013

(Amount in ₹)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) as per Profit & Loss A/c	-	(28033)
Prior Period Expenses/ Preliminary expenses	-	-
Operating profit before working capital changes	-	(28033)
Adjustment For Increase/Decrease in:		
Trade Payables	(162547024)	162547024
Other current Liabilities	175487106	16560316
Short Term Provisions	1500	40449
TOTAL	12941582	179119756
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital Work in Progress	(12941582)	(179600306)
TOTAL	(12941582)	(179600306)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Issue of Share Capital	-	500000
TOTAL	-	500000
NET INCREASE/(DECREASE) IN CASH FLOW	-	19450
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	19450	-
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	19450	19450
Cash on hand and balance with banks	19450	19450
Other Cash and Cash Equivalents	-	-

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For **S.B.S MURTHY & CO.**,
CHARTERED ACCOUNTANTS
ICAI Firm Regn. No. 002213S

For and on behalf of the Board of Directors

S. B. Srinivasa Murthy
(Partner)
Membership No. 026755

(R. T. Agarwal)
Chairman-part time

(I. S. Jha)
Director

Place : Gurgaon
Date : 21st May, 2013

Note 1 - Share Capital

(Amount in ₹)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Authorised :		
50,000 Equity shares of ₹ 10/- each	500000	500000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹ 10/- each fully paid-up	500000	500000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

Description	For the year ended 31 st March, 2013		For the year ended 31 st March, 2012	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the period	50000	500000	-	-
Issued During the period	-	-	50000	500000
Outstanding at the end of the period	50000	500000	50000	500000

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.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Power Grid Corporation Limited, the Holding Company		
50000 equity shares of ₹ 10 each fully paid	500000	-

d. Details of shareholders holding more than 5% shares in the company

	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	-	-	50000	100%
REC Transmission Projects Company Limited	-	-	-	-
Equity Shares of ₹ 10 each fully paid	50000	100%	-	-
Power Grid Corporation Limited, the Holding Company	50000	100%	50000	100%

* Out of 50000 equity shares 6 shares are held by nominees of Power Grid Corporation of India limited on its behalf.

Note 2 - Reserves and surplus

(Amount in ₹)

Description	As at 31 st March, 2013	As at 31 st March, 2012
Opening Balance-Profit & Loss Account	(28033)	-
Add: Transferred from Statement of Profit & Loss Account	-	(28033)
Total	(28033)	(28033)

Note 3 - Trade payables

(Amount in ₹)

Description	As at 31 st March, 2013	As at 31 st March, 2012
REC Transmission Projects Company Limited	-	162547024
Total	-	162547024

Note 4 - Other Current Liabilities

Description	(Amount in ₹)	
	As at 31 st March, 2013	As at 31 st March, 2012
Payable to PowerGrid Corporation of India Ltd-Holding company	192047871	0
TDS Recovered	-	16560316
Statutory Auditor's fee	40000	40449
Total	192087871	16600765

Note 5 - Short Term Provisions

Description	(Amount in ₹)	
	As at 31 st March, 2013	As at 31 st March, 2012
Provision for expenses (Audit Fees)	-	-
Provision for ROC Filing fees	1500	-
Total	1500	-

Note 6 - Capital Work in Progress

Description	(Amount in ₹)				
	As at 31 st March, 2012	Additions	Adjustments	Capitalised during the year	As at 31 st March, 2013
IEDC	179600306	12941582	-	-	192541888
	179600306	12941582	-	-	192541888
Less: Allocated to Capital Work in Progress	-	-	-	-	-
Total	179600306	12941582	-	-	192541888
Previous year	-	179600306	-	-	179600306

Note 7 - Cash and Cash Equivalents

Description	(Amount in ₹)	
	As at 31 st March, 2013	As at 31 st March, 2012
Balances with banks:		
On current accounts	19450	19450
Total	19450	19450

Note 8 - Other Income

Description	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Income from sale tender documents	500000	9000000
Less: Transferred to Incidental Exp During Constuction Sch 6	500000	9000000
Total	-	-

Note 9 - Employee Benefit Expenses

Description	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Manpower Charges	661928	-
	661928	-
Less: Transferred to Incidental Exp During Constuction Sch 6	661928	-
Total	-	-

Note 10 - Finance Cost

(Amount in ₹)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Finance charges	3044253	550
	3044253	550
Less: Transferred to Incidental Exp During Constuction Sch 6	3044253	550
Total	-	-

Note 11 - Administration and Other Expenses

(Amount in ₹)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Audit Fees	40000	55974
Professional Charges	1686354	188543782
Printing & Stationary	32104	-
Advertisement	1013697	-
Vehicle Hiring	376	-
Telephone charges	70614	-
Legal & Filing Charges	2800880	-
Tour & Travelling	241302	-
Tender Expenses	600000	-
Other Expenses	104330	-
(ii) Exp before take over from REC		
Expenses allocated by REC TPCL	3117654	-
Auditors Remuneration	28090	-
	9735401	188599756
Less: Transferred to Incidental Exp During Constuction Sch 6	9735401	188599756
Total	-	-

Note 12 - Incidental Expenditure During Construction

(Amount in ₹)

Description	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Employee benefit Expenses	661928	-
Finance Cost	3044253	550
Administration and Other Expenses	9735401	188599756
Other Income	(500000)	(9000000)
Total	12941582	179600306

Note 13 - Accounting Policies for the period ended 31st March, 2013

1 Corporate Information

The Company was incorporated on 21/04/2011 under the Companies Act 1956 as a wholly owned subsidiary of RECC Transmission Projects Company Ltd (RECTPCL), (A wholly owned subsidiary of Rural Electrification Corporation Limited). Certificate for Commencement of Business was issued on 08/06/2011. 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 through the states of Andhrapradesh. The Company was taken over by Power Grid Corporation of India Ltd. on 18/04/2012.

2 Basis of Preparation

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956. 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.

2.1 Summary of Significant Accounting Policies

a. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

b. 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.

c. 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.

d. 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.

e. Expenditure incurred by Holding Company

Expenditure incurred by the company for the Project is financed by the Holding Company (Power Grid Corporation of India Ltd.) and considered as current liabilities.

f. Preliminary Expenses

Preliminary expenses has been charged to the Profit & Loss account in the year in which such expenditure has been incurred.

g. Borrowing Costs

Borrowing cost is charged to the profit & loss account for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

h. 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.

i. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

Note 14 - Notes to Financial Statements for the period ended 31st March 2013

- 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 18th April 2012 by the RECTPCL (transferor). After transfer, the company ceases to be a subsidiary of RECTPCL and became a subsidiary of Power Grid Corporation of India Ltd. Thus the Balance Sheet, Profit & Loss Account and Cash Flow Statement along with notes reflect the financial position of the Company as at 31/03/2013.
- The details of Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri R T Agarwal	Chairman (Part-time)	18-Apr-2012	Continuing
2	Shri I S Jha	Director	18-Apr-2012	Continuing
3	Shri R P Sasmal	Director	29-Nov-2012	Continuing
4	Shri V.Sekhar	Director	18-Apr-2012	Continuing
5	Shri Sunil Kumar	Director & Chairman	21-Apr-2011	18-Apr-2012
6	Shri T S C Bosh	Director	21-Apr-2011	18-Apr-2012
7	Shri V K Singh	Director	21-Apr-2011	18-Apr-2012
8	Shri R Y Rao	CEO (Part-time)	18-Apr-2012	Continuing

- Prior to acquisition the related expenses are paid by the RECTPCL and charged to the Company. Original Supporting bills in respect of expenditure incurred by the RECPTL are retained by them of which copies are available with the Company. After taking over, the related expenses are paid by POWERGRID and charged to the Company. Original supporting documents are retained by POWERGRID. The RECTPCL & POWERGRID will comply statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to these expenses.
- The expenditure for taking over the Company were incurred by Power Grid Corporation of India Ltd. and liability in this regard has been shown under the head "Current Liabilities".
- Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 188,01,91,000/-
 - 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.

6 Auditors Remuneration		(Amount in ₹)
S. No.	Particulars	For the year ended 31 st March, 2013
1	Statutory Audit Fees	40000

- 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.
- The disclosure as per AS 18 – Related Party Disclosure :

The Powergrid Vemagiri Transmission Limited is a wholly owned subsidiary of Power Grid Corporation of India Ltd. All key decisions are taken by the Board of Powergrid Vemagiri Transmission 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	POWERGRID CORPORATION OF INDIA LIMITED & RECTPCL	Holding Company
2	RECTPCL	Erstwhile Holding Company

Note 14 - Notes to Financial Statements for the period ended 31st March 2013 (contd...)

Details of Related party transactions

(Amount in ₹)

S.No.	Particulars	2012-13		
		REC	RECTPCL	POWERGRID
1	Equity Contribution	-	-	500000
2	Closing Balances: -	-	-	-
2(a)	Payable to Power Grid Corporation of India Limited	-	-	192047871

Expenditure of ₹ 192047871/- incurred by POWERGRID has been included in CWIP and depicted as Current Liability

- 9 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".
- 10 The Company has paid a sum of ₹ 182793533/- (₹ Eighteen Crore twenty seven lakhs ninety three thousand and five thirty three only) as acquisition price to RECTPCL.
- 11 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

12 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	For the year ended 31 st March, 2013
1	Nominal Value of share (₹)	10
2	Number of Equity shares (No.)	50000
3	Net Profit after tax (₹)	-
4	Earning per share (₹)	-

- 13 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 star
- (a) Expenditure in foreign currency – Nil
- (b) Income in foreign exchange – Nil
- 14 Figures have been rounded off to the nearest Rupee unless otherwise stated.
- 15 The name of the company has been changed from VEMAGIRI TRANSMISSION SYSTEM LIMITED to POWERGRID VEMAGIRI TRANSMISSION LIMITED during the year.

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For S.B.S MURTHY & CO.,
CHARTERED ACCOUNTANTS
ICAI Firm Regn. No. 002213S

For and on behalf of the Board of Directors

S. B. Srinivasa Murthy
(Partner)
Membership No. 026755

(R. T. Agarwal)
Chairman-part time

(I. S. Jha)
Director

Place : Gurgaon
Date : 21st May, 2013

Independent Auditors' Report

To the Members of

POWERGRID VEMAGIRI TRANSMISSION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of POWERGRID VEMAGIRI TRANSMISSION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss Account, for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 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 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 comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) 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.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S.B.S.Murthy & Co.,
Chartered Accountants
ICAI Firm Reg.No:0022135

S.B.Srinivasa Murthy
(Partner)
Membership No. :026755

Place: Gurgaon

Date :21st May, 2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of POWERGRID VEMAGIRI TRANSMISSION SYSTEM LIMITED on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) In our opinion and according to information and explanations 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 explanations given to us, provision of para 4(i) (b) of the Companies (Auditors Report) Order, 2003 relating to physical verification of its 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 explanations 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. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company. However there exists Other current Liabilities on the Balance sheet in the name of POWERGRID CORPORATION OF INDIA LIMITED (Holding company) on account of various expenditure incurred by them. The amount outstanding at the period end and the maximum amount outstanding during the period were as under:-

Company	Balance at the end of the period	Maximum balance during the period
Power Grid Corporation of India Limited	₹ 192047871/-	₹ 192047871/-

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
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 the 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's Report) Order, 2003 is 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's Report) Order, 2003 relating to maintaining of cost records under section 209 (1)(d) of the companies act is not applicable to the company.
9. (a) According to the 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. Power Grid Corporation of India Limited. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March ,2013 for a period of more than six months from the date they become payable.
- (b) According to the 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 is having an accumulated loss of ₹ 28033/-.
11. According to the records made available to us and information and explanation given by the management, the company has not taken any loan, from any financial institutions or bank or debenture holder, hence clause (xi) of 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 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 a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments and hence the requirement of para 4 (xiv) of the companies (Auditor Report) Order, 2003 is not applicable to company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.B.S.Murthy & Co.,
Chartered Accountants
ICAI Firm Reg.No:002213S**

**S.B.Srinivasa Murthy
(Partner)
Membership No. :026755**

**Place: Gurgaon
Date : 21st May, 2013**

CONSOLIDATED FINANCIAL STATEMENTS



पावरग्रिड

Consolidated Balance Sheet as at 31st March 2013

(₹ in Crore)

Particulars	Note No.	As at 31 st	
		March, 2013	March, 2012
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	4629.73	4629.73
(b) Reserves and surplus	2.2	<u>21773.38</u>	<u>18953.48</u>
		26403.11	23583.21
Deferred revenue	2.3	3766.48	2825.92
Non-current liabilities			
(a) Long-term borrowings	2.4	64030.14	50005.73
(b) Deferred tax liabilities (Net)	2.5	1975.03	1594.56
(c) Other long term liabilities	2.6	1036.80	1462.25
(d) Long-term provisions	2.7	<u>469.89</u>	<u>448.95</u>
		67511.86	53511.49
Current liabilities			
(a) Short-term borrowings	2.8	2027.06	1658.28
(b) Trade payables	2.9	258.04	234.60
(c) Other current liabilities	2.10	12620.74	9172.44
(d) Short-term provisions	2.11	<u>796.79</u>	<u>1146.31</u>
		15702.63	12211.63
Total		<u>113384.08</u>	<u>92132.25</u>
II. ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.12	62031.37	47997.70
(ii) Intangible assets	2.13	537.12	324.11
(iii) Capital work in progress	2.14	19256.27	16248.75
(iv) Intangible assets under development	2.15	<u>215.33</u>	<u>93.08</u>
		82040.09	64663.64
(b) Construction stores	2.16	15793.82	12636.77
(c) Non-current investments	2.17	390.63	573.86
(d) Deferred foreign currency fluctuation asset		1716.29	1316.67
(e) Long-term loans and advances	2.18	<u>6002.03</u>	<u>5644.53</u>
		8108.95	7535.06
Current assets			
(a) Current investments	2.19	195.74	199.84
(b) Inventories	2.20	552.85	441.25
(c) Trade receivables	2.21	1491.38	1529.19
(d) Cash and Bank balances	2.22	2678.89	3111.34
(e) Short-term loans and advances	2.23	632.66	525.23
(f) Other current assets	2.24	<u>1889.70</u>	<u>1489.93</u>
		7441.22	7296.78
Total		<u>113384.08</u>	<u>92132.25</u>

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

As per our report of even date

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

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

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

(CA. Jyoti Bagga)
Partner
Membership No. 087002

(CA. R.N.Basu)
Partner
Membership No. 050430

(CA. B.Srinivasa Rao)
Partner
Membership No. 202352

Place: Gurgaon

Date: 28th May, 2013

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

(₹ in Crore)

Particulars	Note No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
I. Revenue from operations	2.25	13163.90	10440.46
II. Other income	2.26	563.22	633.12
III. Total Revenue (I + II)		13727.12	11073.58
IV. Expenses:			
Purchases of stock-in-trade		63.50	
Employee benefits expense	2.27	974.72	921.41
Finance costs	2.28	2599.44	1985.75
Depreciation and amortization expense	2.29	3427.80	2637.39
Transmission, Administration and other Expenses	2.30	911.83	826.46
Total expenses		7977.29	6371.01
V. Profit before Prior period items and tax (III - IV)		5749.83	4702.57
VI. Prior period items (Net)	2.31	(25.80)	12.91
VII. Profit before tax (V - VI)		5775.63	4689.66
VIII. Tax expense:			
(1) Current tax - Current Year	1122.47		938.81
- Earlier years	(22.26)		(2.56)
		1100.21	936.25
(2) Credit for MAT entitelment		(17.66)	-
(3) Deferred tax - Current Year	363.99		450.42
- Earlier years	16.48		-
		380.47	450.42
		1463.02	1386.67
IX. Profit for the year (VII-VIII)		4312.61	3302.99
X. Earnings per equity share:	2.47		
(1) Basic		9.32	7.14
(2) Diluted		9.32	7.14
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

As per our report of even date

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

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

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

(CA. Jyoti Bagga)
Partner
Membership No. 087002

(CA. R.N.Basu)
Partner
Membership No. 050430

(CA. B.Srinivasa Rao)
Partner
Membership No. 202352

Place: Gurgaon
Date: 28th May, 2013

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	5775.63	4689.66
Adjustment for :		
Depreciation (including prior period)	3457.39	2671.98
Transfer from Grants in Aid	(23.06)	(32.29)
Deferred revenue - Advance against Depreciation	(48.82)	(32.72)
Amortised Expenditure(DRE written off)	-	2.41
Provisions	2.75	2.30
Transfer from Self Insurance Reserve	(0.25)	(0.81)
Net Loss on Disposal / Write off of Fixed Assets	6.34	1.39
Interest and Finance Charges	2599.44	1901.32
Provisions Written Back	(59.34)	(40.93)
FERV loss / (gain)	-	84.43
Interest earned on term deposits, bonds and loans to State Govts.	(305.74)	(81.76)
Dividend Received	(1.80)	(1.81)
Operating profit before Working Capital Changes	11402.54	9163.17
Adjustment for :		
(Increase)/Decrease in Inventories	(111.59)	(58.90)
(Increase)/Decrease in Trade Receivables	95.23	(1146.04)
(Increase)/Decrease in Loans and Advances	(210.94)	605.97
(Increase)/Decrease in Other current assets	(591.85)	1583.26
Increase/(Decrease) in Liabilities and Provisions	1996.07	(601.63)
Increase/(Decrease) in Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	(120.48)	(45.11)
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability(Net)	135.33	127.63
	1191.77	465.18
Direct taxes paid	(1135.55)	(1046.36)
Net Cash from operating activities	11458.76	8581.99
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets (including incidental expenditure during construction)	(779.52)	(662.36)
Capital work in progress	(18447.05)	(14176.02)
Construction Stores	(3157.05)	(4169.16)
(Increase)/Decrease in Investments	187.33	177.96
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	7.72	15.42
Lease receivables	(46.32)	183.26
Interest earned on term deposits, bonds and loans to State Govts.	331.84	89.55
Dividend from JV Companies (Adj. through Surplus Account)	48.16	44.72
Dividend received	1.80	1.81
Net cash used in investing activities	(21853.09)	(18494.82)

Consolidated Cash Flow Statement for the year ended 31st March, 2013 (contd...)

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised during the year	18200.05	14680.43
Loans repaid during the year	(4313.30)	(3760.46)
Interest and Finance Charges Paid	(2297.02)	(1543.82)
Dividend paid	(1400.05)	(996.89)
Dividend Tax paid	(227.80)	(160.96)
Net Cash from Financing Activities	9961.88	8218.30
D. Net change in Cash and Cash equivalents(A+B+C)	(432.45)	(1694.53)
E. Cash and Cash equivalents(Opening balance)	3111.34	4805.87
F. Cash and Cash equivalents(Closing balance)	2678.89	3111.34

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

As per our report of even date

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

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

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

(CA. Jyoti Bagga)
Partner
Membership No. 087002

(CA. R.N.Basu)
Partner
Membership No. 050430

(CA. B.Srinivasa Rao)
Partner
Membership No. 202352

Place: Gurgaon

Date: 28th May, 2013

Note 1 - 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 affected, capitalization 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 levelling, 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, discount on bonds, 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.

1.10 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 Foreign Exchange Rate Variation (FERV) arising on settlement / translation of foreign currency loans relating to fixed assets/ capital work-in-progress are adjusted to the carrying cost of related assets.
- 1.10.3 FERV accounted for as per policy no 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 the CERC norms is accounted for as follows:

- a) FERV recoverable/payable adjusted to carrying cost of fixed assets 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'
 - b) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
 - c) 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 trade receivables.
- 1.10.4 FERV earlier charged to Statement of Profit and Loss & included in the capital cost for the purpose of tariff 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 in the transmission charges.
 - 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 recognised 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 REVENUE RECOGNITION

- 1.13.1 Transmission Income is accounted for based on tariff orders notified by the 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 the CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by the 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 the CERC.
 1.13.2 Income from short term open access is accounted for on the basis of regulations notified by the CERC.
 1.13.3 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 the CERC.

1.13.4 ADVANCE AGAINST DEPRECIATION

- 1.13.4.1 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.
 1.13.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after twelve 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 in the accounts.
 1.13.5 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.
 1.13.6 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.
 1.13.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
 1.13.8 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 the issue of Notice Inviting Tender for execution
 b. 5% on the Award of Contracts for execution
 c. Balance 85% on the basis of actual progress of work including supplies
 1.13.9 Income from Sale of Goods is recognized on the transfer of significant risks and reward of ownership to the buyer.
 1.13.10 Application Fees received on account of Long Term Open Access (LTOA) Charges is accounted for as and when received in accordance with CERC Guidelines.
 1.13.11 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
 1.13.12 Dividend income is recognized when right to receive payment is established.

1.14 LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 1.14.1 State sector unified load dispatch centre (ULDC) assets leased to the beneficiaries 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.
 1.14.2 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 the CERC.
 1.14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

1.15 DEPRECIATION / AMORTIZATION

- 1.15.1 Depreciation / amortization is provided on straight line method following the rates and methodology notified by the 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%

- 1.15.2 ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levellised tariff.
 1.15.3 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.

- 1.15.4 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.
- 1.15.5 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 at the rates and methodology as specified by the CERC Tariff Regulations, 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.
- 1.15.6 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.
- 1.15.7 Other fixed assets costing upto ₹ 5000/- are fully depreciated in the year of acquisition.
- 1.15.8 Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised.
- 1.15.9 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.

1.16 EXPENDITURE

- 1.16.1 Pre-paid/prior-period expenses/Income of items up to ₹100000/- are charged to natural heads of account.
- 1.16.2 Expenditure of research and development, other than Capital Expenditure , are charged to revenue in the year of incurrence.
- 1.16.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred.

1.17 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 Statement of profit & loss. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

1.18 EMPLOYEE BENEFITS

- 1.18.1 Company contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the Statement of Profit and Loss. The same is paid to a fund administered through a separate trust.
- 1.18.2 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.
- 1.18.3 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.
- 1.18.4 Short term employee benefit are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.
- 1.18.5 Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss.

1.19 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 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.

1.20 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.

Note 2.1 - Share capital

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Equity Share Capital		
Authorised Capital		
10000000000 equity shares of ₹ 10/- each	10000.00	10000.00
Issued, Subscribed and paid up		
4629725353 (Previous Year 4629725353) 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 st March, 2013		For the year ended 31 st March, 2012	
	No.of Shares	Amount (₹ in crore)	No.of Shares	Amount (₹ in crore)
Shares outstanding at the beginning of the year	4629725353	4629.73	4629725353	4629.73
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>4629725353</u>	<u>4629.73</u>	<u>4629725353</u>	<u>4629.73</u>

- 2) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Company.
- 3) The Government of India holds 3214024212(Previous Year 3214024212) 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

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Securities Premium Reserve		
As per last balance sheet	4875.15	4875.15
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	<u>4875.15</u>	<u>4875.15</u>
Bonds Redemption Reserve		
As per last balance sheet	3224.03	2568.04
Additions during the year	1166.79	969.49
Deductions during the year	385.53	313.50
Closing Balance	<u>4005.29</u>	<u>3224.03</u>
Self Insurance Reserve		
Through appropriation		
As per last balance sheet	251.38	211.45
Additions during the year	53.58	43.85
Deductions during the year	0.46	3.92
Closing Balance	<u>304.50</u>	<u>251.38</u>

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

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Through charge to Profit		
As per last balance sheet	69.31	66.20
Additions during the year	-	3.92
Deductions during the year	0.35	0.81
Closing Balance	68.96	69.31
	373.46	320.69
Corporate Social Responsibility(CSR) Activity Reserve		
As per last balance sheet	-	13.22
Additions during the year	11.26	-
Deductions/Adjustments during the year	(15.26)	13.22
Closing Balance	26.52	-
General Reserve		
As per last balance sheet	10450.75	8988.08
Additions during the year	1911.39	1459.61
Deductions during the year	-0.22	-3.06
Closing Balance	12362.36	10450.75
Load Despatch & Communication (LDC) Development Fund		
As per Last Balance Sheet	70.24	46.29
Additions during the year	38.14	23.95
Deductions during the year	-	-
Closing Balance	108.38	70.24
Capital Reserve		
As per Last Balance Sheet	1.85	0.70
Additions during the year	-	1.26
Deductions during the year	0.12	0.11
Closing Balance	1.73	1.85
Short Term Open Access(STOA) Reserve		
As per Last Balance Sheet	-	-
Additions during the year	276.34	219.88
Deductions during the year (being utilisation of STOA income (Net of Taxes) (Note No.2.25) in accordance with the CERC (Open Access inter state transmission) Regulations, 2008 as amended upto date)	276.34	219.88
Closing Balance	-	-
	21752.89	18942.71
Surplus(Balance in statement of Profit and loss)		
As per last balance sheet	10.77	18.73
Add:Additions		
Profit after tax as per Statement of Profit and Loss	4312.61	3302.99
Transfer from Bond Redemption Reserve	385.53	313.50
Transfer from STOA Reserve	276.34	219.88
Transfer from Self Insurance Reserve	0.46	-

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

(₹ in Crore)

Particulars	As at 31 st March,2013	As at 31 st March, 2012
CSR Activities Reserve	-	13.22
Dividend Adjustment	48.16	44.72
Dividend tax adjusted	-	0.50
Less: Appropriations		
STOA Reserve	276.34	219.88
Bonds Redemption Reserve	1166.79	969.49
CSR Activities Reserve	26.52	-
LDC Development Reserve	38.14	23.95
Self Insurance Reserve	53.58	43.85
Dividend tax adjusted	0.73	-
General Reserve	1911.39	1459.61
Interim dividend	778.64	399.06
Dividend tax on Interim dividend	126.27	65.46
Proposed Dividend	542.74	621.41
Dividend tax on Proposed Dividend	92.24	100.06
Closing Balance	20.49	10.77
TOTAL	21773.38	18953.48

Note 2.3 - Deferred Revenue

(₹ in Crore)

Particulars	As at 31 st March,2013	As at 31 st March, 2012
a) Advance Against Depreciation	2143.34	2192.16
b) Grants in aid	117.53	140.59
c) Deferred income/(expenditure) from Foreign Currency Fluctuation(Net)	1505.61	493.17
TOTAL	3766.48	2825.92

Note 2.4-Long-term borrowings

(₹ in Crore)

Particulars	As at 31 st March,2013	As at 31 st March, 2012
A) BONDS		
A1) Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)		
A1.1 i) Bonds of ₹ 10 Lakh each		
XXXIX Issue- 9.40% redeemable at par on 29.03.2027	1800.00	1800.00*
XXXVIII Issue- 9.25% redeemable at par on 09.03.2027	855.00	855.00*
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.		
ii) Bonds of ₹ 1.5 crore each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
XLI Issue-8.85% redeemable w.e.f. 19.10.2016	2842.50	-
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.		

(₹ in Crore)

Note 2.4-Long-term borrowings (contd...)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
iii) Bonds of ₹ 1.50 crore each, consisting of 15 STRPPs of ₹ 10.00 Lakhs each redeemable at par in 15 (fifteen) equal annual instalments XXXVI Issue- 9.35% redeemable w.e.f. 29.08.2016	3090.00	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.		
iv) Bonds of ₹ 1.5 crore each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments. XL Issue-9.30% redeemable w.e.f. 28.06.2016	3997.50	-
XXXVII Issue- 9.25% redeemable w.e.f 26.12.2015	1995.00	1995.00
XXXV Issue- 9.64% redeemable w.e.f 31.05.2015	1957.50	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	948.75	1035.00
XXXI Issue- 8.90% redeemable w.e.f 25.02.2014	1876.88	2047.50
XXX Issue- 8.80% redeemable w.e.f 29.09.2013	2138.12	2332.50
XXIX Issue- 9.20% redeemable w.e.f 12.03.2013	1081.25	1189.37
XXVIII Issue- 9.33% redeemable w.e.f 15.12.2012	2000.00	2200.00
XXVII Issue- 9.47% redeemable w.e.f 31.03.2012	528.75	587.50
XXVI Issue- 9.30% redeemable w.e.f 07.03.2012	749.25	832.50
XXV Issue- 10.10% redeemable w.e.f 12.06.2011	798.75	887.50
XXIV Issue- 9.95% redeemable w.e.f 26.03.2011	533.00	599.63
XXIII Issue- 9.25% redeemable w.e.f 09.02.2011	205.00	230.63
XXII Issue- 8.68% redeemable w.e.f 07.12.2010	460.00	517.50
XXI Issue- 8.73% redeemable w.e.f 11.10.2010	340.00	382.50
XX Issue- 8.93% redeemable w.e.f 07.09.2010	1000.00	1125.00
XIX Issue- 9.25% redeemable w.e.f 24.07.2010	330.00	371.25
XVIII Issue- 8.15% redeemable w.e.f 09.03.2010	582.75	666.00
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.		
v) Bonds of ₹ 1.00 crore each, consisting of 10 STRPPs of ₹ 10.00 Lakhs each redeemable at par in 10 (ten) equal annual instalments. XVII Issue- 7.39% redeemable w.e.f 22.09.2009	500.00	600.00
XVI Issue- 7.10% redeemable w.e.f 18.02.2009	300.00	375.00
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.		
vi) Bonds of ₹ 1.5 crore each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments. XV Issue-6.68% redeemable w.e.f. 23.02.2008	375.00	450.00
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.		
A1.2 Bonds of ₹ 1.5 crore each consisting of 12 STRPPs of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments XIII issue-8.63% redeemable w.e.f 31.07.2006	270.00	337.50
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		
A1.3 Bonds of ₹ 1.5 crore each consisting of 12 STRPPs of ₹ 12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments		

Note 2.4-Long-term borrowings (contd...)

(₹ in Crore)

Particulars	As at 31 st March,2013	As at 31 st March, 2012
XII issue-.9.70% redeemable w.e.f 28.03.2006	46.12	61.50
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 and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System		
A1.4 Bonds of ₹ 3 crore each consisting of 12 STRPPs of ₹ 25 lakh each redeemable at par in 12 (twelve) equal annual instalments		
XI issue-9.80% redeemable w.e.f 07-12-2005	135.75	181.00
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 Anta,Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahbad, LILO of Singraulli-Kanpur and Allahbad Sub-Station		
Bonds of ₹.1000/-each redeemable at par in 10(Ten) equal annual instalments		
A1.5 VIII issue-10.35% redeemable w.e.f. 27.04.2005	2.00	4.00
Secured by floating charge over the Fixed Assets of the Company		
Bonds of ₹ 1.5 crore each consisting of 12 STRPPs of ₹ 12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
A1.6 XIV issue-6.10% redeemable w.e.f 17.07.2004	116.50	174.75
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.		
A1.7 Bonds of ₹ 12 lakh each redeemable at par in 12 (twelve) equal annual instalments		
X issue-10.90% redeemable w.e.f 21.06.2004	126.92	190.38
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-Farakka & Chamera Transmission system		
	38349.79	33443.51
A2) To be Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)		
A2.1 Redeemable Bonds of ₹ 10 Lakh each		
XLII Issue-8.80% redeemable at par on 13.03.2023	1990.00	-
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.		
	1990.00	-
A3) Unsecured		
A3.1 Redeemable Foreign Currency Bonds		
3.875% Foreign Currency Bonds to be redeemed at par on 17.01.2023	2745.50	-
Total (A)	43085.29	33443.51
B) Term loans from Banks		
B1) Rupee Loan (Secured)		
B1.1 i) Corporation Bank	-	5.00
ii) Punjab National Bank-Loan-II	50.00	75.00
iii) Oriental Bank of Commerce	41.67	62.50
Secured by a floating charge on the fixed assets of the Company		
B1.2 i) Line of Credit (LOC) from State Bank of India	1500.00	1000.00*
Secured by way of pari passu charge on asset of the company except investments, Land and Buildings and Current Assets.		

Note 2.4-Long-term borrowings (contd...)

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
ii) State Bank of India	102.13	113.81
iii) Central Bank of India	32.22	35.33
iv) Jammu and Kashmir Bank	21.48	23.56
v) Punjab National Bank	42.95	47.11
Secured by a Hypothecation of JV Company (JayPee Power Grid Ltd and Powerlinks Transmission Ltd.) Movable assets, Intangible Assets and Current assets		
vi) Bank of Baroda	42.41	47.70
Secured by first pari passu charge over the Movable assets of JV Company (Torrent Powergrid Ltd.)		
vii) Other Banks	83.00	60.94
Secured by First mortgage and charge on all the immovable and movable assets of JV Company (Teestavalley Power Transmission Ltd.)		
Total (B1)	1915.86	1470.95
B2) Foreign Currency Loans(Secured)		
B2.1 Bank of India Cayman Islands	260.10	271.73
Secured by a Floating charge on the immovable properties of the company		
B2.2 i) Nordic Investment Bank (PIL5120)	556.71	470.19*
ii) ADB-VIII (2788-IND)	124.86	
Secured by pari passu interest in the liens created on the assets as security for the debts.		
iii) Asian development Bank	59.90	71.88
Secured by first paripasu charge on tangible/ intangible, all movable assets & current assets of JV Company (Powerlinks Transmission Ltd.)		
Guaranteed by Government of India		
B2.3 From Asian Development Bank (ADB)		
ADB-I (1405-IND)	146.15	262.05
ADB-II (1764-IND)	892.71	919.02
ADB-III (2152-IND)	1847.57	1768.63
ADB-IV (2415-IND)	1764.94	1348.74*
ADB-V (2510-IND)	518.64	340.14*
From International Bank for Reconstruction and Development (IBRD)		
PSDP-II (4603-IN)	1489.44	1542.33
PSDP-III (4813-IN)	1861.59	1859.81
PSDP-IV (4890-IN)	2970.23	2685.06
PSDP-IV (Addl.) (7593-IN)	1668.72	1486.81
PSDP-V (7787-IN)	1706.89	878.91
Secured by pari passu interest in the lien created on the assets as security for the debts.		
B2.4 PSDP-I (3577-IN)	-	70.06
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyaachal and Rihand Transmission system.		
Total B2	15868.45	13975.36

Note 2.4-Long-term borrowings (contd...)

(₹ in Crore)

Particulars	As at 31 st March,2013	As at 31 st March, 2012
B3) Foreign Currency Loans(To Be Secured)		
B3.1 From Asian Development Bank (ADB) (Guaranteed by Government of India)		
ADB-VI (2823-IND)	96.05	-
ADB-VII (2787-IND)	212.61	-
B3.2 From Other Banks		
International Finance Corporation	1208.02	-
ICF Debt Pool LLP	274.55	-
To be Secured by pari passu interest in the lien created on the assets as security for the debts.		
Total B3	1791.23	-
B4) Foreign currency loans (Unsecured)		
B4.1 Skandinaviska Enskilda Banken AB(publ) Sweden	67.03	82.52
AB Svensk Exportkredit,Sweden	382.42	-
B4.2 Guaranteed by Government of India		
Natixis Banque (Formerly Credit National) France	98.01	104.68
Japan International Cooperation Agency(Formerly Japan Bank for International Cooperation) Japan	138.43	161.09
European Investment Bank Luxembourg	-	21.29
Total (B4)	685.89	369.58
Total B	20261.43	15815.89
C Term Loan From Others		
Rupee Loans (Secured)		
C1 Life Insurance Corporation of India-II	110.32	171.10
Life Insurance Corporation of India-III	3.32	9.91
Secured by a floating charge on the fixed assets of the Company.		
International Finance Corporation	67.37	80.84
IDFC	50.61	60.74
Secured by way of first charge ranking paripasu on tangible/intangible on all movable assets & current assets of JV company (Powerlinks Transmission Ltd)		
Power Finance Corporation Limited	411.97	323.75
Rural Electrification corporation	39.83	20.88
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)		
	683.42	667.22
Foreign Currency Loan (Unsecured)		
C2 Kreditanstalt fur Wiederaufbau Germany	-	79.11
		79.11
Total C	683.42	746.33
TOTAL (A TO C)	64030.14	50005.73

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.

*In previous year shown as to be secured. Securities for these are created in Current Year.

Note 2.5 - Deferred tax liabilities (Net)

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Deferred Tax liability		
Towards Fixed Assets(Net) (A)	5549.19	5099.25
Deferred Tax Assets		
Income during Construction Period	86.58	44.26
Self Insurance Reserve	22.22	21.21
Provisions allowable on payment basis	68.82	143.27
Advance Against Depreciation	711.78	695.55
Others	9.48	3.13
Sub-total (B)	898.88	907.42
Deferred Tax Liability (Net) (A-B)	4650.31	4191.83
Less : Recoverable from Beneficiaries	2675.28	2597.27
Net Deferred Tax Liability	1975.03	1594.56

Net increase in deferred tax liability of ₹380.47 Crore (Previous year ₹450.42 Crore) has been charged to the Statement of Profit and Loss.

Note 2.6 - Other Long term liabilities

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Other liabilities		
i) Deposits /Retention money from contractors and others.	512.84	614.19
Less: Investments held as security	-	0.34
	512.84	613.85
ii) Advance from customers (Consultancy contracts)	448.53	471.84
iii) Dues for Capital Expenditure	28.53	304.08
iv) Others	46.90	72.48
Total	1036.80	1462.25

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 at 31st March, 2013 and as at 31st March, 2012.

Note 2.7 - Long-term provisions

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Employee Benefits		
As per last balance sheet	448.95	340.82
Additions during the year	449.29	108.21
Amounts utilised/paid during the year	428.35	0.08
Closing Balance	469.89	448.95
TOTAL	469.89	448.95

Note 2.8 - Short-term borrowings

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Short Term Loans		
From Banks		
Secured*	6.97	8.28
Unsecured	2000.00	1650.00
From Others		
Unsecured	20.09	-
Total	2027.06	1658.28

* Secured by hypothecation of fixed deposits and movable assets of the Joint Venture Companies

Note 2.9 - Trade payables

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
For goods and services	258.04	234.60
Total	258.04	234.60

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 at 31st March, 2013 and as at 31st March, 2012.

Note 2.10 - Other current liabilities

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A) Current maturities of Long Term borrowings		
Secured		
Bonds	1933.71	1540.11
Rupee Term Loans	170.81	219.04
Foreign Currency Loans	849.44	708.41
	2953.96	2467.56
Unsecured		
Rupee Term Loans	-	5.00
Foreign Currency Loans	222.24	218.87
	222.24	223.87
B) Interest Accrued But Not Due On borrowings From		
Indian Banks Financial Institutions & Corporations	29.76	29.02
Foreign Banks & Financial Institutions	40.10	41.47
Secured/Unsecured redeemable Bonds	1588.94	1211.97
	1658.80	1282.46
C) Others		
i) Dues for Capital Expenditure	2822.24	1224.49
ii) Employee related liabilities	68.44	4.34
iii) Unpaid matured bonds	0.09	0.08
iv) Unclaimed Dividends	8.46	5.93
v) Deposits/Retention money from contractors and others.	2183.29	1586.67
Less: Investments held as security	5.98	0.75
	2177.31	1585.92
vi) Advance from customers (Consultancy contracts)	2230.48	1819.53
vii) Statutory dues	118.25	76.09
viii) Related parties	22.99	30.04
ix) Liabilities in respect of designated a/c operated and maintained in terms of CERC Regulations	203.75	426.64
x) Others	133.73	25.49
	7785.74	5198.55
Total	12620.74	9172.44

Further notes:

Breakup of related parties is provided in Note 2.45(b)

Note 2.11 - Short-term provisions

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
a) Employee Benefits		
i) Transmission incentive/special incentive		
As per last balance sheet	225.58	199.47
Addition during the year	137.62	137.22
Amount paid/adjusted during the year	232.51	111.11
Closing Balance	130.69	225.58
ii) Retirement benefit/Wage revision		
As per last balance sheet	100.75	67.32
Additions during the year	-	33.43
Amounts utilised/paid during the year	100.75	-
Closing Balance	-	100.75
iii) Other Employee Benefits (Leave Encashment, Settlement Allowance and Long Service Award etc.)		
As per last balance sheet	26.51	29.86
Additions during the year	23.08	9.99
Amounts utilised/paid during the year	22.22	13.34
Closing Balance	27.37	26.51
Total (A)	158.06	352.84
b) Others		
i) Taxation (Including interest on Tax)		
As per last balance sheet	51.26	1600.53
Additions during the year	1122.47	938.81
Amount adjusted during the year	(1543.01)	480.35
Net off against taxes paid (Note 2.23)	2716.74	2007.73
Closing Balance	-	51.26
ii) Proposed Dividend		
As per last balance sheet	621.41	597.83
Additions during the year	542.74	621.41
Amounts paid during the year	621.41	597.83
Closing Balance	542.74	621.41
iii) Tax on Proposed Dividend		
As per last balance sheet	100.80	96.97
Additions during the year	92.24	100.80
Amounts paid/adjusted during the year	100.80	96.97
Closing Balance	92.24	100.80
iv) Downtime Service Credit-Telecom		
As per last balance sheet	3.21	2.46
Additions during the year	1.71	0.75
Amounts adjusted/paid during the year	1.18	-
Closing Balance	3.74	3.21
v) Provision for Corporate Social Responsibility (CSR) Activity		
As per last balance sheet	15.26	-
Additions during the year	-	15.26
Amounts adjusted/paid during the year	15.26	-
Closing Balance	-	15.26
vi) Provision Others		
As per last balance sheet	1.53	0.13
Additions during the year	0.01	1.44
Amounts adjusted/paid during the year	1.53	0.04
Closing Balance	0.01	1.53
Total (B)	638.73	793.47
Total (A+B)	796.79	1146.31

Note 2.12 - Tangible assets

(₹ in Crore)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 st April, 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 st March, 2013	Upto 31 st March, 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Land												
a) Freehold	1191.07	143.69	-	(19.47)	1354.23	-	-	-	-	-	1354.23	1191.07
b) Leasehold	211.58	30.88	-	(9.45)	251.91	17.95	8.31	-	(0.55)	26.81	225.10	193.63
Buildings												
a) Sub-Stations & Office	509.50	55.71	-	(7.45)	572.66	153.55	19.85	-	0.15	173.25	399.41	355.95
b) Township	413.74	34.98	-	(6.51)	455.23	97.78	16.99	-	(0.96)	115.73	339.50	315.96
c) RLDC	9.87	0.61	-	(0.10)	10.58	1.90	0.23	-	-	2.13	8.45	7.97
Temporary Erection	9.28	0.32	-	1.94	7.66	9.27	0.33	-	1.95	7.65	0.01	0.01
Roads & Bridges	127.86	12.69	-	0.94	139.61	33.97	6.05	-	(0.03)	40.05	99.56	93.89
Water Supply Drainage & Sewerage	81.17	12.85	-	0.07	93.95	22.73	3.43	-	(0.16)	26.32	67.63	58.44
Plant & Equipment												
a) Transmission	40416.34	7832.20	-	(781.06)	49029.60	8981.01	2190.59	-	26.17	11145.43	37884.17	31435.33
b) Substation	18864.18	7780.74	-	(535.06)	27179.98	5696.84	1144.60	-	(18.37)	6859.81	20320.17	13167.34
c) Unified Load Despatch & Communication	582.00	29.09	0.04	175.77	435.28	465.52	32.19	0.02	189.46	308.23	127.05	116.48
d) Telecom	1224.81	102.34	-	(39.54)	1366.69	443.55	73.50	-	(0.17)	517.22	849.47	781.26
Furniture Fixtures	77.81	9.14	0.10	0.57	86.28	34.83	4.68	0.06	0.04	39.41	46.87	42.98
Office equipment	77.41	11.97	0.18	(0.35)	89.55	34.57	4.76	0.09	0.05	39.19	50.36	42.84
Electronic Data Processing & Word Processing Machines	84.27	21.55	0.21	0.69	104.92	58.72	10.43	0.16	(0.47)	69.46	35.46	25.55
Vehicles	5.23	0.22	0.28	0.16	5.01	2.28	0.39	0.22	0.12	2.33	2.68	2.95
Construction and Workshop equipment	103.44	28.96	0.14	(0.60)	132.86	25.34	6.00	0.04	(0.06)	31.36	101.50	78.10
Electrical Installation	86.56	31.29	-	0.43	117.42	32.39	4.75	-	(0.47)	37.61	79.81	54.17
Laboratory Equipments	56.49	7.84	-	-	64.33	28.35	2.54	-	(0.03)	30.92	33.41	28.14
Workshop & Testing Equipments	21.37	1.12	-	(0.05)	22.54	14.36	0.46	-	-	14.82	7.72	7.01
Miscellaneous Assets/Equipments	0.62	0.23	0.03	-	0.82	0.23	0.04	0.02	-	0.25	0.57	0.39
Total	64154.60	16148.42	0.98	(1219.07)	81521.11	16155.14	3530.12	0.61	196.67	19487.98	62033.13	47999.46
Less: Provision for assets discarded	10.47	-	-	-	10.47	8.71	-	-	-	8.71	1.76	1.76
Grand Total	64144.13	16148.42	0.98	(1219.07)	81510.64	16146.43	3530.12	0.61	196.67	19479.27	62031.37	47997.70
Previous Year	51197.31	12334.93	2.31	(624.67)	64154.60	13517.45	2651.21	1.70	11.82	16155.14	47999.46	
Less: Provision for assets discarded	10.47	-	-	-	10.47	8.71	-	-	-	8.71	1.76	
Total	51186.84	12334.93	2.31	(624.67)	64144.13	13508.74	2651.21	1.70	11.82	16146.43	47997.70	

Further Notes:

- The company owns 5957 hectare (previous Year 5377 hectare) of land amounting to ₹ 1606.14 crore (previous Year ₹ 1402.65 crore) which has been classified into freehold ₹1354.23 crore (previous year ₹ 1191.07 crore) and leasehold ₹ 251.91 crore (previous year ₹ 211.58 crore) based on available documentation
- i) The land classified as leasehold land held in the State of Jammu and Kashmir amounting to ₹ 59.72 crore (Previous Year ₹ 54.60 crore) is acquired by state Government as per procedures under State Land Acquisition Act. As per prevailing law the state government remains the owner of the land so acquired and company is only given possession for the specific use.
ii) The transmission system situated in the state of Jammu and Kashmir have been taken over by the company w.e.f 1st April 1993 from National Hydroelectric Power Corporation of India Ltd. (NHPC) upon mutually agreed terms pending completion of legal formalities.
- Freehold land includes ₹ 55.32 crore (previous year ₹ 33.71 crore) and ₹ 52.39 crore (previous year ₹ 27.31 crore) in respect of land acquired by the Company for which conveyance deed in favour of the Company and mutation in revenue record respectively is pending.
- 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
- Leasehold land includes ₹ 13.97 crore (previous year ₹.13.97 crore) in respect of land acquired by the company for which legal formalities are pending.
- Freehold land includes 0.16 hectare land valuing ₹ 0.03 crore which is not in possession of the Company due to encroachment by farmers. Company is taking appropriate action for repossession of the same.
- 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 companys share of ₹ 3.8 crore (previous year ₹ 3.8 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.

Note 2.13 - Intangible assets

(₹ in Crore)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 st April, 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 st March, 2013	Upto 31 st March, 2012	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Electronic Data Processing Software	7.69	4.01	-	(0.54)	12.24	3.90	2.56	-	(0.33)	6.79	5.45	3.79
Right of Way-Afforestation	367.37	219.47	-	(13.40)	600.24	47.05	22.76	-	-	69.81	530.43	320.32
Expenses SCADA Software	-	1.26	-	(191.59)	192.85	-	2.12	-	(189.49)	191.61	1.24	-
Total	375.06	224.74		(205.53)	805.33	50.95	27.44		(189.82)	268.21	537.12	324.11
Previous Year	275.59	97.21		(2.26)	375.06	21.70	17.77		(11.48)	50.95	324.11	

Note 2.14 - Capital work in progress

(₹ in Crore)

Particulars	As at 1 st April, 2012	Additions	Adjustments	Capitalised during the year	As at 31 st March, 2013
Land					
Development of land	86.75	38.07	39.80	34.82	50.20
Buildings					
a) Sub-Stations & Office	67.68	117.02	5.90	55.46	123.34
b) Township	63.97	48.54	18.84	34.98	58.69
Temporary erection	0.45	0.51	0.04	0.25	0.67
Roads & Bridges	11.17	23.26	0.62	11.67	22.14
Water Supply Drainage and Sewerage	6.13	13.55	0.77	12.82	6.09
Plant & Equipments (including associated civil works)					
a) Transmission	9056.54	11689.65	(108.60)	7368.65	13486.14
b) Sub-Station	3586.59	5805.56	(149.66)	7719.85	1821.96
c) Unified Load Despatch & Communication	12.45	5.02	1.96	9.62	5.89
d) Telecom	65.20	144.92	41.19	102.34	66.59
Furniture Fixtures	0.33	0.91	-	0.48	0.76
Other office equipments	1.88	-	0.94	0.77	0.17
Electrical Installations	12.42	21.24	2.62	19.94	11.10
Expenditure pending allocation					
i) Survey Investigation Consultancy & Supervision Charges	396.26	16.04	226.58	2.58	183.14
ii) Difference in Exchange on foreign Loans	231.81	395.61	117.04	73.15	437.23
iii) Expenditure during Construction (Note 2.32)	2649.12	2073.14	1684.62	55.48	2982.16
TOTAL	16248.75	20393.04	1882.66	15502.86	19256.27
Previous Year	13326.53	16445.26	1856.95	11666.09	16248.75

Further Notes:

Capital Work in Progress (CWIP) includes ₹1.58 crore being the cost of 13 foundations which became redundant because of change in a transmission scheme and ₹ 0.46 crore towards cost of survey for realignment of transmission line route. Company proposes to hold discussion with the beneficiaries for recovery of these costs.

Note 2.15 - Intangible assets under development

(₹ in Crore)

Particulars	As at 1 st April, 2012	Additions	Adjustments	Capitalised during the year	As at 31 st March, 2013
Electronic Data Processing Software	-	0.70	-	-	0.70
Right of Way- Afforestation Charges	93.08	324.34	(5.90)	210.03	213.29
Development Expenditure	-	-	(1.34)	-	1.34
Total	93.08	325.04	(7.24)	210.03	215.33
Previous Year	107.50	57.12	0.15	71.39	93.08

Note 2.16 - Construction stores

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Towers	3961.79	3572.68
Conductors	7038.36	4311.27
Other Line Materials	2320.23	1445.24
Sub-Station Equipments	1736.62	3087.93
High Voltage Direct Current (HVDC) Equipments	389.71	57.86
Unified Load Despatch & Communication(ULDC) Materials	48.47	38.43
Telecom Materials	35.97	8.42
Others	262.68	114.95
	15793.83	12636.78
Less: Provision for shortages and obsolete material	0.01	0.01
TOTAL	15793.82	12636.77
Construction Stores include:		
i) Material in transit		
Towers	27.51	29.03
Conductors	31.58	-
Other Line Materials	136.25	-
Sub-Station Equipments	131.16	317.86
High Voltage Direct Current (HVDC) Equipments	220.75	-
Telecom Materials	1.74	-
Others	87.65	-
Total	636.64	346.89
ii) Material with Contractors		
Towers	3931.64	3539.39
Conductors	7006.78	4307.28
Other Line Materials	2178.97	1444.13
Sub-Station Equipments	1600.05	2768.13
High Voltage Direct Current (HVDC) Equipments	168.96	57.03
Unified Load Despatch & Communication(ULDC) Materials	10.59	-
Telecom Materials	5.85	8.23
Others	105.91	79.54
Total	15008.75	12203.73
Grand total	15645.39	12550.62

Further Notes:

- Pending reconciliation, materials amounting to ₹63.55 crore (previous year ₹43.82 crore) in commissioned lines is shown as construction stores lying with contractors.
- Construction Stores includes ₹ 91.61 crore representing the value of conductors supplied by a supplier but found to be defective. The supplier has agreed to replace the defective conductors.

Note 2.17 - Non-current investments

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
LONG TERM		
A. TRADE INVESTMENTS (AT COST)		
I. Equity Instruments-Fully Paid up :-		
Quoted		
PTC India Limited		
12000006(Previous year 12000006) Shares of ₹10/- each	12.00	12.00
{Market Value ₹ 71.94 crore @ ₹ 59.95 (NSE) per share(Previous year ₹ 73.68 crore @ ₹ 61.40 (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	36.10	54.16
Arunachal Pradesh	1.04	1.57
Assam	33.56	50.34
Bihar	32.43	48.64
Gujarat	14.01	21.01
Haryana	16.10	24.15
Himachal Pradesh	0.57	0.85
Jammu & Kashmir	32.40	48.59
Kerala	4.82	7.23
Madhya Pradesh	20.81	31.22
Maharashtra	2.69	4.04
Manipur	6.34	9.51
Meghalaya	0.09	0.13
Mizoram	0.01	0.01
Nagaland	2.79	4.18
Punjab	9.39	14.08
Rajasthan	3.27	3.27
Sikkim	2.25	3.38
Tripura	0.18	0.27
Uttar Pradesh	92.29	138.44
Uttaranchal	10.25	15.38
West Bengal	16.10	24.15
Jharkhand	22.30	33.45
	359.79	538.05
b) Other Bonds:-		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 30.11.2007	8.09	10.38
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 31.03.2008	10.75	13.43
	18.84	23.81
Total (A)	390.63	573.86

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

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
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)	390.63	573.86

Further notes:

1) Aggregate amount of Quoted Investments

Book value	12.00	12.00
Market Value	71.94	73.68

Aggregate amount of Unquoted Investments

Book value	378.63	561.86
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2) Investments have been valued as per accounting policy no. 1.11(Note no 1)

Note 2.18 - Long-term loans and advances

(Unsecured Considered good unless otherwise stated)

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
A) Advances for Capital Expenditure		
i) Secured	7.73	9.63
ii) Unsecured		
a. Against Bank guarantees	4783.48	4671.52
b. Others	568.03	447.17
iii) Unsecured Considered Doubtful	1.19	1.14
	5352.70	5119.83
Less: Provision for Bad & Doubtful Advances	1.19	1.14
	5351.51	5118.69
	5359.24	5128.32
B) Loans		
i) Employees (including interest accrued)		
Secured	111.30	124.21
Unsecured	5.50	5.64
	116.80	129.85
ii) Long Term Loan (Under securitisation Scheme)	38.56	53.99
iii) Lease Receivables	447.36	295.02
	602.72	478.86
C) Security Deposits	4.34	8.03

Note 2.18 - Long-term loans and advances (contd...)

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
D) Advances recoverable in cash or in kind or for value to be received		
Contractors & Suppliers(Including material issued on Loan)	16.94	1.26
Employees	5.61	15.73
Others	10.76	4.98
Balance with Customs Port Trust and other authorities	2.42	7.35
	35.73	29.32
Considered doubtful	9.00	7.23
	44.73	36.55
Less: Provision for bad and doubtful Advances	9.00	7.23
	35.73	29.32
Total	6002.03	5644.53
Due from:		
Directors	0.05	0.05
Officers	9.60	13.53

Note 2.19 - Current investments

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
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	18.04
Arunachal Pradesh	0.52	0.52
Assam	16.78	16.78
Bihar	16.22	16.22
Gujarat	7.00	7.00
Haryana	8.04	8.04
Himachal Pradesh	0.28	0.28
Jammu & Kashmir	16.20	16.20
Kerala	2.42	2.42
Madhya Pradesh	10.40	10.40
Maharashtra	1.34	1.34
Manipur	3.18	3.18
Meghalaya	0.04	0.04
Nagaland	1.40	1.40
Punjab	4.70	4.70
Sikkim	1.12	1.12
Tripura	0.10	0.10
Uttar Pradesh	46.14	46.14
Uttaranchal	5.12	5.12
West Bengal	8.06	8.06
Jharkhand	11.16	11.16
	178.26	178.26

Note 2.19 - Current investments (contd...)

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
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
c) Mutual Funds (Unquoted)		
ICICI Prudential FMP series 54-1 year Plan A *	-	3.19
L&T Liquid Super Plan	-	2.45
Tata Fixed Maturity Plan series 40 Scheme A Growth*	12.48	10.09
Birla Sunlife Cash plus	-	0.85
	12.48	16.58
Total	195.74	199.84
Grand Total	195.74	199.84
Further notes:		
Aggregate amount of Unquoted Investments		
Book value	195.74	199.84
* Under Lien for debt service accrual account		

Note 2.20 - Inventories

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
(As taken valued and certified by the Management)		
(For mode of valuation refer Note 1.12)		
Loose tools	0.68	0.69
Consumable stores	5.27	3.13
Components Spares & other spare parts:		
Towers	130.35	113.07
Conductors	41.82	25.18
Other Line Materials	149.14	96.29
Sub-Station Equipments/Spares	136.72	108.55
High Voltage Direct Current Equipments/spares	60.78	57.56
Unified Load despatch Centre Spares	2.26	2.33
Telecom Spares	8.06	8.02
Other Stores	18.02	26.69
	553.10	441.51
Less Provision for Shortages	0.25	0.26
TOTAL	552.85	441.25
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)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
i) Outstanding for a period exceeding six months		
Considered good	285.03	188.01
Considered doubtful	20.65	78.06
ii) Others	1206.35	1341.18
	1512.03	1607.25
Less: Provision for bad & doubtful trade receivables	20.65	78.06
Total	1491.38	1529.19

Note 2.22 - Cash and Bank balances

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
1) Cash and Cash Equivalents		
Balance with banks-		
-In Current accounts	1528.62	696.06
-In term deposits (FPO proceeds to be utilised for identified projects)	-	250.00
-In designated current accounts (to be utilised for consultancy assignments)	788.15	1125.96
-In other term deposits	61.43	48.86
-In LDC Development Account	62.00	27.10
Drafts/Cheques in hand	4.39	6.14
Cash in hand	0.04	0.03
Stamps and Imprest	0.01	0.01
	2444.64	2154.16
2) Other Bank balances		
-In current account (Unclaimed dividends)	8.46	8.64
-In Current Accounts / Flexi Deposits (Operated and maintained in terms of CERC regulations)	177.38	416.59
-In Term Deposits having maturity over 3 months (FPO proceeds to be utilised for identified projects)	-	500.00
-In other Term Deposits having maturity over 3 months	48.41	31.95
Total	2678.89	3111.34

Further notes:

Balance with Banks in current accounts and designated current accounts under cash and cash equivalents above, includes liquid flexi term deposit ₹ 115.71 crore (previous year ₹ Nil) and ₹ 775.15 crore (previous year ₹1104.70 crore) respectively

Note 2.23 - Short-term loans and advances

(Unsecured Considered good unless otherwise stated)

(₹ in Crore)

Particulars		As at 31 st March, 2013	As at 31 st March, 2012
A) Loans			
a) Employees including interest accrued			
i) Secured	51.34		30.73
ii) Unsecured	5.10		4.08
		56.44	34.81
b) Others			
Current maturities of Long Term Advances (Under securitisation Scheme)	23.14		15.43
Current Maturities of Lease Receivables	63.44		131.44
		86.58	146.87
Total (A)		143.02	181.68
B) Advances to related parties		20.50	6.96
C) Advances recoverable in cash or in kind or for value to be received			
a) Employees		21.38	24.50
b) Others			
Contractors & Suppliers (Including Material issued on loan)	61.05		12.28
Balance with Customs Port Trust and other authorities	15.87		11.25
Advance Tax & TDS	2914.09		2203.34
Less: Provision for taxation (Note 2.11)	2716.74		2007.73
		197.35	195.61
Others	173.49		92.95
		447.76	312.09
Total (C)		469.14	336.59
Total(A+B+C)		632.66	525.23
Directors		0.02	
Officers		3.22	11.32

Further notes:

Breakup of advances to related parties is provided in Note 2.45(b)

Note 2.24 - Other current assets

(Unsecured Considered good unless otherwise stated)

(₹ in Crore)

Particulars		As at 31 st March, 2013	As at 31 st March, 2012
a) Unbilled Revenue		1785.92	1355.22
b) Interest accrued but not due			
Interest accrued on Investments (Bonds)	27.94		35.76
Interest accrued on Term/Fixed Deposits	24.18		42.46
c) Claims recoverable	8.91		8.35
d) Others	42.75		48.14
		1889.70	1489.93
Total		1889.70	1489.93

Further notes:

1) Unbilled revenue ₹ 754.28 crore (Previous year ₹537.34 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 and also includes transmission charges for the month of March, 2013 amounting to ₹1031.64 crore (previous year ₹817.88) billed to beneficiaries in the month of April, 2013(Previous year April, 2012).

Note 2.25 - Revenue from operations

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
i) Tanasmission Business		
Sales of services		
Transmission Charges	11925.85	9336.71
Add: Revenue Recognised out of Advance against depreciation	48.82	32.29
Add: -Short Term Open Access	442.58	325.48
	12417.25	9694.48
Add: System & Market Operation Charges	153.62	131.15
Other operating revenue		
Interest on differential between Provisional and Final Tariff by CERC	48.40	128.94
	12619.27	9954.57
ii) Telecom income		
Sales of services		
NLD	227.06	199.36
IP-1	10.31	9.43
ISP	1.36	1.21
Others	4.85	-
	243.58	210.00
Less: Inter Divisional Transfer		
NLD	6.88	3.53
IP-1	5.16	5.16
ISP	0.15	0.12
	12.19	8.81
	231.39	201.19
iii) Consultancy Project Management and Supervision		
Sales of services	226.80	284.70
Sales of products	86.44	-
	313.24	284.70
Total	13163.90	10440.46

Further notes:

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

- ₹3552.38 crore (previous year ₹ 1947.94 crore) for which provisional tariff orders have been issued by the Central Electricity Regulatory Commission (CERC) allowing provisional billing at 85-95% of the tariff claimed ;
- ₹8260.59 crore (previous year ₹ 6653.56 crore) for which final tariff orders have been issued by CERC
- ₹ 96.44 crore (previous year ₹ 301.94 crore) based on CERC Tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC.
- Transmission charges for the current year include ₹ 65.26 crore (Previous year ₹ 465.55 crore) on account of deferred tax materialised during the year which is recoverable from beneficiaries as per CERC Tariff Regulations 2009 notified by the CERC.
- CERC issued tariff order dated 29.04.2011 in respect of Barh-Balia Transmission line considering the date of commercial operation (DOCO) 01.07.10. Against this tariff order, one of the beneficiaries filed appeal before the Appellate Tribunal for Electricity (ATE) challenging the tariff approved by CERC based on above DOCO claimed by the company. The ATE vide its orders dated 2.07.12 observed that the DOCO of 1.7.10 was not correct as the appellant had reported that the transmission line was actually commissioned in August 2011 i.e. when it was successfully test charged at both ends as the work which was in scope of generating Company have been completed in August 2011. Accordingly, the ATE remanded CERC for redetermination of DOCO and tariff of the Transmission line. ATE vide order dated 8.11.12 also rejected the review petition of the company in this regard. Upon this, the company filed an appeal in the Supreme Court explaining that the DOCO of 1.7.10 was as per CERC Regulations. The Supreme Court in its order dated 15.3.13 granted stay in further proceedings before the CERC. Pending decision of the Supreme Court, and considering that 1.7.10 is correct DOCO as per CERC Regulations, no adjustment has been made in respect of Revenue of ₹ 85.18 crore recognised during the period 1.7.10 to 31.7.11.

Note 2.26 - Other income

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A) Income from non-current Investments		
i) Dividend		
Others	1.80	1.81
ii) Interest on Govt. securities	59.26	74.88
B) Other Interests		
Loan to State Govt. in settlement of dues	5.57	6.88
Indian Banks	260.69	380.93
Interest from advances to contractors	268.13	178.90
Interest on outstanding dues from DESU	91.38	-
Others	9.23	8.25
	696.06	651.65
C) Others		
Profit on sale of Fixed Assets	0.31	0.10
Deferred Income (Transferred from Grants-in-aid)	23.06	27.29
Short Term Open Access-Other Charges	-	25.44
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	0.35	0.81
Lease Income-State Sector ULDC	35.66	7.89
Surcharge	73.64	67.10
Hire charges for equipments	0.28	0.08
FERV gain	1.16	-
Rebate	0.27	0.30
Provisions written back (including for DESU dues of ₹ 57.79 Crore)	59.34	40.93
Miscellaneous income	56.73	67.38
	946.86	888.97
Less: Income transferred to expenditure during construction-Note 2.32	383.64	255.85
Total	563.22	633.12

Further notes:

Ministry of Power vide order dated 5.2.13 conveyed the approval of Government of India for non-plan assistance to Government of National Capital Territory of Delhi (GNCTD) towards settlement of dues of erstwhile Delhi Electric Supply Undertaking (DESU) to four CPSUs including Power Grid Corporation of India Ltd. According to this order payment of principal amount of ₹ 57.79 crore and interest of ₹ 91.38 crore is to be made by GNCTD to the Company. In view of above the Company has written back provision of ₹ 57.79 crore made in earlier years and accounted interest of ₹ 91.38 crore as 'Other income'.

Note 2.27 - Employee benefits expense

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Salaries wages allowances & benefits	1161.93	1100.07
Contribution to provident and other funds	148.60	93.14
Staff Welfare expenses	108.78	92.74
	1419.31	1285.95
Less: Transferred to Expenditure during Construction-Note 2.32	444.59	364.54
Total	974.72	921.41

Further notes:

Pending approval of Ministry of Power and Department of Public Enterprises, special allowance up to 10% of Basic pay amounting to ₹16.73 crore for the financial year 2012-13 (Cumulative amounting to ₹ 61.43 crore upto 31.03.2013) is being paid to employees who are posted in the difficult and far flung areas. The above allowance is above the maximum ceiling of 50% of Basic Pay as per DPE office memorandum no. 2(70)/08-DPE(WC)-GL-XVI/08 dated 26-Nov-2008.

Note 2.28 - Finance costs

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A) Interest on Loan from		
Indian Banks, Financial Institutions & Corporations	471.48	314.06
Foreign Banks and Financial Institutions	230.40	145.83
Secured/Unsecured redeemable Bonds	3530.04	2697.52
Others	6.66	31.72
	4238.58	3189.13
B) Other borrowing costs		
Commitment charges	18.34	3.23
Guarantee Fee	212.03	142.97
Other finance charges	79.87	40.42
	310.24	186.62
C) ERV as adjustment to Borrowing Cost		
ERV as adjustment to Borrowing Cost	(660.42)	940.87
Less: Transferred to Expenditure during Construction-Note 2.32	-	246.01
	(660.42)	694.86
Less: FERV recoverable	(586.50)	610.43
	(73.92)	84.43
	4474.90	3460.18
Less: Transferred to Expenditure during Construction-Note 2.32	1875.46	1474.43
TOTAL	2599.44	1985.75

Note 2.29 - Depreciation and amortization expense

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Depreciation/amortisation on Tangible Assets	3530.12	2651.21
Amortisation of Intangible assets	27.44	17.77
	3557.56	2668.98
Less: Transferred to Expenditure During Construction-Note 2.32	11.10	9.04
	3546.46	2659.94
Less: Depreciation amortised due to FERV adjustment	118.66	22.55
Charged to Statement of Profit & Loss	3427.80	2637.39

Note 2.30 - Transmission, Administration and other expenses

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Repair & Maintenance		
Buildings	28.88	25.06
Plant & Machinery		
Sub Station	124.32	114.26
Transmission lines	71.85	48.17
Construction equipment	-	0.14
Telecom	25.61	23.12
Others	31.22	29.64
	253.00	215.33
System and Market Operation Charges	0.51	
Power charges	108.74	83.60
Less: Recovery from contractors	0.77	1.05
	107.97	82.55
Expenses of Diesel Generating sets	6.23	4.30
Stores consumed	0.09	0.10
Water charges	1.03	0.97
Right of Way charges(Telecom)	5.43	4.25
Patrolling Expenses-Telecom	1.51	1.69
Last Mile connectivity-Telecom	0.30	0.12
Training & Recruitment Expenses	18.43	22.34
Less:Fees for training and application	0.05	1.09
	18.38	21.25
Legal expenses	16.10	9.28
Professional charges(Including TA/DA)	10.87	7.20
Consultancy expenses(Including TA/DA)	3.79	17.22
Communication expenses	13.16	10.84
Travelling & Conv.exp.(excluding foreign travel)	88.60	83.61
Foreign travel	7.66	6.92
	96.26	90.53
Tender expenses	13.30	16.16
Less: Sale of tenders	4.19	6.14
	9.11	10.02
Remuneration to auditors		
Statutory Auditors		
Audit Fees	0.70	0.50
Tax Audit Fees	0.13	0.13
In Other Capacity	0.69	0.53
Arrears	0.24	-
Out of pocket Expenses	0.68	0.58
	2.44	1.74
Advertisement and publicity	7.02	11.01
Printing and stationery	4.81	5.34
Books Periodicals and Journals	0.99	0.93
EDP hire and other charges	3.26	3.11
Entertainment expenses	1.67	1.62

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

(₹ in Crore)

Particulars		For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Brokerage & Commission		0.20	0.32
Research & Development expenses		1.08	3.16
Cost Audit and Physical verification Fees		0.45	0.28
Rent		10.68	9.93
Capital Expenditure on assets not owned by the Company		12.86	0.45
CERC petition & Other charges		14.24	5.45
Miscellaneous expenses		36.43	29.40
Horticulture Expenses		8.80	6.93
Security Expenses		70.63	61.64
Hiring of Vehicle		74.05	57.83
Insurance		50.23	31.13
Rates and taxes		10.84	7.81
License Fees to DOT		15.93	14.10
Bandwidth charges dark fibre lease charges (Telecom) etc		16.61	13.38
Expenditure on Corporate Social Responsibility (CSR)		22.80	26.97
Expenditure sustainable development		0.35	-
Non operating expenses		0.32	1.13
Transit Accomodation Expenses	6.50		5.50
Less : Income from Transit Accomodation	0.78		0.66
		5.72	4.84
Rebate to Customers		82.89	117.00
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)			2.23
Provisions			
Provision-Others	2.75		2.30
		2.75	2.30
		1030.67	920.74
Less:Transferred to Expenditure during Construction-Note 2.32		125.49	97.46
			823.28
Deferred revenue Expenses written off		-	1.79
Loss on Disposal/Write off of Fixed Assets		6.65	1.39
Total		911.83	826.46
Stores consumption included in repair and maintenance		83.46	51.77

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

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Income		
Transmission charges	51.20	(17.20)
Depreciation written back	0.15	3.30
Depreciation amortised due to FERV	1.82	-
Deferred Income (Transferred from Grants-in-aid)	-	5.66
Lease income-State Sector ULDC	-	9.97
Consultancy Project Management and Supervision Fees	-	2.97
Others	21.61	4.24
	<u>74.78</u>	<u>8.94</u>
Expenditure		
Rates and taxes	1.20	-
Depreciation	29.74	6.30
Unspent CSR Expenditure for earlier years	-	13.22
Interest	12.66	0.97
Employee Remuneration	-	7.43
Others	5.52	(5.66)
	<u>49.12</u>	<u>22.26</u>
Prior period expenditure/(income)(Net)	(25.66)	13.32
Less: Transferred to Expenditure during Construction -Note 2.32	0.14	0.41
Total	(25.80)	12.91

Note 2.32 - Expenditure during Construction (Net)

(₹ in Crore)

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
A. Employees Remuneration & Benefits		
Salaries wages allowances and benefits	380.60	321.41
Contribution to provident and other funds	43.78	26.46
Welfare expenses	20.21	16.67
Total(A)	<u>444.59</u>	<u>364.54</u>
B. Other Expenses		
Repair & Maintenance		
Buildings	2.54	1.98
Others	3.63	0.96
	<u>6.17</u>	<u>2.94</u>
Power charges	16.45	3.66
Less: Recovered from contractors	0.60	0.88
	<u>15.85</u>	<u>2.78</u>
Expenses on Diesel Generating sets	1.45	0.68
Water charges	0.17	0.29
Training & Recruitment Expenses	0.05	0.01
Legal expenses	2.05	1.77
Professional charges	1.86	1.80
Consultancy expenses	2.31	17.44
Communication expenses	2.89	2.20
Travelling & Conv.exp. (Including Foreign Travel)	36.47	29.55

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

(₹ in Crore)

Particulars		For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Tender expenses	5.90		9.46
Less: Income from sale of tenders	3.88		5.87
		2.02	3.59
Payment to Auditors		0.08	0.09
Advertisement and Publicity		1.56	0.97
Printing and stationery		0.65	0.58
EDP hire and other charges		0.26	0.11
Entertainment expenses		0.21	0.12
Brokerage and commission		0.06	0.05
Rent		4.09	3.45
Miscellaneous expenses		7.18	4.32
Horticulture Expenses		0.54	0.48
Security Expenses		10.73	6.49
Hiring of Vehicles		24.89	16.00
Insurance		0.63	0.23
Rates and taxes		2.45	1.11
Guest House Expenses	0.91		0.44
Less: Income from guest house	0.04		0.03
		0.87	0.41
Sub-total		125.49	97.46
Prior Period adjustment (net)		0.14	0.41
Total(B)		125.63	97.87
C. Depreciation/Amortisation		11.10	9.04
D. Finance Costs			
a) Interest on Loans from			
Indian Banks, Financial Institutions and Corporations	173.61		60.07
Foreign Banks and Financial Institutions	84.98		20.05
Secured/Unsecured Redeemable Bonds	1454.52		1327.87
		1713.11	1407.99
b) Other borrowing costs			
Commitment charges	18.20		2.82
Guarantee fee	76.88		32.32
Other Finance Charges	67.27		31.30
		162.35	66.44
c) FERV adjustment to borrowing cost		-	246.01
Total (D)		1875.46	1720.44
E. Less: Other Income			
Interest from			
Indian banks	114.60		68.42
Contractors	264.69		178.66
Others	0.91		1.04
		380.20	248.12
Miscellaneous income		3.20	7.72
Hire charges		0.24	0.01
Total (E)		383.64	255.85
GRAND TOTAL (A+B+C+D-E)		2073.14	1936.04

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 Accounting Standard (AS) 21- 'Consolidated Financial Statements' and Accounting Standard (AS) -27 'Financial Reporting of Interests in Joint Ventures 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, unrealised profits or losses.
- ii) The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using 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 Interests in Joint Ventures'.
- 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

For certain items the company and its Subsidiaries & joint ventures have followed different accounting policies. However the impact of the same 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 st March, 2013	31 st March, 2012
Subsidiary Companies		
1. Power System Operation Corporation Limited (POSOCO) *	100%	100%
2. Powergrid NM Transmission Limited	100%	100%
3. Powergrid Vemagiri Transmission Limited	100%	-
Joint Venture Companies		
1. Powerlinks Transmission Limited	49%	49%
2. Torrent Power Grid Limited*	26%	26%
3. Jaypee Powergrid Limited	26%	26%
4. Parbati Koldam Transmission Company Limited	26%	26%
5. Teestavalley Power Transmission Limited *	26%	26%
6. North East Transmission Company Limited*	26%	26%
7. National High Power Test Laboratory Private Limited	20%	25%
8. Energy Efficiency Services Limited	25%	25%
9. Bihar Grid Company Limited	50%	-
10. Kalinga Vidyt Prasaran Nigam Private Limited	50%	-
11. Cross Border Power Transmission Company Limited	26%	-

* Financial statements used for consolidation are unaudited.

OTHER NOTES (contd...)

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 2013 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

		(₹ in Crore)	
		As at 31 st March, 2013	As at 31 st March, 2012
A.	Assets		
	• Non Current Assets		
	• Fixed Assets	1557.88	1415.76
	• Long term loans and advances	24.15	37.50
	• Current Assets	250.09	166.14
	Total	1832.12	1619.40
B.	Liabilities		
	• Non current liabilities	1040.73	942.76
	• Current Liabilities	196.73	152.50
	Total	1237.46	1095.26
C.	Contingent Liabilities	23.56	9.58
D.	Capital Commitments	158.23	231.23
		Current Year	Previous Year
E.	Income	233.48	164.09
F.	Expenses(Including provision for taxes)	160.53	105.67

- 1.3 The Company has made further investment of ₹2.08 crore (Previous Year ₹10.92 crore) in Jaypee Powergrid Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares is held by Jaiprakash Power Ventures Limited.
- 1.4 The Company has made further investment of ₹14.92 crore (Previous Year ₹ 61.89 crore) in North East Transmission Company Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance shares are held by ONGC Tripura Power Company Limited, Assam Electricity Grid Corporation Limited & Govt. of Tripura, Govt. of Mizoram, Govt of Meghalaya & Govt. of Manipur.
- 1.5 The Company has made further investment of ₹ 5.08 crore (previous year ₹ Nil) in Teestavalley Power Transmission Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares is held by Teesta Urja Limited.
- 1.6 The Company has made further investment of ₹ 19.50 crore (previous year ₹ Nil) in Parbati Koldam Transmission Company Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares is held by Reliance Infrastructure Limited.
- 1.7 The Company has made further investment of ₹ 8.43 crore (previous year ₹ Nil) in National High Power Test Laboratory Limited, a Joint Venture Company in which 20% shares are held by POWERGRID and balance shares held by NTPC Limited, NHPC Limited, Damodar Valley Corporation & Central Power Research Institute equally.
- 1.8 The Company has made further investment of ₹ 21.87 crore (previous year ₹ Nil) in Energy Efficiency Services Limited, a Joint Venture Company in which 25% shares are held by POWERGRID and balance shares are held equally by NTPC Limited, Rural Electrification Corporation Limited & Power Finance Corporation Limited.
- 1.9 During the year company has made investment of ₹ 0.01 crore in Cross Border Power Transmission Company Limited, a Joint Venture Company in which 26% shares are held by POWERGRID and balance 74% shares are held by IL&FS Energy Development Company Limited, SJVN Limited & Nepal Electricity Authority.
- 1.10 During the year company has made investment of ₹ 0.02 crore in Bihar Grid Company Limited, a Joint Venture Company in which 50% shares are held by POWERGRID and balance 50% shares are held by Bihar State Power Holding Company Limited.
- 1.11 During the year company has made investment of ₹ 0.01 crore in Kalinga Bidyut Prasaran Nigam Private Limited, a Joint Venture Company in which 50% shares are held by POWERGRID and balance 50% shares are held by Odisha Power Transmission Corporation Limited.
- 1.12 During the year company has made investment of ₹ 0.05 crore in Powergrid Vemagiri Transmission Limited (erstwhile Vemagiri Transmission System Limited). The Company was taken over from REC Transmission Projects Company Limited vide share purchase agreement dated 18th April, 2012 to carry over the business awarded under tariff based bidding. After the transfer Powergrid Vemagiri Transmission Limited becomes the wholly owned subsidiary company of Power Grid Corporation of India Limited.

OTHER NOTES (contd...)

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.

In this regard the Cumulative amount received and de-capitalized upto 31st March 2013 is ₹ 12.12 crore (Previous year ₹ 12.12 crore). The company continued to show the balance of ₹ 197.87 crore as at 31st March 2013 (Previous year ₹ 197.87 crore) in the 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 ₹ 750 crore (Previous Year ₹1371.17 crore) has been utilised during the year for part financing of capital expenditure on the projects specified for utilization resulting in complete utilisation of funds amounting to ₹ 3721.17 crore raised through FPO.

2.36 a) Certain balances in Loans and Advances & Trade Payables 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 31.03.2013	Year ended 31.03.2012
i)	The amount of revenue recognised on cost plus consultancy contract works	176.90	200.88
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	11519.24	10243.19
iv)	Cumulative amount of advance received from customers	13251.85	12045.80
v)	Amount of retention money with customers	96.01	-
vi)	Gross amount due from customers for contract works as an asset	35.52	13.58
vii)	Gross amount due to customers for contract works as a liability	1413.25	1415.10

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 ISTS (Interstate transmission System) licensees through the mechanism of the POC (Point of Connection) charges introduced w.e.f. 01-07-2011 which involves billing based on approved drawal/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 ₹ 273.27 crore (previous year ₹ 141.56 crore) is included in Trade Receivables. All such appeals have been transferred to Delhi High Court as per order of the Supreme Court on the appeal preferred by the company and company has also requested for directing agitating states to pay full transmission charges as per new methodology pending settlement of the matter.

2.39 (i) FERV Loss of ₹ 1660.02 crore including ₹ 671.89 crore for Previous Year (previous year FERV loss ₹882.14 crore) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.

(ii) FERV Gain of ₹1.16 crore (Previous Year FERV Loss ₹2.23 crore) has been recognised in the Statement of Profit and Loss.

2.40 Effect due to change in accounting policies during the year -

i) Ministry of Corporate Affairs, Government of India through circular no.25/2012 dated 9th August 2012 has clarified that Para 6 of Accounting Standard (AS 11) and para 4(e) of AS 16 shall not apply to company which is applying para 46A of AS 11. Consequently, exchange differences arising on settlement/translation of foreign currency loans to the extent regarded as an adjustment to interest cost as per para 4(e) of AS 16 and charged to the statement of profit and loss have now been adjusted in the cost of related capital assets. This change in accounting policy is made effective from 01 April 2011. This change has resulted in increase in Profit before tax for the year by ₹ 122.95 crore (including ₹ 66.12 crore for FY 11-12).

ii) In view of opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India, unspent expenditure, out of the budget for the year towards Corporate Social Responsibility(CSR), which was hitherto being provided for in the statement of Profit & Loss is now being transferred to CSR reserve by appropriating profit. The change has resulted in increase in profit before tax for the year by ₹ 26.52 crore (including ₹15.26 crore write back of provision for earlier years).

OTHER NOTES (contd...)

iii) During the year one of the subsidiaries have changed its accounting policy on revenue recognition of Human Resource Exp. and Operation and Maintenance Expenses which was accounted for 'actual expenditure or expenditure allowed by CERC RLDC wise' whichever is less upto previous year. It has now been accounted for as Total Actual Expenditure incurred or expenditure allowed as per CERC order whichever is less, company as a whole in the current year. Due to change in Accounting Policy regarding revenue recognition, ₹29.48 crore have been recognized as Income during the year. The same has been reduced from Truing-up Liability. This amount includes ₹17.53 crore relating to earlier years. Due to change in accounting policy interest amounting to ₹ 5.05 crore pertaining to earlier years have also been credited to finance cost.

- 2.41 Borrowing cost capitalised during the year is ₹ 1875.46 crore (previous Year ₹ 1720.44 crore) as per AS 16- "Borrowing Cost".
- 2.42 Pending approval of the Performance Related Pay (PRP) scheme for workmen, provision of ₹41.48 crore (including ₹ 21.87 crore for earlier years) has been made net of payments made as per old Performance Linked Incentive Scheme.
- 2.43 Disclosures as per Accounting Standard (AS) 15

Defined employee benefit/ contribution 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 year amounting to ₹ 74.79 crore (previous year ₹60.88 crore) has been 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 the 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. Pension

The Company has scheme of employees defined Pension Contribution. Company contribution is paid to separate trust. Amount of contribution paid/payable for the year is ₹ 55.21 crore (Previous Year ₹ 30.36 crore) has been recognised as expense and is charged to Statement of Profit & Loss.

D. 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.

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 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 and Balance Sheet and funded status is 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 Year	Previous Year
Current Service Cost	20.23	18.32	6.46	5.08	0.69	0.68
Interest cost on benefit obligation	30.40	28.83	12.55	10.64	1.07	0.97
Expected return on plan assets	(31.99)	(28.83)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	4.58	10.08	16.44	21.37	(0.45)	0.74
Expenses recognized in the Statement of Profit and Loss	23.22	28.40	35.45	37.09	1.31	2.39

OTHER NOTES (contd...)

b) Actual return on plan assets is ₹ 30.25 crore (previous year ₹ 27.77 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
(i) Present value of obligation as at 31/03/2013	412.88	380.01	190.32	156.91	14.23	13.44
(ii) Fair value of plan assets as at 31/03/2013	407.23	376.87	-	-	-	-
Difference (ii) – (i)	(5.64)	(3.14)	(190.32)	(156.91)	(14.23)	(13.44)
Net asset (liability) recognized in the Balance Sheet	(5.64)	(3.14)	(190.32)	(156.91)	(14.23)	(13.44)

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 01/04/2012	380.01	339.18	156.92	125.15	13.44	11.40
Interest cost	30.40	28.83	12.55	10.64	1.07	0.97
Current Service Cost	20.24	18.32	6.46	5.08	0.70	0.68
Benefits paid	(21.66)	(16.63)	(2.06)	(5.33)	(0.50)	(0.35)
Net actuarial (gain)/loss on obligation	3.89	10.31	16.45	21.37	(0.48)	0.74
Present value of the defined benefit obligation as at 31/03/2013	412.88	380.01	190.32	156.91	14.23	13.44

e) Changes in the fair value of plan assets:

(₹ in Crore)

Description	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2012	376.87	339.18
Expected return on plan assets	31.99	28.83
Contribution by employer	19.34	25.26
Benefits paid	(21.66)	(16.63)
Actuarial gain/(loss)	0.69	0.23
Fair value of plan assets as at 31/03/2013	407.23	376.87

F. Other Employee Benefits

Provision for Leave encashment (including compensated absences) amounting to ₹ (-)5.85 crore (previous Year ₹ 60.33 crore) for the year has been made on the basis of actuarial valuation at the year end and same is credited to Statement of Profit and Loss.

Provision for Long Service Award amounting to ₹ 1.19 crore (Previous Year ₹ 8.67 crore including for earlier years ₹ 7.43 crore) have been made on the basis of actuarial valuation at the year end.

OTHER NOTES (contd...)

G. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2013 are as follows:-

(₹ in crore)

	(At Purchase Value)	
	Current Year	Previous Year
i) State Government Securities	68.84	41.92
ii) Central Government Securities	88.43	64.18
iii) Corporate Bonds/Debentures	228.63	242.55
iv) RBI Special Deposit	5.13	5.13
v) Other Assets	16.20	23.09
Total:-	407.23	376.87

H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

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

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.

- The Company's best estimate of contribution towards gratuity for the financial year 2013-14 is ₹ 8.13 crore (previous year ₹ 22.46 crore)

- 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	2.77	(3.29)
Present value of obligation	17.05	(20.21)

K. Experience Adjustments

(₹ in Crore)

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Gratuity		
i) Plan assets – Loss/(Gain)	(0.11)	(0.72)
ii) Obligation- Loss/(Gain)	4.22	10.90
PRMF		
Obligation – Loss/(Gain)	14.70	20.86
ODRB		
Obligation – Loss/(Gain)	(0.47)	0.79

2.44 Segment information (AS 17):

a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, 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)

	Transmission		Consultancy		Telecom		Elimination		Total	
	Current Year	Previous Year								
Revenue:										
Revenue from Operations (including allocable other income)	12861.86	10176.26	318.03	292.35	231.57	201.44			13411.46	10670.05
Inter Segment Revenue				(3.05)	12.19	8.81	(12.19)	(5.76)		
Net Revenue from Operations	12861.86	10176.26	318.03	289.30	243.76	210.25	(12.19)	(5.76)	13411.46	10670.05
Segment results	7862.57	6043.07	133.25	164.50	76.05	65.28			8071.87	6272.85
Unallocated Interest and Other Income									315.86	403.53
Unallocated Finance Costs									2612.10	1986.72
Profit before Tax									5775.63	4689.66
Provision for Taxes									1463.02	1386.67
Profit after Tax									4312.61	3302.99
Other information:										
Segment Assets	70036.05	54038.62	890.39	1309.65	829.57	739.02			71756.01	56087.29
Unallocated Assets									41628.07	36044.96
Total Assets									113384.08	92132.25
Segment Liabilities:	5800.00	4690.20	1746.15	1772.43	521.25	490.47			8067.40	6953.10
Unallocated Other Liabilities (including loans)									78913.57	61595.94
Total liabilities									86980.97	68549.04
Depreciation and Amortisation	3391.77	2583.75	0.42	0.43	63.38	56.21			3455.57	2640.39
Non-cash expenditure other than Depreciation	6.77	4.45	1.99	0.10	0.64	0.93			9.40	5.48
Capital Expenditure	20765.11	15886.52	0.29	0.31	161.15	80.04			20926.55	15966.87

Note :

- Profit of Telecom segment has been increased by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.
- In earlier years, ULDCs & RLDCs were treated as separate business segment. In order to have better presentation of segment result, same have been merged with Transmission segment and accordingly previous year figures have also been merged with Transmission segment.
- The operation of the company mainly carried out within the country and therefore there is no reportable geographical segment.

2.45 Related Party Disclosures:-

a) List of Related Parties:-

i) Key Management Personnel

Sh. R.N. Nayak	Chairman and Managing Director
Sh. I.S. Jha	Director (Projects)
Sh. R.T. Agarwal	Director (Finance)
Sh. Ravi P Singh	Director(Personnel) w.e.f. 01.04.2012
Sh. R.P. Sasmal	Director(Operations) w.e.f. 01.08.2012

ii) Joint Ventures:-

- Powerlinks Transmission Limited
- Torrent Power Grid Limited
- Jaypee Powergrid Limited
- Parbati Koldam Transmission Company Limited
- Teestavalley Power Transmission Limited
- North East Transmission Company Limited
- National High Power Test Laboratory Private Limited
- Energy Efficiency Services Limited.

OTHER NOTES (contd...)

ix) Bihar Grid Company Limited w.e.f. 04.01.2013

x) Kalinga Bidyut Prasaran Nigam Private Limited w.e.f. 31.12.2012

xi) Cross Border Power Transmission Company Limited w.e.f. 11.08.2012

b) Transactions with the related parties at 2.45 (a) above during the year are as follows:

Particulars	Current year		Previous Year	
Transactions for services provided by the company*		24.36		50.94
Parbati Koldam Transmission Company Limited	0.17		0.51	
Torrent Power Grid Limited	0.03		-	
Jaypee Powergrid Limited	0.06		2.00	
North East Transmission Company Limited	22.22		45.75	
National High Power Test Laboratory Private Limited	1.54		2.15	
Powerlinks Transmission Limited	0.34		-	
Teestavalley Power Transmission Limited	-		0.53	
Amount recoverable		20.50		6.96
Parbati Koldam Transmission Company Limited	0.01		0.08	
Torrent Power Grid Limited	0.03		0.03	
North East Transmission Company Limited	20.12		6.80	
National High Power Test Laboratory Private Limited	0.19		-	
Energy Efficiency Services Limited	0.02		0.05	
Bihar Grid Company Limited	0.08		-	
Kalinga Vidyut Prasaran Nigam Private Limited	0.05		-	
Amount payable		22.99		30.04
Parbati Koldam Transmission Company Limited	0.09		0.25	
Jaypee Powergrid Limited	0.50		0.52	
North East Transmission Company Limited	2.08		1.87	
National High Power Test Laboratory Private Limited	20.07		24.62	
Powerlinks Transmission Limited	0.25		2.78	
Investment made		71.92		72.81
Jaypee Powergrid Limited	2.08		10.92	
Teestavalley Power Transmission Limited	5.08		-	
Parbati Koldam Transmission Company Limited	19.50		-	
North East Transmission Company Limited	14.92		61.89	
Energy Efficiency Services Limited	21.87		-	
Cross Border Power Transmission Company Limited	0.01		-	
Bihar Grid Company Limited	0.02		-	
Kalinga Bidyut Prasaran Nigam Private Limited	0.01		-	
National High Power Test Laboratory Private Limited	8.43		-	
Dividend Received		48.16		44.72
Powerlinks Transmission Limited	48.16		44.72	
Deputation of Employees		0.89		0.66
North East Transmission Company Limited	-		0.06	
Energy Efficiency Services Limited	0.21		0.60	
National High Power Test Laboratory Private Limited	0.68		-	

OTHER NOTES (contd...)

*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 ₹ 2.47 crore (previous year ₹ 2.10 crore) and amount of dues outstanding to the company as on 31st March, 2013 are ₹ 0.07 crore (previous year ₹ 0.05 crore).

2.46 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 the CERC for tariff fixation) is as under:

(₹ in Crore)

	Particulars	As at 31 st March, 2013	As at 31 st March, 2012
	Gross value of assets acquired and leased at the beginning of the year	995.92	994.06
Add	Adjustment for gross value of assets acquired prior to the beginning of the year	-	1.86
	Revised Gross value of the assets at the beginning of the year	995.92	995.92
Less	Capital recovery provided up to the beginning of the year	582.45	390.23
	Add: Capital recovery for assets acquired prior to the beginning of the year	-	78.98
	Revised Capital recovery provided up to the beginning of the year	582.45	469.21
	Capital recovery outstanding as on 31st March of last financial year	413.47	526.71
Add	Gross value of assets acquired and leased during current financial year	68.01	-
Less	Capital recovery for the current year	60.44	113.24
	Lease receivables	421.04	413.47

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2013 for each of the periods are as under:

(₹ in Crore)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Gross investment in Lease	581.63	531.02
Un-earned Finance Income	160.59	117.55
Present value of Minimum Lease Payment (MLP)	421.04	413.47

The unearned finance income as on 31st March, 2013 is ₹ 160.59 crore (previous year ₹ 117.55 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	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
Not later than one year	95.23	90.67	60.74	59.55
Later than one year and not later than five years	336.22	341.90	253.58	266.40
Later than five years	150.18	98.45	106.72	87.52
Total	581.63	531.02	421.04	413.47

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 ₹ 37.46 crore (previous Year ₹ 37.10 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 10.68 crore (previous Year ₹ 8.14 crore) in respect of premises for offices and guest house/transit camps are shown under the head Rent in Note 2.30 Transmission, Administration and Other expenses.

OTHER NOTES (contd...)

2.47 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)	4312.61	3302.99
Weighted average number of equity shares used a denominator	4629725353	4629725353
Earning per share (Basic & Diluted) (in ₹)	9.32	7.14
Face Value per share in ₹	10.00	10.00

2.48 In accordance with Accounting Standard (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.

2.49 Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 43699.18 crore (previous year ₹ 42037.94 crore).

2.50 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 ₹ 172.60 crore (previous year ₹ 73.15 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 ₹ 2522.64 crore (previous year ₹ 1765.09 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 ₹ 2.73 crore (previous year ₹ 11.72 crore) has been estimated.

(iv) Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to ₹ 294.86 crore (previous year ₹ 257.86 crore) are pending before various Appellate Authorities 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 ₹ 118.34 crore (previous year ₹ 92.76 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 Powergrid NM Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Nagapattinam Madugiri Transmission Company Ltd.) and Powergrid Vemagiri Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Vemagiri Transmission System Limited) has been taken over to carry over the business awarded under Tariff based bidding. Bank guarantee of ₹ 45.00 crore (previous year ₹ 45.00 crore) and ₹ 36.00 crore (previous year Nil) respectively has been given by the company on behalf of SPV towards performance of the work awarded.

2.51 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

As per our report of even date

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

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

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

(CA. Jyoti Bagga)
Partner

(CA. R.N. Basu)
Partner

(CA. B. Srinivasa Rao)
Partner

Place: Gurgaon

Membership No. 087002

Membership No. 050430

Membership No. 202352

Date: 28th May, 2013

Auditors Report on Consolidated Financial Statement

To the Board of Directors of Power Grid Corporation of India Limited

We have audited the accompanying consolidated financial statements of Power Grid Corporation of India Limited (“the Company”) and its three subsidiaries and eleven Joint Ventures (Collectively referred to as Power Grid Corporation of India Group) which comprise the consolidated Balance Sheet as at 31st March, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company’s preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us read with the comments as stated in paragraph “Other Matters” below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Power Grid Corporation of India Limited Group as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to:

Note 2.25(a) & 2.25(c) of the financial statements, in respect of the provisional recognition of revenue from transmission charges.

Our opinion is not qualified in respect of these matters.

Other Matter

- 1 i) We did not audit the financial statements of Subsidiaries and Joint Ventures.
- ii) The financial statement of following Subsidiaries and Joint Ventures have been audited by the other auditors, whose reports have been furnished to us by the management and our opinion is based solely on the reports of other auditors. The details of the assets, total revenue and net cash flow 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			
Powergrid NM Transmission Limited	20.60	-	-
Powergrid Vemagiri Transmission Limited	19.26	-	-
Joint Ventures			
Powerlinks Transmission Limited	636.41	127.34	15.19
Jaypee Powergrid Limited	273.37	53.62	(0.03)

Auditors Report on Consolidated Financial Statement (contd...)

Parbati Koldam Transmission Company Limited	158.64	0.06	(2.06)
National High Power Test Laboratory Private Limited	13.58	-	2.02
Energy Efficiency Services Limited	29.38	3.64	(4.35)
Bihar Grid Company Limited	0.07	-	0.03
Kalinga Vidyut Prasaran Nigam Private Limited	0.03	-	0.01
Cross Border Power Transmission Company Limited	5.48	-	1.20
Total	1156.82	184.66	12.01

iii) The financial statements of the following Subsidiary and Joint Ventures are unaudited and our opinion so far it relates to the amounts included in respect of said Subsidiary and Joint Ventures are based solely on the financial statements certified by the management of the respective entities. The details of the assets, total revenue and net cash flow in respect of these Subsidiary and Joint Venture entities 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
Subsidiary			
Power System Operation Corporation Limited (POSOCO)	1175.47	244.07	214.22
Joint Ventures			
Torrent Power Grid Limited	84.76	13.01	(0.33)
Teestavalley Power Transmission Limited	123.57	-	3.68
North East Transmission Company Limited	514.73	35.72	14.51
Total	1898.53	292.80	232.08

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

(CA Jyoti Bagga)
Partner
Membership No.087002

(CA R.N.Basu)
Partner
Membership No.050430

(CA B.Srinivasa Rao)
Partner
Membership No.202352

Place of Signature: Gurgaon

Dated: 28th May, 2013

1200 kV Switchyard





POWER GRID CORPORATION OF INDIA LTD.
(A Government of India Enterprise)

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