



Contents

Mission	2
POWERGRID's Quest	3
Board of Directors	4
Objectives	6
Chairman Speaks	7
Directors' Report	17
POWERGRID Organisation Chart	45
POWERGRID lines (Map)	46
Telecom Backbone Network (Map)	47
Graphs & Charts	48
Five Year Summary	52
Revenue Expenditure on Social Overheads	54
Accounting Policies	55
Balance Sheet	58
Profit and Loss Account	59
Schedules	60
Auditors' Report	84
Annexures to the Auditors' Report	86
Annexure to the Directors' Report	88
Review of Accounts	91
Corporate Governance Report	93
Current Cost Accounts	97
Current Cost Balance Sheet	98
Current Cost Profit and Loss Account	98
Cash Flow Statement	99
Auditors' Certificate	100

MISSION

Establishment and Operation of Regional and National Power Grids to facilitate transfer of power within and across the regions with reliability, security and economy, on sound commercial principles.





POWERGRID'S QUEST FOR EXCELLENCE IN TELECOMMUNICATIONS

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

- To establish broadband Telecom Network over extensively spread Transmission Infrastructure.
- Commenced Telecom Business as Infrastructure Provider-II with an eye on National Long Distance Operation in the long run.
- Introduce other Value Added Services
 - Managed network services
 - Data centres
 - Entertainment
- To tap a significant market share of the Voice and Data market being offered by liberalisation of national long distance operation.
- Implement 14,000 Kms. network connecting 56 major cities within 2 to 3 years.

As on date Bandwidth available on :

Delhi - Lucknow

Lucknow - Mumbai

Delhi-Mumbai

Delhi - Chandigarh

Delhi-Jaipur

Delhi - Meerut

other cities to be connected progressively

- Extend telecom network to serve uneconomic and backward areas for the benefit of the common man.
- Would offer total solution and cater to the specific needs of the customers.

BOARD OF DIRECTORS



Shri R. P. Singh
Chairman and Managing Director
Since 23.08.1997



Dr. V. K. Garg
Director (Finance)
Since 17.09.1997



Shri Bhanu Bhushan
Director (Operations)
Since 13.11.1997



Shri S. C. Misra
Director (Projects)
Since 01.09.2001



Shri U. C. Misra
Director (Personnel)
Since 01.08.2002



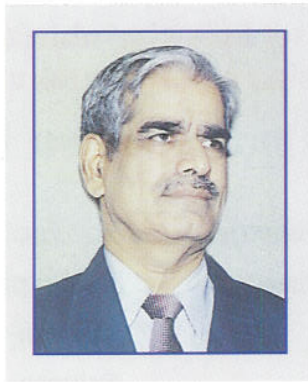
Shri A. K. Kutty
Part-Time Director
Since 22.07.2002



Shri M. Sahoo
Part-Time Director
Since 22.07.2002

BANKERS

• Indian Overseas Bank • Union Bank of India • Bank of Baroda • State Bank of Hyderabad • State Bank of Travancore • State Bank of India • State Bank of Patiala • State Bank of Bikaner & Jaipur • Central Bank of India • Corporation Bank • Canara Bank • Oriental Bank of Commerce • Syndicate Bank • Dena Bank • State Bank of Mysore • Punjab National Bank • Vijaya Bank • Indian Bank



Shri A. I. Bunet
Director (Personnel)
from 09.08.2001 to 31.07.2002



Shri P. I. Suvrathan
Part-Time Director
from 18.05.2001 to 11.07.2002



Shri R. Ramanujam
Part-Time Director
from 23.02.2000 to 01.07.2002



Shri V. V. R. K. Rao
Part-Time Director
from 20.07.2001 to 30.06.2002



Shri J. Vasudevan
Part-Time Director
from 28.12.1999 to 18.05.2001



Shri R. K. Madan
Director (Projects)
from 20.08.1996 to 31.08.2001



Shri R. V. Shahi
Part-Time Director
from 27.07.1998 to 26.07.2001



Dr. Ramesh Gupta
Part-Time Director
from 27.07.1998 to 26.07.2001

Company Secretary
Ms. Divya Tandon

M/s. D. P. Sen & Company
Chartered Accountants
8/2 Karan Shankar Roy Road,
Kolkata - 700 001

M/s. Venugopal & Chenoy
Chartered Accountants
4-1-889/16/2, Tilak Road,
Hyderabad - 500 000

M/s. Hingorani M. & Company
Chartered Accountants
35, Netaji Subash Marg, Daryaganj,
New Delhi - 110 002

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

Objectives

The Corporation has set following objectives in line with its mission and its status as

"Central Transmission Utility" :

- Undertake transmission of energy through Inter-State Transmission System.
- Discharge all functions of planning and coordination relating to Inter-State Transmission System with -
 - (i) State Transmission Utilities;
 - (ii) Central Government;
 - (iii) State Governments;
 - (iv) Generating Companies;
 - (v) Regional Electricity Boards;
 - (vi) Authority;
 - (vii) Licensees;
 - (viii) Transmission Licensees;
 - (ix) Any other person notified by the Central Government on this behalf.
- Exercise supervision and control over the Inter-State Transmission System.
- Efficient Operation and Maintenance of Transmission Systems.
- Establish/augment and operate all Regional Load Despatch Centres and Communication facilities.
- To facilitate private sector participation in transmission system through Independent Private Transmission system through Independent Private Transmission Company Joint Ventures.
- To assist various SEBs and other utilities in upgradation of skills & sharing of expertise by organising regular conferences, tailor-made training workshops directed towards specific technological and O&M areas and extending laboratory facilities for testing purposes etc.
- Restoring power in quickest possible time in the event of any natural disasters like super-cyclone, flood etc. through deployment of Emergency Restoration Systems.
- To provide consultancy services at national and international levels in transmission sector based on the in-house expertise developed by the organisation.
- To participate in long distance Trunk Telecommunication business ventures.



AT THE 13th ANNUAL GENERAL MEETING HELD ON 30th SEPTEMBER, 2002



Ladies and Gentlemen,

I extend my heartiest welcome to the 13th Annual General Meeting of the company. The year 2001-02 assumes special significance not only as it marks a decade of successful business operations for POWERGRID, but also it being the terminal year of 9th Five Year Plan. Looking back, the company started operations with only a marginal asset base of Rs. 3521 crore at the end of financial year 1992-93 and during 10 years' span, it has grown 4 folds to about Rs. 13,777 crore, which is a remarkable growth. During the year 2001-02, the company could not only engineer a steady growth in core business area, but also manifested its overall expertise through the diversification efforts. Before I present the performance of your company, a look at the broader picture of the economy and the sector, may not be incongruous.

A Glimpse of Indian Economy

The Indian economy is passing through a difficult phase caused by several unfavourable domestic and external developments. The global economy experienced an overall deceleration and these tendencies were exacerbated in the aftermath of the terrorist attacks in United States in September 2001. Despite these constraints, growth in real GDP in 2001-02 is estimated to be 5.4 per cent, which marks some recovery over the low growth of 4 per cent in 2000-01. The average annual growth rate during the Ninth Five Year Plan (1997-2002) is now estimated at 5.4 per cent, which is lower than the plan target of 6.5 per cent. This poses new challenges for reinvigorating the growth in the 10th Five Year Plan.

The Sectoral Outlook

Restoration of financial viability in the power sector remains crucial. The average rate of return for all SEBs is about minus 40 per cent and their combined losses continue to grow. Hence, this is one of the foremost challenges in the

power sector. Accordingly, the focus of reform has been shifted from generation to transmission & distribution.

The severity of the problems has already been acknowledged at the highest forum during the conference of State Chief Ministers chaired by the Prime Minister during March, 01. While broadly agreeing with the desirability of power sector reforms to achieve commercial viability of State Electricity Boards (SEBs), the conference placed special emphasis on distribution reforms. Subsequently, the high level empowered group of Chief Ministers and Union Ministers has agreed to a one time settlement scheme in regard to SEBs' overdues to the Central Public Sector Utilities (CPSUs) including POWERGRID through securitisation and issue of tax free bonds by the respective State Governments, subject to the achievement of specified performance milestones and full payment of current dues in the future. This provides the much needed comfort to carry out business in the power sector.

The Ministry of Power has already signed Memoranda of Understanding (MOUs) with almost all States. To further the reform process Govt of India has taken steps in the form of the Accelerated Power Development and Reform Programme (APDRP), with an enhanced plan allocation of Rs 3,500 crore for 2002-03, up from Rs 1,500 crore in 2001-02. Access of the States to the fund will be on the basis of agreed reform programmes, the centre piece of which would be the narrowing and ultimate elimination of the gap between unit cost of supply and revenue realisation within a specified time frame. POWERGRID has the honour of being associated with this process as an Advisor cum Consultant to various SEBs.

POWERGRID's Accomplishments and Challenges Commitment to Excellence

The company's commitment for achieving impressive growth remains unremitting during financial year 2001-02.





POWERGRID Towers - quest for higher excellence

The company earned a Net Profit of Rs.688.62 crore on a Turn Over of Rs. 2455.52 crore. Though there is a dip in these figures compared to previous year due to downward revision in the tariff norms by CERC, the Net Profit as a % of the Turn Over has increased from 27.6% in 2000-01 to 28.04% in 2001-02. 1351 ckt. kms. of transmission lines were added to the existing network, of which 864 ckt kms. have been commissioned, thereby adding upto a operational network of 40,289 ckt. kms. This is one of the largest networks of its kind in the world that is managed by a single entity. Such a huge network along with 68 substations, having transformation capacity of 34,288 MVA, spread across the country was maintained at overall availability of 99.17%, comparable to the best international level. In recognition of its continued excellent performance, your company has been conferred the Prime Minister's MOU Award for the 4th successive year, for the financial year 2000-01. The company is poised to achieve the highest performance rating (i.e. 'Excellent') for 2001-02 as well, set forth in the Memorandum of Understanding entered with Ministry of Power.

Value Addition through Timely Project Implementation

The company gives utmost importance and employs most advanced and cost effective Integrated Project Management and Control System (IPMCS) for total project

review and monitoring on regular basis so as to ensure expeditious implementation of the projects.

Your company has taken steps to curtail project completion period which include advance action to develop specifications, standardization of designs and collection of project data, survey and soil investigation, undertaking tendering activities etc. in parallel with project approval process. These proactive measures have led to substantial savings in terms of time and cost. POWERGRID is poised to create benchmarks by implementing huge and complex projects like Talcher-Kolar HVDC Bipole link and Raipur-Rourkela 400 kV D/C EH AC link, etc. ahead of schedule at a cost lower than estimated.

In the wake of surplus power being available in Eastern Region and other regions facing a deficit, all the projects that shall mitigate this situation, have been accelerated for effective utilization of existing generating resources.

Through commissioning of Talcher-Kolar Transmission System ahead of schedule, SEBs in Eastern Region would get relief towards fixed charges of generation, while SEBs in Southern Region would be benefited by availing immediate power supply besides saving the cost of commensurate capacity addition. Similarly, Raipur-Rourkela line which is also expected to be commissioned ahead of schedule would also yield benefit to the SEBs of Eastern, Western & Southern Regions in the similar

manner. It has been estimated that accelerated execution of two projects would lead to substantial benefits to the economy of the country.

Your company achieved a major landmark with the commissioning of the Unified Load Despatch & Communication Schemes, in the Northern & Southern Regions, which were dedicated to the nation by Hon'ble Prime Minister and Hon'ble Minister of Power, respectively in Jan.'02. These are one of the largest projects of their kind executed in the world, involving three hierarchical levels as compared to maximum of two levels, elsewhere in the world. These complex projects involving the state-of-the-art technology are the first two in POWERGRID's pursuit in implementing Unified Load Despatch facilities in all the five regions of the country for real time monitoring and control of the regional grids to enhance reliability, security and better control over vital grid parameters. These facilities are likely to minimize grid disturbance/failure and facilitate quick grid restoration, in case of failure. Various agencies including consultants and international lenders were apprehensive about smooth and timely completion of these projects, as similar projects attempted by other utilities in the world had to face problems during procurement and execution leading to inordinate delays. Your company, however, commissioned these projects ahead of contracted schedules, which is testimony of POWERGRID's teamwork.

Ten (10) Transmission Projects are expected to be completed during the next financial year, of which six (6) are expected to be completed ahead of schedule ranging from 3 to 12 months.

Record Investment during F.Y. 2001-02 and 9th Plan

During a period of economic slowdown, when public expenditure was required to be accelerated to kick-start the economy, POWERGRID contributed its might by investing an amount of Rs. 2,451 crore during 2001-02, up by about 53% compared to last year, despite slackening in the generation capacity addition programme in the central sector. Your company invested about Rs 8,475 crore during last five years, which marked the 9th plan (i.e. from 1997-98 to 2001-02) higher by 64%, as compared to the previous plan period i.e. 8th plan.

Resource Mobilisation

Revenue Realisation

As already brought out, the weak financial health of the SEBs has been haunting all the CPSUs in the Power Sector. Therefore, collection of the current dues as well as recovery of the outstanding arrears have been a challenging task. However, your company could consistently realize about 85% to 90% of payable billing and the payments through LC have



AC filter & Capacitor Bank in Kolar HVDC station



Kolar Sub-station

been of the order of 75%. The SEBs could be persuaded to issue bonds against outstanding dues to the tune of about Rs.725 crore. To take care of the revenue loss in North Eastern Region arising out of pegging of transmission tariff @35 paise/unit, which is lower than the GOI norms, POWERGRID has sought compensatory grant from GOI, which is under active consideration. The receipts from Central Plan Assistance (CPA) for liquidation of arrears (as upto December, 1996) has been rather slow and so far about 69% of the sanctioned assistance could be disbursed by Govt. of India. It is anticipated that the Securitisation Scheme proposed by the Ahluwalia Committee, once fully operationalised, shall wipe out the outstanding dues.

While the problems in recovery of the transmission tariff are about to be sorted out, the tariff setting as per the norms notified by CERC has put a squeeze on internal resource generation for the company. The transmission tariff norms as notified by CERC in March'01 has been implemented w.e.f 1st April 2001. It is estimated that by implementing these tariff norms, the turnover of your company may come down by about Rs. 5,000 crore during the next five years as compared to the earlier GOI norms. Your company has taken up this issue with the Ministry of Power and has also opted for judicial intervention as per the relevant legal provisions.

Exploiting the Debt/Capital Market

As a result of the prudent resource mobilization strategy, your company has been able to raise the required funds from domestic as well as international sources for implementing the projects without any budgetary support from the GOI. The International Financial Institutions like the World Bank, ADB, JBIC etc. have an exposure to the tune of US\$ 2 billion in your company, which include the recent loans of US\$ 450 million from the World Bank and US\$ 250 million from ADB. Thus, the international lenders continue to repose confidence in the capabilities of your company. Besides foreign funding, about Rs. 2,245



Signing of Loan agreement with World Bank

crore has been raised during 2001-02 from the domestic market. These were mobilised through private placement of bonds as well as long-term loans. The private placement issues were over subscribed by more than two times which shows the company's reputation in the Indian debt/capital market, as well.

Innovations and Technology Absorption

Right from its inception, POWERGRID has been according special emphasis to adoption of new technologies available around globe for their application to suit the Indian conditions. A number of initiatives were taken for adoption of latest technologies, resulting into enhanced system performance. Notable among these are:

- ▶ Use of **Series Capacitors** to enhance the transmission capacity of existing/planned transmission lines with marginal investment and execution time. This would also improve the voltage profile and reduce transmission losses.
- ▶ Implementation of **Flexible AC Transmission System (FACTS)** involving thyristor controlled mechanism, which helps in improving dynamic stability of the transmission system.
- ▶ Initiatives taken for tuning the **Power System Stabilisers (PSS)**, used in various generators shall



Hotline maintenance on 400 kV Farakka - Durgapur line in progress

Inauguration by

Atal Bihari Vajpayee

Hon'ble Prime Minister of India

19th October 2002

at Lucknow



Inauguration by

Sh. Atal Bihari Vajpayee

Hon'ble Prime Minister of India

19th October 2002

at Lucknow



POWER GRID CORPORATION OF INDIA LIMITED
DELHI-LUCKNOW-MUMBAI TRIP



The task of creating the National Grid is planned to be accomplished in phases over the next decade i.e. by 2012. The crux of the initial phase is evacuation of surplus power from Eastern Region. For this purpose, POWERGRID has taken initiative in planning and implementation of various inter-regional transmission schemes (including HVDC interconnections), which would provide an inter-regional transfer capacity of about 6000 MW from Eastern Region and 8000MW on all India basis by 2002-03. The next phase comprises strengthening of inter-regional links with hybrid system consisting of high capacity AC (765 kV & 400 kV) and HVDC lines. As per the envisaged programme, cumulative capacity of the inter-regional links will be enhanced to a level of 30,000 MW by the year 2012.

Future Growth Opportunity

In line with the Vision of Power Sector i.e. “Power to all by 2012” as well as creation of the National Grid, the total investment envisaged for Central Transmission Sector for Xth and XIth Plan is about Rs. 70,500 crore. Out of this, your company is gearing up for an investment of about Rs. 50,000 crore, while the balance of Rs. 20,500 crore is envisaged to be mobilized through private participation. The investment of Rs. 50,000 crore consists of Rs. 21,000 crore during Xth Plan and Rs. 29,000 crore during XIth Plan.

Private Participation

Your company took effective steps to attract private

investment in transmission sector on already identified routes viz. Independent Power Transmission Company (IPTC) and Joint Venture (JV).

Under JV route, POWERGRID has already initiated Shareholders' agreement with its prospective JV Partner i.e. M/s Tata Power on 1.2.2002 for transmission lines associated with East-North Interconnector Project. For the formation of the Joint Venture Company, a 'Project Specific Shell Company' was incorporated on 4th May, 2001. Approval of Govt. of India is awaited for POWERGRID's participation in this Joint Venture Company with 49% Equity participation. Balance 51% equity shall be contributed by M/s Tata Power and its affiliates.

The first Project taken up under IPTC route is Bina-Nagda-Dehgam 400 kV Double Circuit Line. The selection of the Sponsor is under progress through International Competitive Bidding process and likely to be completed by December, 2002.

In addition to above, a basket of projects have been identified for taking up through IPTC route. An “Expression of Interest” invited in June, 2001 attracted an overwhelming response from prospective sponsors. To carry forward this process, specific transmission lines are being identified for further solicitation.

Diversification Into Telecom

Your company has already commenced IP-II commercial operation on its telecom links by leasing out bandwidth to Telecom Service Providers for annual fee. To name a few, such links are Delhi to

Chandigarh, Jabalpur to Dhule, Delhi to Jaipur and Delhi to Meerut. Moreover, a comprehensive programme is under implementation for setting up a Telecom backbone network of about 14,000 Kms. by the year 2003, connecting 56 cities including all metros and major towns. To expedite rolling out of base Telecom network, Delhi to Mumbai link of about 2,500 km Optical Fibre Cable (OFC) was taken up on priority for scheduled completion by August, 2002. Commensurate progress in implementation has been achieved by completing 94% of the OPGW stringing, laying out of 435 kms. of underground duct and 140 kms. of intra-city duct. Efforts are also on to develop state level telecom networks utilizing SEBs' T&D networks and infrastructure for which the process of forming Joint Venture with SEBs/ Telecom companies are under way. In addition to this, POWERGRID has initiated dialogue with Bhutan for providing consultancy in Telecom and undertake the execution of turnkey Telecom projects.

Transparency

POWERGRID is fully committed to transparency in all its activities and endeavors. A step forward in this direction is publishing of the landmark policy document titled **“Works and Procurement Policy and Procedure”** for the pre-award stage activities. Policies laid down in manuals are unambiguous & transparent, backed up by established & time-tested procedures and systems. These manuals protect interest of your company and generate confidence in Managers in taking decisions. Meticulous follow up and System Audit have been implemented to identify and correct any deviations and to provide feed back for up-gradation/improvements. Such documentation process is planned to be extended to other business processes like Engineering, Quality Assurance & Finance.

Spreading awareness about transparency along with a viable strategy of motivation and prevention has been and will be the tools of your company to ward off

corruption. The company has been spearheading the campaign for business ethics by creating awareness through organizing workshops and seminars. One such seminars on 'Morality in Public Life' was organized in association with SANKALP, a voluntary organization, where eminent personalities from various spheres of life participated.

Your company also implemented **“Vigilance Information Database”** software for the first time on the guidelines and formats of the Central Vigilance Commission. This most advanced software enables retrieving of vigilance information with speed, efficiency and accuracy.

Business Outlook

The downturn in Global economy leading to large scale market collapse coupled with sinking corporate giants in the quick sand of unethical business practices has once again brought to the forefront the importance of Corporate Governance. The future strategy for survival is driven by the key principle that business growth is sustained and shared; sustained in that it is robust and can withstand shocks. It should be shared in that it brings prosperity to many, rather than a few. The primary goal of good corporate governance ought to be to foster a culture of creativity, innovation and entrepreneurship to protect the business from irrelevance and obsolescence. It should aim to leverage the intellectual capital to serve the unarticulated customers and untapped markets. Corporate governance should address conflicts of interest, which can impose burdens on the enterprise, by focusing on transparency, accountability, probity, integrity, equity and responsibility, to which we remain committed.



Date : 30th September, 2002

(R.P. SINGH)

Place : New Delhi

Chairman & Managing Director



Men, Material & Technology - our cutting edge



DIRECTORS'

R E P O R T

FOR THE 13TH ANNUAL GENERAL MEETING HELD ON SEPTEMBER 30, 2002

To,
The Members,
Ladies & Gentlemen,

It gives me immense pleasure to present on behalf of the Board of Directors, the 13th Annual Report of Power Grid Corporation of India Limited (POWERGRID), together with the Audited Statements of Accounts for the financial year 2001-02.

PERFORMANCE DURING THE YEAR 2001-02

MoU PERFORMANCE

POWERGRID, based on the results for the F.Y. 2001-02, has achieved "Excellent" performance rating as per its MoU entered with Ministry of Power for the 9th successive year. It is pertinent to mention that POWERGRID has also bagged the prestigious **Prime Minister's MoU Award** for the years 1999-2000 & 2000-2001 and is the only Public Sector Enterprise in Indian Power Sector to receive this honour for four successive years since inception of this award.

OPERATIONAL EFFECTIVENESS

As on March 31, 2002, POWERGRID is operating a total of 40,289 ckt. kms. of transmission lines consisting of 563 ckt. kms. of 800 kV, 1,630 ckt. kms. of HVDC; 28,765 ckt. kms. of 400 kV; 7,252 ckt. kms. of 220 kV; 2,042 ckt. kms. of 132 kV & 37 ckt. kms. of 66 kV level along with 68 sub-stations with transformation capacity of 34,288 MVA. With the use of modern state-of-the-art preventive maintenance techniques, average availability of transmission systems during the year was maintained at 99.17%, which is higher than last year's performance. POWERGRID continues to wheel about 40% of total power generated in the country through its gigantic transmission network.

Such a high level of operational effectiveness has been possible through regular use of latest O&M technologies which included Hot Line Maintenance, Emergency Restoration System, Third Harmonic Leakage Current Measurement on Lightning Arresters, Dynamic Contact Resistance Measurement of Circuit Breakers, Dynamic testing of Relays, Frequency Response Analysis (FRA) for transformers and reactors, Variable Shunt Reactor and Thermo-vision Scanning of switchyard equipment with new generation cameras, etc.

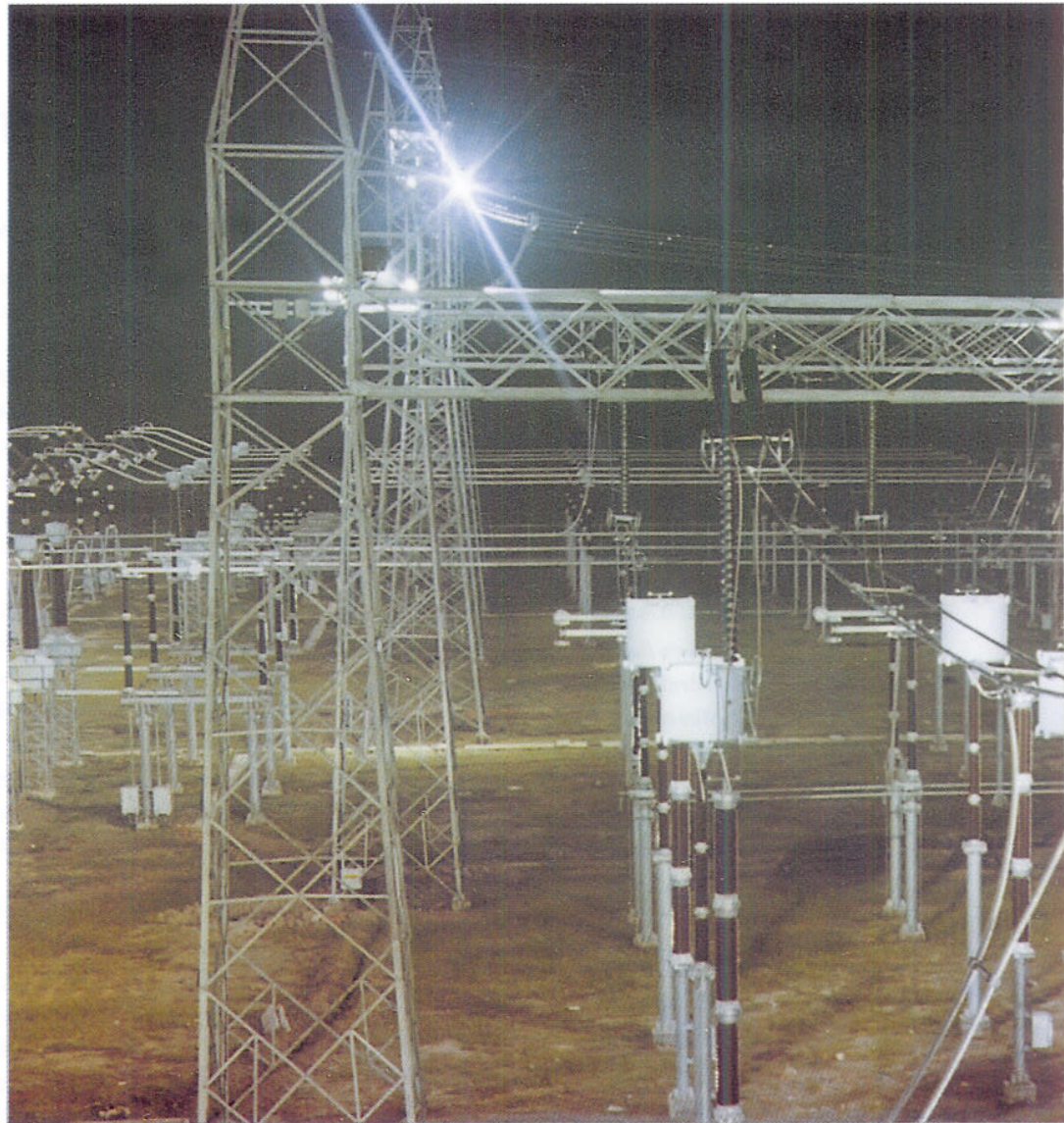
PROJECT IMPLEMENTATION

POWERGRID, a Central Transmission Utility, continued to implement its projects with minimum cost and within stipulated time-frame to derive maximum economic benefits. To achieve this, it has adopted an advanced and cost effective Integrated Project Management and Control System (IPMCS) for total project review and monitoring on regular basis. Some of the initiatives taken to reduce time period of project commissioning are advance action to develop specifications, standardization of design and collection of project data, survey and soil investigation, undertaking tendering activities etc., in parallel with project approval process. These proactive measures taken by POWERGRID have led to substantial savings in terms of time and money to POWERGRID in particular and the nation at large.

Efficient management ensured completion of stringing of **1351 ckt. kms.** of transmission lines during the year 2001-02, exceeding the MoU target (Excellent) of **1155 ckt. Kms.**

During the year, 864 ckt. Kms. of transmission lines were commissioned into the network, which include 400 kV Biharsharif-Sarnath I & II, 220 kV Jalandhar-Hamirpur I & II, 220 kV Neyveli-Bahoor and LILO of 400 kV Neyveli-Trichy II. **A new 400/220 kV sub-station at Allahabad has also been established;** besides extension of many existing sub-stations. POWERGRID also completed 400 kV D/c Nathpa-Jhakri-Nallagarh line, last part of the transmission system associated with Nathpa-Jhakri HEP, which could not be commissioned due to delay in the generation project.

In addition to above, construction activities of about 9,890 ckt. Kms. of transmission lines of various voltage levels and 14 sub-stations are progressing well. Transmission systems associated with Ramagundam-III, Chamera-II, Dhauliganga, Dulhasti HEP and Tehri are some of the major generation linked projects under construction. Construction works in respect of Inter-regional links like East-South Inter-connector - II Project (Talcher-Kolar), East-North HVDC Inter-connector (at Sasaram) and East-West AC Inter-connector (Raipur-Rourkela) transmission system are also in their final phases. New generation linked schemes to be commenced during FY 2002-03 include transmission systems for Tala HEP, Rihand-II, Sipat, and



Tarapur 3&4.

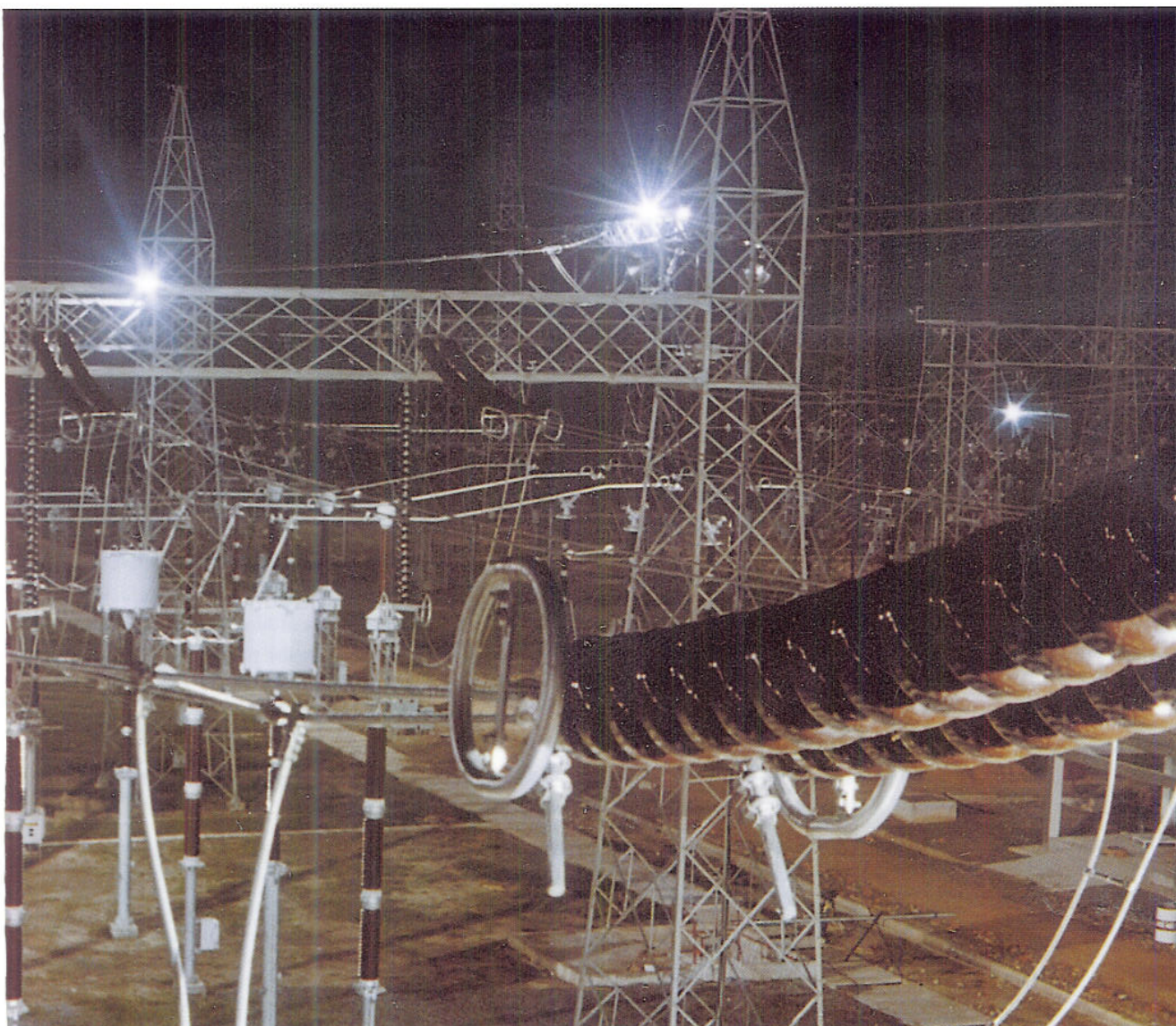
POWERGRID has planned the implementation of several new system improvement schemes across the country for optimal utilisation of generating resources. On-going Grid Strengthening Schemes include System strengthening I & II in SR, Kahalgaon-Biharsharif Line, Kolhapur- Mapusa Transmission System, Jamshedpur-Rourkela Line, Series Compensation of Panki-Muradnagar Line, Bihar grid strengthening scheme, Ranganadi-Ziro Line, Mau-Balia Transmission Line, System Improvement Scheme in UPPCL, etc. The new schemes, which are under active consideration, include, Tala Supplementary Transmission System, Raipur-Chandrapur 400 kV D/c, LILO of Itarsi-Dhule 400 kV at Khandwa, System strengthening - III in SR, Neelmangala-Mysore 400 kV lines in SR etc.

FINANCIAL MANAGEMENT

During the financial year 2001-02, the company earned a Profit after Tax of Rs. 688.62 crore on a Turn

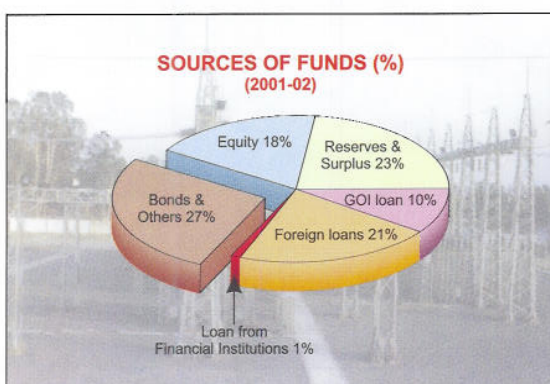
Over of Rs. 2455.52 crore, thereby netted 28.04% of the Turn Over as against 27.68% during 2000-01. At the end of the financial year 2001-02, the company has an impressive Gross Asset Base of Rs. 13,777 crore. Paid up capital of the company, including Share Capital Deposit as on 31st March, 2002 stands at Rs. 3068 crore, as against that of Rs. 3064 crore as on 31st March, 2001. The Return on Net Worth for the





company was at 10.19 % in 2001-02, creating significant value for the shareholders.

The Annual Accounts for the year 2001-2002 have been prepared incorporating the CERC norms for accounting the transmission charges. The effect of the significant changes arising there from in the Accounting Policies as well as major provisions made in the Accounts were properly disclosed with quantification in the “Notes on Accounts”.



The Statutory Auditors, in their Audit Report have also drawn the specific attention of the Shareholders by way of qualification in this regard.

The significant changes in Accounting Policies and major provisions made in FY 2001-2002 are as given below:

- i) Transmission charges, which were hitherto being accounted for as per GOI norms, have been accounted for based on CERC norms pending disposal of appeal by Hon'ble Delhi High Court. The change has resulted in reduction in Transmission income and profit by Rs. 394.53 crore.
- ii) Depreciation, which was hitherto provided as per rates notified by GOI under Section 75 A of Electricity (Supply) Act, 1948 has been provided as per rates notified by CERC. The change in policy has resulted in decrease in depreciation and increase in profit by Rs. 423.40 crore.
- iii) An ad-hoc provision of Rs. 50 crore has been made against deposit with CANFINA pending settlement of the matter.

iv) The Government of India Scheme of April, 2002 for one-time settlement of the dues of State Electricity Boards (SEB's) envisages issue of 8.50% tax-free bonds by the respective State Government for the outstanding amount due and settlement of surcharge outstanding to Power Grid Corporation of India Ltd. as on September 30, 2001. The Bonds issued by SEBs after March 1, 1998 and outstanding as on September 30, 2001 (existing bonds) are also eligible for conversion into 8.50% tax-free bonds. No bonds have been issued by any State Government as per the scheme so far. The existing bonds carry a higher coupon rate and continue to be legally valid till withdrawn / replaced by SEBs. Revenue has been recognized as per the coupon rate of the existing bonds. However, provision of Rs. 3360 Lacs has been made towards interest differential on the said bonds. Surcharge receivable as per the agreement terms is not accounted for as per the Accounting Policy of the Corporation.

Dividend

The Directors recommended a dividend of only Rs. 50.66 crore for the year ended 31st March, 2002 so

as to plough back the surpluses for capital investment.

Transfer of Profit to Reserves

Appropriation of profit towards General Reserve amounting to Rs. 450 crore and Rs. 392.69 crore towards Bonds Redemption Reserve has been proposed.

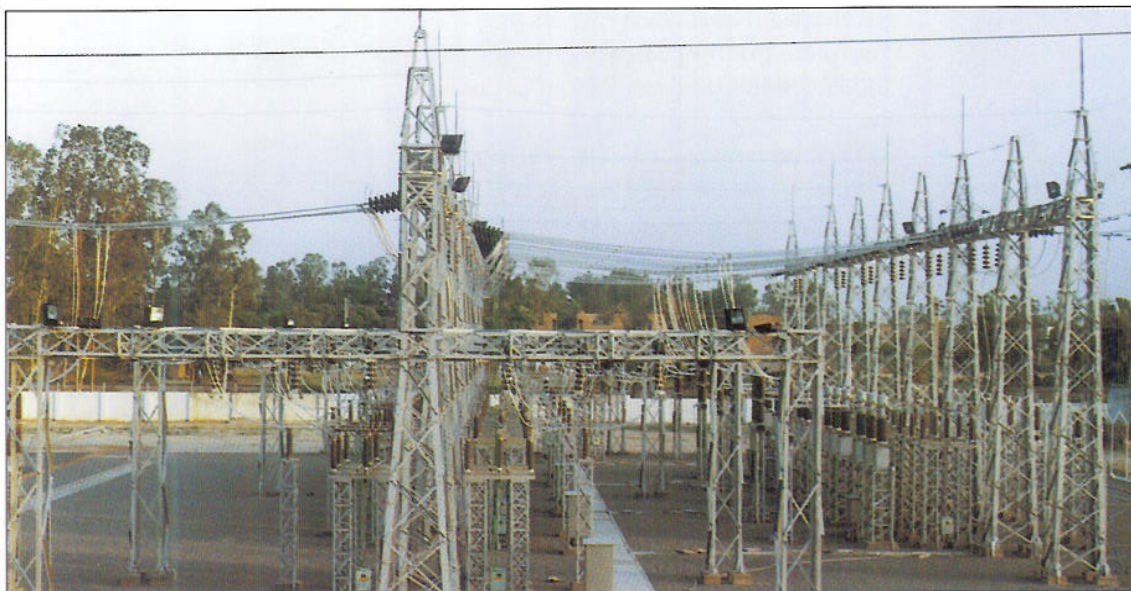
Directors' Responsibility Statement

The Directors declare that :

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



CMD presents dividend cheque to Sh. Anant G. Geete, Hon'ble Union Minister of Power



220/66 kV Manimajra Sub-station - Consultancy work executed for UT Chandigarh

Capital Investment and Fund Mobilisation

During the year 2001-02, POWERGRID has been able to mobilise the requisite resources to carry out its investment programme to an extent of Rs. 2451 crore. During the year, POWERGRID executed a loan agreement with the World Bank for an amount of US\$ 450 million for implementation of its various projects. Apart from tapping international market, POWERGRID raised about Rs. 2245 crore from the domestic market through loans and bonds. These were raised through private placement of bonds as well as through long-term loans. As a result of the prudent fund mobilization strategy, the company could not only attract the coupon rates, lower than prevailing market rates, but also of longer tenures than usual. Moreover, the private placement issues were over-subscribed by more than two times, which shows the company's reputation in the Indian debt/capital market.

COMMERCIAL INITIATIVES

During the financial year 2001-02, POWERGRID realized an amount of Rs. 2300 crore (approx.), which is 85 % of payable billing and realization is almost same as previous year. However, for payment of monthly transmission charges, value of LC limit has gone up to Rs. 141.8 crore from Rs. 124 crore of previous year i.e. 14.35% growth, despite poor financial health of the State Electricity Boards (SEBs).

For liquidation of arrears (as outstanding upto December, 1996), GOI had sanctioned Central Plan Assistance II during August 1997 for an amount of Rs. 345.96 crore, out of which Rs. 210.79 crore only have been received so far. The total accumulated arrears of Rs. 1605.47 crore, could

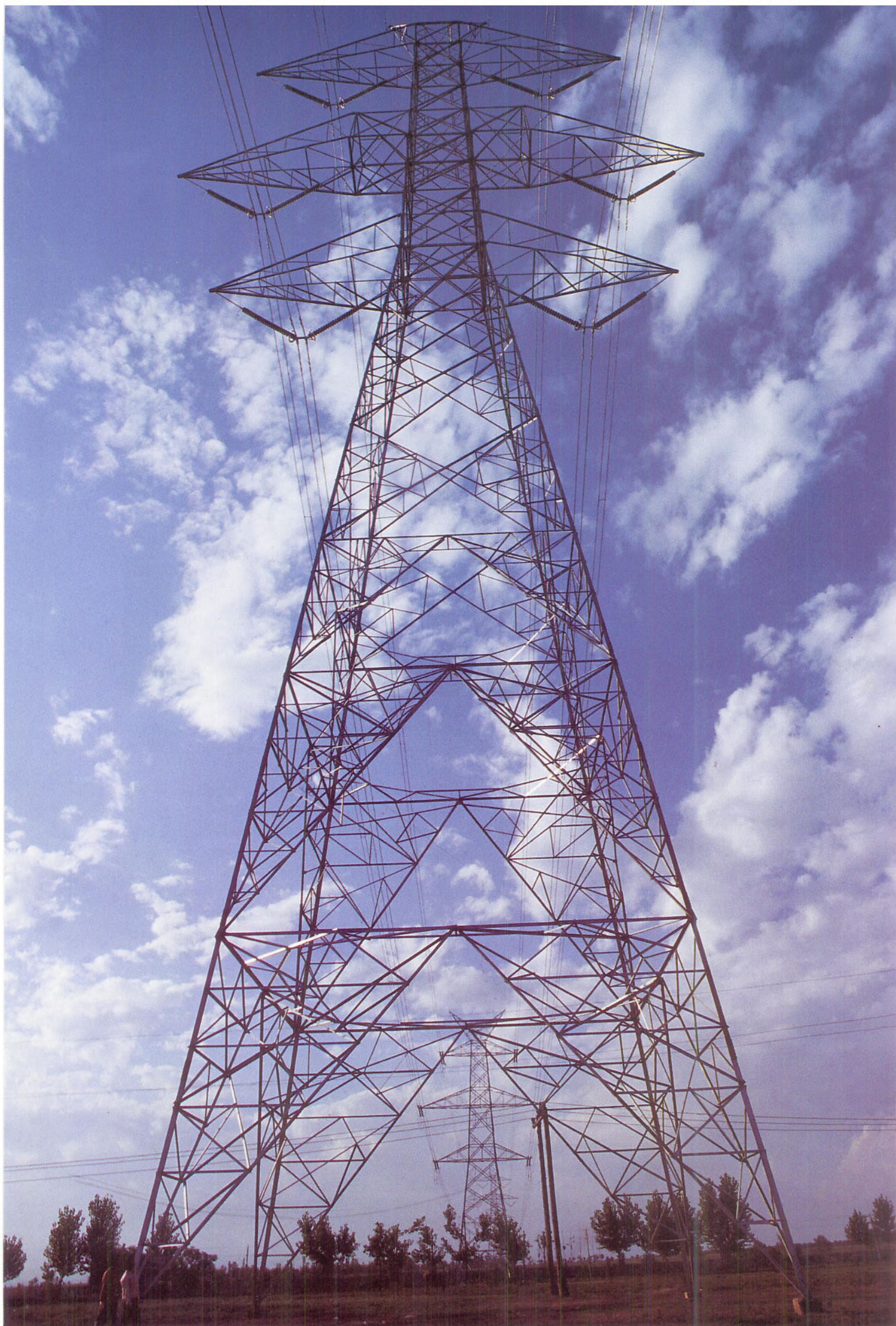
not be liquidated, as the Securitisation Scheme could not be operationalized. It is expected that Rs. 1061 crore will be liquidated during F.Y. 2002-2003 through this scheme.

During F.Y. 2001-2002, tariff petitions were filed for new investment in NER to the tune of Rs. 22.40 crore. No tariff has been allowed by the Regulator on the new investment made by the organisation in NER after 01.04.98 (i.e. total investment of Rs. 782 crore), which is causing financial constraint in meeting the O&M expenses and servicing the debt liabilities of NER assets. In order to cope up with this situation, POWERGRID has sought compensatory grant of Rs. 1012 crore from GOI, which is under consideration.

During the year, final tariff petitions in respect of 44 cases for tariff block period 1997-2001 were filed with CERC besides 54 tariff petitions for approval for tariff block 2001-2004 (as per GOI norms). The lengthy process involved in tariff approvals has been a cause of concern to POWERGRID as it is contributing to accumulation of outstanding dues.

BUSINESS DEVELOPMENT

POWERGRID, an ISO 9001 certified company, has acquired in-house expertise at par with global standards in the field of Planning, Engineering, Load Despatch and Communication, Telecommunication, Contracting, Financial and Project Management. Thus, it is in a position to offer its expertise to utilities at a global level. POWERGRID has generated consultancy business of Rs. 41 crore during the year. Such business development activities yielded in consultancy fee realisation of Rs. 11.85 crore as compared to Rs. 12.83 crore during last year. Some of the major clients from whom turnkey execution contracts were secured are Electricity Deptt., Goa; Electricity Deptt.,





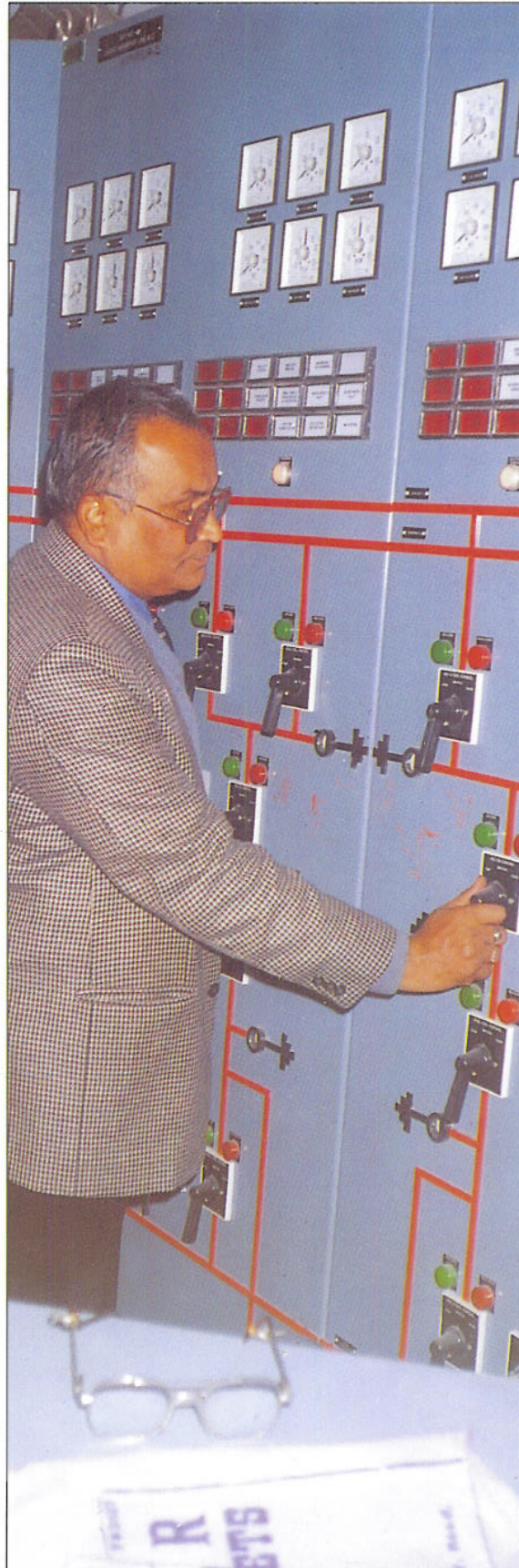
compromising on the availability of its transmission network. POWERGRID is also in the process of installation of Optical Fibre Cables in North-Eastern, Eastern and Western Regions and the total network under ULDC schemes will be about 6000 Kms. across the country. The spare capacity available to POWERGRID on its all India optical fibre network in the ULDC telecommunication infrastructure are being utilised to exploit commercial telecom market.

POWERGRID has already commenced commercial operation of its telecom links between Delhi to Chandigarh, Jabalpur to Dhule, Delhi to Jaipur and Delhi to Meerut. The Service Agreement for leasing out bandwidth for annual fee of Rs. 7.50 crore was signed with Telecom service providers and revenue of Rs. 2.47 crore was realized against a target of Rs. 2 crore. POWERGRID is planning to establish a Telecom backbone network of about 14,000 Kms. connecting 56 cities including all metros and major towns. POWERGRID has already prioritised some of the important links, which include:

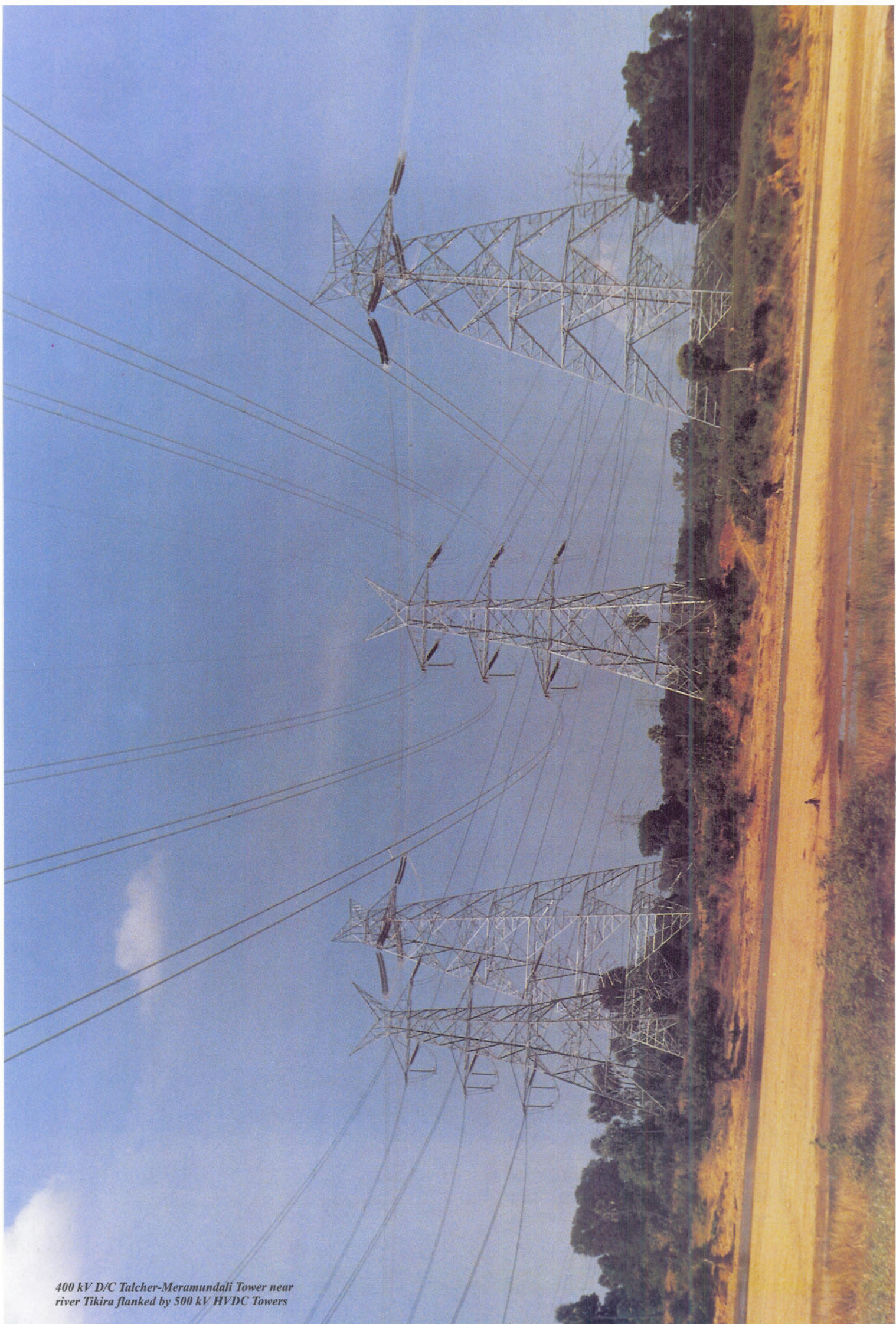
- ▶ Delhi-Shimla
- ▶ Delhi-Mumbai
- ▶ Hyderabad-Bangalore-Chennai
- ▶ North-Eastern State Capitals and major towns
- ▶ Delhi-Hyderabad
- ▶ Delhi-Calcutta

POWERGRID is already in the process of establishing Delhi-Mumbai link, a high traffic and high priority link route to make an early entry into telecom business and tap the market potential. It is also envisaged that this link would enhance the revenue stream as various other major cities can be linked progressively with the completion of balance network. POWERGRID has advanced the commissioning of this link and all efforts are being made for commercial use of this link by III Quarter, 2002. For execution of balance links, telecom packages like Overhead & Underground Fibre Optic Cable, Telecom equipment, Auxiliary supply etc. are ready for award, immediately after CCEA approval.

Efforts are also on to develop state level telecom networks utilizing SEBs' T&D networks and infrastructure for which the



220 kV D/C Jalandhar - Dasuya Line being energised.



400 kV D/C Talcher-Meramundali Tower near river Tikira flanked by 500 kV HVDC Towers



process of forming Joint Venture with SEBs/ Telecoms are in full swing. In addition to this, POWERGRID has initiated dialogue with Bhutan for providing consultancy in Telecom and undertake execution of Turnkey Telecom Projects.

Further, various companies with high capacity bandwidth requirement viz. Dishnet DSL, VSNL, STPI etc. have shown keen interest in utilizing POWERGRID's stable, sturdy, vandalism proof, high availability network.

INFORMATION TECHNOLOGY

POWERGRID recognizes Information Technology as a key organizational resource to be leveraged for enabling smooth core business operation and communication. The Corporate IT plan and Road Map drawn up by POWERGRID are strictly adhered to in progressive implementation of IT in the organization. As a result of dedicated efforts, MoU parameters pertaining to Information Technology have successfully been achieved well ahead of the targeted dates. Keeping abreast with the technology developments, POWERGRID has strengthened the Information Technology Infrastructure in all of its offices. The **Corporate INTRANET** implemented in POWERGRID is serving as a common information repository and knowledge base. Web based applications for **Grid Parameter Monitoring; Operation Status Reporting, and Human Resources Information** are being Regularly launched on POWERGRID INTRANET besides other repository of information, reports and utilities.

A **web based Inspection Call Management System**, developed in-house, has been implemented on POWERGRID INTRANET website, **e-enabling** the Equipment inspection call logging, tracking and reporting process with the vendors, sub-vendors and QA&I officers as users. POWERGRID has also leveraged its in-house expertise to develop an enterprise wide Financial Accounting Application, which is being deployed in all its offices.

ATTRACTING PRIVATE INVESTMENT IN TRANSMISSION

POWERGRID has taken effective steps to attract private investment in transmission sector to bridge the gap in resource mobilization for execution of transmission projects during 10th and 11th plan. Solicitation process on already identified two routes viz. Independent Power Transmission Company (IPTC) and Joint Venture (JV) is under progress.

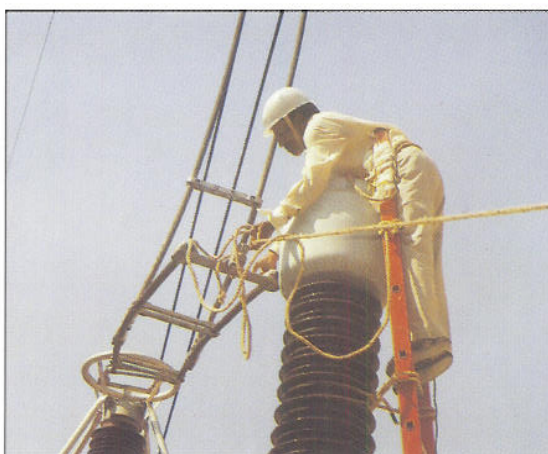
The project taken up through JV route covers certain transmission lines estimated to cost Rs 1100 crore. These

are associated with a transmission project titled "Transmission system associated with Tala HEP, East-North Inter-connector and Northern Region Transmission System". The project taken up through IPTC route covers 400 kV double circuit transmission line from "Bina to Nagda & Nagda to Dehgam", and is estimated to cost Rs. 450 crore.

For the first project through JV route, POWERGRID has identified M/s Tata Power as a prospective Joint Venture Partner (JVP), after evaluation of qualifying requirements and selection process. For the formation of the Joint Venture Company, a 'project specific Shell Company' was incorporated on 4th May, 2001. Shareholders' Agreement (SHA) has already been initiated for entering into Joint Venture and approval of Govt. of India is awaited for POWERGRID's participation in this Joint Venture Company with 49% Equity participation. Balance 51% equity shall be contributed by M/s Tata Power and its affiliates. The other two Agreements viz. Implementation Agreement (IA) and Transmission Service Agreement (TSA) are in advance stages of finalisation.

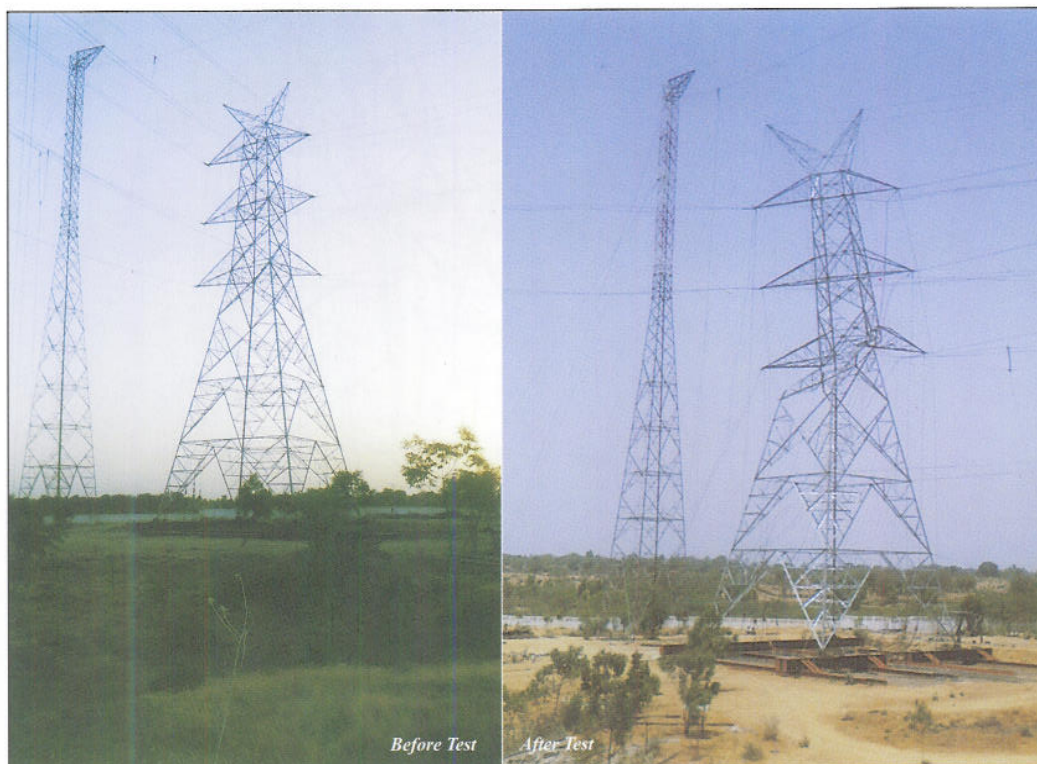
CERC has also issued orders on 'Tariff Norms Applicable for Private Sector' and 'Procedure and Terms & Conditions of License'.

Significant progress has also been achieved under IPTC route, which is being implemented through International Competitive Bidding on BOOT basis. In response to the invitation for the RFQ stage, 15 applicants had purchased the document. Out of these, 6 applicants submitted their Qualification statements and 4 parties have been short listed for issue of Request for Proposal (RFP) document to enable them submit their Techno-Commercial & Tariff Proposal for final selection as Sponsor. Request for Proposal (RFP) document has been issued to short-listed parties. The Sponsor is likely to be finalised by the end of this year.



Tan-Delta measurement in progress at Bhadrawati HVDC





Prototype tower testing of in-house designed towers

In addition to above, a basket of 8 projects costing about Rs. 22,800 crore were identified for taking up on Build, Own, Operate, Transfer (BOOT) basis through IPTC route. For such projects, an “Expression of Interest” were invited in June, 2001, for which overwhelming response has been received from 17 parties including multinationals. To carry forward this process, specific transmission lines for two projects are being identified for further solicitation and others are in the pipeline.

IMPROVEMENT THROUGH INNOVATIONS AND INDUCTION OF NEW TECHNOLOGIES

POWERGRID believes in the philosophy of keeping in step with the modern trends and practices and keeping itself abreast with the new technologies available around globe. POWERGRID has taken many initiatives, through which system performance could be improved. Some of them are as under:

• Series Capacitors :

POWERGRID has chalked out a programme for installation of 18 nos. of series capacitors with an objective to enhance the transmission capacity of existing/planned transmission lines with marginal investment. It has achieved a distinctive feat by successful implementation of series capacitor on

Kanpur-Ballabgarh 400kV line. The benefit of this can be gauged by the fact that provision of series capacitor has not only enhanced power transfer capacity by 45%, but also improved voltage and reduced transmission losses.

• Flexible AC Transmission System (FACTS) :

FACTS, a latest technology, prevailing globally, involves thyristor-controlled mechanism, which helps in improving dynamic stability of the overall transmission system. POWERGRID is in the process of implementing state-of-the-art FACTS at 400 kV level on Kanpur-Ballabgarh line, which is the first application of FACTS technology in the country at EHV level. POWERGRID has also proposed use of FACTS on major inter-regional lines like Purnea Muzaffarpur- Gorakhpur 400kV line under Tala Transmission System and Raipur-Rourkela 400 kV Transmission Line, to develop high capacity power transfer corridor.

• Export of power from Eastern Region :

It has been estimated that at present Eastern Region has a surplus of 2000 MW during peak hours and 3500 MW during off-peak hours. POWERGRID is implementing various inter-regional transmission schemes like Sasaram (500MW), Gazuwaka-II (500 MW), which would enable transfer of 1000 MW from Eastern to Northern and Southern Regions, respectively.





POWERGRID is also implementing Talcher-II transmission system (involving 1400 Kms. long, 2000 MW Talcher-Kolar HVDC Bipole line) and Rourkela Raipur 400kV line, which are under advanced stage of construction and would enable additional 3000 MW power transfer from Eastern Region to Southern Region/ Western Region.

In addition, as a result of the concerted efforts made by POWERGRID, energy transfer to the extent of about 8660 MUs from power surplus Eastern Region was made possible during 2001-2002 as against 6800 MUs in the previous year, registering an increase of more than 27% over last year.

RESEARCH AND DEVELOPMENT

POWERGRID is relentlessly striving hard in a fast developing, ever-changing technological and competitive environment to achieve its objective through efficient use of transmission system and introduction of new technology, system and products. To maintain technological leadership, POWERGRID has embarked upon a conscious policy to pursue the research and developmental efforts to remain at par with international organizations in the field and to enable sustained growth of the company in times to come.

Some of the major R&D activities undertaken by the company are as follows;

•Controlled Shunt Reactor:

The Controlled shunt reactor gets connected and disconnected automatically as per the preset voltage conditions of the system for controlling system voltages. A 50 MVAR controlled shunt reactor has been developed in association with BHEL and installed on 400 kV Jabalpur Itarasi line at Itarasi S/S.

•Use of Composite Insulators:

Composite Insulators offer many advantages such as better pollution performance, ease in erection and reduced maintenance etc. However experience of its use in Indian environment is limited. POWERGRID has used composite insulators on trial basis on a small stretch of 400 kV Ramagundam - Hyderabad line and performance is being monitored regularly. The results are quite encouraging. Further efforts are on along with M/S BHEL to develop indigenous technology for Composite Insulators.

•In-house Design of Transmission Tower & sub-station Structures:

With an objective of standardization of design to achieve the benefits of reduction in inventories & project execution time, in-house designs have been undertaken. 9 Nos. of 400 kV AC towers including towers for ice loading conditions were designed and successfully tested. Further, in-house design of 7 nos. of towers and 400 kV & 220 kV sub-station structures have been completed during the last year. In addition to this, POWERGRID has designed and carried out field demonstration of strengthening of existing towers on Nalagarh-Hissar 400 kV D/C Transmission Line.

•Design Optimization Studies for 800 kV D/C Line.

POWERGRID completed preliminary design optimization studies for 800 kV D/C Transmission line and commenced in-house tower designs for the line.

•Modern Maintenance Technique for HVDC Transmission Line.

The corporation carried out a trial-cum-demonstration exercise at Kanpur on ± 500 kV HVDC Rihand-Dadri



Oil testing in Central Insulating Oil Testing Lab, Hyderabad





Transmission Line with quad conductor. The exercise primarily involved using the specially developed prototype fixtures and were tested under various O&M activities. These are expected to greatly reduce shutdown time and consequently increase availability for both HVDC and HVAC lines.

• Real Time Monitoring of Transmission Lines for Maintenance.

For the first time in Asia (other than JAPAN), POWERGRID is in the process of installing a system for REAL TIME MONITORING OF TRANSMISSION LINES FOR MAINTENANCE (REMTRAM), on Dadri-Ballabgarh Line, on an experimental basis. When commissioned, it would provide valuable data related to various parameters of a transmission line, thus not only making it possible to take preventive measures, but also providing important information for future designs.

• Punctured Insulator Detector (PID).

POWERGRID is giving special emphasis to on-line testing of the insulator strings on critical lines to detect the punctured insulators, which cannot be detected during routine maintenance. Through PID, the punctured insulators are detected on live line and appropriate action is taken in advance to avoid long outage of the line.

CONTRACTS MANAGEMENT

POWERGRID has been continuously refining its procurement strategy based on the prevailing market trends. During the financial year 2001-2002, POWERGRID has awarded contract for 70 packages aggregating to Rs. 920 crore under multilateral as well as domestic funding. This includes Rs.81crore for Telecommunication Project for Delhi-Mumbai link, which were awarded within a record three months' time. Further, 12 nos. of consultancy contracts valued at Rs. 62 crore including contracts valued at Rs. 26 crore on behalf of Govt. of Goa were awarded in record time of 2 months from Bid submission date.

HIGH PRIORITY TO VIGILANCE

It is essential that in the war against corruption, everyone is made aware of the various strategies and principles that have been evolved so far. Keeping this in mind, POWERGRID has been committed towards bringing about transparency in all its activities and in its endeavour towards conducive environment. Significant achievements were made on this front by the corporation involving personnel from various management levels in **preventive anti-corruption work.**

POWERGRID added a feather to its cap by publishing a unique and landmark policy document **"Works and Procurement Policy and Procedure"** for the pre-award

activities. Policies laid down in the manual are unambiguous & transparent, backed up by established & time tested procedures and systems. The manual protects interest of the company and generates confidence in Managers in taking decisions. Meticulous follow up and System Audit have been implemented to identify and plug any deviations and to provide feed back for up-gradation/improvements. Similar document is being developed for post award activities as well as for other functional areas like Engineering, Finance and Quality Assurance.

During the year, a number of workshops, seminars, debates and elocution contests were organized all over the country on the occasion of the Vigilance Awareness Week. The in-house journal of the Vigilance Department **"Candour"** was also published for the second time with contributions from all quarters. A successful seminar on **'Morality in Public Life'** was also organized in association with SANKALP, a voluntary organization, where eminent personalities from various spheres of life participated.

POWERGRID also implemented **"Vigilance Information Database"** software for the first time on the guidelines and formats of the Central Vigilance Commission. This advanced software enables retrieving of vigilance information with speed, efficiency and accuracy.

Spreading awareness and transparency in its operation along with a viable strategy of motivation and prevention has been and will be the mantra of POWERGRID in fight against corruption.



Inter-Pole cable termination & piping of 420 kV CBs



HUMAN RESOURCE MANAGEMENT

Uniting the human chain

POWERGRID believes that human resource, of over 6900 employees, is the most important asset of the organization and accordingly its policies are focused on the development of human potential through skill upgradation, career enhancement and job rotation to achieve the organizational objectives. The corporation has rationalized and standardized a number of schemes, which will facilitate overall satisfaction amongst employees while working towards accomplishment of the objectives of the corporation. New methods have been implemented to assess the potential and performance of employee and friendly systems have been designed to reward employees demonstrating consistently outstanding performance.

Employees' well being

During the year, the corporation has rendered facilities and support for creating avenues for recreational activities for employees and their family and to encourage them to act as an agent for the community participation/development. In view of this, a number of employees have participated and won prizes in a number of sports, tournaments, meets etc. In January, 2002, POWERGRID hosted a Inter Power Sector PSU Cricket Tournament at Secunderabad, in which all the



Team Spirit - Behind consistent outstanding performance



PSUs under the Ministry of Power participated and the event generated a lot of enthusiasm. In some of the remote substations, POWERGRID has facilitated the establishment of schools for the benefit of employees' wards. The corporation has always taken care of health of the employees and their family members and to this end at least one hospital has been empanelled in the vicinity of POWERGRID establishment. This has provided a considerable relief to those employees who are posted in the remote location.

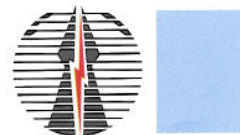
Rajbhasha

In pursuance of Govt. of India's policy to promote extensive use of Rajbhasha in the corporation, POWERGRID has put in its sincere efforts and the results achieved are praiseworthy. The effort made by POWERGRID in promoting the implementation of Rajbhasha has been applauded in many forums such as Ministry of Power etc. About 400 employees have been imparted training in subjects related to Rajbhasha and a large number of employees have been imparted training in Hindi software.

Social justice

The corporation has implemented all Govt. Directives to take care of the interests of Scheduled Caste, Scheduled Tribe and Other Backward Classes. For monitoring it, POWERGRID has nominated Liaison Officers in the Corporate Centre and Regional Establishments. Further, appropriate funds have been





earmarked for the welfare of the SC/ST community and have implemented a number of welfare schemes in the SC/ST populated villages near its establishments.

RECOGNITION OF EMINENT PERSONALITIES

POWERGRID, as a part of its social commitment, has undertaken several initiatives in various fields, which is a matter of pride. To commemorate its excellent track record and also successful completion of decade of excellence in service to the nation, POWERGRID instituted “POWERGRID Award of Excellence” to honour eminent / outstanding personalities / organisations. The award will carry citation and cash prize of Rs. 1 lakh (Rupees one lakh only) in each field and will be announced every year on Raising Day i.e. 23rd October to be presented at a suitable function subsequently.

To start with, for the year 2001, POWERGRID honoured two distinguished personalities in the field of Information

Technology and Power Sector respectively.

- Rehabilitation Action Plan (RAP)/Social Assessment Management Plan (SAMP) were drawn up and implementation for all of its projects in line with ESPP.
- Executives were also trained to implement ESPP.

QUALITY ASSURANCE AND INSPECTION

POWERGRID values the quality and is rigorously following quality checks at pre-identified points of project implementation for deriving maximum benefit out of projects. As a leading utility, POWERGRID is committed to effective Quality Management, and to excel in this area, company has developed its Quality Management Systems to the requirement of revised version of ISO i.e. ISO-9001: 2000 and has completed the entire documentation requirement for this.



Harmonious existence

Technology and Power Sector respectively.

Subsequently, from the year 2002 “POWERGRID Award of Excellence” shall be awarded to eminent personalities / organisations in the following fields:-

- Power Sector,
- Information Technology, and
- Environment,

TOWARDS THE GREENER ENVIRONMENT

It is now well established that growth/development brings the risk of environmental degradation and social problems with it. In order to tackle environmental issues effectively, POWERGRID is religiously following its unique Environmental and Social Policy & Procedures (ESPP) in every sphere of project implementation. The ESPP outlines POWERGRID's commitment to deal with environmental and social issues relating to its transmission projects, lays



Effective quality control monitoring during execution of projects

It is pertinent to mention that it is the first Indian Utility in the Power Sector to be bestowed with ISO-9001: 1994 version certificate by M/s EAQA, U.K. in July 1995 and was re-certified.

POWERGRID has dedicated teams of Quality Engineers



315 MVA-ICT-1 under erection in Bhiwadi Sub-station

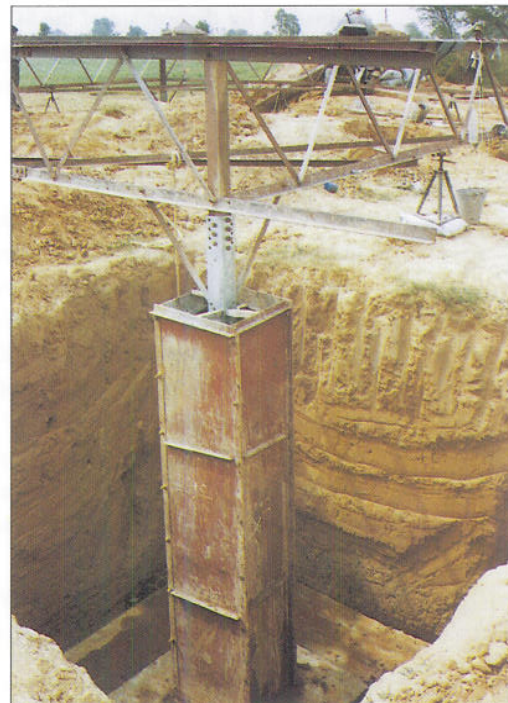
stationed at nine Inspection Offices spread all over the country, which are not only catering to the requirement of the POWERGRID projects, but also providing consultancy services to other Power Utilities in the country. The On-Line Inspection Management System introduced by POWERGRID enables submission of Inspection Call through Internet and its subsequent forwarding to the Inspection Office. The Inspection Management System has led to effective monitoring of Inspection status and clearing of bottlenecks.

REGIONAL HIGHLIGHTS

Northern Region-I (NR-I)

Northern Region-I, one of the largest regions of POWERGRID, has maintained the transmission network of 9,078 ckt. kms. at an average availability of 99.41% and outage per line was restricted to 4.32 per line during the year.

During the year, one new 400/220 kV sub-station at Allahabad and LILO of 400 kV Singrauli-Kanpur ckt. I & II lines at Allahabad were completed. Major ongoing transmission project in the Region include 800 kV Tehri-Meerut Transmission System along with establishment of 800 kV substation at Meerut. The other ongoing project activities include, construction of 250 ckt. km. of 400 kV, 79 ckt. km. of 220 kV and 65 ckt. km. of 132 kV. A new 400 kV sub-station at Bhiwadi is being established besides extension of 400 kV existing sub-stations at Agra.



Foundation work - LILO of 400 kV Ballabgarh - Bassi Line

Northern Region executed state-of-the-Art Unified Load Despatch & Communication Scheme (ULDC). **The Hon'ble Prime Minister of India inaugurated the Northern Region ULDC scheme on 11th January, 2002.** This scheme covers networking of all power stations of capacity 50 MW and above, all 400 sub-stations and important 22kV/ 132kV/ 66kV sub-stations of NR constituents.

Continuing with its excellence in O&M area, NR-I not only optimised the system operation but also bagged orders for deployment of Emergency Restoration System (ERS) from BBMB for shifting of road-crossing tower of 220kV Narela- Rohtak D/C Transmission Line of BBMB, which is passing through densely populated area of Pitampura, Delhi. The work was meticulously planned and the entire work was completed in 3 days and nearly 45 days of outage of this important line was avoided. NR-I also bagged consultancy works worth Rs. 5.54 crore for re-routing transmission line for M/s NHAI, Delhi Metro Rail & Indian Railways using ERS.

Innovating skills of task management, on round the clock basis, at Rihand, helped in replacement of Converter Transformer in record time of 59 hrs. against the minimum specified time of 96 hrs. as per ABB manual for such jobs. NR-I also generated additional income of Rs. 30 Lacs for testing of NTPC transformer using state-of-the-art Frequency Response Analysis (FRA) kit and for the deposit



Officers inspecting a blasted tower in Kashmir Valley

works done for DVB.

Remarkable progress was achieved by Northern Region-I in the Company's Telecom diversification efforts, with commercial operation of Delhi-Chandigarh telecom link in October, 2001. Revenue of about Rs. 69 Lacs was collected during the year. Further, Delhi-Meerut 160 Kms. long telecom link involving 50 Kms. of underground OFC was commissioned in a record time of one month.

Northern Region - II (NR-II)

The Region, which encompasses hilly & snow bound terrain in its fold maintained its transmission network of 5,119 ckt. kms. at an average line availability of 98.80% with outage rate of 6.11 per line during the year. During the year, 400 kV D/C Jhakri-Nalagarh Transmission Line and 400/220 kV sub-station at Jalandhar were completed. In consultancy area, it executed consultancy work for 220/66 kV Manimajra sub-station of Chandigarh along with associated 220 kV S/C Nalagarh-Manimajra Transmission Line. It took up this prestigious project on top priority and 220 kV S/C Nalagarh-Manimajra Transmission Line was test charged in Feb., 2002 against a target of March, 2002.

It was a matter of great pride for the Region as well as for POWERGRID, when five technicians, namely, Shri Kishori Lal, Shri Jagdev Singh, Shri Om Prakash Singh, Shri Babu Singh and Shri Devinder Kumar were jointly selected for the prestigious **Prime Minister's "Shram Vir" Award** for the year 2001 for their dedication, courage and commitment shown in restoration of power to Kashmir

Valley under extreme hostile conditions in February, 2001 with the use of ERS on 220 kV D/C Kishenpur-Pampore Transmission Line, blasted by militants. The line was restored within four days which otherwise would have taken few months.

Eastern Region (ER)

The Region maintained a transmission network of 6,155 ckt. kms. at an average line availability of 99.42% with outage rate of 4.73 per line during the year.

During the year, 132 kV Rangit-Rammam line, 400 kV D/C Biharsharif-Sasaram-Sarnath Transmission Line, extension of 400/220 kV Malda sub-station, 132/33 kV sub-station at Sasaram, 400 kV Allahabad-Sarnath ckt.-



Inside view of Valve Hall in 500 MW Sasaram HVDC B/B station





Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo information is annexed to this report.

COMPTROLLER AND AUDITOR GENERAL'S COMMENTS

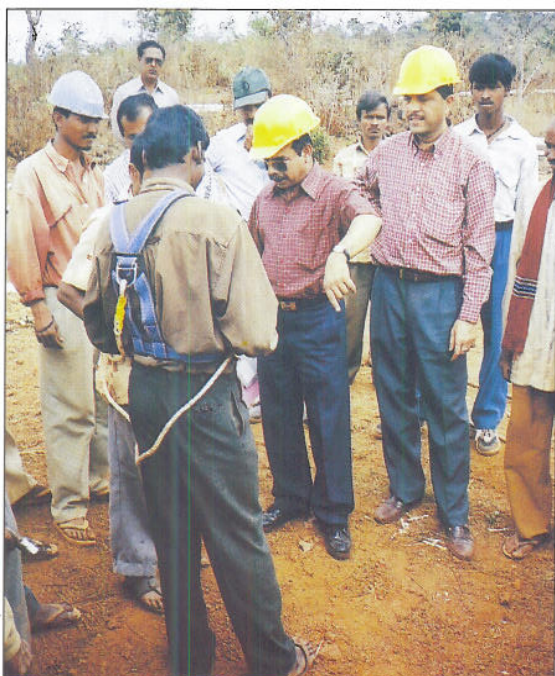
Review of the accounts for the year ended 31st March, 2002 by the Comptroller and Auditor General of India under section 619 (4) of the Companies Act, 1956 along with Directors' comments on the points raised by the C&AG is annexed to this report.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement, a report on Corporate Governance, forming part of this report, together with the Auditor's Certificate regarding the compliance of the conditions of Corporate Governance are annexed to this report.

POWERGRID'S BOARD

During the year, a number of changes took place in the constitution of Board of Directors. Shri S.C.Misra joined POWERGRID as Director (Projects) w.e.f. 1.9.2001 in place of Shri R.K.Madan who superannuated on 31.08.2001. Shri U.C.Misra assumed the charge of the post of Director(Personnel), POWERGRID w.e.f. 1.8.2002



To excel - our moto, safety - our prime concern

Shri R.K.Madan and Shri A.I.Bunet were on our Board for a period of five years and one year, respectively. The Board

gratefully acknowledges the invaluable contribution and guidance received from them during their tenure with POWERGRID. Shri A.K.Kutty, JS (Systems), MOP and Shri M.Sahoo, JS&FA, MOP joined the Board of POWERGRID w.e.f. 22.7.2002 vice Shri P.I.Suvrathan and S/Shri R.Ramanujam respectively. Shri V.V.R.K.Rao, Member (GO), CEA ceased to be a Director on attaining the age of superannuation w.e.f. 30.6.2002. The Board of Directors also place on record its deep appreciation for the contribution and guidance received from S/Shri P.I.Suvrathan, R.Ramanujam and V.V.R.K.Rao. Appointment of non-official part-time Directors whose place fell vacant on 26.7.2001 is awaited.

ACKNOWLEDGEMENTS

The Directors place on record their grateful thanks for the guidance and cooperation extended all through by Ministry of Power, Central Electricity Authority, Ministry of Home Affairs, Central Electricity Regulatory Commission, Deptt. of Economic Affairs, Ministry of Finance and other concerned Govt. departments/agencies at the Central and State level without whose active support the achievements by the Corporation during the year under review would not have been possible. Moreover, the Board extends its sincere thanks to the customers of the corporation, the State Electricity Boards/ concerned corporations for their endeavour to pay the transmission charges in spite of their financial hardships.

The Directors take this opportunity to thank the Principal Director of Commercial Audit and Ex-Officio Member Audit Board-III for the cooperation during the year. Your Directors also acknowledge the valuable suggestions and guidance received from the statutory auditors viz. M/s. Hingorani M. & Co., M/s. Venugopal & Chenoy and M/s D.P. Sen & Co. during the audit of accounts of the company for the year under review.

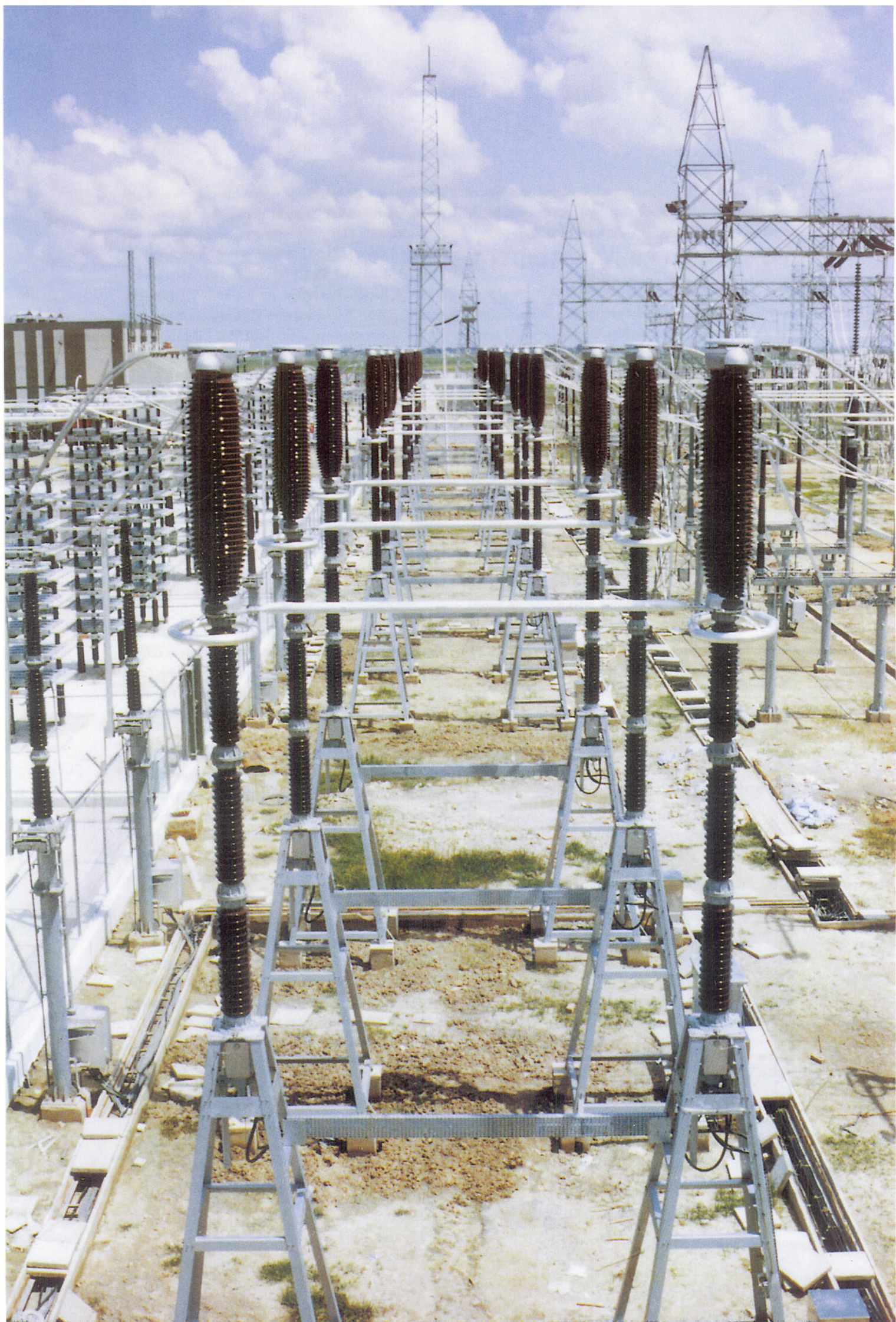
Your Directors further wish to place on record their sincere thanks to the various national/international financial institutions/ banks/ credit rating agencies for the continued trust and confidence reposed by them by rendering the continuous timely assistance and patronage for successful implementation of the various projects by the company.

Last but not the least, the Board of Directors place on record the valuable contribution and appreciation for the support and the cooperation extended by each member of the POWERGRID family in the affairs of the company.

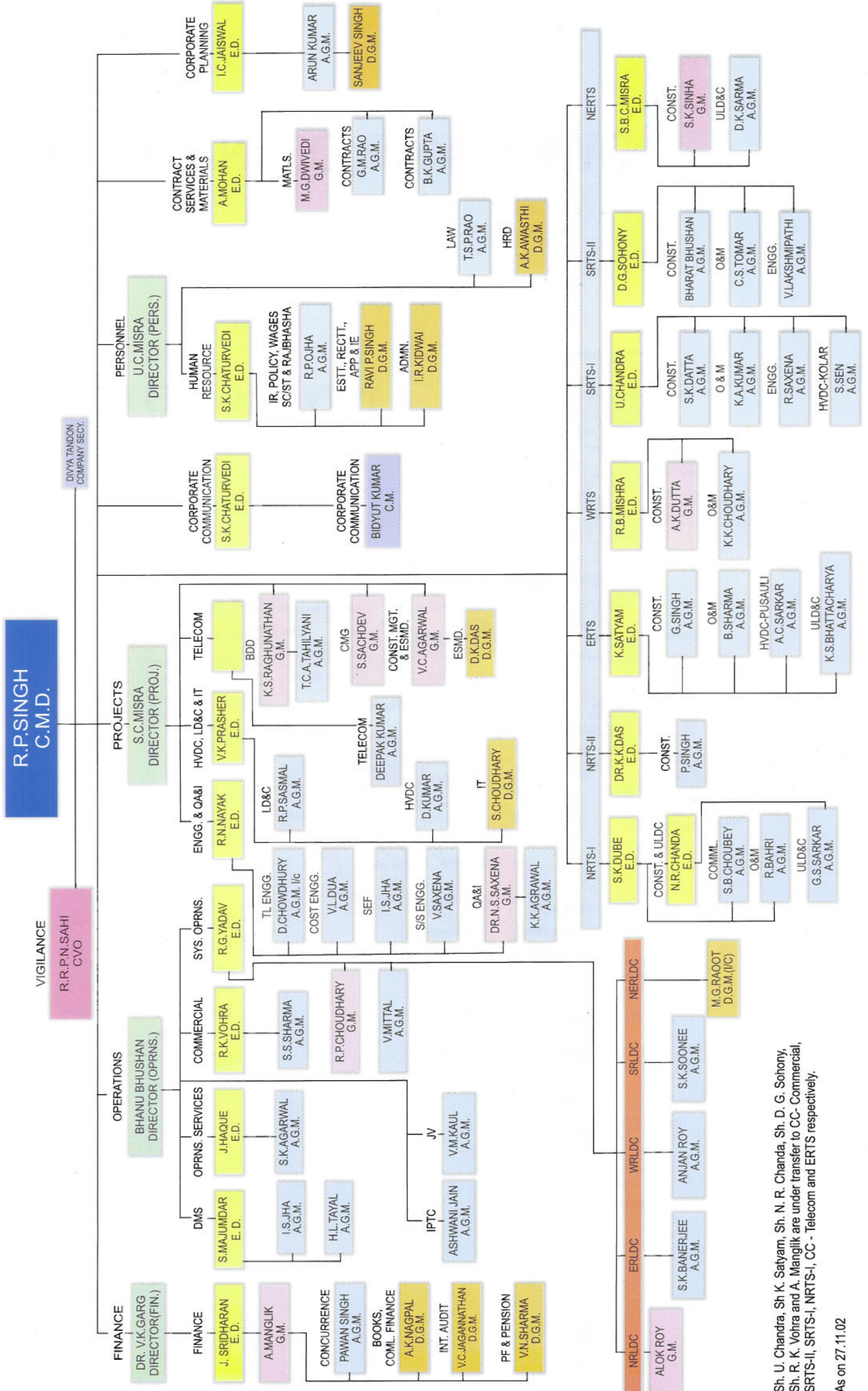
(R.P. SINGH)

Chairman & Managing Director

Date : 30.09.2002.
Place : New Delhi.



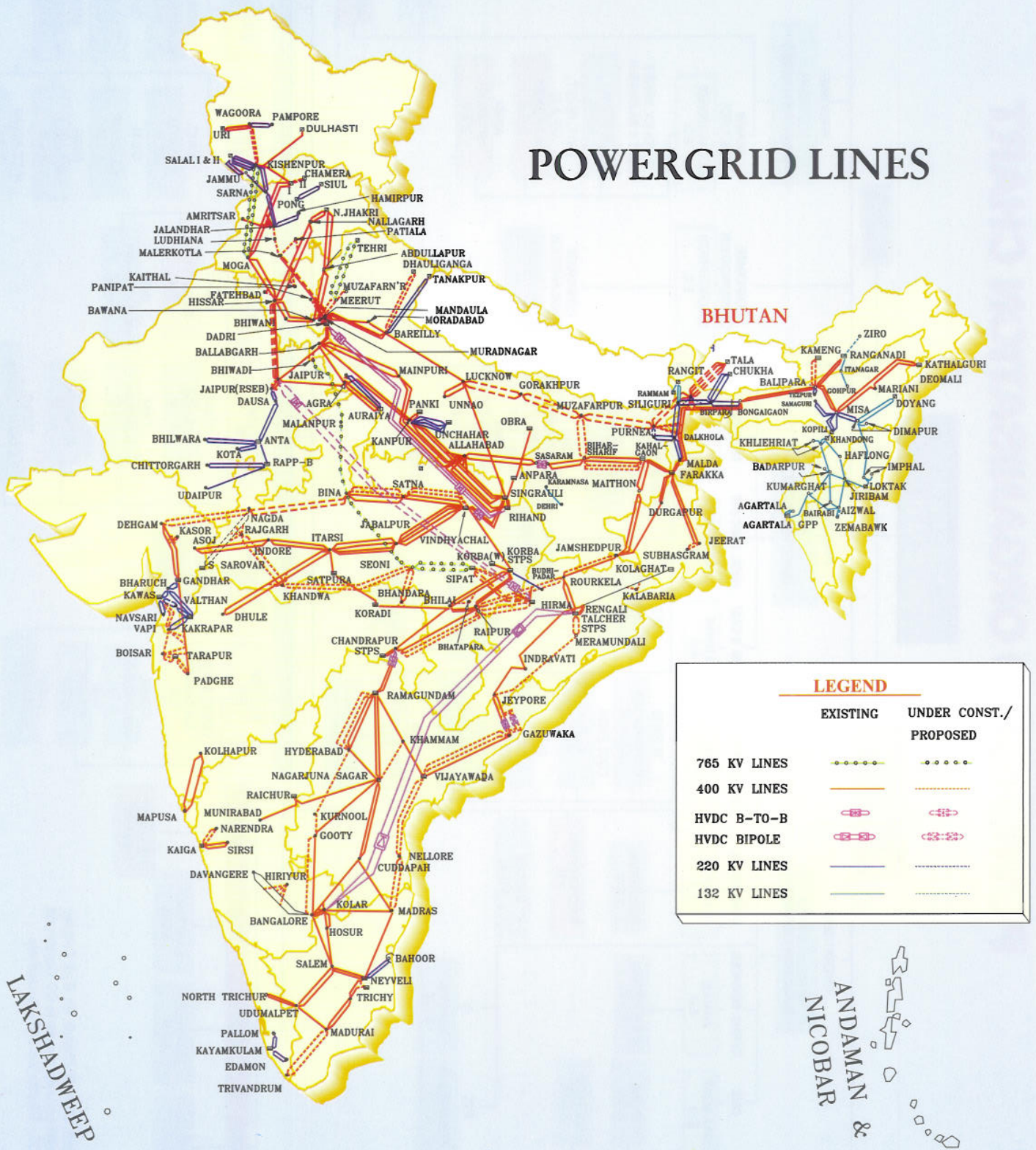
POWERGRID ORGANISATION CHART



Sh. U. Chandra, Sh. K. Satyam, Sh. N. R. Chanda, Sh. D. G. Sohtony, Sh. R. K. Vohra and A. Manglik are under transfer to CC- Commercial, SRTS-I, SRTS-II, NRTS-I, CC - Telecom and ERTS respectively.

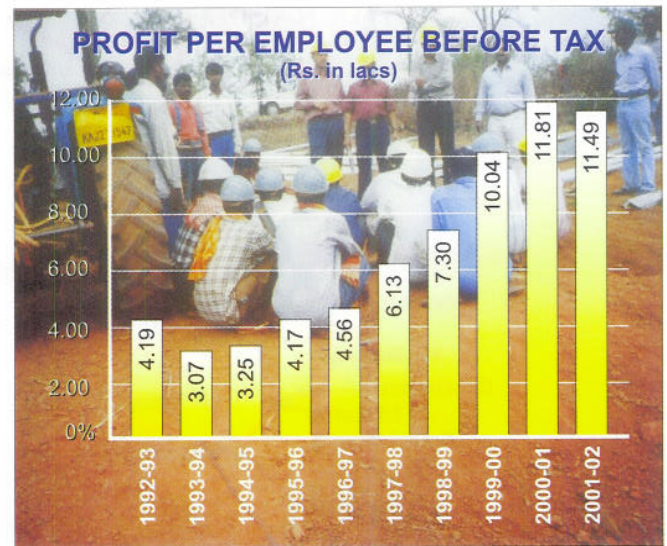
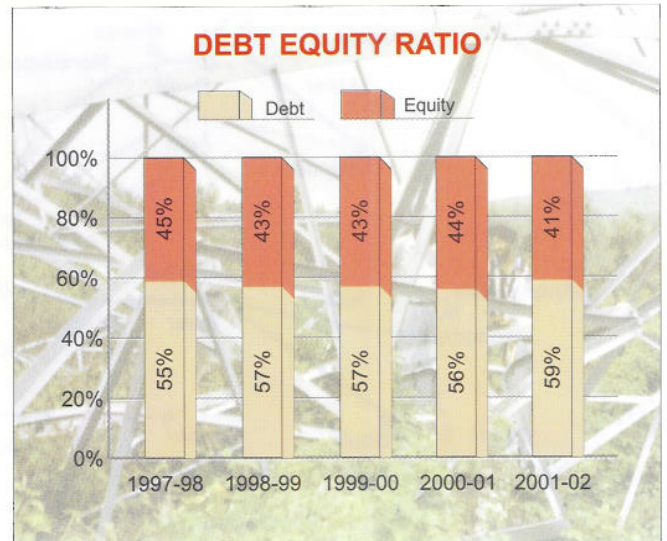
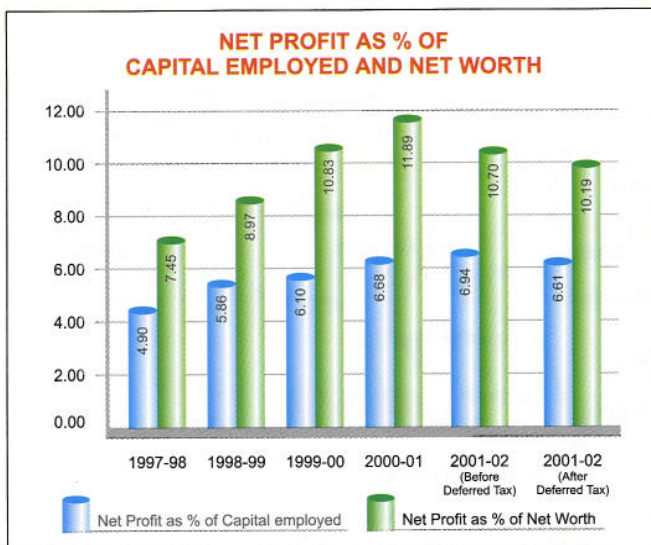
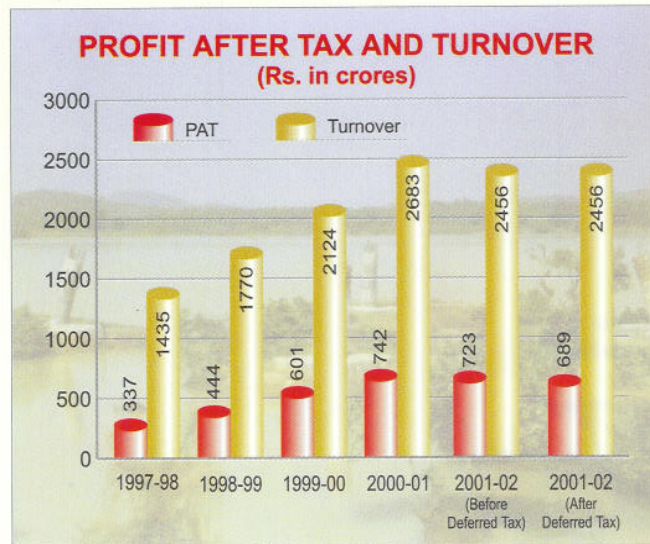
POWER MAP OF INDIA

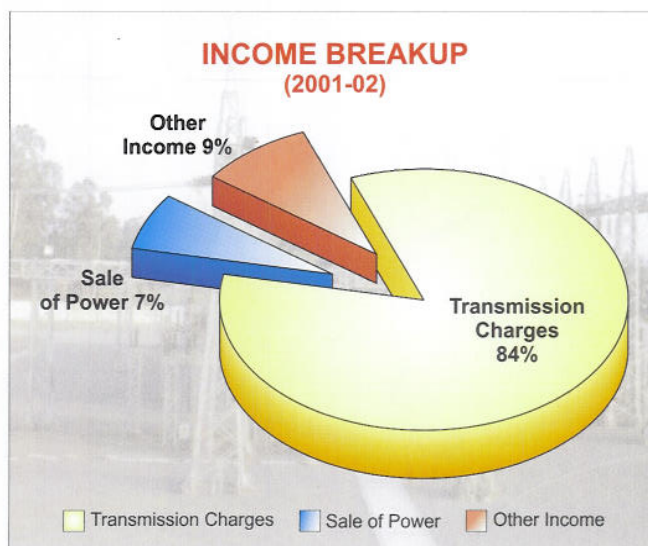
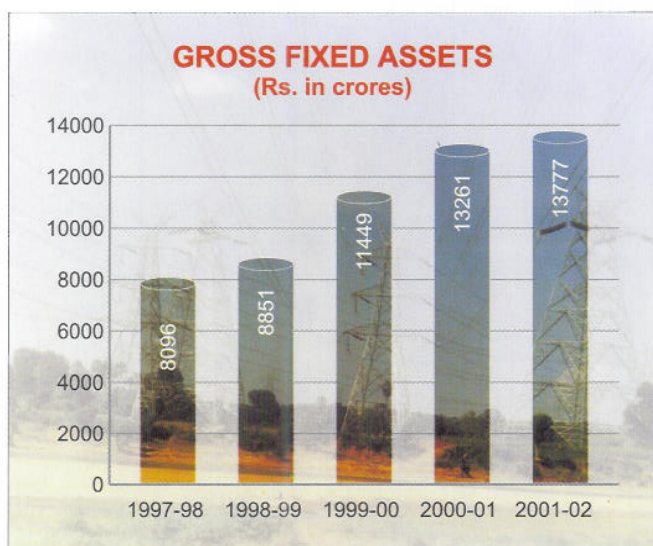
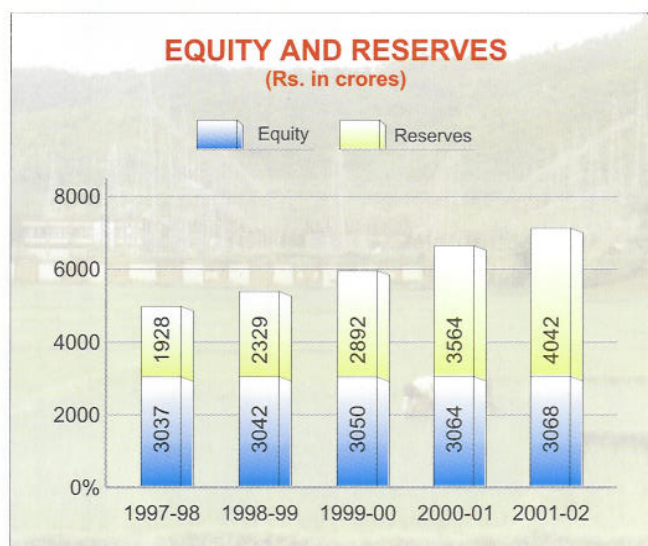
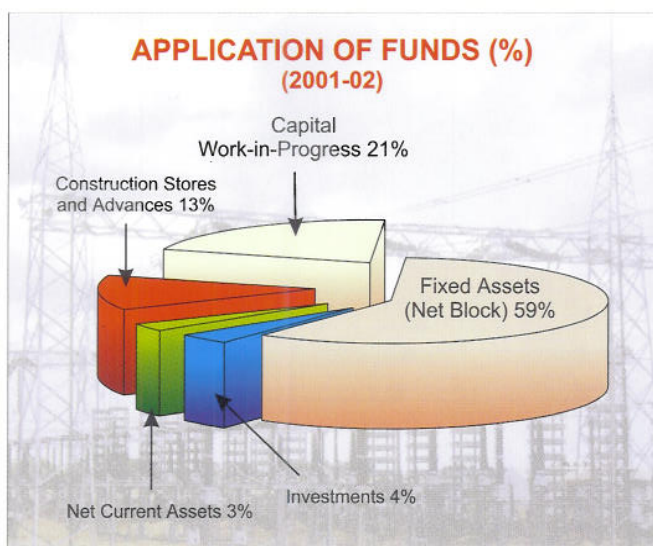
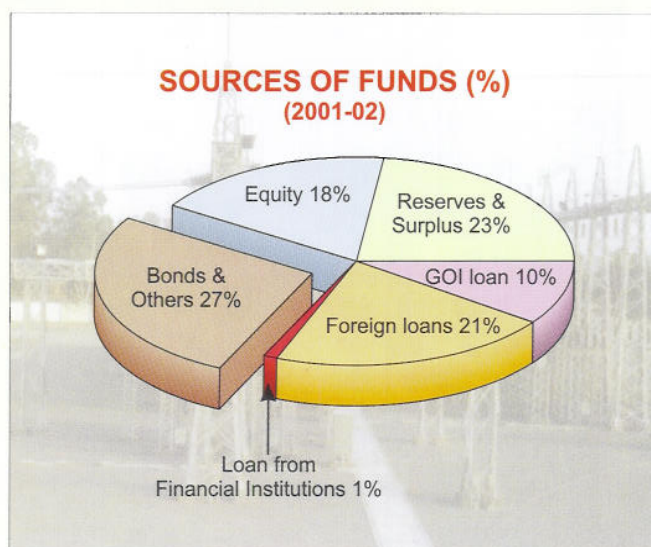
POWERGRID LINES



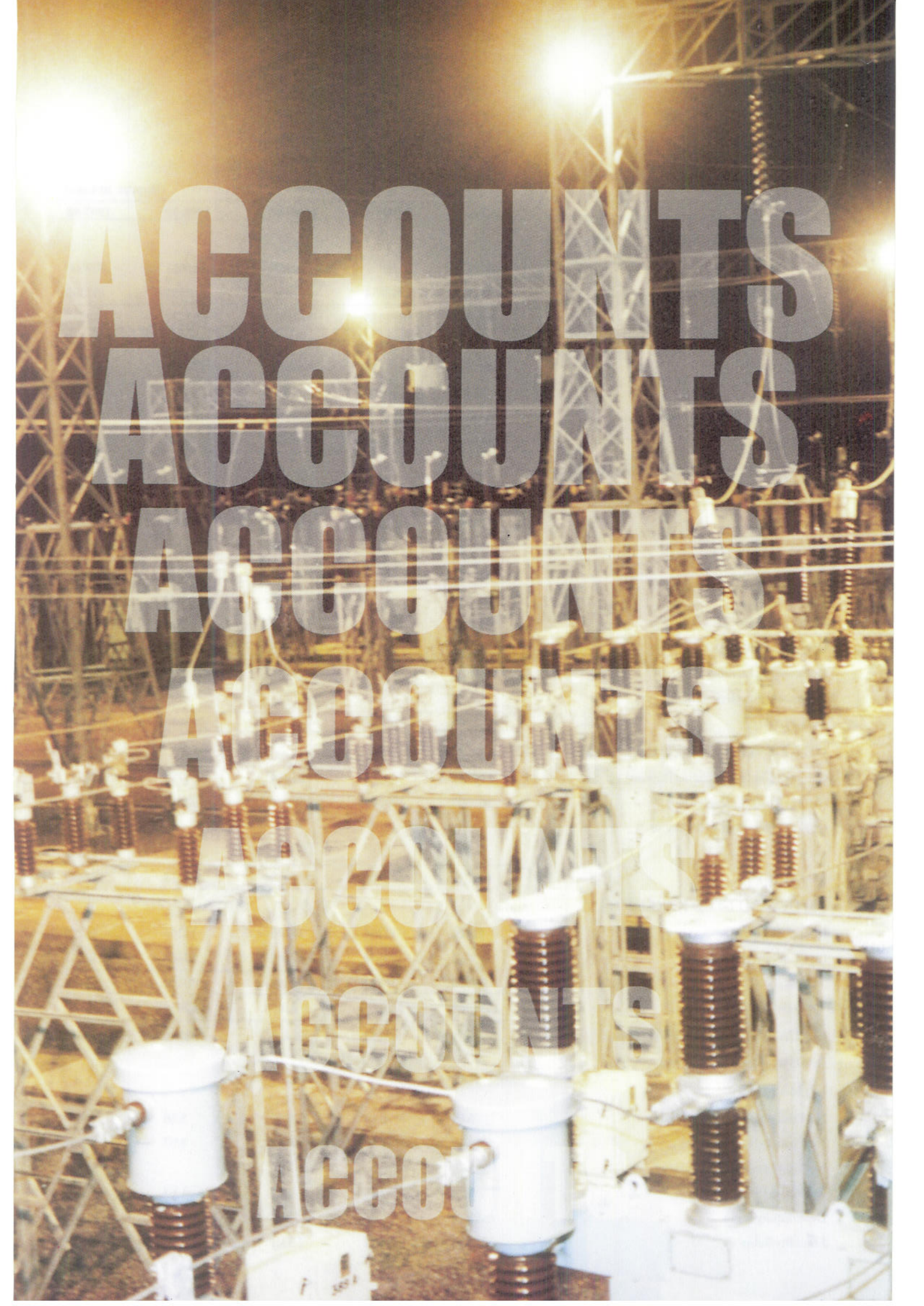
TELECOM BACKBONE NETWORK











ACCOUNTS

ACCOUNTS

ACCOUNTS

ACCOUNTS

ACCOUNTS

ACCOUNTS

ACCOUN

FIVE YEAR SUMMARY FINANCIAL POSITION

(Rupees in Lacs)

	2001-02	2000-01	1999-00	1998-99	1997-98
(A) WHAT THE COMPANY OWNED :					
Gross Fixed Assets	1377679	1326092	1144955	885068	809560
Less : Depreciation	387090	347654	277064	217531	165348
Net Fixed Assets	990589	978438	867891	667537	644212
Capital Work-in-Progress & Construction					
Stores & Advances	587498	315345	325116	430667	366536
Investments	73903	39747	15147		
Current Assets, Loan & Advances	244218	224735	204215	162746	127169
TOTAL (A)	1896208	1558265	1412369	1260950	1137917
(B) WHAT THE COMPANY OWED :					
Borrowings From :					
-Govt. of India	177243	185258	185802	165026	145622
-Financial Institutions	25449	15605	15760	1326	16901
-Foreign Loans	356707	286865	279119	266526	215326
-Cash Credit		2	748	602	
-Other Loans/Bonds	432952	318486	250008	219628	181196
Current Liabilities & Provisions	158326	91486	87636	71434	82864
Deferred Tax Liability	19403				
Advance against Depreciation	15719				
TOTAL (B)	1185799	897702	819073	724542	641909
(C) NET WORTH OF THE COMPANY REPRESENTED BY :					
(i) Equity Capital (including Deposit)	306781	306388	304954	304154	303654
(ii) Free Reserves and Surplus	369502	320604	250801	192059	149141
(iii) Less Misc. Exp. to the extent not written off	572	2283	827	675	435
TOTAL (C)	675711	624709	554928	495538	452360
(D) COMMITTED RESERVES					
(i) Capital Reserves	11206	11206	11206	11206	11206
(ii) Grants in Aid	23492	24648	27162	29664	32442
TOTAL (D)	34698	35854	38368	40870	43648
Total (B+C+D)	1896208	1558265	1412369	1260950	1137917
(E) CAPITAL EMPLOYED					
(Net Fixed Assets+Net Current Assets)	1041359	1111687	984470	758849	688517
(F) RATIOS					
Net Profit to Capital Employed (%)	6.61	6.68	6.10	5.86	4.90
Net Profit to Net Worth (%)	10.19	11.89	10.83	8.97	7.45
Net Worth per Rupee of Paid-up					
Capital (in Rs.)	2.20	2.04	1.82	1.63	1.49
Debt./Equity Ratio	59:41	56:44	57:43	57:43	55:45
Liquidity Ratio	1.26:1	2.46:1	2.33:1	2.28:1	1.61:1



FIVE YEAR SUMMARY OPERATING RESULTS

	(Rupees in Lacs)				
	2001-02	2000-01	1999-00	1998-99	1997-98
(A) EARNED FROM :					
Transmission Charges	206328	231764	178950	157701	124653
Sale of Power	17676	16701	17780	13259	16535
Consultancy & other income	21548	19797	15657	6066	2280
Total Earnings	245552	268262	212387	177026	143468
(B). PAID & PROVIDED FOR :					
Purchase of Power	17615	16683	17777	13305	13114
Employees Remuneration & Benefits	17530	21738	14258	10601	8534
Transmission Expenses	4984	5832	4323	4696	4013
Administration Expenses	8692	8107	7841	6578	5885
Other Expenses (Including Prior Period Adj.)	1358	1354	-151	1554	-2116
Deferred Revenue Expenditure	96	525	178	233	179
Provisions	10539	18	315	155	453
Total Expenditure (Excl. Depr. & int.)	60814	54257	44541	37122	30062
Profit before Depreciation & Intt.	184738	214005	167846	139904	113406
Depreciation	39409	71712	57763	52114	36626
Interest & Finance Charges	65804	61068	42019	38087	34574
Net Profit after Interest & Depreciation but before Tax	79525	81225	68064	49703	42206
Provision for Tax	7223	6976	7976	5261	8490*
Net Profit after MAT	72302	74249	60088	44442	33716
Deferred Tax	3440				
Profit after Deferred Tax	68862				
Dividend	5066	5000	2000	2000	2000

* Income Tax of Rs. 3951 lacs for the year 1996-97 has also been provided during 1997-98

**REVENUE EXPENDITURE ON SOCIAL OVERHEADS
FOR THE YEAR ENDED 31ST MARCH,2002**

(Rupees in Lacs)

Sl. No.	Particulars	Township	Education & School Facilities	Medical Facilities	Subsidised Transport	Social & Cultural Activities	Subsidised Canteen	Total	Previous Year
1.	Payment to Employees		111	971	100	65	293	1540	1408
2.	Material Consumed	33						33	35
3.	Rates & Taxes	30						30	16
4.	Welfare Expenses	81	57	121	40	499	52	850	902
5.	Others including Repair & Maintenance	239			2			241	311
6.	Depreciation	340						340	443
7.	Sub-total(1 to 6)	723	168	1092	142	564	345	3034	3115
8.	Less: Recoveries	101			1			102	90
9.	Net Expenditure(7-8)	622	168	1092	141	564	345	2932	3025
10.	Previous year	750	119	1127	141	695	193	3025	



ACCOUNTING POLICIES

1.0 CAPITAL RESERVE

Grants-in-aid received from Central Government or other authorities towards capital expenditure for Projects and betterment of transmission systems are shown as grants-in-aid under 'Reserves and Surplus' till the utilisation of grant. However, grants received for specific depreciable assets are shown under 'Reserves and Surplus' while the assets are under construction. On capitalisation of assets, such grants-in-aid are treated as deferred income and recognised in the Profit and Loss Account over the period and in the proportion in which depreciation on these assets is provided.

2.0 FIXED ASSETS

- 2.1 In the case of commissioned assets, deposit works/cost-plus contracts where final settlement of bills with contractors is yet to be effected, capitalisation is made on provisional basis subject to necessary adjustments in the year of final settlement.
- 2.2 Assets and Systems common to more than one Transmission System are capitalised on the basis of technical estimates and /or assessments.
- 2.3. The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses but does not include the deposits/advances/expenditure incurred wherever possession of land is not taken.
- 2.4. Capital expenditure on assets not owned by the company, reflected as a distinct item in Capital Work-in-Progress, pending completion, is thereafter shown as a distinct item in fixed assets.

3.0 MANDATORY SPARES

- 3.1 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 capitalised and depreciation charged as per relevant rates. Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the line.

4.0 TREATMENT OF EXPENDITURE DURING CONSTRUCTION

- 4.1
 - i) Corporate Office expenses, chargeable to Revenue, are allocated to Regional Load Despatch Centres (RLDCs) and Accelerated Power Development and Reform Programme (APDRP) in the proportion the RLDC O&M and APDRP expenses bear to the O&M expenditure of the Corporation (excluding Corporate Office expenses).
 - ii) Regional Office expenses are allocated to Accelerated Power Development and Reform Programme (APDRP) in the proportion the APDRP expenses bear to the O&M expenditure of the Region (excluding Regional Office expenses) for the current year.
 - iii) Expenses of Corporate Office, as reduced by the amount allocated to APDRP and RLDCs, common to operation and construction activities, are allocated to Profit and Loss Account and Incidental Expenditure during Construction in the proportion of Transmission Charges to Annual Capital Outlay.
 - iv) Expenses of the projects, common to operation and construction activities, are allocated to Profit and Loss Account and Incidental Expenditure during Construction in the proportion of Transmission charges to Accretion to Capital Work-in-Progress.

- v) Consultancy expenditure incurred for Telecom Business is allocated to different links based on revised estimated cost submitted to Govt. for approval. Other expenditure is allocated as per the above accounting policies.
 - vi) The Transmission system is capitalised when it is ready for intended use. However, in case of delay in commercial operation / earning of revenue, the revenue expenditure (excluding interest charges) incurred during the intervening period are treated as Deferred Revenue Expenditure (DRE) and amortized over a period of 5 years from the year of commercial operation / earning of revenue. The depreciation charge is postponed till the year of commercial operation.
 - vii) (a) All the borrowed funds are earmarked to specific projects. The borrowing cost (including Bond Issue expenses, Front End fee, Management fee etc.) is allocated to the projects in proportion to the funds so earmarked.
 - (b) The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or operation .
- 4.2 Incidental Expenditure during Construction (net) including Corporate Office expenses, allocated to the projects pro-rata to the annual capital expenditure for the year, is apportioned to capital work in progress (CWIP) on the basis of accretion thereto. Interest during construction is apportioned on the closing balance of Capital Work-in-Progress.
- 4.3 Deposit works/cost-plus contracts are accounted for on the basis of statement of account received from the contractors.
- 4.4 Claims for price- variation/exchange rate variation in case of contracts are accounted for on acceptance.

5.0 FOREIGN CURRENCY CONVERSION OR TRANSLATION OF ITEMS

Foreign Currency loans/deposits/liabilities are translated/converted with reference to the rates of exchange ruling at the year-end. Difference is adjusted to Capital Work-in-Progress/Fixed Assets in case of Capital Assets and is charged off to revenue, in the case of Current Assets.

6.0 VALUATION OF INVENTORIES

- 6.1 Inventories, other than scrap, are valued at cost on weighted- average basis.
- 6.2 Steel scrap and conductor scrap are valued at estimated realisable value or book value, whichever is less. Other scrap is accounted for as and when sold .

7.0 RECOGNITION OF INCOME

- 7.1 Transmission charges are accounted for based on tariff rates notified by Central Electricity Regulatory Commission (CERC). In case of transmission projects where tariff has not been notified, transmission charges are accounted as per tariff norms notified by CERC.
- 7.2 Sale of power purchased from Chukha Hydel Power Corp. Ltd. and Khurchu Hydel Power Corp. Ltd., Bhutan, is accounted for on the basis of power tariff as notified by Government of India from time to time.
- 7.3 The surcharge / development surcharge recoverable from debtors is not treated as accrued due to uncertainty of its realisation and is, therefore, accounted for on receipt basis.
- 7.4 Liquidated damages/warranty claims and Interest on advances to suppliers are not treated as accrued due to uncertainty of realisation, and are, therefore, accounted for on receipt/ acceptance.
- 7.5 Income from Consultancy/Contract Services is accounted for on the basis of actual progress / technical assessment of work executed, except in cases where contracts provide otherwise.



- 7.6 The Transmission system Incentive/Disincentive is accounted for based on the norms notified/approved by Central Electricity Regulatory Commission from 01.04.2001 and as per notification No. 2/3/Powergrid/Tariff/98 dated 04.02.99 of Government of India upto 31.03.2001 on certification of availability by the respective Regional Electricity Boards.

8.0 EXPENDITURE

- 8.1 a) Depreciation is provided on Straight Line Method at the rates specified in Central Electricity Regulatory Commission (CERC) notification for tariff under the Electricity Regulatory Commission Act, 1998. In respect of assets, where rates have not been specified in the said notification, depreciation is provided on straight line method as per rates prescribed under the Income Tax Act, 1961, except in case of computers and peripherals, where rates as assessed by the Company are adopted.
- b) Depreciation on assets, procured specifically for telecom business, is provided on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- c) Depreciation is provided on pro rata basis in the year in which the assets become available for use.
- d) Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.
- e) Capital expenditure on assets not owned by the company is amortized over a period of four years from the year in which the first line/sub-station of the project comes into commercial operation and, thereafter, from the year in which the relevant assets are completed and become available for use.
- 8.2 In the case of assets of National Thermal Power Corporation Limited (NTPC), National Hydro-electric Power Corporation Limited (NHPC), North-Eastern Electric Power Corporation Limited (NEEPCO), Neyveli Lignite Corporation Limited (NLC) transferred w.e.f. 01.04.92, Jammu and Kashmir Lines w.e.f. 01.04.93, and Tehri Hydro Development Corporation Limited (THDC) w.e.f. 01.08.93, 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.
- 8.3 Plant and Machinery, Loose Tools and items of scientific appliances, included under different heads of assets, costing Rs.5000/- or less or with written down value of Rs.5000/- or less as at the beginning of the year, are charged off to revenue.
- 8.4 Insurance reserve is created @ 0.1% on gross value of Fixed Assets as at the close of the year in respect of future losses which may arise from uninsured risks except for machinery breakdown for valve halls of HVDC and fire risk for HVDC equipments, and SVC sub stations.
- 8.5 Expenses on Training and Recruitment, Research and Development are charged to revenue.
- 8.6 Pre-paid/prior-period items upto Rs.100000/- are accounted to natural heads of account.

9.0 INVESTMENTS

Investments are carried at cost.

10.0 TREATMENT OF RETIREMENT BENEFITS

The liability for gratuity, leave-encashment, and post retirement medical benefits of employees is accounted for on accrual basis based on actuarial valuation.

BALANCE SHEET AS AT 31ST MARCH, 2002

(Rupees in Lacs)

	Schedule No.	RLDC	Transmission & others			As at 31st March, 2002	As at 31st March, 2001
SOURCES OF FUNDS							
Shareholders' Funds							
Capital	1		306781	306781			306388
Reserves and Surplus	2	3118	401082	404200			356458
		3118	707863		710981		662846
Loan Funds							
Secured loans	3		546210	546210			337836
Unsecured loans			446141	446141			468380
			992351		992351		806216
Advance Against Depreciation			15719	15719			
Deferred Tax liability(Net)			19403	19403			—
			35122		35122		806216
Inter Unit Accounts		2506	-2506				
TOTAL		5624	1732830		1738454		1469062
APPLICATION OF FUNDS							
Fixed Assets							
Gross Block	4	519	1377160	1377679			1326092
Less: Depreciation		297	386793	387090			347654
Net Block		222	990367		990589		978438
Capital Work-in-Progress	5		363571	363571			182761
Construction stores and advances	6		223927	223927			132584
		222	1577865		1578087		1293783
Investments	7		73903		73903		39747
Current Assets, Loans & Advances							
Inventories	8	1	17067	17068			15648
Sundry debtors		4206	156341	160547			142852
Cash and Bank balances		30	20957	20987			30526
Other current assets		181	12631	12812			16906
Loans and Advances		1156	31648	32804			18803
		5574	238644		244218		224735
Less: Current Liabilities & Provisions	9						
Current Liabilities		149	136351	136500			76693
Provisions		23	21803	21826			14793
		172	158154		158326		91486
Net current assets		5402	80490		85892		133249
Miscellaneous expenditure (to the extent not written off or adjusted)	10		572		572		2283
TOTAL		5624	1732830		1738454		1469062
Contingent liabilities	11	224	292547		292771		204737
Notes on accounts	18						

Schedule 1 to 18 and Accounting Policies form an integral part of Accounts

(Divya Tandon)
Company Secretary

(Dr.V.K.Garg)
Director (Finance)

(R.P.Singh)
Chairman & Managing Director

For Hingorani M. & Co.
Chartered Accountants

As per our report of even date
For Venugopal & Chenoy
Chartered Accountants

For D.P.Sen & Co.
Chartered Accountants

(Pardeep Kumar)
Partner

(P.V.Sri Hari)
Partner

(D. Bhattacharyya)
Partner

Place: New Delhi
Date: 13th August, 2002



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

(Rupees in Lacs)

	Schedule No.	RLDC	Transmission & others	For the year ended 31st March, 2002	For the year ended 31st March, 2001
INCOME					
Transmission charges			222047	222047	231764
Less: Advance against depreciation			15719	15719	
			206328	206328	231764
Sale of Electric Power			17676	17676	16701
Consultancy, Project Management and Supervision Fees			1185	1185	1283
Other Income	12	2446	17917	20363	18514
		2446	243106	245552	268262
EXPENDITURE					
Purchase of Electric Power			17615	17615	16683
Transmission and Administration Expenses	13	2173	39604	41777	45489
Depreciation			97	39639	71872
Prior Period adjustment(Net)	17	2	1390	1392	1363
		2272	80536	82808	118724
Less:a) Incidental expenditure during construction transferred to Capital Work-in-Progress	16A		10650	10650	9905
b) Recoverable from MOP on account of APDRP			139	139	
c) Transferred to Deferred Revenue Expenditure			136	136	107
		2272	69611	71883	108712
Deferred Revenue Expenditure Written Off			96	96	525
Provisions	14		10539	10539	18
Loss on Disposal/Write off of Fixed assets			90	90	31
Corporate Expenses allocated to RLDCs			212	-212	
		2484	97739	100223	125969
Profit before Interest and Finance Charges			-38	145367	142293
Interest and finance charges	15	5	97039	97044	88098
Less: Interest & finance charges transferred to Capital Work-in-Progress (Including Rs Nil (prev year Rs 1850 lacs) transferred to Miscellaneous Expenditure to the extent not written off)	16B				
			31240	31240	27030
		5	65799	65804	61068
Profit for the year (before tax)		-43	79568	79525	81225
Provision for tax			7223	7223	6976
Profit after tax		-43	72345	72302	74249
Provision for Deferred Tax			3440	3440	
Profit after Deferred Tax		-43	68905	68862	74249
Balance Profit brought forward		3161	-522	2639	3696
Balance Available for Appropriation				71501	77945
Appropriation					
Proposed Dividend				5066	5000
Provision for Dividend Tax					510
Transfer to Bonds Redemption Reserve				39269	18652
Bonds Redemption Reserve Written Back				-27393	-13856
Transferred to General Reserve				45000	65000
				61942	75306
Balance of Profit carried over to Balance Sheet				9559	2639

(Divya Tandon)
Company Secretary

(Dr.V.K.Garg)
Director (Finance)

(R.P.Singh)
Chairman & Managing Director

For Hingorani M. & Co.
Chartered Accountants

As per our report of even date
For Venugopal & Chenoy
Chartered Accountants

For D.P.Sen & Co.
Chartered Accountants

(Pardeep Kumar)
Partner

(P.V.Sri Hari)
Partner

(D. Bhattacharyya)
Partner

Place: New Delhi
Date: 13th August, 2002

SCHEDULES

SCHEDULE 1 - SHARE CAPITAL

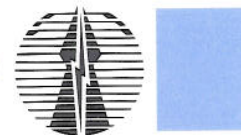
Description	(Rupees in Lacs)	
	As at 31st March, 2002	As at 31st March, 2001
AUTHORISED		
5,00,00,000 (Previous year 5,00,00,000) equity shares of Rs. 1000/- each.	<u>500000</u>	<u>500000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
3,02,89,986 (Previous Year 2,90,59,940) equity shares of Rs 1000/-each fully paid up	<u>302900</u>	<u>290599</u>
Share Capital Deposit	<u>3881</u>	<u>15789</u>
	<u>306781</u>	<u>306388</u>

SCHEDULE 2 - RESERVES AND SURPLUS

Description	(Rupees in Lacs)			
	As at 31st March, 2001	Additions During the Year	Deductions During the Year	As at 31st March, 2002
Capital Reserve	11206			<u>11206</u>
Grants in aid	24648		<u>1156</u>	<u>23492</u>
Self Insurance Reserve	3263	<u>1156</u>	<u>91</u>	<u>4328</u>
General Reserve	265000	<u>45000</u>	<u>15963</u>	<u>294037</u>
Bonds Redemption Reserve	<u>49702</u>	<u>39269</u>	<u>27393</u>	<u>61578</u>
	<u>353819</u>	<u>85425</u>	<u>44603</u>	<u>394641</u>
Surplus as per Profit & Loss Account	2639			<u>9559</u>
Total	<u>356458</u>			<u>404200</u>

SCHEDULE 3 - LOAN FUNDS

Description	(Rupees in Lacs)	
	As at 31st March, 2002	As at 31st March, 2001
SECURED LOANS		
Cash Credit/Working Capital Demand Loan (Secured by hypothecation of stores spares, book debts and other current assets)		2
BONDS I SERIES		
9% Tax-Free 10 years Secured Redeemable non-cumulative non-convertible Bonds of Rs 1000/- each redeemable at par on 10th March, 2002		3900
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Korba & Singrauli Transmission System		
BONDS III SERIES		
a. 13.5% Taxable 7 years Secured Redeemable non-cumulative non-convertible Bonds of Rs 1000/- each redeemable at par on 28th February, 2002		1600

**SCHEDULE 3 - LOAN FUNDS (CONTINUING)**

(Rupees in Lacs)

Description	As at 31st March, 2002	As at 31st March, 2001
b. 9.75% Tax free 7 years Secured Redeemable non-cumulative non-convertible Bonds of Rs 1000/- each redeemable at par on 28th October, 2001 Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Auriya & Moga Bhiwani Transmission system.		10000
		11600
BONDS IV SERIES		20688
17.75% Taxable 5 years Secured Redeemable non-cumulative non-convertible Bonds of Rs.1000/- each redeemable at par on 16th July, 2001 Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Doyang and Farakka Transmission System and Anta Transmission Line		
BONDS V SERIES		20000
15.75% 5 years Taxable Secured Redeemable non-cumulative non-convertible Bonds of Rs.1000/- each redeemable at par on 24th February, 2002 Secured by hypothecation of movable properties and Equitable mortgage of immovable properties of Chamera-Moga Transmission System		
BONDS VI SERIES	10000	10000
13% Taxable Secured Redeemable non-cumulative non-convertible Bonds of Rs.1000/-each redeemable at par in 10(ten) annual equal installments from 6th December, 2002 Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Gandhar Stage-I Transmission System		
BONDS VII SERIES	20000	20000
13.5% Taxable Secured Redeemable non-cumulative non-convertible Bonds of Rs.1000/-each redeemable at par in 5(five) annual equal instalments from 4th August, 2003 Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Kahalgaon Transmission System and Ramagundam Stage-I & II Transmission System.		
BONDS VIII SERIES	2000	2000
10.35% Taxable Secured Redeemable, non-cumulative non-convertible Bonds of Rs.1000/-each redeemable at par in 10(Ten) annual equal instalments from 27th April, 2005 Secured by floating charge over the Fixed Assets of the Corporation		

SCHEDULE 3 - LOAN FUNDS (CONTINUING)

(Rupees in Lacs)

Description	As at 31st March, 2002	As at 31st March, 2001
BONDS IX SERIES		
12.25% Taxable Secured Redeemable, non-cummulative, non-convertible Bonds of Rs. 1,00,000/- each redeemable at par in 10(Ten) annual equal instalments from 22nd August, 2003 Secured by way of Registered Debenture Trust Deed on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and substations of parts of NJTL System.	57650	
BONDS X SERIES		
10.90% Taxable Secured, Redeemable Non-cumulative non-convertible Bonds of Rs. 12 lakh each redeemable at par in 12 (twelve) equal annual instalments w.e.f 21.06.2004 Secured by way of Registered Debenture Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-I, Farakka & Chamera Transmission system	76152	
BONDS XI SERIES		
a) 9.80% Taxable Secured, Redeemable, Non-cumulative, non-convertible Bonds of Rs 3 crores each consisting of 12 STRPPs of Rs 25 lakh each, redeemable at par in twelve equal instalments w.e.f 07-12-2005. Secured by way of Registered Debenture Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage on assets of Anta, Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram- Allahbad, LILO of Singrauli -Kanpur and Allahbad Sub-station	54300	
b) 9.20% Taxable Secured Redeemable ,Non -cumulative , non-convertible bonds of Rs 3 crores each consisting of 6 STRPPs of Rs 50 lakh each, redeemable at par in six equal annual instalments w.e.f 07-12-2003. Secured by way of Registered Debenture Trust Deed ranking pari-passu, on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Guajrat and mortgage & hypothecation on assets of Uri Transmission system.	20700	
	75000	
Loan From Life Insurance Corporation of India Secured by equitable mortgage of immovable properties of Kathalguri Transmission System	449	605
Loan From Indian Overseas Bank Secured by a floating charge on the fixed assets of the Company.	10,000	10,000
Loan from State Bank of India a. Secured by first pari passu charge on fixed assets of the Company		20000

**SCHEDULE 3 - LOAN FUNDS (CONTINUING)**

(Rupees in Lacs)

Description	As at 31st March, 2002	As at 31st March, 2001
b. Secured by first pari passu charge on fixed assets of the Company	<u>25000</u>	<u>25000</u>
Loan from ICICI		
Secured by first pari passu charge over the assets of the Company	25000	45000
Loan from Corporation Bank		
Secured by a floating charge on the fixed assets of the Company	15000	15000
Loan from Punjab National Bank		
Secured by a floating charge on the fixed assets of the Company	20000	20000
Loan-II from Punjab National Bank		
Secured by a floating charge on the fixed assets of the Company	<u>30000</u>	<u>20000</u>
Loan From Oriental Bank of Commerce		
Secured by a floating charge on the fixed assets of the Company	25000	
Bank of India, Cayman Island		
Secured by a Floating charge on the immovable properties of the company	48960	46880
Loan from International Bank for Reconstruction and Development		
Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhachal and Rihand Transmission system and further guaranteed by Government of India	76838	85208
Loan from International Bank for Reconstruction and Development for PSDP-II	29191	
Secured by pari passu interest in the liens created on the assets as security for the debts existing as on 13.06.2001 and further guaranteed by Government of India		
West Merchant Bank , UK		
(Guaranteed by consortium of Bankers, which is secured by hypothecation of Plant and Machinery of Jeypore-Gajuwaka HVDC transmission system and further to be secured by Equitable Mortgage of immovable properties of Indravati Substation	14970	16953
Total Secured Loans	<u>546210</u>	<u>337836</u>
UNSECURED LOANS		
BONDS IX SERIES		
12.25% Taxable Redeemable, non-cumulative, non-convertible Bonds of Rs. 1,00,000/- each redeemable at par in 10(Ten) equal annual instalments w.e.f. 22nd August, 2003 to be secured by creation of charges on the assets of the Corporation		57650

SCHEDULE 3 - LOAN FUNDS (CONTINUING)

(Rupees in Lacs)

Description	As at 31st March, 2002	As at 31st March, 2001
BONDS XII SERIES		
9.70% Taxable secured Redeemable non-cumulative, non-convertible Bonds of Rs 1.50 crores consisting of 12 STRPPs of Rs 12.50 lacs each redeemable at par in twelve equal annual instalments w.e.f 28.03.2006- To be secured by creation of charges on the assets of the Corporation	18450	
Loan from ICICI Bank Ltd. (Short Term)		25000
Loan from Power Finance Corporation	10000	10000
Loan from Government of India	177243	185258
Syndicated loans from ING Bank, Japan	7390	7540
Commerz Bank	1613	3291
Bank of India, Tokyo	4740	4836
Kreditanstalt Fur Wiederaufbau, Germany	51120	15810
Loans Guaranteed by Govt of India		
a. West Merchant Bank, UK & State Bank of India, London	13673	15723
b. Natexis Banque (Credit National), France	10398	10015
c. Credit Agricole Indosuez (Banque Indosuez)	5804	6607
d. Asian Development Bank (1405 - IND)	103364	89701
e. Syndicated Loan from Industrial Bank of Japan & other Japanese Banks/Financial Institutions	1406	2869
f. Overseas Economic Corporation Fund (JBIC)	2188	2112
g. European Investment Bank	12275	9111
h. Asian Development Bank (1764-IND)	<u>11386</u>	<u>3165</u>
	160494	139303
PENDING FINALISATION OF TRIPARTITE AGREEMENT/BACK TO BACK AGREEMENT AMOUNT PAYABLE TO GOVERNMENT OF INDIA ON ACCOUNT OF		
A. NTPC Purchase Consideration		
Loans from		
a. Syndicated loan from Industrial Bank, Japan	11711	11948
b. Syndicated loan from Sumitomo Bank	2592	5303
2. Bonds issued by NTPC		<u>802</u>
Sub-total	14303	18053
B. NHPC Purchase Consideration		
a. Export Development Corporation, Canada	788	1509
b. Bonds issued by NHPC		<u>130</u>
Sub-total	788	1639
Total Unsecured Loans	446141	468380
Grand Total (Secured + Unsecured)	<u>992351*</u>	<u>806216</u>

* Due for repayment/redemption within one year Rs. 85702 Lacs (Previous year Rs. 36588 Lacs).

**SCHEDULE 4A - FIXED ASSETS-TRANSMISSION**

(Rupees in Lacs)

Description	Gross Block			As at 31/03/2002	Depreciation			As at 31/03/2002	Net Block	
	As at 31/03/2001	Additions during the year	Adjustments during the year		As at 31/03/2001	Additions during the year	Adjustments during the year		As at 31/03/2002	As at 31/03/2001
LAND (Including Development)										
Freehold	130			130					130	130
Leasehold	38	2		40	1			1	39	37
Roads, Bridges,Culverts & Helipads	1			1					1	1
BUILDINGS										
Others	4			4	1			1	3	3
Temp. erection	10			10	8			8	2	2
Plant&Machinery	812971	35785	-3525	852281	170866	20814	11	191669	660612	642105
Constrn. and Workshop equipment	720	87	-11	818	219	27	-1	247	571	501
Vehicles	6			6	4			4	2	2
TOTAL (A)	813880	35874	-3536	853290	171099	20841	10	191930	661360	642781

SCHEDULE 4B - FIXED ASSETS- SUB-STATIONS

(Rupees in Lacs)

Description	Gross Block			As at 31/03/2002	Depreciation			As at 31/03/2002	Net Block	
	As at 31/03/2001	Additions during the year	Adjustments during the year		As at 31/03/2001	Additions during the year	Adjustments during the year		As at 31/03/2002	As at 31/03/2001
LAND (Including Development)										
Freehold	8082	308	-478	8868					8868	8082
Leasehold	1144	6	-2	1152	139	21	-1	161	991	1005
Unclassified	18			18					18	18
Roads, Bridges,Culverts & Helipads	2798	240	-10	3048	449	52		501	2547	2349
BUILDINGS										
Main Plant	8087	254	-274	8615	2218	242	-40	2500	6115	5869
Others	1369	19		1388	448	52		500	888	921
Temp.erection	160	31		191	126	8		134	57	34
Water Supply Drain. Sewerage	1109	75		1184	225	29		254	930	884
Plant&Machinery	452301	6219	-3166	461686	163772	17109	192	180689	280997	288529
Constru.and Workshop equipment	466	16		482	280	17	-1	298	184	186
Electrical Installation	1008	143	-28	1179	519	48		567	612	489
Vehicles	188	1	11	178	156		8	148	30	32
Aircraft/Aero engines boats	2			2	1	1		2		1
Furniture Fixture & other equipment	776	73		849	393	36	-1	430	419	383
EDP &WP Machines	246	17	-1	264	172	27		199	65	74
Laboratory and Workshop equip.	1718	120	-22	1860	1128	113	-6	1247	613	590
Capital Exp. on Assets not owned by the Company	168		-2	170	134	14		148	22	34
TOTAL (B)	479640	7522	-3972	491134	170160	17769	151	187778	303356	309480

SCHEDULE 4C - FIXED ASSETS - RESEARCH & DEVELOPMENT

(Rupees in Lacs)

Description	Gross Block			As at 31/03/2002	Depreciation			As at 31/03/2002	Net Block	
	As at 31/03/2001	Additions during the year	Adjustments during the year		As at 31/03/2001	Additions during the year	Adjustments during the year		As at 31/03/2002	As at 31/03/2001
BUILDINGS										
Main Plant	74			74	16	1	-1	18	56	58
TOTAL (C)	74			74	16	1	-1	18	56	58

SCHEDULE 4D - FIXED ASSETS - OFFICE COMPLEX

(Rupees in Lacs)

Description	Gross Block				Depreciation			Net Block		
	As at 31/03/2001	Additions during the year	Adjustments during the year	As at 31/03/2002	As at 31/03/2001	Additions during the year	Adjustments during the year	As at 31/03/2002	As at 31/03/2002	As at 31/03/2001
LAND (Including Development)										
Freehold	1189	3		1192					1192	1189
Leasehold	822			822	11	2		13	809	811
BUILDINGS										
Others	4983	338	-77	5398	742	98		840	4558	4241
Temp.erection	224	14		238	185	7		192	46	39
Water Supply drain. Sewerage	9		-2	11	1	1		2	9	8
Electrical Installation	29	1		30	12			12	18	17
Vehicles	136	18	21	133	92	10	13	89	44	44
Furniture Fixtures & Other equipment	2167	121	39	2249	1287	100	26	1361	888	880
EDP & WP Machines	1830	188		2018	830	400	3	1227	791	1000
TOTAL (D)	11389	683	-19	12091	3160	618	42	3736	8355	8229

SCHEDULE 4E - FIXED ASSETS - TOWNSHIP

(Rupees in Lacs)

Description	Gross Block				Depreciation			Net Block		
	As at 31/03/2001	Additions during the year	Adjustments during the year	As at 31/03/2002	As at 31/03/2001	Additions during the year	Adjustments during the year	As at 31/03/2002	As at 31/03/2002	As at 31/03/2001
LAND(Including Development)										
Freehold	5068	57	1258	3867					3867	5068
Leasehold	923			923	17	10		27	896	906
Roads bridges culverts & helipads	1064	11	-12	1087	193	20		213	874	871
BUILDINGS										
Others	10854	763	-215	11832	1914	214		2128	9704	8940
Temp.erection	65	2		67	57			57	10	8
Water supply drain. Sewerage	1611	52		1663	301	29		330	1333	1310
Electrical Installation	622	12	-5	639	321	27		348	291	301
Vehicles	15			15	12			12	3	3
Furniture fixtures & Other equipment	445	23		468	180	31	1	210	258	265
EDP & WP Machines	1			1		1		1		1
Hospital Equip.	1			1	1			1		
School Equip.	3			3	1	1		2	1	2
Capital Exp. on Assets not owned by the Company	4			4	3			3	1	1
Total (E)	20676	920	1026	20570	3000	333	1	3332	17238	17676

SCHEDULE 4F - FIXED ASSETS - RLDC

(Rupees in Lacs)

Description	Gross Block				Depreciation			Net Block		
	As at 31/03/2001	Additions during the year	Adjustments during the year	As at 31/03/2002	As at 31/03/2001	Additions during the year	Adjustments during the year	As at 31/03/2002	As at 31/03/2002	As at 31/03/2001
BUILDINGS										
Temp. Erection	10			10	9			9	1	1
Plant & Machinery	32	12		44	14	2	-1	17	27	18
Constru. and Workshop equip	1			1					1	1
Vehicles	3		1	2	2	-1	1		2	1
Furniture Fixture & Other Equipment	124	33	1	156	51	9		60	96	73
EDP & WP Machines	253	45	1	297	137	66		203	94	116
Laboratory and Workshop Equip.	10			10	6	1		7	3	4
Total(F)	433	90	3	520	219	77		296	224	214

**SCHEDULE 4 - FIXED ASSETS**

(Rupees in Lacs)

Description	Gross Block			Depreciation			Net Block			
	As at 31/03/2001	Additions during the year	Adjustments during the year	As at 31/03/2002	As at 31/03/2001	Additions during the year	Adjustments during the year	As at 31/03/2002	As at 31/03/2002	As at 31/03/2001
LAND(Including Development)										
Freehold	14469	368	780	14057					14057	14469
Leasehold	2927	8	-2	2937	168	33	-1	202	2735	2759
Unclassified	18			18					18	18
Roads, Bridges,Culverts & Helipads	3863	251	-22	4136	642	72		714	3422	3221
BUILDINGS										
Main Plant	8161	254	-274	8689	2234	243	-41	2518	6171	5927
Others	17210	1120	-292	18622	3105	364		3469	15153	14105
Temp.erection	469	47		516	385	15		400	116	84
Water Supply Drain. Sewerage	2729	127	-2	2858	527	59		586	2272	2202
Plant & Machinery	1265304	42016	-6691	1314011	334652	37925	202	372375	941636	930652
Constru.and workshop equip	1187	103	-11	1301	499	44	-2	545	756	688
Electrical Installation	1659	156	-33	1848	852	75		927	921	807
Vehicles	348	19	33	334	266	9	22	253	81	82
Aircraft/Aero engines Boats	2			2	1	1		2		1
Furniture fixtures & Other equipment	3512	250	40	3722	1911	176	26	2061	1661	1601
EDP &WP Machines	2330	250		2580	1139	494	3	1630	950	1191
Laboratory and workshop Equip.	1728	120	-22	1870	1134	114	-6	1254	616	594
Hospital Equip.	1			1	1			1		
School Equip.	3			3	1	1		2	1	2
Capital Exp. on Assets not owned by the Company	172		-2	174	137	14		151	23	35
Grand Total	1326092	45089	-6498	1377679	347654	39639	203	387090	990589	978438
Previous year	1144955	191617	10480	1326092	277064	71872	1282	347654	978438	

SCHEDULE 5A - CAPITAL WORK IN PROGRESS - TRANSMISSION LINES

(Rupees in Lacs)

Description	Balance as at 31/03/2001	Additions during the year	Adjustments	Capitalised during the year	Balance as at 31/03/2002
Development of land		2		2	
Plant & Machinery (including associated civil works)					
a. On own A/C & on supply- cum-erection contract	144443	153123	6182	30336	261048
Consultancy & Supervision Charges	2744	863	265	25	3317
Difference in Exchange on foreign Loans	-126	4267	2850	1002	289
TOTAL (A)	147061	158255	9297	31365	264654

SCHEDULE 5B - CAPITAL WORK IN PROGRESS - SUB-STATIONS

(Rupees in Lacs)

Description	Balance as at 31/03/2001	Additions during the year	Adjustments	Capitalised during the year	Balance as at 31/03/2002
Development of land	619	220	-6	195	650
Roads bridges & culverts & helipads	554	479	193	239	601
Buildings (others)	936	1434	294	257	1819
Temporary erection	33	6		31	8
Water supply drainage and sewerage	34	93	5	74	48
PLANT & MACHINERY (including associated civil works)					
On own account & on supply-cum-erection contract	24407	65017	-1162	6680	83906
Electrical installations	81	266	48	142	157
Furniture fixtures & other office equip.	40	4	2		42
Survey Investigation Consultancy & Supervision Charges	2007	379			2386
Difference in Exchange on foreign Loans	369	6744	5399	1180	534
Capital expenditure on assets not owned by Company	7	207	2		212
TOTAL (B)	29087	74849	4775	8798	90363

SCHEDULE 5C - CAPITAL WORK IN PROGRESS - OFFICE COMPLEX

(Rupees in Lacs)

Description	Balance as at 31/03/2001	Additions during the year	Adjustments	Capitalised during the year	Balance as at 31/03/2002
Development of land	21	3	21	3	
Buildings (others)	1688	1656	390	331	2623
Temporary erection	5	10		10	5
Water Supply Drainage & Sewerage	2				2
Furniture Fixtures & Other office equipment		1			1
TOTAL (C)	1716	1670	411	344	2631

SCHEDULE 5D - CAPITAL WORK IN PROGRESS - TOWNSHIPS

(Rupees in Lacs)

Description	Balance as at 31/03/2001	Additions during the year	Adjustments	Capitalised during the year	Balance as at 31/03/2002
Development of land	1	9	-1	2	9
Roads bridges culverts & helipads	39	70		11	98
Buildings (others)	1447	1762	358	758	2093
Temporary erection	2			2	
Water supply drainage and sewerage	88	169	29	49	179
Electrical Installations		72		17	55
Total (D)	1577	2082	386	839	2434

**SCHEDULE 5E - CAPITAL WORK IN PROGRESS - INCIDENTAL EXPENDITURE DURING CONSTRUCTION**

(Rupees in Lacs)

Description	Balance	Additions		Capitalised	Balance
	as at 31/03/2001	during the year	Adjustments	during the year	as at 31/03/2002
Incidental Expenditure During Construction	3320	40763			44083
Less: Allocated to Capital Work in Progress		40594			40594
TOTAL (E)	3320	169			3489

SCHEDULE 5 - CAPITAL WORK IN PROGRESS

(Rupees in Lacs)

Description	Balance	Additions		Capitalised	Balance
	as at 31/03/2001	during the year	Adjustments	during the year	as at 31/03/2002
Development of land	641	234	14	202	659
Roads bridges & culverts & helipads	593	549	193	250	699
Buildings (others)	4071	4852	1042	1346	6535
Temporary erection	40	16		43	13
Water supply drainage and sewerage	124	262	34	123	229
PLANT & MACHINERY (including associated civil works)					
On own account & on supply-cum-erection contract	168850	218140	5020	37016	344954
Electrical installations	81	338	48	159	212
Furniture fixtures & other office equip.	40	5	2		43
Survey Investigation Consultancy & Supervision Charges	4751	1242	265	25	5703
Difference in Exchange on foreign Loans	243	11011	8249	2182	823
Capital expenditure on assets not owned by Company	7	207	2		212
Incidental Expenditure During Construction	3320	169			3489
TOTAL	182761	237025	14869	41346	363571
Previous Year	209915	154545	1274	180425	182761

SCHEDULE 6 - CONSTRUCTION STORES AND ADVANCES

Description	RLDC Transmission & others		(Rupees in Lacs)	
			As at 31st March, 2002	As at 31st March, 2001
Construction Stores (at cost)				
Steel	112	112		611
Cement	32	32		45
Others	<u>202134</u>	<u>202134</u>		<u>86843</u>
	202278		202278	87499
Less Provision for Shortages and obsolete material	195		<u>195</u>	195
	202083		202083	87304
Advances for Capital Expenditure				
Secured	740		740	141
Unsecured considered good				
a. Against Bank guarantees	15878	15878		36919
b. Others	5226	5226		8220
c. Considered Doubtful	70	<u>70</u>		<u>70</u>
	21174	<u>21174</u>		45209
Less Provision for Bad & Doubtful Advances	70	<u>70</u>		70
	21104		<u>21104</u>	45139
			21844	45280
	223927		223927	132584
Construction Stores includes Material in transit/ pending issue to contractors and with contractors		122446	122446	81507

**SCHEDULE 7 - INVESTMENTS**

(Rupees in Lacs)

Description	As at 31st, March, 2002	As at 31st, March, 2001
LONG TERM		
A. Trade Investments (Unquoted at cost)		
7 years 13.70% MPEB Bonds - 99, Interest payable Semi Annually, 2718 Bonds of Rs. 1,00,000/- each fully paid up	2718	2718
7 years 13.60% APTRANSCO Bonds (Series -1/99), Interest payable Semi Annually, 8830 Bonds of Rs. 1,00,000/- each fully paid up	8830	8830
7 years 13% APTRANSCO Bonds (Series1/2000), Interest payable Semi-annually, 3299 Bonds of Rs. 1,00,000/- each fully paid up	3299	3299
7 years 12.30% APPFCL BONDS(Series 2/2001), Interest payable Semi-Annually, 3300 Bonds of Rs. 1,00,000/- each fully paid up	3300	3300
10 years 11% HVPNL Bonds, Interest payable Semi-annually.	4900	4900
7 years 14% GEB Bonds, Interest payable annually, 5500 Bonds of Rs. 1,00,000/- each fully paid up.	5500	5500
10 years 11% Govt. of UP Regular Interest Bonds in the nature of promissory note, Interest payable Semi-annually.	10000	10000
10 years 12% UPPCL Promissory Note in lieu of Bonds, Interest payable semi-annually	17010	
7 years 12.25% PSEB Bonds, Ist Tranche Interest payable Annually,382 bonds of Rs. 5 lakh each	1910	
7 years 12.25% PSEB Bonds, IInd Tranche Interest payable Annually,153 Bonds of Rs 5 lakh each	765	
15 years 8.5% J&K Govt. Bonds 2016, Interest payable semi-annually, 1446.60 Bonds of Rs 10 lakh each	14466	
TOTAL (A)	72698	38547
B. Non-trade investments (Unquoted at cost)		
120,00,003(Previous year 30,00,003) Equity Shares of Rs.10/- each fully paid up of Power Trading Corporation of India Ltd.	1200	300
Share application money Nil (Previous year for 90,00,000 equity shares of Rs.10/- each of Power Trading Corporation of India Ltd.)		900
50,000 Fully paid up shares of Rs 10/- each of Tala-Delhi Transmission Ltd	5	
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Bhadravati (Rs. 5000/-)		
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Itarsi (Rs.5000/-)		
500 Fully paid up shares of Rs 10/- each in EmployeesCo-op Society Limited Nagpur (Rs.5000/-)		
500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Jabalpur (Rs. 5000/-)		
500 Fully paid up shares of Rs 10/- each in Powergrid Primary Consumer Co-operative Society Rourkela (Rs 5000/-)		
TOTAL (B)	1205	1200
GRAND TOTAL (A+B)	73903	39747

SCHEDULE 8 - CURRENT ASSETS , LOAN AND ADVANCES

(Rupees in Lacs)

Description	RLDC	Transmission & others	As at 31st March, 2002	As at 31st March, 2001
Current Assets				
Inventories				
(Valued at cost as certified by Management)				
Loose tools		42	42	62
Consumable stores		44	44	43
Components,Spares & other spare parts	1	16995	16996	15586
	1	17081	17082	15691
Less Provision for Shortages		14	14	43
	1	17067	17068	15648
Inventories includes stores in transit Rs 1 Lacs (Previous year Rs 2 Lacs)				
Sundry Debtors				
Debts Outstanding exceeding Six Months				
Considered Good	2984	67785	70769	72413
Considered doubtful		2171	2171	
Others				
Considered Good	1222	88556	89778	70439
	4206	158512	162718	142852
Less: Provision for bad & doubtful debts		2171	2171	
	4206	156341	160547	142852
Cash & Bank Balance				
Cash,Stamps and Imprest	1	14	15	29
Drafts/Cheques in Hand		1491	1491	1293
Remittance in transit		871	871	1116
Balance with scheduled banks- on Current Accounts	29	16335	16364	25238
Term Deposits		2246	2246	2850
	30	20957	20987	30526

SCHEDULE 8 - CURRENT ASSETS , LOAN AND ADVANCES

(Rupees in Lacs)

Description	RLDC	Transmission & others	As at 31st March, 2002	As at 31st March, 2001
Other Current assets				
Term Deposit with Subs.of Sch.Banks		9973	9973	9973
Un-utilised Portion of Bonds Appln. Money		1527	1527	2846
Interest accrued	181	9433	9614	4045
Others		58	58	42
	181	20991	21172	16906
Less: Provisions for Bad & Doubtful Claims		8360	8360	
Sub-total (Other current assets)	181	12631	12812	16906
Loans and Advances				
Loans to				
Employees	715	9885	10600	7391
Others		43	43	41
	715	9928	10643	7432
Advances				
Advances recoverable in cash or in kind or for value to be received				
Contractors & Suppliers (including Material issued on loan)		158	158	255
Employees	55	1016	1071	834
Claims recoverable		538	538	920
Others	376	3657	4033	2423
	431	5369	5800	4432
Less: Provision for bad and doubtful Advances and Claims		243	243	470
	431	5126	5557	3962
Balance with customs Port Trust and other authorities	10	1012	1022	751
Advance Tax & TDS		15582	15582	6658
	441	21720	22161	11371
	1156	31648	32804	18803
	5574	238644	244218	224735
Particulars of Loans and Advances				
Secured			6025	5817
Unsecured considered good			26779	12986
Considered doubtful			243	470
			33047	19273
Less: Provision for Bad & Doubtful Claims			243	470
			32804	18803
Due from Directors & Officers of the company				
Directors			2	7
Officers			873	603
Directors Maximum Amount			7	7
Officers Maximum Amount			919	656

(Term deposit includes Rs.1091 Lacs FDR pledged with consortium of Banks led by State Bank of India as margin money for overseas Bank guarantee issued in favour of West Merchant bank and Rs. 803 Lacs FDR pledged with Principal Chief Conservator of Forest, Himachal Pradesh against Compensatory afforestation.)

**SCHEDULE 9 - CURRENT LIABILITIES AND PROVISIONS**

(Rupees in Lacs)

Description	RLDC	Transmission & Others	As at 31st March, 2002	As at 31st March, 2001
Current Liabilities				
Sundry Creditors				
For capital expenditure	11	52620	52631	11236
Other goods and services	51	6829	6880	14675
	62	59449	59511	25911
Deposits Retention money from contractors and others.	52	53318	53370	32552
Less: Investments held as security		33	33	46
	52	53285	53337	32506
Other Liabilities	35	3645	3680	5668
Interest Accrued But Not Due On Loans From				
Government of India		3952	3952	3859
Indian Banks, Financial Institutions & Corporations		290	290	1062
Foreign Banks & Financial Institutions		5868	5868	4604
Secured/Unsecured redeemable Bonds		7632	7632	3065
Others		2230	2230	18
		19972	19972	12608
	149	136351	136500	76693
Provisions				
Taxation		14073	14073	7076
Others	23	2664	2687	2207
Proposed dividend		5066	5066	5000
Dividend Tax				510
	23	21803	21826	14793
	172	158154	158326	91486

SCHEDULE 10 - MISCELLANEOUS EXPENSES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

(Rupees in Lacs)

Description	Balance As at 31st March, 2001	Addition	Deduction	Balance As at 31st March, 2002
Deferred Revenue Expenditure	2283	234	1945	572
TOTAL	2283	234	1945	572

SCHEDULE 11 - CONTINGENT LIABILITIES

(Rupees in Lacs)

Description	RLDC	Transmission & Others	As at 31st March, 2002	As at 31st March, 2001
Claims against the Company not acknowledged as debts		142406	142406	80407
Others	224	150141	150365	124330
Total	224	292547	292771	204737

SCHEDULE 14 - PROVISIONS

(Rupees in Lacs)

Description	Transmission & Others	For The Year Ended 31st March, 2002	For The Year Ended 31st March, 2001
Shortage in Stores	8	8	1
Doubtful debts loans and advances	2171	2171	17
Doubtful claims	8360	8360	
TOTAL	10539	10539	18

SCHEDULE 15 - INTEREST AND FINANCE CHARGES

(Rupees in Lacs)

Description	RLDC	Transmission & Others	For The Year Ended 31st March, 2002	For The Year Ended 31st March, 2001
Interest on Loan from				
Government of India		28677	28677	28311
Cash Credit availed from Sch. Banks		53	53	1
Indian Banks, Financial Institutions & Corporations		16301	16301	16090
Foreign Banks and Financial Institutions		16026	16026	14580
Secured/Unsecured redeemable Bonds		25764	25764	19877
Others		26	26	39
		86847	86847	78898
Finance Charges				
Rebate to Customers	4	4176	4180	4258
Commitment charges		869	869	567
Other finance charges (including FERV)	1	5147	5148	4375
			10197	9200
Total	5	97039	97044	88098

**SCHEDULE 16 - INCIDENTAL EXPENDITURE DURING CONSTRUCTION**

(Rupees in Lacs)

Description	RLDC	Transmission & Others	For The Year Ended 31st March, 2002	For The Year Ended 31st March, 2001
A. EXPENSES				
Employees Remuneration and Benefits				
Salaries, wages, allowances and benefits		4987	4987	5121
Contribution to provident and other funds		781	781	746
Welfare expenses		830	830	571
		6598	6598	6438
Transmission Expenses				
Repairs and Maintenance				
Buildings	115	115		93
Others	73	73		44
		188	188	137
Power charges	136		136	102
Water charges	4		4	2
		328	328	241
Administration Expenses				
Legal expenses	55		55	37
Professional charges	55		55	24
Consultancy expenses	237		237	623
Communication expenses	291		291	240
Travelling & Conv.exp. (Including Foreign Travel)	1381		1381	964
Tender expenses	94	94		119
Less: Income from sale of tenders	44	44		24
	50		50	95
Payment to Auditors	15		15	10
Advertisement and Publicity	147		147	207
Printing and stationery	109		109	85
EDP hire and other charges	25		25	13
Entertainment expenses	38		38	28
Brokerage and commission	2		2	1
Rent	280		280	152
Miscellaneous expenses	302		302	193
Security Expenses	203		203	133
Hiring of Vehicles	407		407	293
Insurance	13		13	10
Rates and taxes	26		26	20
Depreciation	230		230	160
Guest House Expenses	9		9	5
	3875		3875	3293
Prior Period adjustment (net)	-15		-15	40
Total(A)	10786		10786	10012
B. INTEREST AND FINANCE CHARGES				
Interest on Loans from				
Government of India	5105		5105	9553
Indian Banks, Financial Institutions and Corporations	5359		5359	6251
Foreign Banks and Financial Institutions	3423		3423	2032
Secured/Unsecured Redeemable Bonds	14040		14040	7141
			27927	24977
Finance Charges				
Commitment charges	788		788	440
Other Finance Charges	2525		2525	1613
(Including Rs Nil (Previous year Rs 1850 lacs) transferred to Miscellaneous expenditure to the extent not written off/adjusted)			3313	2053
Total (B)	31240		31240	27030
C. LESS OTHER INCOME				
Hire charges				5
Interest from				
Banks	84		84	370
Others	980		980	1531
	1064		1064	1901
Miscellaneous income	63		63	73
Total (C)	1127		1127	1979
GRAND TOTAL (A+B-C)	40899		40899	35063

SCHEDULE 17 - PRIOR PERIOD ADJUSTMENTS (NET)

(Rupees in Lacs)

Description	RLDC	Transmission & Others	For The Year Ended 31st March, 2002	For The Year Ended 31st March, 2001
Income				
Depreciation written back - others		25	25	933
Transmission charges		50	50	281
Interest written Back- Others				566
Others		875	875	45
		950	950	1825
Expenditure				
Salary wages allowances & benefits	2	3	5	
Power charges		54	54	
Rates and taxes		2	2	
Depreciation		43	43	134
Transmission charges written back on account of revision of tariff		2092	2092	2769
Interest				2
Others		146	146	283
	2	2340	2342	3188
Prior period expenditure/(income)(Net)	2	1390	1392	1363



SCHEDULE 18 : NOTES ON ACCOUNTS

1. The Transmission Systems situated in Jammu and Kashmir associated with National Hydroelectric Power Corporation Ltd. (NHPC) have been taken over w.e.f. 01.04.93 as mutually agreed upon by NHPC and the Corporation but regularisation is pending for completion of legal formalities.
 2. The Regional Load Despatch Centres (RLDCs) of Central Electricity Authority were transferred to the Company (alongwith associated manpower) during the earlier years as per the orders of Ministry of Power, Government of India. The Assets of RLDCs are used by the company pending transfer of ownership and determination of cost of assets so taken over.
 3. a) The land owned by the Company has been classified into freehold and leasehold to the extent possible based on available documentation and the balance has been shown as unclassified.
b) In certain cases, the conveyancing of title to the freehold land and execution of lease agreement (value not ascertained) in favour of the company is pending for completion of legal formalities.
c) Leasehold land includes Rs. 764 Lacs (previous year Rs.764 Lacs) for land acquired in Katwaria Sarai, New Delhi. As the land is acquired on perpetual lease and it does not have a limited useful life, no depreciation has been charged.
d) Value of buildings include Rs. 722 Lacs (previous year Rs.722 Lacs) for 28 flats at Mumbai, for which registration in favour of the company is pending.
e) Freehold land includes Rs. 4092 Lacs for land acquired for Corporate Office / Residential Complex at Gurgaon for which transfer deed in favour of the company is yet to be executed.
 4. Pending reconciliation, materials amounting to Rs. 80 Lacs(previous year Rs.242 Lacs) in commissioned lines is shown as construction stores lying with contractors.
 5. Fixed Assets include company's share of Rs. 562 Lacs (previous year Rs.562 Lacs) 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.
 6. i) An amount of Rs. 10968 Lacs (previous year - Rs. 945 Lacs) being exchange rate difference in respect of Fixed Assets and Capital Work in Progress has been adjusted in the carrying amount during the year.
ii) Other Finance charges for the year includes an amount of Rs. 29 Lacs (previous year-Rs. 17 Lacs) being the negative exchange rate difference on Current Assets. Other Income for the year includes an amount of Rs. 11 Lacs (previous year -Rs. 76 Lacs) being the favourable exchange rate difference on current assets.
 7. a) i). Balances in Sundry Debtors, Loans, Advances and Material with Contractors are confirmed and reconciled except in some cases.
ii) Balances in Sundry Creditors are pending confirmation from the parties.
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.
- 8. I. CANBANK FINANCIAL SERVICES LIMITED(CANFINA)**
- a) During the year 1991-92, pursuant to a contract with CANFINA, the company allotted Bonds worth Rs. 12000 Lacs and placed a deposit of Rs. 11080 Lacs with them (net of front -end fee of Rs. 920 Lacs) as a condition of the same contract. CANFINA defaulted on deposit repayment after making repayment of Rs. 1680 Lacs. Pursuant to such default in 1993-94, the company forfeited bonds worth Rs.10320 Lacs against deposit of Rs.9400 Lacs and write-back of front-end fee of Rs.920 Lacs. Subsequently, during 1994-95, the company restored deposits of Rs. 9400 Lacs by credit to Capital Reserve in accordance with legal advice.
 - b) During 1998-99, on maturity of Rs. 1680 Lacs worth of bonds not forfeited, the company repaid Rs. 103.34 Lacs to third parties duly recognised by the company as holders, and in exercise of its lien on balance Rs.1576.66 Lacs, set it off against deposits with CANFINA.
 - c) The company has neither accounted for interest income of Rs.939 Lacs (previous year Rs.939 Lacs), cumulative Rs. 10770 Lacs on deposit with CANFINA, nor has accounted for cumulative interest of Rs. 1876 Lacs payable upto maturity on bonds worth Rs.1576.66 Lacs which were set-off against deposit with CANFINA in the year 1998-99.
 - d) An adhoc provision of Rs. 5000 Lacs against deposit with CANFINA has been made during the year, pending settlement of the above matters.
- II. ANDHRA BANK FINANCIAL SERVICES LTD.(ABFSL)**
- a) During the year 1991-92, pursuant to a contract with ABFSL, the company allotted Bonds worth Rs. 2500 Lacs and placed a deposit of Rs. 2150 Lacs with them (net of front-end fee of Rs. 350 Lacs) as a condition of the same contract. ABFSL defaulted on deposit repayment. Pursuant to such default, during 1993-94, the company forfeited bonds worth Rs.2100 Lacs by adjustment of deposit of Rs.1806 Lacs and write-back of front-end fee of Rs.294 Lacs. Subsequently, during 1994-95, the company restored deposit of Rs. 1806 Lacs by credit to Capital Reserve in accordance with legal advice.
 - b) The company has neither accounted for interest income of Rs. 296 Lacs (previous year Rs.296 Lacs), cumulative Rs. 2976 Lacs, on deposit with ABFSL , nor has accounted for interest of Rs. 36 Lacs (previous year Rs.36 Lacs), cumulative Rs. 360 Lacs, payable on bonds worth Rs.400 Lacs held by ABFSL.
 - c) Bonds worth Rs. 400 Lacs held in the name of ABFSL have matured on 10.03.2002. Since the matter is under dispute / subjudice, the maturity proceeds have been shown under Other Liabilities.
 - d) Matters referred to in para (a) above are pending for settlement with the High Power Committee on Disputes, Govt. of India.
9. Share Capital Deposit of Rs. 3881 Lacs (previous year Rs.15789 Lacs) represents the value of shares to be allotted against purchase consideration payable to Government of India for ex-NHPC lines.
 10. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and payments) is Rs. 219261 Lacs (previous year Rs.320721 Lacs).
 11. No payment is overdue for the purchases made from small scale/ancillary industries. Hence, no provision of interest has been made in the accounts.
 12. Provision has not been made for entry tax and sales tax on works contracts and materials issued to contractors, for which appeals are pending and/or the amounts are not ascertainable.
 13. a) Central Electricity Regulatory Commission (CERC), constituted under Electricity Regulatory Commission Act, 1998, issued orders in December, 2000 with respect to the norms, principles and availability based tariff. An appeal was filed by the Corporation against the above orders before Hon'ble Delhi High Court, which is yet to be disposed. Pending disposal of appeal, CERC notified tariff norms effective from 1st April, 2001. However, CERC allowed billing to be done as per GOI notification dated 16.12.1997. The transmission income for the year has been accounted for provisionally on the basis of tariff determined as per CERC norms, subject to adjustment after final notification of tariff.

- b) Transmission Tariff for NER constituents has been accounted for at the UCPTT rate of 35 paise per unit, as frozen in the 43rd NEREB meeting. In 47th NEREB meeting, it was decided that if the generation is less, the balance amount shall be kept separately and shall be adjusted when generation is more. Based on normative energy, tariff is Rs. 9118 Lacs. Because of more powerflow, an amount of Rs. 9313 Lacs has been accounted for as NER transmission charges from NER Constituents..
- c) The Impact of decrease in the interest rates due to swapping of foreign currency loans with lower rates of interest, for the year, amounting to Rs. 193 Lacs (Previous year Rs. 353 Lacs) has been adjusted from the Transmission Income.
14. Hitherto, the Company has been providing depreciation as per the rates notified by Govt. of India (GOI) u/s 75A of the Electricity (Supply) Act which correspond to the depreciation rates considered in the GOI norms for tariff. Central Electricity Regulatory Commission (CERC) notified tariff norms effective from 01.04.2001 which provide for amended rates of depreciation for the purpose of recovery of tariff. However, the rates of depreciation notified by the GOI u/s 75A of the Electricity (Supply) Act, 1948, have not been amended to correspond with the CERC rates. Pending amendment of GOI notification of rates of depreciation as recommended by CERC, the depreciation on fixed assets has been provided at the rates specified in the CERC notification for recovery of tariff.
15. Certain accounting policies have undergone change in this financial year. The impact of change in accounting policies, in the accounts for the year, is as under:
- a) Transmission Charges, which were hitherto being accounted for as per Govt. of India (GOI) norms, have been accounted for based on CERC norms, as stated in Accounting Policy no. 7 and further explained at note no. 13(a) pending determination of tariff by CERC and disposal of appeal by Hon'ble Delhi High Court. This change in policy has resulted in reduction in transmission income and profit by Rs. 39453 Lacs.
- b) Depreciation, which was hitherto provided as per rates notified by GOI, has been provided as per rates notified by CERC as stated in Accounting Policy no. 8.1 (a) and further explained in Note no.14. This change in policy has resulted in decrease in depreciation and increase in profit by Rs. 42340 Lacs.
- c) Depreciation which was hitherto provided from the year following the year in which assets become available for use has now been provided on pro rata basis from the date the assets become available for use as stated in Accounting Policy no. 8.1 (c). This change in policy has resulted in increase in depreciation and decrease in profit by Rs. 618 Lacs.
- d) Capital expenditure on assets not owned by the company was hitherto amortised in four years from the year following the year in which the first line/substation of the project comes into commercial operation and thereafter from the year following the year in which relevant assets are completed and become available for use. Now, amortisation of such expenditure is made from the year in which the first line/sub-station of the project comes into commercial operation and thereafter from the year in which the relevant assets are completed and become available for use as stated in Accounting Policy no. 8.1 (e). This change in policy has no impact on the profitability for the year.
- e) Interest for intervening period of capitalisation and commercial operation of the assets was hitherto accounted for under deferred revenue expenditure, is now being charged to revenue from the year in which the asset is capitalised as stated in Accounting Policy no. 4.1 (vii). This change in policy has resulted in increase in interest and finance charges and decrease in profit by Rs. 1849 Lacs.
16. Purchase of power is net of subsidy of Rs. 4134 Lacs (Previous year Rs. 4314 Lacs) from Ministry of External Affairs.
17. Some of the beneficiaries have not reimbursed the Income Tax recovery billed for the period upto 31/03/2002. Considering this aspect as significant uncertainty of recovery, Income- tax recovery billed to such Beneficiaries amounting to Rs. 565 Lacs (Grossed up Rs 612 Lacs) {previous year Rs. 1224 Lacs (Grossed up Rs.1337 Lacs)} has not been accounted for.
18. Other Income includes Rs 1156 Lacs(previous year- Rs. 2502 Lacs) being the amount transferred from Capital Reserve (Grants- in- Aid) as per Accounting Policy No. 1.0.
19. The Government of India Scheme of April, 2002, for one-time settlement of the dues of State Electricity Boards (SEBs) envisages issue of 8.50 % tax-free bonds by the respective State Government for the outstanding amount due and settlement of surcharge outstanding to Power Grid Corporation of India as on September 30, 2001. The bonds issued by SEBs after March 1, 1998 and outstanding as on September 30, 2001, (existing bonds) are also eligible for conversion into 8.50% tax-free bonds. No bonds have been issued by any State Government as per the scheme so far. The existing bonds carry a higher coupon rate and continue to be legally valid till withdrawn / replaced by SEB's. Revenue has been recognised as per the coupon rate of the existing bonds. However, provision of Rs. 3360 Lacs has been made towards interest differential on the said bonds. Surcharge receivable as per the agreement terms is not accounted for, as per Accounting Policy No. 7.3 of the Corporation.
20. Consequent upon waiver of guarantee fee payable to Government of India in respect of pre-1989 loans (ECBs only) during the year, provision of Rs. 1633 Lacs, made in 1997-98, has been written back.
21. Consequent to the standard on accounting for taxes on income becoming mandatory effective from 1st April, 2001, the company recorded the cumulative net deferred tax liability of Rs. 15963 Lacs after adjusting the amount recoverable from the Beneficiaries and has been adjusted against General Reserves. The deferred tax liability for the year ended 31st March, 2002 of Rs. 3440 Lacs after adjusting the amount recoverable from beneficiaries has been provided as provision for deferred tax for the current year.
22. Tariff Notifications provide for availability based incentive to be recovered from the SEBs. As required in MOP letter no F. NO.2/3/Powergrid/Tariff/98 dt. 4/2/99 availability in respect of all the Regions from financial year 1997-98 to 2001-02 has been certified during the year by the concerned Regional Electricity Boards and petition has been filed with CERC. Based on this, incentive of Rs. 23269 Lacs has been accounted for during the year as per details given below.
- | | |
|-----------|-----------------|
| 1999-2000 | = Rs. 6789 Lacs |
| 2000-2001 | = Rs. 9745 Lacs |
| 2001-2002 | = Rs. 6735 Lacs |
23. a) Consequent upon diversification into Telecom business, the company has incurred capital expenditure of Rs. 22911 Lacs (cumulative upto 31/03/2002) (previous year Rs, 994 Lacs) which has been included under Gross Block, Capital Work in Progress, Construction Stores and Advances. Out of this, Rs. 4720 Lacs has been capitalised on commissioning of three telecom links. Operation of three links has resulted in net loss of Rs. 42 Lacs.
- b) Revenue expenditure of Rs. 102 Lacs, which is included under Miscellaneous Expenditure (to the extent not written off), is to be amortised over five years starting from current financial year.
- c) In respect of Telecom Business, a Bank Guarantee has been issued for Rs. 100 crores to Department of Telecommunication by creating a charge on the Current Assets.

24. **Segment Reporting:**

(Rupees in Lacs)

	Business Segments		Total Current Year
	Transmission	Others	
	Current Year	Current Year	
Revenue:			
Transmission of Power, Sale of Power, RLDC, Telecom etc.	224004	3817	227821
Segment result	88407	1100	89507
Unallocated Corporate interest and other income			9929
Unallocated corporate expenses, interest and finance charges			55
Income tax (Net)			10663
Profit after Tax			68862
Other information			
Segment Assets	1747881	28844	1776725
Unallocated Corporate and other assets			45580
Total Assets			1822305
Segment Liabilities:	108226	2319	110545
Unallocated Corporate and other liabilities			47781
Total liabilities			158326
Depreciation	39439	200	39639

a) **Business Segments**

The company's principal business is transmission of bulk power across different States of India and sale of Power. Other business includes providing consultancy, RLDC, Telecom etc.

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 and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include current liabilities and provisions.

d) The company has Transmission Projects located within the country and no geographical segment is distinguishable.

25. **A. Related Party Transactions**a) **Related parties:**

i) Joint ventures : **Power Trading Corporation of India Ltd.**, Investment during the year-NIL., Cumulative Investment (Opening Balance as on 01.04.2001): Rs. 1200 Lacs.

ii) Subsidiary : **Tala Delhi Transmission Ltd** , Investment Rs. 5 Lacs in Equity shares during the year. Certificate of Commencement of Business not yet received.

iii) Directors: **Sh. R.P. Singh, Sh. A.I. Buneet, Dr. V.K. Garg, Sh. Bhanu Bhushan, Sh. S.C. Misra, Sh. P.I. Suvrathan, Sh. P. Ramanujam, Sh. V.V.R.K. Rao, Sh. J. Vasudevan, Sh. R.K. Madan, Sh. R.V. Shahi, Dr. Ramesh Gupta**

b) Remuneration to whole time Directors including Chairman & Managing Director is disclosed in Note No. 27.

c) Advances due from whole time Directors including Chairman and Managing Director are disclosed under Schedule-8-Current assets, loans and advances.

d) The non-official part-time Directors have been paid a sitting fee of Rs.0.20 lakh.

25. **B. Consolidated Financial Statements**

The company has made investment of Rs. 5 Lacs in the Equity shares of Tala Delhi Transmission Ltd., a subsidiary company. As the company intends to transfer the control in the near future, the accounts of this subsidiary are not consolidated.

26. a) Figures have been rounded off to nearest rupees in Lacs.

b) Previous year figures have been regrouped/rearranged wherever necessary.

27 a) Employees' remuneration and benefits include the following for the Directors, including Chairman and Managing Director:

	(Rupees in Lacs)	
	Current Year	Previous year
Salaries and Allowances	33	28
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	3	3
Other benefits	18	11

b) In addition to the above remuneration, the Whole time Directors have been allowed to use the staff car (including for private journeys) on payment of Rs. 780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29.11.64 as amended.

28. QUANTATIVE INFORMATION IN RESPECT OF PURCHASE AND SALE OF POWER :

	Current Year	Previous Year
a) Purchase of Power (Million Units)	1440	1400
b) Sale of Power (Million Units)	1440	1400

29. a) VALUE OF IMPORTS CALCULATED ON CIF BASIS :

	(Rupees in Lacs)	
	Current Year	Previous Year
i) Capital goods	78531	18552
ii) Spare Parts	5759	102

b) EXPENDITURE IN FOREIGN CURRENCY :

	(Rupees in Lacs)	
	Current Year	Previous Year
i) Professional and Consultancy fees	260	595
ii) Interest	18746	18531
iii) Others	2907	1852

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

	(Rupees in Lacs)			
	%	Current Year	%	Previous Year
i) Imported	34.11	206	-	NIL
ii) Indigenous (Including Fuel)	65.89	398	100	668

d) EARNINGS IN FOREIGN EXCHANGE :

	(Rupees in Lacs)	
	Current Year	Previous Year
i) Interest	66	374
ii) Others	107	140

30. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

i) REGISTRATION DETAILS :

Registration No.	55-38121
State Code	55
Balance Sheet Date	31 st March 2002

ii) CAPITAL RAISED DURING THE YEAR

	(Rupees in Lacs)
Public Issue	NIL
Rights Issue	NIL
Private Placement	
(Issued to Govt. of India)	393
Bonus Issue	NIL



iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

	(Rupees in Lacs)
Total liabilities	1738454
Total Assets	1738454
Sources of funds	
Paid up capital	306781
Reserves and surplus	404200
Secured Loans	546210
Unsecured Loans	446141
Advance against Depreciation	15719
Deferred tax liability	19403
Application of Funds	
Net Fixed Assets	990589
Capital work-in-progress (including Construction Stores and advance)	587498
Investments	73903
Net Current Assets	85892
Miscellaneous Expenditure	572

iv) PERFORMANCE OF COMPANY

	(Rupees in Lacs)
Turnover/Income	224004
Other Income (including consultancy and Transfer from Grants in Aid)	21548
Total expenditure	166027
Profit before Tax	79525
Profit after Deferred tax	68862
Earning per share (Rs.)	224.46
Dividend Amount	5066

v) GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICE OF COMPANY

Item code No. NOT APPLICABLE

Product Description: Transmission, Central Transmission Utility function and Sale of Power

(Divya Tandon)
Company Secretary

(Dr.V.K.Garg)
Director (Finance)

(R.P.Singh)
Chairman & Managing Director

As per our report of even date

For Hingorani M. & Co.
Chartered Accountants

For Venugopal & Chenoy
Chartered Accountants

For D.P.Sen & Co.
Chartered Accountants

(Pardeep Kumar)
Partner

(P.V.Sri Hari)
Partner

(D. Bhattacharyya)
Partner

Place: New Delhi
Date: 13.08.2002

AUDITORS' REPORT

**The Members,
Power Grid Corporation of India Limited,
New Delhi.**

We have audited the attached Balance Sheet of Power Grid Corporation of India Ltd., as on March 31, 2002, and the annexed Profit and Loss Account of the company for the year ended on that date together with the Schedules annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

- 1 The Company is governed by the Electricity (Supply) Act, 1948. The provisions of the said Act read with the rules thereunder, have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956. The Company is also governed by the provisions of the Electricity Regulatory Commissions Act, 1998.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
4. The impact of change in accounting policies during the year :
 - i) Change in Accounting Policy no. 7.1 has resulted in reduction in transmission income and profit by Rs. 39453 Lacs as stated in Note no. 15 (a).
 - ii) Change in Accounting Policy no. 8.1 (a) has resulted in decrease in depreciation by Rs. 42340 Lacs and increase in profit by the same amount, as stated in Note no. 15 (b)
 - iii) Change in Accounting Policy no. 8.1 (c) has resulted in increase in depreciation by Rs. 618 Lacs and decrease in profit by the same amount, as stated in Note no. 15(c).
 - iv) Change in Accounting Policy no. 4.1 (vi) has resulted in increase in Interest and Finance charges by Rs. 1849 Lacs and decrease in profit by the same amount, as stated in Note no. 15 (e).
5. *i) Restoration of deposits of Rs. 11206 Lacs, as referred to in Note no. 8 I(a) and 8 II(a) in Schedule 18, has resulted in overstating capital reserve and understating loan fund to such extent. In our opinion, the methodology of write back of front-end fee, restoration of deposit and showing external liability as capital reserve is not correct.*
 - ii) Rs. 7823.34 Lacs are deposits with CANFINA, as referred to in Note no. 8 I (a) in Schedule 18, against which, though the company has made an adhoc provision of Rs. 5000 Lacs, we are unable to express an opinion about the extent of recoverability.*
 - iii) Rs. 2150 Lacs are deposits with ABFSL, as referred to in Note no. 8 II (a) in Schedule 18 which, though according to the management are good and recoverable, we are unable to express an opinion about the extent of recoverability.*
 - iv) Set-off of maturity value of bonds of Rs. 1576.66 Lacs during the year 1998-99, as referred to in Note no. 8 I(b) in Schedule 18, against deposits with CANFINA, has resulted in understatement of liabilities and current assets to such extent.*



v) *Non accountal of interest payable on bonds, as referred to in Note no. 8 II(b) in Schedule 18, has resulted in overstatement of profit for the year by Rs. 36 Lacs. Interest due on deposits with CANFINA and ABFSL has not been accounted for.*

Pending settlement of the above matters, the resultant net effect on the accounts for the year is not ascertainable.

6. i) *Pending disposal of appeal filed by the Company against the CERC orders before the Hon'ble Delhi High Court, the transmission income for the year has been accounted for provisionally on the basis of tariff determined as per CERC norms (Note no 13(a) in Schedule 18), the consequential effect of which is not ascertainable.*

ii) *Depreciation on fixed assets has been provided at the rates specified in the tariff notification issued by CERC (Note no. 14 in Schedule 18), resulting in understatement of depreciation and overstatement of profit for the year by Rs. 42340 Lacs.*

iii) *The Government of India Scheme of April, 2002, for one time settlement of State Electricity Boards dues to the Company as on September 30, 2001 (Note no. 19 in Schedule 18), when implemented may result in securitisation of Sundry Debtors retrospectively by issue of bonds.*

7. Further to our comments in the annexure referred to in paragraph 2 above, we report that :

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 the books.

c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.

d) In our opinion, subject to our observations vide paragraph 1 above, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.

e) Subject to our observations referred in paragraphs 5 (i) to (v), 6 (i) and 6 (iii), the consequential effect of which is not ascertainable, and in paragraph 6 (ii), resulting in overstatement of profit by Rs. 42340 Lacs, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account, read together with the Notes on Accounts given in Schedule 18 and Accounting Policies, in so far as these are not inconsistent with the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1998, give the information required by the Companies Act, 1956, in the manner so required to give a true and fair view, in conformity with the accounting principles generally accepted in India :

i) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2002, and

ii) in the case of Profit and Loss Account, of the profit for the year ended on that date.

For Hingorani M. & Co.
Chartered Accountants

(Pardeep Kumar)
Partner

For Venugopal & Chenoy
Chartered Accountants

(P.V.Sri Hari)
Partner

For D.P.Sen & Co.
Chartered Accountants

(D. Bhattacharyya)
Partner

Place: New Delhi
Date: 13.08.2002

ANNEXURE TO THE AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE

- i) The Company has generally maintained record of Fixed Assets. However, such record do not, in some cases, give full particulars including location of Fixed Assets. The Assets are not comprehensively numbered and identified in certain cases. The Assets have been physically verified by external agencies at reasonable intervals and in a number of cases, discrepancies noticed on such verification have not been reconciled /adjusted.
- ii) None of Fixed assets of the company has been revalued during the year.
- iii) Physical verification of stores and spares has been conducted at reasonable intervals, except for materials lying with contractors.
- iv) The procedure of physical verification of stores, followed by the company, is reasonable and adequate in relation to the size of the company and the nature of its business.
- v) Material discrepancies noticed on physical verification in the stock of stores and spares have been properly dealt with in the accounts, except materials lying with contractors, where verification is not undertaken.
- vi) In our opinion and on the basis of our examination of the stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the earlier years.
- vii) The company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We were informed that there are no Companies under the same management.
- viii) The Company has not granted any loan to parties listed in the register maintained under section 301 of the Companies Act, 1956.
- ix) The company has given deposits of Rs 9400 lacs to Canbank Financial Services Ltd (CANFINA) and Rs. 1806 Lacs to Andhra Bank Financial Services Ltd (ABFSL), who have not repaid the principal amount and interest thereon. The company has, however, made an adhoc provision of Rs. 5000 Lacs against deposit with CANFINA. In case of other loans and advances, in the nature of loans, given by the company, the repayment of loan and interest, wherever applicable, are generally as stipulated.
- x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business, with regard to purchase of stores, components, plant and machinery, equipments and other assets, and for the sale of power.
- xi) According to the information and explanation given to us, there are no transactions of purchase/sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs 50000/- (Rupees fifty thousand only) or more, in respect of each party.
- xii) According to the information and explanations given to us, the Company has a system of determining unserviceable and damaged stores and the Company makes necessary adjustments in the accounts for any such stores.
- xiii) Since the company has not accepted any deposit from the public, the question of compliance with the guidelines issued by the Reserve Bank of India and the provision of section 58-A of Companies Act, 1956, and rules framed thereunder, does not arise.
- xiv) The company does not have any by-product. In our opinion, reasonable records have been maintained by the Company for sale and disposal of scrap.
- xv) The company has an Internal Audit System. In our opinion, the scope and coverage of Audit are commensurate with the size and nature of its business. However, the compliance and implementation mechanism needs to be strengthened.
- xvi) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of the company.



- xvii) The company is regular in depositing Provident Fund dues with the appropriate authority. As informed, the provisions of the Employees State Insurance Act are not applicable to the company.
- xviii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which have remained outstanding as at March 31, 2002, for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us and the records of the company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
- xx) The company is not a sick industrial company as defined in section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) In regard to the Company's activities relating to Transmission of Power, Telecom, Consultancy, Project Management, Supervision and Contracts:-
- a) The company has a reasonable system of recording receipts, issues and consumption of materials, stores, and allocating materials consumed to the relative jobs (including construction of infrastructure for providing transmission services) commensurate with the size and nature of its business.
- b) The company has reasonable system of allocation of man hours consumed, to respective activities.
- c) The company has a reasonable system of authorisation at proper levels, and adequate system of internal control on issue and allocation of stores and labour to jobs.
- d) The company has a reasonable system of recording receipts, issues and consumption of materials and stores, commensurate with the size and the nature of its business.
- xxii) In regard to the company's activities relating to the trading, since the company does not deal with tangible goods, the question of determination of damaged goods does not arise.

For Hingorani M. & Co.
Chartered Accountants

(Pardeep Kumar)
Partner

For Venugopal & Cheney
Chartered Accountants

(P.V.Sri Hari)
Partner

For D.P.Sen & Co.
Chartered Accountants

(D. Bhattacharyya)
Partner

Place: New Delhi
Date: 13.08.2002

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 FOR THE YEAR 2001-02

Name	Designation	Qualification	Remuneration (Rs)	Experience (Years)	Date of commencement of Employment	Age (Years)	Last Employment Held
Employed for the part of the year							
R. K. Madan	Director (Projects) (Retired)	B.Sc. Engg. (Elect.)	1407957	38	19.11.91	60	NHPC

Notes: 1) Remuneration includes Salary, Allowances, Leave encashment, Leave travel concession, Payment for Subsidised leased accommodations, reimbursement of medical expenses to employees and employer's contribution to Provident fund and other funds.

In addition, employees are entitled to Gratuity/Group Insurance in accordance with Company's rules.

2) Employee mentioned above is not related to any of the Directors of the company.



ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1999 READ WITH SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken and on hand :

POWERGRID makes conscious efforts for conservation of energy in its transmission projects, right from planning to execution stage. While planning the transmission system, one of the criteria in selection of final system is lower losses. POWERGRID transmission system is designed in an optimal manner such that the losses in the transmission system are minimized. The various equipment parameters and types are so chosen such that the losses are optimized. Latest techniques, intelligent systems are being introduced in the designs for energy conservation like series compensation, shunt capacitor, FACTS bundled conductors etc.

POWERGRID has made efforts for conservation of energy even while designing its new office building being constructed at Gurgaon, where light fixtures of 9, 11, 18 & 36 Watt are being provided considering the requirement of the area. Further, low loss copper ballasts are being provided for reducing the overall power consumption. Shunt Capacitors are also being provided to improve power factor and to reduce the loss.

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

As stated above, energy conservation measures are being adopted from planning to execution stage to make overall transmission systems more efficient.

c) Impact of measure at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Overall optimization is achieved as described above.

d) Total energy consumption and energy consumption per unit of production as per form "A" of the Annexure in respect of industries specified thereto:

This is not applicable for POWERGRID since it does not fall under any of the industries mentioned in the schedule.

B. TECHNOLOGY ABSORPTION

Research & Development

- i) POWERGRID has Installed 50 MVAR controlled reactor at Itarsi sub-station on 400 kV Jabalpur-Itarsi ckt. 4 as an R&D project with BHEL. This reactor has been commissioned in Sept'2001 and is providing regulation of reactive power absorption in a controlled manner, as per the system requirement.
- ii) Installation of FACTS on POWERGRID's Kanpur-Ballabgarh 400 kV line has been taken up with BHEL as R&D project for indigenous development. It is a means to improve the stability and to increase the load carrying capability of the line.
- iii) POWERGRID in association with IIT, Kharagpur has developed a Real Time Digital Stimulator (RTDS) which is being used for power system analysis in real time operation. Further enhancements in its capabilities is being carried out.
- iv) Frequent failures of CVT of M/s WSI/Alstom make were analysed and corrective action to be taken by the manufacturers were recommended.
- v) POWERGRID has taken up development of in-house tower & foundation designs for use in transmission line projects. 9 nos. 400 kV towers designed & successfully tested.
- vi) POWERGRID has installed wind measuring instruments on towers in transmission lines in critical wind prone areas for first hand information & assessment of wind speeds.
- vii) POWERGRID has completed preliminary designs and optimization studies for 800kV D/Ctransmission line. Detailed design of towers is in progress.
- viii) POWERGRID has examined various alternatives to increase the permissible conductor temperature limit of 400kV lines. In order to increase thermal rating of lines, it has been proposed to increase the permissible conductor temperature limit from 75 deg C to 85 deg C for all future 400 kV lines and upto 95°C for selected corridors.
- ix) POWERGRID has taken up preliminary studies for 1000kV S/c transmission line for adoption in future.
- x) POWERGRID has taken up preliminary studies for adoption of weather predicted thermal rating systems for 400kV transmission lines.
- xi) POWERGRID has undertaken compilation and study of world wide experience on polymer insulators.
- xii) POWERGRID has undertaken preliminary studies for exploring possibility of adoption of new technology high rating conductors for uprating of existing lines as well as new lines.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

FOREIGN EXCHANGE EARNINGS:

	(Rupees in crores)
(i) Interest	0.66
(ii) Others	1.07
Total	1.73

FOREIGN EXCHANGE OUTGO :

(i) Capital goods and spare parts	842.90
(ii) Professional and Consultancy fee	2.60
(iii) Interest	187.46
(iv) Others	29.07
Total	1062.03

ANNEXURE TO THE DIRECTORS' REPORT

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER GRID CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31st MARCH, 2002.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	MANAGEMENT REPLY
<p>A. BALANCE SHEET</p> <p>Fixed Assets</p> <p>Capital Work-in-Progress (Schedule-5) - Rs. 2239.27 Crores</p> <p>The above includes Rs. 134.14 Crore being the cost of construction of 400 kV Ranganadi-Balipura Transmission Line. As the transmission line was test charged and commissioned in August/November 1998 and commercial operation was not commenced, the Company should have capitalised the expenditure of Rs. 114.93 Crores incurred till the date of commissioning and accounted for the incidental expenditure of Rs. 19.21 Crore incurred during the intervening period in accordance with its accounting policy No. 4.1 (vi) and (vii).</p> <p>B. ACCOUNTING POLICIES</p> <p>The Company's accounting policy No. 6.2 according to which the steel and conductor scrap were valued at the lower of estimated realisable value or book value is not consistent with Accounting Standard-2. Accordingly, the Company has not accounted for scrap having estimated realisable value of Rs. 93 lakh.</p> <p>C. GENERAL</p> <p>a). Tax deducted at source amounting to Rs. 1.01 Crore on the income earned by way of interest from the trade investments has not been disclosed as required under Part-II of Schedule VI of the Companies Act, 1956.</p> <p>b) The Company has not capitalised insurance spares valuing Rs. 14.24 Crore in respect of various transmission systems. Accordingly, the same have not been amortized over a period not exceeding the useful life of the principal equipment.</p> <p>c). The company has not provided for estimated liability of Rs. 5.11 Crore towards stamp duty and registration charges in respect of land purchased from Haryana Urban Development Authority at Gurgaon.</p> <p>d). Contingent Liabilities (Schedule-11) are understated by Rs. 3.55 Crore due to an arithmetical error.</p> <p>e). Director General of Foreign Trade has demanded interest at the rate of 24 percent on the amount of customs duty and terminal excise duty refundable by the Company in respect of Talcher-II, HVDC and Associated Transmission Projects and Sasaram, HVDC North East Inter-connector Project. The Company has neither provided interest liability nor has it disclosed the fact of non-provision.</p> <p style="text-align: center;">Sd/- (Revathi Bedi) Principal Director of Commercial Audit and Ex-officio Member, Audit Board-III, New Delhi</p> <p>Place : New Delhi Dated : 27th September, 2002</p>	<p>On test charging the line in August/November 1998, certain discrepancies were noticed. The pending works were not completed till 31st March, 2002, therefore the line could not be capitalised.</p> <p>The audit comment refers to Para 10 of AS-2 which relates to scrap generated in production process and does not relate to the scrap dealt by the Company. Therefore, the policy is not inconsistent with the AS-2. The material pointed out by the Audit is part of inventory and has not been declared scrap as per practice and guidelines followed in the Company.</p> <p>Noted.</p> <p>The spares pointed out by Audit were being consistently accounted for according to the Accounting Policy for mandatory spares which was formulated in consultation with audit. However, the policy will be again reviewed in Financial Year 2002-2003 as suggested by the Audit.</p> <p>No liability exists as on 31.03.2002. Certain formalities are yet to be completed after which the necessary liability shall be provided.</p> <p>Noted</p> <p>Liability of Rs. 20.21 Crore has been provided in accounts for the Financial Year 2001-2002 on approximation basis towards 24% interest on the amount of custom duty and terminal excise duty refundable by the Company in respect of Talcher-II, HVDC and Associated Transmission Projects and Sasaram, HVDC North East Inter-connector Project.</p> <p style="text-align: center;">For and on behalf of the Board Sd/- (R. P. Singh) Chairman & Managing Director Power Grid Corporation of India Ltd., New Delhi-110 016</p> <p>Place : New Delhi Dated : 30th September, 2002</p>



REVIEW OF ACCOUNTS OF POWERGRID CORPORATION OF INDIA LIMITED, NEW DELHI, FOR THE YEAR ENDED 31st MARCH 2002 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Note : This Review of Accounts has been prepared without taking into account the comments under Section 619(4) of the Companies Act, 1956 and the qualifications contained in the Statutory Auditors' Report

1. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the last three years :

	(Rupees in crores)		
	1999-2000	2000-01	2001-02
LIABILITIES			
a) Paid up capital			
i) Government (including Share application money pending allotment)	3049.54	3063.88	3067.81
ii) Others	—	—	—
b) Reserves and Surplus			
i) Free reserves and surplus	2508.01	3206.04	3695.02
ii) Share premium account	—	—	—
iii) Capital Reserves	383.68	358.54	346.98
c) Borrowings			
i) From Government of India	1858.02	1852.58	1772.43
ii) From Financial Institutions	157.60	156.05	254.49
iii) Foreign currency loans	3283.57	3385.81	3953.16
iv) Cash Credit	7.48	0.02	—
v) Others	2007.70	2667.70	3943.43
vi) Interest accrued and due	—	—	—
d) i) Current liabilities and provisions	876.36	914.86	1740.45
ii) Provision for gratuity	—	—	—
e) Deferred tax liability	—	—	194.03
Total	14131.96	15605.48	18967.80
ASSETS			
f) Gross block	11449.55	13260.92	13776.79
g) Less: Depreciation	2770.64	3476.54	3870.90
h) Net block	8678.91	9784.38	9905.89
i) Capital work-in-progress & construction stores and advances	3251.16	3153.45	5874.98
j) Investments	151.47	397.47	739.03
k) Current Assets, loans and advances	2042.15	2247.35	2442.18
l) Deferred tax assets	—	—	—
m) Misc. expenditure not written off	8.27	22.83	5.72
n) Accumulated loss	—	—	—
Total	14131.96	15605.48	18967.80
o) Working capital [k-d(i)-c(vi)]	1165.79	1332.49	701.73
p) Capital employed [h+o]	9844.70	11116.87	10607.62
q) Net worth [a+b(i)+b(ii)-n-m]	5549.28	6247.09	6757.11
r) Net worth per Rupee of paid-up capital (in Rupees)	1.82	2.04	2.20

2. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs 3645.62 crore from internal and external sources were realised and utilised during the year as detailed below:

	(Rupees in crores)	
	Amount	Amount
Sources of funds		
Funds from operations:		
a) Profit after tax	688.62	
Add: Depreciation	394.36	
Add: Miscellaneous expenditure written off	0.96	
Add: Net increase in Insurance reserve	10.65	1094.59
b) Decrease in working capital		635.20
c) Decrease in miscellaneous expenditure		16.15
d) Increase in paid-up capital		3.93
e) Increase in borrowed funds	1861.35	
Add: Deferred tax	34.40	1895.75
Total		3645.62
Utilisation of funds		
a) Increase in Fixed assets	515.87	
Add: Increase in Capital work-in-progress & construction stores & advances	2721.53	3237.40
b) Grant utilised		11.56
c) Dividend paid		55.10
d) Increase in investments		341.56
Total		3645.62

3. WORKING RESULTS

The working results of the Company for the last three years ending 31st March 2002 are given below:

	(Rupees in crores)		
	1999-2000	2000-01	2001-02
i) Sales	1979.06	2497.48	2251.89
ii) Other Income	144.81	185.14	203.63
iii) Profit before tax and prior period adjustments	678.74	825.88	809.17
iv) Prior period adjustments	1.90	(-)13.63	(-) 13.92
v) Profit before tax	680.64	812.25	795.25
vi) Provision for tax (including deferred tax)	79.76	69.76	106.63
vii) Profit after tax	600.88	742.49	688.62
viii) Proposed dividend + Dividend tax	22.20	55.10	50.66

4. RATIO ANALYSIS

Some important ratios on the financial health and working of the Company at the end of last three years ending 31st March 2002 are as under: -

	1999-2000	2000-01	2001-02
A. Liquidity Ratio			
Current Ratio [k/d(i)+c(vi)]	2.33	2.46	1.40
B. Debt Equity Ratio			
Long term debt to equity [c(i) to (v) but excluding short term loans/q]	1.32	1.25	1.47
C. Profitability Ratios			
		(in percentage)	
a) Profit before tax to			
i) Capital employed	6.91	7.31	7.50
ii) Net worth	12.26	13.00	11.77
iii) Sales	34.39	32.52	35.31
b) Profit after tax to Equity	19.70	24.23	22.45
c) Earning per share (in Rupees)	197.04	242.34	224.46

5. INVENTORY LEVELS

The inventory levels at the close of the last three years ending 31st March 2002 are as under:

	(Rupees in crores)		
	1999-2000	2000-01	2001-02
Stores and Spares and Loose tools	156.55	156.48	170.68

6. SUNDRY DEBTORS

The Sundry debtors and Sales in the last three years ending 31st March 2002 are as follows:

As on 31st March of	Sundry debtors			Sales	% age of Sundry Debtors to Sales
	Considered good	Considered doubtful	Total		
2000	1236.39	—	1236.39	1979.06	62.47
2001	1428.52	—	1428.52	2497.48	57.20
2002	1605.47	21.71	1627.18	2251.89	72.26

The age-wise break up of Sundry debtors at the end of financial year 2001-02 is as under:

	(Rupees in crores)
Debtors outstanding for	Amount
Less than 6 months	897.78
6 months to 1 year	236.91
1 year to 3 years	398.30
More than 3 years	94.19
Total	1627.18

Place : New Delhi
Dated : 27th September, 2002

Sd/-
(Revathi Bedi)
Principal Director of Commercial Audit
and Ex-officio Member, Audit Board-III,
New Delhi



CORPORATE GOVERNANCE REPORT

THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in the company. It is a system by which business corporations are directed and controlled. POWERGRID believes that good governance should entail trusteeship, empowerment, and accountability of the management while remaining proactive to the Government policies. POWERGRID Governance process is focused towards its mission for "establishment and operation of Regional and National Power Grids to facilitate transfer of power within and across the regions with Reliability, Security and Economy on sound commercial principles" based on the well established practices in engineering & design, contracts, project management, finance etc. which are being followed in letter and spirit and are being continually improved upon. POWERGRID, today stands as the largest transmission utility in the world and is also ranked amongst one of the best-managed transmission companies in the world.

The Corporate Governance of POWERGRID is geared by the following:

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

The corporate governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are proceeded ahead after approval of the Board. Presently, the Board of Directors consists of Chairman and Managing Director, Functional Directors and Govt. Nominee Directors. The eminent professionals, from amongst fields of power and finance sectors, are appointed as part-time Directors on the Board of the company who provide independent input towards corporate strategy in improving organization performance. 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". During the year, POWERGRID has prepared and implemented "Pre-award Works and Procurement Policy and Procedure" 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 "Post-award Works and Procurement Policy and Procedure" is also in an advanced stage of finalization. Besides, the Board has constituted several Committee viz. Committee for Award of Contracts, Committee on Feasibility Reports and Revised Cost Estimates, Committee of Bonds etc. to have better and more focused attention.

Management Discussions and Analysis

The Management Discussions and Analysis covering financial performance, operational performance during the preceding financial year, opportunities, future outlook and concerns etc. are covered in the Directors' Report.

Board of Directors:

During the Year under review, due to induction / cessation, the composition of the Board has undergone changes. The detail of the Directorship held, during the year, is as under:

Shri R. P. Singh, CMD	till date.	*Executive' Director
Dr. V.K. Garg, Director (Finance)	till date.	*Executive' Director
Shri Bhanu Bhushan, Director (Operations)	till date	*Executive' Director
Shri S.C. Misra, Director (Projects)	till date.	*Executive' Director
Shri A. I. Bunet, Director(Personnel)	ceased to be Director on 31. 07.2002.	*Executive' Director
Shri P. I. Suvrathan, Jt. Secy; Ministry of Power	ceased to be Director on 11. 07.2002.	**Non-Executive' Director
Shri R. Ramanujam, JS&FA, Ministry of Power	ceased to be Director on 01. 07.2002.	**Non-Executive' Director
Shri J. Vasudevan, Addl. Secy. Ministry of Power	ceased to be Director on 18.05.2001.	**Non-Executive' Director
Shri V.V.R.K. Rao, Member(G&O),CEA	ceased to be Director on 30. 06.2002.	**Non-Executive' Director
Shri R.K. Madan, Director (Projects)	ceased to be Director on 31. 08.2001.	*Executive' Director
Shri R.V. Shahi, Director	ceased to be Director on 26. 07.2001.	**Non-Executive' Director
Dr. Ramesh Gupta, Director	ceased to be Director on 26. 07.2001.	**Non-Executive' Director

* EXECUTIVE DIRECTOR MEANS WHOLE-TIME DIRECTOR.

** NON-EXECUTIVE DIRECTOR MEANS PART-TIME DIRECTOR.

Shri U. C. Misra, has been appointed as Director (Personnel) of POWERGRID on 01.08.2002 and Shri A.K. Kutty, Joint Secretary and Shri M. Sahoo, Joint Secretary & Financial Advisor, Ministry of Power have joined the Board on 22.07.2002. The process of filling up of vacant posts of Non Executive Directors is under approval with Ministry of Power, Government of India.

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 notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. Senior management is also invited to the Board meetings to provide additional input to the items being discussed by the Board.

During the Year under review, 14 Board meetings were held (including 1 adjourned Board Meeting) on 30th April, 15th June, 26th July, 13th August, 31st August, 17th September, 24th September, 31st October, 13th November, 18th December of the year 2001 and 7th January, 23rd January, 6th March & 28th March of the year 2002.

Name	Board Meetings during F. Y. tenure		AGM
	held	attended	
Shri R.P. Singh, CMD	14	14	Yes
Dr. V.K. Garg, Director (Finance)	14	14	Yes
Shri Bhanu Bhushan, Director(Operations)	14	12	Yes
Shri R. Ramanujam, JS&FA, MOP	14	13	Yes
Shri P.I. Suvrathan, JS, MOP	13	12	Yes
Shri V.V.R.K. Rao, Member(G.O.),CEA	12	07	Yes
Shri A.I. Bunet, Director(Personnel)	11	11	Yes
Shri S.C. Misra, Director(Projects)	09	09	N.A.
Shri R.K. Madan, Director(Projects)	05	05	Yes
Shri R.V. Shahi, Director	03	01	N.A.
Dr. Ramesh Gupta, Director	03	01	N.A.
Shri J. Vasudevan, Addl. Secy., MOP	01	01	N.A.

Remuneration of Directors

Being a Government Company, the Executive Directors are appointed by the President of India through the Ministry of Power and draw remuneration determined by the Government and as per the terms and conditions of their appointment.

The part-time Government nominees on POWERGRID Board do not draw any remuneration from the company for their role as director. The part-time professional/ independent directors of the company were paid a sitting fee of Rs.5,000/- per meeting and were entitled to Travelling/ Daily Allowances at the rates applicable for Whole-time Directors.

Audit Committee:

The constitution of Audit Committee and its terms of reference are in accordance with the Listing Agreement and the provisions of Companies Act, 1956. The role of the Audit Committee inter-alia includes review of Company's financial and risk management policies, reviewing of the activities of internal audit department, adequacy of internal control system and procedures, review of strategies for risks in financial terms and offer recommendations, discuss the nature and the scope of audit with external auditors and area of concern after the audit, review financial reporting system including quarterly and annual financial statements before submission of the same to the Board of Directors along with recommendations with respect to accounting policies and practices, going concern assumption, compliance with the accounting standards and other legal requirements relating to financial statements. Audit committee also ensures proper disclosures, compliance with regulatory guidelines and carry out investigation into any activity within its terms of reference.

Composition of Audit Committee as on 31st March, 2002 :

Shri P.I. Suvrathan, Jt. Secy., MOP	Chairman	Non-Executive Director	ceased to be Director on 11.07.2002.
Shri R. Ramanujam, JS&FA, MOP	Member	Non-Executive Director	ceased to be Director on 01.07.2002.
Shri V.V.R.K. Rao, Member (G.O.), CEA	Member	Non-Executive Director	ceased to be Director on 30.06.2002.
Shri Bhanu Bhushan, Director(Oprns.)	Member	Executive Director	till date



Present composition of the Audit Committee:

Shri Bhanu Bhushan, Director (Oprns.)	Chairman	Executive Director
*Shri A.K. Kutty, Jt. Secy., MOP	Member	Non-Executive Director
*Shri M. Sahoo, JS&FA, MOP	Member	Non-Executive Director

*Appointed on 22nd July, 2002

Attendance:

During the financial year ended 31st March, 2002, five meetings of the Audit committee were held on 26th April, 13th June, 26th July, 31st October of the year 2001 and 23rd January, 2002.

The Committee also met for the finalisation of the annual accounts for the Year ended 31st March, 2002.

Attendance at Audit Committee Meetings during the preceding Financial Year:

Name	Board Meetings during F. Y. tenure	
	held	attended
Shri R. Ramanujam, JS&FA, MOP	5	5
Shri P.I. Suvrathan Jt. Secy., MOP	2	2
Shri V.V.R.K. Rao, Member(G.O.),CEA	2	1
**Dr. Ramesh Gupta, Director	3	2
Shri Bhanu Bhushan, Director (Operations)	5	4
*Dr. V.K. Garg, Director (Finance)	5	5

* Attended as a special invitee.

** Ceased to be a Director w.e.f. 26.07.2001

General Body Meetings:

The proceeding of three Annual General Meetings were held as under:

Year	Date	Time	Venue
1998-1999	25 th Aug., 1999	10.30 a.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.
1999-2000	14 th Aug., 2000.	3.30 p.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.
2000-2001	13 th Aug., 2001	4.00 p.m.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.

Listing:

The Bonds of the Company are listed with the following Stock Exchanges:

The Delhi Stock Exchange Association Limited. DSE House, 3/1, Asaf Ali Road, Darya Ganj, New Delhi - 110 002.	National Stock Exchange of India Limited. Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E) Mumbai - 400051
---	---

Means of Communication:

Quarterly Results are published in the leading newspapers viz Business Standard/ Financial Express/ Times of India/ Asian Age etc. in English and Hindustan/Udyog Vyapar/ Nav Bharat Times etc. for Hindi version. The previous ten Years' Results are available on the web site of the Company viz. www.powergridindia.com

Disclosures:

- ▶ There were no materially significant related party transactions with the Directors, the management, subsidiaries or relative of the Directors that have a potential conflict with the interest of the Corporation.
- ▶ No infringement of any of the provisions of the law and regulations has been committed by the Company.
- ▶ Going Concern.
- ▶ The Directors are satisfied that the Corporation has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing financial statements.

Auditors' Certificate on Corporate Governance:

The Auditor's Certificate on compliance of Clause 49 of the Listing Agreement is being published as an annexure to the Directors' Report.

**CURRENT COST BALANCE SHEET
AS AT 31ST MARCH,2002**

	(Rupees in Lacs)	
	As at 31st March,2002	As at 31st March,2001
NET ASSETS EMPLOYED		
Gross Block	2141641	2139495
Less: Accumulated Depreciation	<u>650204</u>	638230
Net Block	1491437	1501265
Capital Work-in Progress	434178	259141
Construction Stores and Advances	226775	137291
Investments	73903	39747
NET CURRENT ASSETS		
Inventories	16870	16368
Other Current Assets	<u>227150</u>	<u>209087</u>
	244020	225455
Less : Current Liabilities and Provisions	<u>193448</u>	<u>91486</u>
	50572	133969
Miscellaneous Expenditure (to the extent not written off or adjusted)	<u>572</u>	<u>2283</u>
	2277437	<u>2073696</u>
FINANCED BY		
SHAREHOLDERS FUNDS		
Share Capital	306781	306388
Current Cost Reserve	587748	637564
Other Reserves and surplus	<u>390557</u>	<u>323528</u>
	1285086	1267480
LOAN FUNDS		
Secured Loans	546210	337836
Unsecured Loans	<u>446141</u>	<u>468380</u>
	992351	806216
	2277437	<u>2073696</u>

**CURRENT COST PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2002**

	(Rupees in Lacs)	
	For the year ended 31st March, 2002	For the year ended 31st March, 2001
Profit before Interest and Finance charges and Taxation (On Historical Cost basis)	145329	142293
Less: Depreciation Adjustment	<u>21002</u>	<u>48469</u>
Current Cost operating Profit	124327	93824
Add: Gearing Adjustment	<u>7359</u>	<u>15539</u>
	131686	109363
Less:Interest and Finance Charges	65804	61068
Provision for Taxation	<u>10663</u>	<u>6976</u>
	76467	68044
Current Cost Profit Attributable to Shareholders	<u>55219</u>	<u>41319</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st, 2002

	For the year ended 31st March, 2002 (Rupees in Lacs)	For the year ended 31st March, 2001 (Rupees in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	79525	81225
Adjustment for:		
Depreciation	39427	70913
Amortised Expenditure	1945	525
Provisions	10275	939
Self Insurance	1065	
Interest	65804	61068
Operating Profit before Working Capital Changes	<u>198041</u>	<u>214670</u>
Adjustment for :		
Trade and other Receivables	-4147	-19213
Inventories	-1391	66
Trade payables and other liabilities	60061	-6416
Other current assets	-4266	2990
Deferred Revenue Expenditure	-234	-2236
Cash generated from operations	<u>50023</u>	<u>-24809</u>
Interest paid	-65804	-61068
Direct taxes paid	-6718	-6627
Net Cash from operating Activities	<u>175542</u>	<u>122166</u>
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-10241	-713
Capital work-in- progress	-222147	-153337
Advance for Capital Goods	-91343	-17302
Loans and Advances	-7056	9359
Investments	-34156	-24600
Net cash used in investing Activities	<u>-364943</u>	<u>-186593</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	393	1434
Proceeds from Long term borrowings	186135	74779
Proceeds from Grants in Aid	-1156	-2514
Dividend paid	-5510	-2220
Net Cash from Financing Activities	<u>179862</u>	<u>71479</u>
D. Net change in Cash and Cash equivalents (A+B+C)	-9539	7052
E. Cash and cash equivalents(Opening balance)	30526	23474
F. Cash and cash equivalents(Closing balance)	20987	30526

NOTE: Cash and Cash Equivalents consist of Cash in hand and balance with banks.

(Divya Tandon)
Company Secretary

(Dr. V.K. Garg)
Director(Finance)

(R.P. Singh)
Chairman & Managing Director

As per our report of even date

For Hingorani M.& Co.
Chartered Accountants

For Venugopal & Chenoy
Chartered Accountants

For D.P.Sen & Co.
Chartered Accountants

(Pardeep Kumar)
Partner

(P.V.Sri Hari)
Partner

(D.Bhattacharyya)
Partner

Place: New Delhi
Date: 13th August, 2002

AUDITORS' CERTIFICATE

To

**The Board of Directors,
Powergrid Corporation of India Limited.,
New Delhi.**

We have examined the attached Cash Flow Statement of Powergrid Corporation of India Limited, for the period ended March 31,2002.The statement has been prepared by the Company in accordance with the requirements of listing agreement Clause-32 with Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 13th August,2002 to the Members of the Company.

For Hingorani M.& Co.
Chartered Accountants

For Venugopal & Chenoy
Chartered Accountants

For D.P.Sen & Co.
Chartered Accountants

(Pardeep Kumar)
Partner

(P.V.Sri Hari)
Partner

(D.Bhattacharyya)
Partner

Place : New Delhi

Date : 13th August, 2002