



POWER SYSTEM OPERATION CORPORATION LIMITED

(CIN :U40105DL2009GOI188682)

(A wholly owned subsidiary of POWERGRID)

ANNUAL REPORT

2015-16



Power System Operation Corporation Limited
(A wholly owned subsidiary of POWERGRID)
CIN: U40105DL2009GOI188682

Registered Office : 1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi – 110 016

Phone No (011) 26536832, 26524522, 26532062
FAX: (011) 26524525, 26536901
Website : www.posoco.in, Email ID: posococc@posoco.in

NOTICE

Notice is hereby given that the 7th Annual General Meeting of the Company will be held on **Thursday the 15th September, 2016 at 12.30 p.m.** at the Registered Office of the Company i.e. B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016 to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss for the financial year ended on 31st March, 2016 together with Reports of the Board of Directors and Auditors thereon.
2. To take note of the payment of interim dividend for the Financial Year 2015-16.
3. To appoint a Director in place of Shri I.S, Jha (DIN: 00015615) who retires by way of rotation and being eligible, offers himself for re -appointment.
4. To fix the remuneration of M/s J.C. Bhalla & Co. and M/s S.K Patodia & Associates, Joint Statutory Auditors appointed by Comptroller and Auditor General of India for F.Y. 2016-17.

Special Business:

5. To appoint Shri Jagdishbhai Ishwarbhai Patel (DIN: 02291361) , as Independent Director of the Company and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:



“Resolved that pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Shri Jagdishbhai Ishwarbhai Patel (DIN: 02291361) who was nominated by the Board of Directors of POWERGRID as a Director on the Board of POSOCO pursuant to the requirements of Clause 40(a)(v) of the Articles of Association of POSOCO and appointed as an Additional Director (category Independent) of the Company w.e.f. 08.02.2016 in terms of Article 40(b) of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Jagdishbhai Ishwarbhai Patel for the office of the Director, be and is hereby appointed as an Independent Director of the Company with effect from 08.02.2016 and not be liable to retire by rotation, for a term, which is co-terminus with his being an Independent Director on the Board of POWERGRID and which in any case shall not exceed five years from the date of appointment.”

6. To appoint Shri Ravi Prakash Singh (DIN: 05240974), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Shri Ravi Prakash Singh (DIN: 05240974) who was nominated by POWERGRID as a Director on the Board of POSOCO and appointed as an Additional Director of the Company w.e.f. 29.02.2016 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Ravi Prakash Singh for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

**For and By order of the Board
Power System Operation Corporation Limited**

**(Priti Chaturvedi)
Company Secretary**

**Regd. Office:
Power System Operation Corporation Limited
(CIN: U40101DL2009GOI188682)
1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi-110 016.
Dated: 01.09.2016**

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself / herself and a Proxy need not be a Member of the Company.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting, i.e. latest by 11.00 a.m. on Wednesday, 14th September, 2016. A Blank Proxy Form is enclosed.

2. Shareholders seeking any information with regard to accounts are requested to write to the company.
3. Brief Resume of the Directors seeking appointment or re – appointment is Annexed hereto and forms part of the Notice.
4. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto.
5. Electronic copy of the Annual Report for the F.Y. 2015-16 is being sent to the members whose e-mail ids are registered with the Company.
6. The Board of Directors in its Meeting held on 30.03.2016 had declared Interim dividend @ 15.5% on the paid –up equity share capital of the Company which was paid on 04.04.2016 .
7. Pursuant to Section 139(5) of the Companies Act, 2013, the Auditors of the Government Company are to be appointed or re- appointed by the Comptroller and Auditor General of India (C&AG) and in pursuance of Section 142 of the Companies Act, 2013, their remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. M/s J.C. Bhalla & Co. and M/s S.K Patodia & Associates have been appointed by C&AG as Joint Statutory Auditors for the F.Y. 2016-17. The Members may authorize the Board to fix remuneration of Statutory Auditors as may be deemed fit by the Board for the F.Y. 2016-17.
8. None of the Directors of the Company are in any way related with each other.
9. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m and 1.00 p.m. prior to the Annual General Meeting.
10. The Notice of the AGM is also placed on the website of the Company, i.e. www.posoco.in.

Annexure to the Notice

EXPLANATORY STATEMENT

(pursuant to Section 102 of the Companies Act, 2013)

ITEM NO. 5

Shri Jagdishbhai Ishwarbhai Patel (DIN: 02291361) had been appointed as an Additional Director (category Independent) of the Company w.e.f. 08.02.2016 in view of the nomination made by the Board of Directors of POWERGRID (the Holding Company) in pursuance of the requirements of Article 40(a)(v) of the Articles of Association of POSOCO.

According to the provisions of Section 161 of the Companies Act, 2013, Shri Jagdishbhai Ishwarbhai Patel shall hold office upto the date of the Annual General Meeting. As required by Section 161 of the Companies Act, 2013, notice has been received from a member signifying his intention to propose the appointment of Shri Jagdishbhai Ishwarbhai Patel as Director at the forthcoming AGM w.e.f. 08.02.2016. Hence necessary resolution is placed before the Meeting for Members' approval. In the opinion of the Central Government in the Ministry of Power, Shri Patel fulfills the conditions specified in the Companies Act for appointment of a person as an independent director and that he is independent of the management.

Shri Jagdishbhai Ishwarbhai Patel is deemed to be interested in the proposed resolution to the extent of his appointment as a Director. No other Director or Key Managerial Personnel or their relatives is in any way concerned or interested, financially or otherwise in the proposed Resolution. Directors recommend the resolution as set out at in Item No.5 in the Notice for Members' approval.

Brief Resume Shri Jagdishbhai Ishwarbhai Patel, inter-alia, giving nature of expertise in specific functional area is Annexed.

ITEM NO. 6

Shri Ravi Prakash Singh (DIN: 05240974) had been appointed as an Additional Director of the Company w.e.f. 29.02.2016.

According to the provisions of Section 161 of the Companies Act, 2013, Shri Ravi Prakash Singh shall hold office upto the date of the Annual General Meeting. As required by Section 161 of the Companies Act, 2013, notice has been received from a member signifying his intention to propose the appointment of Ravi Prakash Singh as a Director at the forthcoming AGM. Hence necessary resolution is placed before the Meeting for Members' approval.

Shri Ravi Prakash Singh is deemed to be interested in the proposed resolution to the extent of his appointment as a Director. No other Director or Key Managerial Personnel or their relatives is in any way concerned or interested, financially or otherwise in the Resolution. Directors recommend the resolution as set out at in Item No.6 proposed in the Notice for Members' approval.

Brief Resume Shri Ravi Prakash Singh, inter-alia, giving nature of expertise in specific functional area is Annexed.



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Form of Proxy

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | |
|-------------------------|--|
| Name of the member (s): | |
| Registered address: | |
| E-mail Id: | |
| Folio No/ Client Id: | |
| DP ID: | |

I/We, being the member (s) of shares of the above named company, hereby appoint

| | | | | |
|----------------|-----------|--|------------|--|
| 1. | Name: | | Signature: | |
| | Address | | | |
| | E-mail Id | | | |
| | | | | |
| Or failing him | | | | |
| 2. | Name: | | Signature: | |
| | Address | | | |
| | E-mail Id | | | |
| | | | | |

| | | | |
|----------------|-----------|--|------------|
| Or failing him | | | |
| 3 | Name: | | Signature: |
| | Address | | |
| | E-mail Id | | |
| | | | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7th Annual general meeting/ Extraordinary general meeting of the company, to be held on the day of..... at..... a.m. / p.m. at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl. No. | Resolution | For | Against |
|--------------------------|--|-----|---------|
| Ordinary Business | | | |
| 1. | To receive, consider and adopt the audited financial statements for the year ended 31 st March, 2016 together with Report of the Board of Directors and Auditors thereon. | | |
| 2. | To take note of the payment of Dividend for the Financial Year 2015-16. | | |
| 3. | To appoint a Director in place of Shri I.S, Jha (DIN: 00015615) who retires by rotation and being eligible, offers himself for re -appointment. | | |
| Special Business | | | |
| 4. | To fix the remuneration of M/s J.C. Bhalla & Co. and M/s S.K Patodia & Associates, Joint Statutory Auditors for F.Y. 2016-17 | | |
| 5. | To appoint Shri Jagdishbhai Ishwarbhai Patel (DIN: 02291361) as Independent Director. | | |
| 6. | To appoint Shri Ravi Prakash Singh (DIN: 05240974) as Director liable to retire by way of rotation | | |

Signed this..... day of..... 2016

| |
|---------------------------------------|
| Affix Revenue Stamp of ₹ 1/- |
|---------------------------------------|

Signature of shareholder _____

Signature of Proxy holder(s) _____

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Brief Resume of the Directors seeking re – election and also of Directors appointed since last Annual General Meeting:

I. Director seeking re – election at the 7th AGM:

| | |
|--|---|
| Name | Shri Indu Shekhar Jha |
| DIN | 00015615 |
| Date of Birth and Age | 30.06.1959 /57 years |
| Date of Appointment | 01/9/2011 |
| Qualification | B.Sc (Engg.) in Electrical |
| Expertise in specific Functional Area | <p>Shri I.S, Jha is the non – executive Chairman of our Company.</p> <p>Prior to his present assignment, he has successfully served as Director (Projects) in POWERGRID since Sept'09 wherein he has been responsible for planning, engineering, project management, monitoring and implementation of all transmission and distribution projects. An Electrical Engineer from NIT, Jamshedpur, he is a well-known Electrical Power System Professional having more than 35 years of rich and varied work experience to his credit. He began his professional career in 1981 as an Executive Trainee in NTPC. He has been associated with POWERGRID since its inception in 1991 and has been part of departments such as Engineering, Distribution Management System (DMS), and Corporate Monitoring Group. He has worked as Executive Director of North Eastern Region, Engineering and Corporate Monitoring Group in POWERGRID. While working at various projects and Corporate Office of NTPC and POWERGRID, he was involved in conceptualisation, planning, design, engineering, monitoring and implementation of projects of national importance.</p> <p>Apart from these, he has been a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He is member of Governing Body of CPRI, Bangalore and Empowered Committee of Government of India for promoting competition in Power Transmission Sector. He is also associated with professional bodies such as Institution of Engineers - India, Power Engineering Society of IEEE - USA, and International Council on Large Electric Systems (CIGRE) – France. He has published/presented numerous articles, technical papers in the field of power system in various international and National Journals/Conferences. He was appointed as a Director on our Board in September, 2011 and as non – executive Chairman w.e.f. 01.10.2015.</p> |
| Directorship held in other Companies | <ol style="list-style-type: none"> 1. Power Grid Corporation of India Limited 2. Teestavalley Power Transmission Limited 3. Jaypee POWERGRID Limited 4. Cross Border Power Transmission Company Limited 5. Torrent Power Grid Limited 6. Powerlinks Transmission Company Limited 7. Parbati Koldam Transmission Company Limited 8. North East Transmission Company Limited 9. Bihar Grid Company Limited 10. |

| | |
|---|-----|
| Membership / Chairmanship of Committees in other Companies | NIL |
| No. of Shares held | 01 |

II. Directors being appointed at the 7th AGM:

1.

| | |
|---|---|
| Name | Shri Jagdishbhai Ishwarbhai Patel |
| DIN | 02291361 |
| Date of Birth and Age | 15/10/1964 / 51 years |
| Date of Appointment | 08.02.2016 |
| Qualification | B.Sc., ASTM-UT, MBA (Ind.) |
| Expertise in specific Functional Area | Shri Jagdishbhai I Patel has an illustrious career spanning over 35 years contribution in the areas of Energy Generation, Mining and Space sectors as engineering solution providers and strategic planner over business auxiliary units. Having been Director (Tech.) at Pushpak Trademech Limited, as well as KIA Infrastructure Development Limited and an active member of Gujarat Chamber of Commerce and Industry (GCCl), he has served as a member of several institutions such as, District Implementation & Industrial Management Committee of ITI, Industrial Management Committee of IGTR and has also served as the President as well as Treasurer at LUB-Gujarat. He is also member of Standing Committee/ Town Planning Committee/ Solid Waste Management Committee of AMC. |
| Directorship held in other Companies | <ol style="list-style-type: none">1. Pushpak Trademech Limited2. KIA Infrastructure Development Limited3. Power Grid Corporation of India Limited |
| Membership / Chairmanship of Committees in other Companies | Power Grid Corporation of India Limited <ol style="list-style-type: none">1. Audit Committee - Chairman2. Stakeholders' Relationship Committee - Chairman |
| No. of Shares held | NIL |

2.

| | |
|---|--|
| Name | Shri Ravi Prakash Singh |
| DIN | 05240974 |
| Date of Birth and Age | 21/01/1960 / 56 years |
| Date of Appointment | 29.02.2016 |
| Qualification | Mechanical Engineering & Post Graduate Diploma in HR |
| Expertise in specific Functional Area | Shri Ravi Prakash Singh, is part – time Director in our Company. He did his Mechanical Engineering from NIT, Allahabad in First Class with Honours and Post Graduate Diploma in HR from AIMA, New Delhi. He is presently holding the position of Director (Personnel) in POWERGRID. Prior to that, he has held the positions of Executive Director (Eastern Region-II) and Executive Director (Human Resource Management & Corporate Communication) in POWERGRID. Shri Singh has over 34 years of work experience in the power sector handling various multi-disciplinary functions like HR, Telecom, Contracts, Materials, Planning, Monitoring and Transmission System Construction/O&M. Prior to joining POWERGRID in 1991, Shri Singh had worked for 10 years in NTPC. |
| Directorship held in other Companies | <ol style="list-style-type: none"> 1. Power Grid Corporation of India Limited 2. PTC India Limited 3. Powerlinks Transmission Limited 4. Powergrid NM Transmission Limited 5. POWERGRID Vizag Transmission Limited 6. POWERGRID Unchahar Transmission Limited 7. POWERGRID Jabalpur Transmission Limited 8. POWERGRID Southern Interconnector Transmission System Limited |
| Membership / Chairmanship of Committees in other Companies | <p>Power Grid Corporation India Limited</p> <ol style="list-style-type: none"> 1. Stakeholders' Relationship Committee - Member |
| No. of Shares held | 01 |

POWER SYSTEM OPERATION CORPORATION LIMITED
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REFERENCE INFORMATION

| |
|--|
| Chief Executive Officer Shri S.K. Soonee |
| Company Secretary Ms. Priti Chaturvedi |
| Chief Financial Officer Shri M.K. Gupta |
| For the Financial Year under Review i.e. 2015-16 Statutory Auditor(s) : i. M/s J.C. Bhalla & Co., Jt. Statutory Auditor Address: B-17, Maharani Bagh, New Delhi - 110065 ii. M/s S.K. Patodia & Co., Jt. Statutory Auditor Address: Shree Shakambhari Corporate Park 156-158 Chakravarti Ashok Complex, J.B. Nagar Mumbai – 400099, Maharashtra Secretarial Auditor M/s Agarwal S & Associates, 119 & 127, Vardhman Star City Mall, Sector 7, Dwarka, New Delhi-110075 |
| <u>REGISTERED AND CORPORATE OFFICE</u> B-9, QUTAB INSTITUTIONAL AREA, KATWARIA SARAI, NEW DELHI -110016 (011) 26536832, 26524522 FAX: (011) 26524525, 26536901 email: posococc@posoco.in www.posoco.in |
| <u>NATIONAL LOAD DESPATCH CENTRE</u> SHRI KVS BABA, ED (NLDC) B-9, QUTAB INSTITUTIONAL AREA, KATWARIA SARAI, NEW DELHI -110016 (011) 26536832, 26524522,26532062 FAX: (011) 26524525, 26536901 email: nldc@posoco.in www.nldc.in |
| <u>SOUTHERN REGIONAL LOAD DESPATCH CENTRE</u> SHRI V.K SRIVASTAVA, GM (SRLDC) 29, RACE COURSE CROSS ROAD, BANGALORE-560009 (080) 22250047, 22254525 , Fax : (080) 22268725 email: srldc@posoco.in www.srldc.in |

EASTERN REGIONAL LOAD DESPATCH CENTRE

SHRI U.K. VERMA, GM (ERLDC)

14, GOLF CLUB ROAD , TOLLYGUNGE, KOLKATA-700033

(033) 24235755, 24235875 Fax: (033) 24235809, 24235704,24235029

email: erldc.cal@gmail.com

www.erldc.org, www.erldc.com

NORTH EASTERN REGIONAL LOAD DESPATCH CENTRE

SHRI T.S. SINGH, GM (NERLDC)

DONGTIEH, LOWER NONGRAH, LAPALANG, SHILLONG- 793006

(0364) 2536922, Fax:(0364) 2536934

email: nerldc@posoco.in

www.nerldc.org

NORTHERN REGIONAL LOAD DESPATCH CENTRE

SHRI P.K. AGARWAL

18-A, SHAHEED JEET SINGH SANSANWAL MARG, KATWARIA SARAI, NEW DELHI-110016

(011) 26854861, 26519406, 26523869 FAX- (011) 26852747

email: nrldc@posoco.in

www.nrldc.in

WESTERN REGIONAL LOAD DESPATCH CENTRE

SHRI P. MUKHOPADHYAY, GM (WRLDC)

F-3, M.I.D.C AREA, MAROL, ANDHERI (EAST), MUMBAI - 400 093

(022) 28202690, 28397634, 28203885 , Fax : (022) 28202630

email: wrlcdc@posoco.in

www.wrlcdc.in

Message from the Chairman



Dear Shareholders,

It gives me immense pleasure to welcome you to the 7th Annual General Meeting of your Company.

Friends, for the period ending 31st March, 2016, the Directors' Report and the final accounts of the Company have already been provided. With your permission, I take them as read.

As your Company continued its stewardship of India's power system, we sailed through various challenges. We have been able to maintain reliable operation of the All India electricity Grid with the cooperation of all stakeholders. We strived to ensure the promotion of enhanced inter - regional cooperation and market efficiency; and also highlighted the importance of working together. We met emerging challenges, promoted enhanced transparency to stakeholders through dissemination of information, and improved grid discipline through Regulatory Reforms. These steps have led the vision of "One nation, One Grid, One Price" into a reality. Jim Rohn has very aptly described this as "Success is nothing more than a few simple disciplines, practiced every day.

Today, the power system landscape is changing faster than ever before. The achievement of a reliable and secure grid requires new rules, new technologies, and new ways of operating the power system. Closer cooperation among all market players, be it generators, consumers, power exchanges, power suppliers or technology providers is the key to the optimization of overall system.

Our job is to safely connect people to the energy they use. We are at the heart of one of the greatest challenges facing our society – delivering clean energy to support our world for long term sustainability. Energy policies have continued to evolve, seeking an acceptable balance between affordability to consumers, security of supply and sustainability considerations.

POSOCO has an absolute commitment to reliability. Increasing the resilience of the system has become an important element of our mission as well. Our professionals are focusing on measures that will strengthen the ability of the grid to anticipate, ride through and then recover quickly from a major disruption—whether natural or man-made. Electricity must play a key role in achieving the strategic objectives of India's energy policy. The ever increasing complexity of the national power system with more interconnections, bulk power transfer

corridors, international interconnections, higher transmission voltages, new technologies in generation and transmission, increasing presence of renewable energy sources, large size generation projects, system protection schemes, wide area controls, including integrative controls in the transmission and Smart Grid technologies have put greater responsibilities on the shoulder of system operator for ensuring reliable and secure power system.

POSOCO is dealing effectively with this rapid transformation. The changing policies and priorities of the Government, regulatory changes, shifts in economics and consumer demands, and innovative technologies that were once on the horizon now provide new opportunities for the energy landscape.

The Government has set an ambitious target of adding 175 GW of renewable generation capacity by 2022. It includes Solar (utility-scale, distributed, off-grid/mini-grid – 100 GW), Wind (utility-scale – 60 GW), Small hydro (5 GW) and Bioenergy (10 GW). In this direction, an analysis of the opportunities and barriers to rapid deployment of RE named "India's Renewable Electricity Roadmap 2030" was carried out by NITI Aayog in February, 2015. Also, a high level technical committee constituted by Ministry of Power for Large Scale Integration of Renewable energy submitted its recommendations in April, 2016.

USAID under the guidance of Ministry of Power, Government of India, has taken up a project titled "Greening the Grid" to study the impact of large scale integration of renewable energy in the grid. NREL, LBNL, USAID, USA in association with POSOCO, CTU, CEA and SLDCs/STUs of the RE rich states of Rajasthan, Maharashtra, Gujarat, AP, TN and Karnataka are involved in these studies which were started in Sep/Oct 2015. This is a highly data intensive study which would bring out the periods of stress under high RE penetration conditions and the ways to mitigate the same. The studies are likely to be completed over the next six months.

CERC advisory for RE Integration at state level in November, 2015 put thrust on the detailed Energy Accounting of all intra State entities, Intra State Deviation Mechanism pool at the State level and ABT for intra State generators. CERC also recommended ring fencing and capacity building of SLDCs, Regulations on Forecasting, Scheduling and Deviation Settlement for renewables along with Ancillary and Reserves Regulations at state level.

In order to implement and evolve roadmap for implementation of CERC advisory measures, Forum of Regulators (FOR) constituted a Technical Committee in November, 2015. A sub-committee of the Technical Committee was constituted in January, 2016 to evolve the Scheduling, Accounting, Metering and Settlement of Transactions in Electricity (SAMAST) and suggest the action plan for implementation in all the States. The SAMAST Report has been accepted by the Forum of Regulators (FOR) for implementation in its meeting held on 22nd July'16. Detailed Project Reports (DPRs) are being prepared for rolling out the accounting and settlement in each state.

In order to provide more opportunities to entities to trade and manage their portfolio in electricity market, regulatory framework was formulated for 24 x 7 extended market session and operationalized by both the Power Exchanges in July 2015. Faster detection of outages, automatic response and rapid restoration systems enhances security and integrity of the grid. The consumers have electricity services at reliability and quality levels customized to their individual in an environmental friendly manner.

A healthy communication system is critical for safe and secure operation of electricity grid. In wake of implementation of Schemes based on Phasor Measurement Units (PMUs), automatic generation control, ancillary services, demand side management, integration of renewable, smart cities, smart grid, advanced metering infrastructure etc., communication expressway needs to be created along with transmission system which can be utilized by all stakeholders of the Power sector in India.

On the financial front, your Company recorded a net profit of ₹55.55 crore and total income of ₹231.65 crore during the FY 2015-16. The Board of your Company has recommended a dividend of 15.5% of the subscribed / paid up capital has been paid in the month of April'16.

People continue to be the most important driver of our strategic intent and initiatives. Your Company remains committed to provide growth and development along with work life balance to all employees. Employees undergo training and re-training, continuous learning and skill development programs. So far several certification exams have been coordinated by POSOCO both at Basic Level and Specialist Level. These efforts have resulted in certification of 899 System Operators at Basic Level. 138 System Operators have qualified the Regulatory Specialist course and 77 System operators have qualified as reliability specialists. Overall 443 basic level system operators have been qualified so far.

The all - round performance- including technical, cultural and social of our employees has been Excellent. POSOCO Team has won the Regional Round of the Times Ascent Engineering Mastermind, India's biggest Inter-Corporate Quiz for Engineers for the years 2014 and 2015. POSOCO has been conferred the Award for '*R&D Innovation*' and '*Best Performing Company*' Award by the India Today Group and the Award for '*Consistent Growth and Adaptability*' by Governance Now. These recognitions could not have been possible without the support of enthusiastic and dedicated work force.

Your Company is committed to ensure transparency in its dealings and compliance of applicable laws and regulations in order to promote ethical conduct and practices throughout the organization. Your Company has complied with the conditions of Corporate Governance as applicable, issued by the Department of Public Enterprises. The Company has once again voluntarily opted for Secretarial Audit during the year in order to reinforce confidence of the stakeholders. A separate section on Corporate Governance furnishing the applicable details forms part of the Directors' Report.

Your Company has taken several initiatives in its role as a responsible corporate citizen. The projects undertaken towards Corporate Social Responsibility (CSR) during the F.Y 2015-16 included providing solar home lighting solutions in backward areas, Award in the fields related to Power Systems to encourage excellence in the area, setting up of toilets in Govt. Schools and procurement of Renewable Energy Certificates.

On behalf of the Board, I thank all the employees including their families for their sustained endeavors in meeting the challenges posed before the organization. Specially, I would like to convey my gratitude to all fellow directors and to the Management for their very useful support. I take this opportunity to express my gratefulness to the stakeholders who have put their trust in our abilities and extended support to us.

I also take this opportunity to convey my sincere gratitude to the Government of India particularly the Ministry of Power, Ministry of New and Renewable Energy, the Department of Public Enterprises, Central Electricity Regulatory Commission, Central Electricity Authority, Regional Power Committees, all stakeholders, the Comptroller and Auditor General of India (C&AG), Statutory Auditors, and above all to POWERGRID for their confidence and support to the Company.

Thank You.



(I.S. Jha)

Chairman

Place: New Delhi

Date: 06.09.2016

DIRECTORS' PROFILE

(As on 31.08.2016)



Shri I.S.Jha Chairman

Shri I.S.Jha, (DIN : 00015615) aged 56 years, is the non – executive Chairman of our Company. Prior to his present assignment as CMD, POWERGRID, he has successfully served as Director (Projects) in POWERGRID since Sept'09 wherein he has been responsible for planning, engineering, project management, monitoring and implementation of all transmission and distribution projects. An Electrical Engineer from NIT, Jamshedpur, he is a well-known Electrical Power System Professional having more than 35 years of rich and varied work experience to his credit. He began his professional career in 1981 as an Executive Trainee in NTPC. He has been associated with POWERGRID since its inception in 1991 and has been part of departments such as Engineering, Distribution Management System (DMS), and Corporate Monitoring Group. He has worked as Executive Director of North Eastern Region, Engineering and Corporate Monitoring Group in POWERGRID. While working at various projects and Corporate Office of NTPC and POWERGRID, he was involved in conceptualisation, planning, design, engineering, monitoring and implementation of projects of national importance.

Apart from these, he has been a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He is member of Governing Body of CPRI, Bangalore and Empowered Committee of Government of India for promoting competition in Power Transmission Sector. He is also associated with professional bodies such as Institution of Engineers - India, Power Engineering Society of IEEE - USA, and International Council on Large Electric Systems (CIGRE) – France. He has published/presented numerous articles, technical papers in the field of power system in various international and National Journals/Conferences. He was appointed as a Director on our Board in September, 2011 and as non – executive Chairman w.e.f. 01.10.2015.



Shri Ravi Prakash Singh Director

Shri Ravi Prakash Singh (DIN: 05240974), aged 56 years, is part – time Director in our Company. He did his Mechanical Engineering from NIT, Allahabad in First Class with Honours and Post Graduate Diploma in HR from AIMA, New Delhi. He is presently holding the position of Director (Personnel) in POWERGRID. Prior to that, he has held the positions of Executive Director (Eastern Region-II) and Executive Director (Human Resource Management & Corporate Communication) in POWERGRID. Shri Singh has over 34 years of work experience in the power sector handling various multi-disciplinary functions like HR, Telecom, Contracts, Materials, Planning, Monitoring and Transmission System Construction/O&M. Prior to joining POWERGRID in 1991, Shri Singh had worked for 10 years in NTPC. He was appointed as a Director on our Board in February, 2016.



Smt. Jyoti Arora
Government Nominee Director

Smt. Jyoti Arora, (DIN: 00353071), aged 54 years, is an eminent energy professional in India, and is presently working as Joint Secretary in the Ministry of Power, looking after policy making in electricity sector concerning Regulatory Affairs, Transmission and Renewable Grid Integration. Her work also includes working closely with the States for planning and implementing the 24x7 Power For All, the flagship program of Government of India.

In her over 26 years of experience in the Indian Administrative Service, she has been closely associated at the grassroots level with the issues of energy access, its delivery and appropriate technology options. She has holistic experience in the power sector of policy making and also its implementation as she was Managing Director of electricity utilities dealing in Distribution, Transmission and Generation for more than a decade. As chief of Bureau of Energy Efficiency (BEE) in India she was closely involved in implementation of Clean Energy Initiatives. She also represented the country in UNFCC Climate Change negotiations. She is a postgraduate in Economics and was selected for the Hubert Humphrey Fellowship in 2003. She was appointed as a Director on our Board in March, 2014.



Shri Jagdishbhai Ishwarbhai Patel
Independent Director

Shri Jagdishbhai I Patel [DIN:02291361] aged 51 years is a B.Sc., ASTM-UT, MBA (Ind.) and has an illustrious career spanning over 35 years contribution in the areas of Energy Generation, Mining and Space sectors as engineering solution providers and strategic planner over business auxiliary units. Having been Director (Tech.) at Pushpak Trademach Limited, as well as KIA Infrastructure Development Limited and an active member of Gujarat Chamber of Commerce and Industry (GCCI), he has served as a member of several institutions such as, District Implementation & Industrial Management Committee of ITI, Industrial Management Committee of IGTR and has also served as the President as well as Treasurer at LUB-Gujarat. He is also member of Standing Committee/ Town Planning Committee/ Solid Waste Management Committee of AMC. He was appointed as an Independent Director on the Board of POSOCO in February, 2016.

Directors' Report

To,
The Members,

I, on behalf of the Board of Directors' present the seventh Annual Report on the performance of Power System Operation Corporation Limited (POSOCO) together with the Audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the Financial Year 2015-16.

The National Load Despatch Centre (NLDC) and the five Regional Load Despatch Centres (RLDCs) of POSOCO are required to carry out the functions like monitoring of system parameters and security, ensuring the integrated operation of the power system in the region, daily scheduling and operational planning, facilitating bilateral and inter-regional exchanges, etc. They carry out these functions without being influenced by or biased in favour of any market player. The Load Despatch Centers do not engage in the business of generation or trading of electricity, as per the provisions of the Electricity Act, so that they can discharge their functions in a fair and non – discriminatory manner.

NLDC, POSOCO inter - alia is the Nodal Agency for many responsibilities, like implementation of the Renewable Energy Certificate Mechanism (REC mechanism), Power System Development Fund (PSDF), Point of Connection (PoC) mechanism for sharing of inter - state transmission charges and losses, Collective Transactions in Power Exchanges, Perform Achieve and Trade (PAT) Certificates platform. NLDC has also been designated as Central Control Room in case of natural and man -made emergencies / disasters.

In POSOCO, our focus is reliability. We strive to manage weather impacts and perfect generation dispatch for one of the largest power systems in the world operating at a single frequency. Sustained growth of the power sector is a key parameter to drive economic development. As an impartial grid operator, POSOCO has no financial interest in any market segment and the Company ensures that diverse resources have equal access to the transmission network and ensure load generation balance at all times. The assets of the Company mainly comprise of human resources and Supervisory Control and Data Acquisition – Energy Management System (SCADA-EMS) alongwith software tools for all functions related to System Operation and Market Operation installed in the Control Centers of the RLDCs and NLDC.

CAPEX (REPEX)

Capital Expenditure (CAPEX) is incurred primarily for activities like replacement / augmentation of the existing SCADA-EMS, renovation and modernization of the Control Centers, adaptation of new technologies like Wide Area Measurement System (WAMS) and Phasor Measurement Unit (PMU), development of IT infrastructure for offline activities, data warehousing and Cyber Security System etc.

The CAPEX therefore can be classified as Replacement of Existing Assets (REPEX) on an interval of 5 to 7 years on rolling basis and addition of new tools for support to the System Operation and Market Operation functions. The CAPEX for the Control Period 2009-14 for replacement of SCADA system of the RLDCs, IT tools for the system support, WAMS and PMU pilot schemes for snapshot visualization in real time environment, fault analysis etc. had been approved by CERC. The order for replacement of SCADA system for all RLDCs had been placed during F.Y. 2012-13 and the schemes are in place during the F.Y. 2015-16 at all the RLDCs. The WAMS pilot schemes have been successfully implemented in all RLDCs and have proved to be path breaking. The NLDC system upgradation is expected to be completed by F.Y. 2018-19.

Petitions for approval of the Fees and Charges for the control period 2014-19 have been filed in the month of October, 2015, in accordance with the RLDC Fees and Charges Regulations notified for the

period 2014-19. The annual charges for the F.Y. 2016-17 have been projected at ₹257 Crore due to effect of increased manpower and likely pay revision with effect from 1.1.2017.

Ministry of Power vide their OM dt. 25.03.2015 has conveyed the sanction of Hon'ble President of India for setting up of POSOCO as a wholly owned Government Company to ensure independent system operation and for providing level playing field for all stakeholders in the implementation of transmission projects. The process of transfer of manpower and shares is underway.

The MoU for the F.Y. 2016-17 was signed in August, 2016. POSOCO has been Rated "Excellent" in terms of Performance for the past years and is constantly striving towards improvement of the benchmark set.

Revenue stream of POSOCO

In order to ensure an independent revenue stream and financial autonomy for POSOCO, the CERC, on 18th May, 2015, has notified the Regulations on Fees and Charges for the control period 2014-19. The revenue is being realised by levying the Fees and Charges on the Users like Generating stations/Sellers, Distribution Licensees/Buyers and the Transmission Licensees towards the services provided to them. Realisation of about 95% was achieved against billed revenue of ₹212.65 Crore during the year.

Financial Highlights

| Details | In ₹ Crore | |
|--|------------|---------|
| | 2015-16 | 2014-15 |
| Total Income | 231.65 | 250.02 |
| Gross Margin | 93.75 | 105.69 |
| Profit before Interest and Taxes(PBIT) | 84.32 | 102.88 |
| Profit Before Tax(PBT) | 81.23 | 79.71 |
| Profit After Tax(PAT) | 55.55 | 48.04 |
| Gross Fixed Assets | 161.56 | 299.18 |
| Net Worth | 121.6 | 72.48 |

Dividend Payout

In line with the CERC Order dt.14.03.2016, Dividend of 15.5% of the subscribed / paid up capital of the Company for the financial year ended 31st March, 2016 amounting to ₹4,74,92,000 was paid to POWERGRID, the Holding Company. Total dividend paid in the Previous Year was ₹ 19.92 crore.

Reserves

The Company has made appropriation of profit in the following manner by credit to respective reserve account:

- a) General Reserve ₹ 6.00 Crore
- b) LDC Development Reserve ₹ (0.04) Crore *

*The amount in Load Despatch Centre Development Fund (LDCD Fund) has been re calculated during the F.Y. 2015-16 in view of the truing up order for the Control Period 2009-14 and regulations on Fee & Charges for the Control Period 2014-19.

System Operation Highlights

- Total All India Energy Met was 1091 BUs during F.Y. 2015-16 as against 1031 BUs during F.Y. 2014-15 (5.83% increase)
- All India Peak Demand Met was 148 GW during F.Y. 2015-16 as against 141 GW during F.Y. 2014-15 (5.17% increase)

- Total All India Hydro Generation was 121 BUs during F.Y. 2015-16 as against 129 BUs during F.Y. 2014-15 (6.09% decrease)
- Inter-Regional Exchange during F.Y. 2015-16 was 117 BUs as against 89 BUs during F.Y. 2014-15.(31.5% increase).

Power Market Operation

A vibrant electricity market is operating in the country. About 8.5 % of the total energy generated in the country is traded in the Short Term Electricity Market which comprises of Bilateral Transactions (direct or through traders) and Collective Transactions through Power Exchanges. Two Power Exchanges (IEX and PXIL) are operational in the country. The RLDCs in the respective regions where the drawl point is situated are the designated Nodal Agency for Bilateral Transactions and NLDC is the nodal agency for Collective Transactions.

Market Operation Highlights

- Total Transactions approved during F.Y. 2015-16 under STOA, were 44634 (13576 bilateral transactions and 31058 collective transactions).
- Total Energy approved under STOA were 98 BUs (64 BUs under bilateral transaction and 34 BUs under collective transactions)

Implementing Agency for Sharing of Interstate Transmission Charges & Losses–PoC Mechanism

NLDC has been discharging the functions of the Implementing Agency for Sharing of Inter State Transmission Charges and Losses (POC Charges and Losses) in accordance with the Regulations notified by CERC w.e.f 1st July 2011. The computations of Point of Connection (PoC) Charges and Losses are carried out on a quarterly basis.

Operational feedback

NLDC Rules, 2005 specifies providing Operational Feedback to Central Electricity Authority (CEA) and Central Transmission Utility (CTU) as one of the functions of NLDC. Quarterly Feedback on Transmission Constraints is being submitted to CEA & CTU at regular intervals. NLDC has submitted Operational Feedbacks on various issues, like Transmission Constraints, higher incidence of double and multiple contingencies in the system, Market and Operational Issues, commissioning of Dedicated lines for Transmission systems, skewed inter-regional flows and Synchronphasor Initiatives in India. These feedbacks are facilitating CTU/CEA for resolution of the issues after due discussion with the stakeholders during the Standing Committee on Transmission Planning.

Forum of Load Despatchers (FOLD)

All the State Load Despatch Centres (SLDCs), Regional Load Despatch Centres (RLDCs) and National Load Despatch Centre (NLDC) in India are members of the Forum for Load Despatchers (FOLD). The Secretarial assistance to FOLD is being provided by the NLDC.

FOLD is a catalyst for reliable, efficient and economic operation of the bulk of Indian electric power supply system. Forum of Load Despatchers of India strives to achieve its vision through technical co-operation, knowledge sharing, regular interaction, active collaboration, mutual respect, cooperation, consensus building, international benchmarking and promoting ethical, non-discriminatory and fair practices.

During FY 2015-16, two meetings of FOLD were held at New Delhi, wherein implementation of Ancillary Services, Energy Metering Accounting and Settlement System, Grid integration studies, Automatic Generation Control, Spinning Reserves, etc. were discussed by the FOLD members. The Code of Ethics for Load Despatchers was also approved by the FOLD in its meeting held during F.Y 2015-16.

Large Scale Integration of Renewable Energy, Need for Balancing, Deviation Settlement Mechanism (DSM) and associated issues

The country has set an ambitious target of adding 175 GW of renewable generation capacity by 2022. It includes Solar (utility-scale, distributed, off-grid/mini-grid – 100 GW), Wind (utility-scale – 60 GW), Small hydro (5 GW) and Bioenergy (10 GW). In this direction, a high level technical committee was constituted by Ministry of Power. The report by the Technical Committee was released in April'16. The Technical Committee has recommended implementation of several actions like bringing flexibility in the conventional generation, frequency control, generation reserves, ancillary services, forecasting, scheduling, deviation settlement mechanism, balancing requirement, data telemetry and communication, Renewable Energy Management Centres (REMCs), Transmission system augmentation and strengthening as well as certain compliance actions at renewable generation front. The Committee has put forth a 15 point Action Plan for facilitating large scale integration of renewables in the country in a secure and reliable manner.

The SAMAST Report

A sub-committee was constituted by Forum of Regulators (FOR) in January'16 to evolve detailed action plan with time lines for implementation of Availability based Tariff (ABT) / Deviation Settlement Mechanism (DSM) at State level, suggest modification of all technical and accounting procedures as may be necessary for rolling out ABT/DSM framework, assist in drafting of requisite State regulations, or amendments to existing regulations, as the case may be. The sub-committee was chaired by CEO, POSOCO and comprised of one representative from concerned State Electricity Regulatory Commission (SERC), one representative from concerned State Load Despatch Centre (SLDC), one representative from RLDC and one representative from the FOR secretariat. The committee prepared a report on Scheduling, Accounting, Metering and Settlement of Transactions in electricity (SAMAST). The objective of this report was to assimilate the available experience at the interstate / intrastate level and evolve a uniform procedure for SAMAST across all the States and Regions in India whether renewable-rich or otherwise. One to one interactions were held with SLDCs. An electronic survey on the prevailing infrastructure and procedures was also conducted. Response from 28 SLDCs were received. The finding of the survey and the recommendations were discussed and with all the SLDCs, RLDCs and NLDC in the meetings of FOLD. The report was accepted by FOR Technical Committee in July, 2016.

Participation in Regulatory Reforms Process

POSOCO is the focal point for major reforms in the power sector in India by facilitating implementation of various Government of India policies for Power Sector as well as providing feedback to the policymakers, regulators and planners. The RLDCs and NLDC of POSOCO make best efforts towards implementing these Regulations in letter and spirit through feedback and participation in the Regulatory process. The major regulations which came into force during F.Y. 2015-16 include:

- Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) (Third and Fourth Amendment) Regulations, 2015
- Central Electricity Regulatory Commission (Open Access in inter-State Transmission) (Third Amendment) Regulations, 2015
- Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Fifth Amendment) Regulations, 2015
- Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015
- Central Electricity Regulatory Commission (Power System Development Fund) (First Amendment) Regulations, 2015

- Framework on Forecasting, Scheduling and Imbalance Handling for Variable Renewable Energy Sources (Wind and Solar), 2015
- Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Second and third Amendment) Regulations, 2015
- Central Electricity Regulatory Commission (Indian Electricity Grid Code) (Third and Fourth Amendment) Regulations, 2015
- Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015
- Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) (Fourth Amendment) Regulations, 2016
- Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016

In addition, the CERC also came out with a roadmap for Spinning Reserves in Oct'15. POSOCO is closely working with various stakeholders to make this roadmap a reality and making the system operators further secure.

Renewable Energy Certificate Mechanism (REC)

The REC Mechanism is a market based instrument in India for promotion of renewable energy sources. It was introduced in India in November, 2010. REC Mechanism provides a means to address the dispersed availability of renewable energy sources across various States in the Country and separates the 'green' component from the 'electricity' component and facilitates meeting of the Renewable Purchase Obligation (RPO) by the obligated entities. A pan-India market has been created for trading in RECs through the Power Exchanges.

The highlights and the progress of REC Mechanism till May, 2016 are as follows :

- Year-over-year (YOY) comparison is given below:

| S.No. | Particulars | FY 2014-15 | FY 2015-16 | % Change |
|-------|--------------------------------|------------|------------|----------|
| 1 | RECs issued | 96,24,866 | 97,33,840 | 1.13 |
| 2 | RECs Redeemed | 33,10,154 | 53,19,095 | 60.69 |
| 3 | Value of Transactions (₹Crore) | 502 | 873 | 73.9 |

- RE Generators from a total of 21 States have been registered
- A total of 1134 projects with a cumulative capacity of 4856 MW have been registered
- Solar Renewable Energy (RE) Generators participation commenced from May'12 onwards with cumulative capacity of 322 projects and capacity of 654 MW
- More than 3.26 Crore RECs have been issued (including about 2.81 Crore non-solar and 44.79 lakh solar)
- Since inception till the month of May'16 , 63 trading sessions have been held with the value of transactions crossing ₹ 2685 Crore including ₹220.37 Crore in the month of March'16 which is the highest trade in any month since the launch of REC mechanism
- More than 1.5 crore RECs have been redeemed i.e. extinguished
- A total of 6.94 Lakh RECs have been self-retained by RE Generators
- 27,252 RECs have been procured by 18 voluntary buyers
- Empanelment of Compliance Auditors by CERC has been made as per the REC Regulations. First round of audit wherein 48 projects were audited has been completed and Second round of compliance audit wherein 46 RE projects, including one State Nodal Agency, one SLDC and NLDC have been completed.

- CERC has notified four amendments to REC Regulations since the launch of REC Mechanism including changes in eligibility criteria, shelf - life of RECs, self-retention, vintage multiplier concept, etc. As the Nodal Agency, NLDC has actively participated in the consultation process, revising detailed procedure, changing software, etc. for the REC mechanism.
- 38 orders related to REC Mechanism have been notified by CERC/APTEL including action to be taken with retrospective effect.
- Creating awareness and dissemination of the ongoing changes in the REC Mechanism to the stakeholders is of utmost importance for smooth Implementation of the Mechanism. Accordingly, 25 Capacity Building Programs for the stakeholders have been conducted by NLDC so far.

Integrated Management System

In our continued endeavour to provide quality services to our valued stakeholders, POSOCO has been certified by BSI for PAS 99:2012 for the following standards:

ISO 9001: 2008 – Quality Management System

ISO 14001: 2004 – Environment Management System

OHSAS 18001: 2007 – Occupational Health & Safety Management System

ISO 27001: 2013– Information Security Management System

Leveraging Technology: System Logistics

Real-time data acquisition from various stations across the country is a challenging task and involves state-of-the-art technology, strong communication network and rigorous planning to achieve it. Real-time grid operation depends on the real-time data provided by SCADA/EMS system and WAMS system. As System Operators rely on the real-time data for grid monitoring and decision making in day to day Grid Operation, it is essential that system availability is maintained at highest level. During F.Y. 2015-16, SCADA system availability was maintained at 99.9% level. It is also imperative that the system operators are equipped with latest tools facilitate real time decisions making process. SCADA/EMS systems at all the control centres on All India basis including at RLDCs have been replaced/upgraded in order to equip the operators with latest available visualization and power system application tools. All the SCADA/EMS projects have been commissioned except in North Eastern Region whose commissioning is under advanced stage of completion.

SCADA/EMS system for NLDC is under upgradation and sophisticated power application tools like DSA (Dynamic Security Assessment) and AGC (Automatic Generation Control) applications are also envisaged in the SCADA up gradation project of NLDC. In order to implement AGC as per CERC guidelines, a meeting-cum-brain storming session amongst vendors, academia, POWERGRID, CERC and POSOCO was held in January'16 at NLDC for smooth implementation of the new SCADA/EMS system.

To provide dynamic visibility of the grid, Wide Area Management Systems (WAMS) are being installed nationwide under the Unified Real Time Dynamic State Measurement (URTDSM) project being implemented by POWERGRID, the Holding Company. This system would provide microscopic view of the power system. Presently, under the URTDSM project about 1200 PMUs are under commissioning and expected to complete by January'17. Data obtained from the PMUs are being utilized by power system operators as an analytical tool for better system operation. Based on the analysis of data of events from WAMS / PMU, a report titled "Report on low frequency Oscillation in Indian Power System" was also published during the F.Y. 2015-16.

A hotline voice communication system covering all control centers, sub-stations and generating stations across India using dedicated wideband communication system is under commissioning. The system in Northern and Eastern Region is under completion. This communication, which is independent of public communication network, will provide express voice communication for day-to-day operation of the grid as well as during crisis and disaster situations. On implementation of this system, control center operator would be able to connect with any other control center/ sub-station/generating stations operator directly without using public communication network.

Establishment of Renewable Energy Management Centres (REMCs) have been approved by Ministry of Power and Ministry of New and Renewable Energy, GoI and its Detailed Project Reports (DPR) are under preparation, under Green Energy Corridors program. 11 no. REMCs would be established under the project, out of which 7 nos. are in RE rich States, 3 nos. are at regional level and one at National level.

MoU with India Meteorological Department (IMD)

POSOCO signed an MoU with Earth System Science Organization - India Meteorological Department (ESSO-IMD), Ministry of Earth Sciences on 18th May 2015 for synergy in the management of Indian Power System and weather related impact. A workshop-cum-knowledge sharing program has been conducted at National level and also at all five RLDCs in which SLDCs also participated. Weather data will be shared with RLDCs/NLDC to facilitate load forecast as well as forecasting of renewable generation like wind and Solar for better grid management.

Power System Development Fund (PSDF)

NLDC has been designated as the Nodal Agency for the implementation of PSDF scheme in terms of the PSDF Regulation, 2014. NLDC/RLDCs have been assigned the function to maintain various regulatory fund accounts and they are managing these funds as the custodian of these funds as nodal agents till some other identity is identified. The surplus/residual from these funds is transferred to the Power System Development Fund created under the CERC (PSDF) Regulation, 2010 on monthly basis.

The proposals received by NLDC as the Nodal Agency which are complete in all respects as per the Guidelines/Procedure are examined by the Techno Economic Sub Group headed by Member (GO&D), CEA. Thereafter, the examination report of the schemes is placed before the Appraisal Committee headed by Chairperson, CEA for scrutiny (techno-economic appraisal) and prioritization. After scrutinizing of the proposals by the Appraisal Committee, the Nodal Agency forwards to CERC, along with the recommendations of the Appraisal Committee, for ascertaining that the projects / scheme(s) / activities are covered within the scope of Fund Regulations. Based on the communication received in this regard from the Central Commission, the Inter-Ministerial Monitoring Committee, headed by Secretary, Ministry of Power, approves the projects and sanction of the fund from the PSDF. After approval of the scheme by the Monitoring Committee, the sanction order for release of grant is issued by Ministry of Power. All the entities are signing the agreement after sanction of their scheme as per the guidelines of PSDF and completing the other requirement of placing LoAs, opening bank account and registration on Power Financial Management System (PFMS) portal for release of funds.

A website for PSDF has been developed to make it more informative and interactive. The website inter alia has the features for online processing of the schemes upon login

As on 30.08.2016, NLDC has facilitated the sanction of 47 nos. of schemes under PSDF for ₹3980.48 crore. 50 nos. of schemes from 14 nos. of State and 6 nos. of central entities for ₹10155.79 crore were in the process of approval. Transfer from Regulatory Pool Accounts to PSDF as on 31 .07 .2016 was ₹14009.51 Crore.

A separate Annual Report of PSDF has been prepared in compliance with the PSDF Regulations, which shall be submitted to the Central Government and for information to CERC. Further, the Annual Report shall also be laid on table of both the houses of Parliament, through the Ministry of Power.

Significant and material Orders

These have been discussed in the Management Discussion and Analysis. There is 'NIL' Impact on the financial statements of the pending litigation cases with CERC. There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

Introduction of Ancillary Services in Indian Electricity Market

Ancillary Services are essential for secure & reliable grid operation. It is first time in the Indian Electricity Market that Ancillary Services are being introduced by harnessing Un-requisitioned Surplus in the Inter-State Generating Stations. Ancillary Services would address the congestion management issues along with more economy & efficiency in grid management. CERC notified (Ancillary Services Operations) Regulations, 2015 on 13th August, 2015 after detailed stakeholder consultations. POSOCO conducted workshops on the Draft Detailed Procedure with all concerned in all the five regions, during 14 – 20 October, 2015. The detailed procedure was submitted by POSOCO to CERC for approval in November '15 and the same are operational since April'16.

New interactive displays have been developed in Load Despatch Centres of POSOCO to help the Grid Operator in dispatching the Spinning Reserve. Ancillary services are operational from 12th April'16 through in-house developed software.

Frequency Control

With a large footprint of the Indian grid, there is an increasing need for automatic controls in the form of primary, secondary and tertiary frequency control services which would help in maintaining the frequency at its nominal value, besides ensuring that Area Control Error (ACE) remains close to zero and tie-line flows remain in control.

POSOCO is working with eminent experts, stakeholders and the staff of CERC in ensuring that such controls are planned, designed and implemented at the earliest so that secure grid operation can be ensured.

Energy Efficiency and PAT Scheme

To improve energy efficiency in the large energy intensive industries, Central Government has launched Perform, Achieve and Trade (PAT) scheme under National Mission for Enhanced Energy Efficiency (NMEEE). Central Government has notified the energy consumption norms and standards for the 478 Designated Consumers (DCs) in first phase. Under PAT scheme, the quantified energy savings are converted into Energy Saving Certificates (ESCerts) which may be traded through the Power Exchanges. Each ESCert is equivalent to one metric ton of oil equivalent of energy (toe). ESCerts shall be issued by MoP to the DCs who have conserved energy over and above their consumption targets. The DCs who do not meet their targets may purchase the ESCerts equivalent to their shortfall from the target from Power Exchanges (PXs).

Considering the experience of POSOCO (NLDC) as the Nodal Agency for the Renewable Energy Certificate Mechanism, MoP, vide Order No. 10/4/2015 dated 05.01.2016, has assigned the function of Registry of ESCerts to POSOCO. In this context, POSOCO is establishing the necessary framework in consultation with BEE and CERC to discharge the functions under PAT Mechanism.

Trans-national Operation

POSOCO in its domain is also contributing in the formation of SAARC Grid for effective utilization of resources among the neighboring countries. Presently, power is being imported from the generating stations of Chukha, Tala and Kurichhu in Bhutan. Power has been allocated from these power stations to Beneficiaries located in Eastern and Northern Regions of India. Also, power from Dagachhu Hydro Power plant in Bhutan, is being sold in the Short Term Electricity market in India. Regarding transaction with Bangladesh, power is exported through 400 kV Behrampur- Bheramara D/C line and 500 MW HVDC back-to-back at Bheramara. Govt. of India has allocated 250 MW (Gross) from different stations of NTPC to Bangladesh and Bangladesh also purchases power through Medium Term and Short Term arrangements. Transmission system augmentation to facilitate further 500 MW interchange with Bangladesh is under active consideration. Power export of the order of 80-100 MW from India to Bangladesh over 132 kV Surjamaninagar – Comilla D/C lines (changed at 132 kV) commenced from 17th March 2016 in a radial manner.

There are a number of 11 kV, 33 kV and 132 kV transmission lines between India and Nepal, and bilateral power transaction takes place between the States in India (Bihar/UP) and Nepal in a radial mode. With effect from 17th February 2016, export of 80-100 MW power from India to Nepal commenced over 400 kV Muzaffarpur – Dhalkebar D/C line (charged at 132 kV) in a radial mode. Also, cross border transactions in electricity between India and Myanmar through 11 kV Moreh (Manipur, India) –Tamu (Myanmar) started w.e.f. 8th April' 16.

Development of Power Atlas

POSOCO had taken up the development of Power Atlas of India, in last year and the updated version was released on 2nd March 2016. The Atlas consists of Power maps of all states along with regional and all-India maps. An interactive flash application was also updated as a part of the atlas which allows display of much more details that can be accommodated in a paper map. Indication of latitude and longitude in these power maps proved to be of great help during natural calamities and determine as to which substations or transmission lines are likely to be affected.

Human Resources

POSOCO takes pride in attracting the best talent and grooming them to become the finest system operators in the country. With a balanced mix of young and experienced, it is a progressive and innovation oriented organization. POSOCO's value system is based on integrity of purpose, service to the nation and a commitment to excellence. POSOCO took the initiative for Certification of System Operators in the country by an independent agency as recommended in the report on 'Manpower, Certification and Incentives for System Operation and Ring fencing of Load Despatch Centers' issued by Ministry of Power.

Interaction with International Fora

With the objective of benchmarking System Operation, POSOCO participated in the International Benchmarking of Transmission System Operators conducted by TSO Comparison Group which is a group of 14 international electrical transmission system operators.

Being one of the founder members of the group of GO15 comprising of the 18 largest international power grid operators representing more than 70% of the world's electricity demand and providing electricity to 3.4 billion consumers on the 6 continents, POSOCO participated in the GO15 Governing Body Meeting in Rome.

POSOCO has been actively associated with the activities pertaining to energy cooperation in the SAARC region and the development of a SAARC Electricity Market and was represented at the Asian Utility Week and Workshop on Renewable Energy Integration in Asia by USAID & USEA. Government of India nominated a POSOCO official for the South Asia Sub-regional Economic Cooperation (SASEC) 2025 Regional Consultation Workshop held at Singapore from October 14-15, 2015. POSOCO was represented at the workshop for system operators on "Advancing the use of wind and solar forecasting to facilitate the integration of variable renewable energy to the Grid" in Bangkok in Feb'16.

In order to facilitate renewable integration of 175 GW by 2022, POSOCO participated in training workshops and conferences on renewable energy and a technical paper was presented in the IEEE PES Asia Pacific Power and Energy Engineering Conference Brisbane, Queensland, Australia. POSOCO also represented in the Indian delegation to 'Renewable Energy Week 2015', held in Berlin. POSOCO officials were also nominated in the Capacity Building Programme for Integration of Renewable Energy Sources into the Grid of Middle Management organized by NRPC in Jan'16. POSOCO official participated in the CIGRE and EPRI Symposium "Grid of the Future" and presented technical paper in the North American Synchrophasor Initiative (NASPI) whose mission is to improve power system reliability and visibility through wide area measurement and control, by fostering the

use and capabilities of synchrophasor technology. A joint technical paper with Bangladesh counterparts was presented in the CIGRE International Symposium on Across Borders – HVDC Systems and Markets Integration in May, '15 at Lund, Sweden. POSOCO official presented technical paper in the CIGRE Canada Conference and ABB HVDC FACTS and Customer Technology Seminar from 30th Aug. – 03rd Sept., 2015.

Indo German Energy Program – Green Energy Corridor Project (IGEN-GEC)

IGEN-GEC is being jointly implemented by the Ministry of New and Renewable Energy (MNRE) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The assessment of the current renewable energy sector development framework at the national level and at the state level has been done. The Detailed analysis of the German experiences to foster higher share of renewables was also undertaken. GIZ team further collected the opinions and knowledge from different stakeholders including POSOCO for the development of power market design for higher share of renewables in phased approach over a 15 year timeline with increased focus upon market transactions, Inter/intra state deviation settlement mechanism, Ancillary services and control reserves and capacity markets.

Considering the target of 175 GW capacity of Renewable Energy (RE) generation by 2022, a detailed Grid Integration study using production cost simulation software, PLEXOS, is being undertaken. These studies are being conducted under Greening the Grid (GtG)/USAID – Ministry of Power programme. All the RLDCs & NLDC under POSOCO, CEA, CTU, State Load Despatch Centres (SLDCs) of Rajasthan, Gujarat, Maharashtra, Tamil Nadu, Karnataka & Andhra Pradesh are participating in this highly data intensive study. The National Renewable Energy Laboratory (NREL) & Lawrence Berkeley National Laboratory (LBNL), US are partners in this study.

There have been several visits to the National Load Despatch Center by foreign delegations under training program by World Bank for Central Asian Countries. Also, under Indian Technical and Economic Cooperation (ITEC) Programme which is a bilateral assistance programme of Ministry of External Affairs (MEA), Government of India, there was a visit by 23 member delegation of system operators from countries like Kazakhstan, Tanzania, South Sudan, Iran, Egypt, Myanmar, Uzbekistan, Yemen, Nepal, Nigeria, Bhutan, Tajikistan, Estonia, Sri Lanka, Uganda and Cuba from TERI, Delhi. A high level delegation from ADB visited NRLDC for discussion on Renewable Integration.

GRIDTECH, 2015

GRIDTECH, 2015 was organized at Pragati Maidan by POWERGRID in April'15, wherein POSOCO also organised its own pavilion to showcase its functions, activities and advancements in Power System Operation Technology. The exhibit also focused on the growing role of Renewable Energy in the Power Sector in India. The pavilion saw keen interest from academicians, students and members from the Industry alike.

CAPACITY BUILDING – A Continuous Effort

POSOCO is committed to create value proposition for its employees by developing a culture that incubates innovation and excellence through capacity building and catalyzing. As an organization, it focuses on contributing to an individual's functional proficiency and encouraging continued professional development. POSOCO employees have participated at several national and international fora, several papers have been written and presented on wide ranging topics pertaining to Power System. Expert Audit Groups comprising of in – house resources had been formed to enrich talent and for bringing harmony in RLDC operations. Training cost has been 2.36% of the total employee expenses during the F.Y. 2015-16. POSOCO has achieved 6.8 average mandays of training per employee during the year.

POSOCO has been regularly organizing the learning and development programs for capability enhancement and perceives these capacity building activities as a continuous process. Till such time CERC allows the use of LDC Development Fund for funding training of system operators, the funding of the training expenses of state level load dispatch centers System operators is being met

from the “Contingency Fund” in terms of the RLDC Fees and Charges regulation . The Mandate is to ensure certification of all the System Operators of the LDCs at State, Region and National level for ‘Basic Level’ by 2015-16.

POSOCO organized several capacity building programme on Behavioural and Team Building skills apart from knowledge based programmes to enable all-round development of employees. Programmes on Experiential Learning, Creative Thinking, Spirituality, Yoga etc have been organized. POSOCO has robust Industry-academia relationships with several leading academic institutes in the country.

POWER SYSTEM TRAINING AND CERTIFICATION

POSOCO has been facilitating capacity building of system operators across the country. Programmes on Basic Level Certification, Power System Reliability, Regulatory Framework, Renewable Energy, Wind Energy Technology and Power System Economics were organized at PSTI Bangalore and NPTI, Faridabad for System Operators from SLDCs, RLDCs and NLDC. Initiatives were taken for organizing several new programmes during the coming years. These will serve to catalyse expertise in the respective faculties of Power System and promote capability enhancement of faculty as a whole.

So far, several certification exams have been coordinated by POSOCO both at Basic Level and Specialist Level. These efforts have resulted in certification of 899 System Operators at Basic Level. This includes 443 basic level system operators who have qualified from POSOCO. In addition, 138 System Operators have qualified the Regulatory Specialist course and 77 System operators who have qualified the Reliability Specialist course. Overall, 52% of eligible employees had qualified to become certified System Operators.

WELFARE ACTIVITIES

Several welfare initiatives were organized by POSOCO throughout the year. These included family get-togethers, visit to old age home, shelter home for children, celebration of national festivals, annual cultural events involving inter – RLDC competitions, etc. The events were enjoyed by employees and their family members. POSOCO has focused extensively on employee health – physical, emotional and spiritual. Health camps, both diagnostic and preventive, were organized throughout the year. Health talks on variety of topics were also organized across all the regions.

Agrini Samiti, an association comprising of female employees and spouses of male employees in all RLDCs and NLDC have organized events pertaining to women empowerment, social welfare and creating awareness.

SWACHTA PAKHWARA

POSOCO organised Swachh Bharat Pakhwara from 1st to 15th May 2016. The objective of programme was to promote awareness about importance of cleanliness and hygiene. Pakhwara was observed by all employees with enthusiasm and a spirit to make a difference.

As part of the fortnight long programme, a maiden recycling initiative was instituted, wherein the housekeeping staff as well as the employees were imparted training how to segregate waste for recycling and a greener and more sustainable future.

POSOCO also encouraged its employees to clean their desk and surrounding areas. This helped all to stop and take a stock of their surroundings. All employees were given cleaning supplies, to clean and organise their work station and develop a sustainable habit and make cleanliness an independent individual initiative rather than depending on others

POSOCO believes that to initiate change, it's important to start at the roots, which means the children. A team from POSOCO visited Bal Sahyog, a shelter home for under-privileged kids, and also MCD school in New Delhi, where competitions were organised for children on their understanding of "Swachh Bharat". The results were illuminating, and poignant. Children were also given items for personal-hygiene.

RAJBHASHA RELATED ACTIVITIES

POSOCO is committed to implementation of Govt. of India's Rajbhasha policy. Rajbhasha Activities were organized all throughout the year to motivate employees and promote Rajbhasha. *Hindi Pakhwara* was celebrated in all the RLDCs and NLDC wherein series of inspirational talks, seminars, symposia and competition for employees were organized. Several workshops were also organized throughout the year orienting employees to adopt use of Hindi in their routine work and especially integrating Technology with Hindi usage. The minutes of Rajbhasha meetings and *Rajbhasha Karyanvayan Samiti* are available on the website of the Company. An e-magazine in Hindi titled "*Grid Sanchalika*" was also released during the year.

Circulation of Hindi newspapers is also being done to encourage Hindi reading and writing. To provide further inspiration, employees are nominated for external Hindi training programs which further educate & encourage the employees to work in Hindi. Besides this, a Hindi Library has also been established for the employees, where around 200 books, 10 Hindi magazines on various topics are available for the readers. List of Hindi Books are also available on the website.

Town Official Language Implementation Committee(TOLIC) has applauded the efforts made by POSOCO for implementation of Rajbhasha.

Towards Implementation of Public Procurement Policy for Micro and Small Enterprises (MSEs)

The Public Procurement Policy for Micro Small and Medium Enterprises (MSME), issued vide D.O. No. 21(1)/2011- M.A. dated 25th April, 2012, mandates that 20% of the procurement of annual requirements of goods and services by all CPSEs will be from MSEs. With effect from F.Y. 2015-16, the overall procurement goal of minimum 20% has been made mandatory. Non-conforming Departments will be required to provide reasons for the same to the Review Committee set up under the Policy.

Against the above mandate, POSOCO has made procurement of 29.13% from the MSEs owned entrepreneurs for the FY 2015-16. Special Clause has been incorporated in bidding documents of POSOCO for more participation of MSME vendors. In order to encourage participation, Bidders (MSEs) registered with National Small Industries Corporation Ltd. (NSIC) are exempted from submitting Earnest Money Deposit/Bid Guarantee to the extent of monetary ceiling specified as per the Enlistment certificate/Competency certificate issued by NSIC.

Transparent Dealings and Vigilance Awareness

Good governance plays a very significant role in building the trust of the Stakeholders and eventually in making an organization successful and sustainable. With this goal, POSOCO strives to focus mainly on preventive Vigilance and achieve good governance by emphasizing transparency, integrity, accountability, fairness, equity and adherence to rules, regulations and the laws of the land.

The Company uses technology in the form of e-payments, e-procurement, uploading of contract documents as well as award details, etc. for preventive action and ensuring transparency.

The 'Vigilance Awareness Week 2015', under the theme "Preventive Vigilance as a Tool for Good Governance" witnessed enthused participation of employees during which various competitions were organized for the employees as well as for their family members. The employees also participated in various workshops on Preventive Vigilance and on the RTI Act.

Awards and Accolades

During the F.Y. 2015-16, the performance of POSOCO has been recognized at various levels in the form of awards and accolades in various categories.

POSOCO has consistently been rated 'Excellent' for its performance as per MoU signed with POWERGRID, its Holding Company. The Company has also got "Excellent Rating" on the basis of self – evaluation on the parameters of Corporate Governance in terms of the DPE Guidelines on Corporate Governance for CPSEs.

Power System Operation Corporation Limited has been conferred the *Award for 'R&D Innovation'* and *'Best Performing Company'* award by the India Today Group in Dec'15.

Governance Now has conferred the Award for *'Consistent Growth and Adaptability'* to POSOCO in Dec'15.

POSOCO Team has won the Regional Round of the *Times Ascent Engineering Mastermind*, India's biggest Inter-Corporate Quiz for engineers for the years 2014 and 2015.

Right to Information

In order to promote transparency and accountability, an appropriate mechanism has been set up across POSOCO in line with 'Right to Information Act, 2005'. The Company has nominated CPIO/Appellate Authorities at its Corporate Office and Regional Load Despatch Centres across the country to provide required information to the citizens under the provisions of the RTI Act.

Performance Audit Report

The Performance Audit Report of POSOCO by the CAG was tabled in the Parliament in Aug'14. Subsequently, the Committee on Public Undertakings (COPU) for F.Y. 2014-15 and F.Y. 2015-16 selected this report for detailed examination. The various queries raised by COPU were replied to by POSOCO and POWERGRID. The COPU report was presented in Feb '16 in both Houses of Parliament. POSOCO has submitted the list of actions taken on the Committee on Public Undertakings report.

Research & Development

The activities undertaken are discussed under the head Conservation of Energy, technology absorption and Foreign Exchange Earnings and Outgo in **Annex-III**.

Management Discussions and Analysis

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

Corporate Social Responsibility

The Report on Corporate Social Responsibility (CSR) under Section 134 (3)(o) of the Companies Act read with Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed at **Annexure-II**.

Conservation of energy, technology absorption, foreign exchange earnings & outgo

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as per the disclosure requirements under Section 134 (3)(m) read with Rule 8 of The Companies (Accounts) Rules, 2014 are enclosed at **Annexure-III**.

Deposits

The Company has not accepted any deposits during the year as defined under the Companies Act, 2013 and the Rules made thereunder.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from compliance with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. As POSOCO is a Government company, this information has not been included as a part of the Directors' Report.

Extract of Annual Return

The extract of Annual Return as required under Section 134 (3)(a) of the Companies Act, 2013 in Form MGT-9 is enclosed at **Annexure-IV**.

Particulars of Contracts / Arrangements entered into with Related parties

The Disclosures of particulars of contracts / arrangements entered into by the Company with related parties referred to in Section 188 (1) of the Companies Act, 2013 is enclosed at **Annexure-V**. Further, attention of the members is drawn on Note No. 2.40 of the Financial Statements which sets out Related Party Disclosures.

Comments of the Comptroller and Auditor General of India

The Comptroller and Auditor General of India (C&AG) has given 'NIL' comments on the accounts for the year ended 31st March, 2015 under Section 143 (6) of the Companies Act, 2013. The Comments are enclosed at **Annexure-VI**.

Corporate Governance

A Report on the Corporate Governance (**Annexure-VII**), forming part of this report, together with the Certificate thereon is given at **Annexure-VIII** of this Report. The details regarding the number of Board / Committee meetings held during the year are contained in the Report on Corporate Governance which forms part of this Report.

Secretarial Audit

In addition to F.Y. 2014-15, the Company had Voluntarily opted for Secretarial Audit for the FY 2015-16 also. The Report on Secretarial Audit by M/s Agarwal S & Associates, Practicing Company Secretaries is given at **Annexure-IX** of this Report.

The Secretarial Auditor has made the following observations during the course of Audit:

"Composition of the Board of the Company should be in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance and consequential compliances thereof."

The Management's Explanation to the observation of Secretarial Auditor is as under:

Power System Operation Corporation Limited (POSOCO) being the wholly owned subsidiary of POWERGRID, is a Government Company within the meaning of Section 2(45) of the Companies Act. At present, one Independent Director from the Board of POWERGRID has been nominated on the

Board of POSOCO in terms of the Articles of Association of POSOCO. In order to meet the requirement of Section 149 of the Companies Act, read with the DPE Guidelines, the Company has taken up the matter regarding appointment of one more Independent Director with the Ministry of Power, Govt. of India. Once the appointment takes place, the composition of various Committee(s) would also be aligned in terms of the provisions of the Companies Act as well as the DPE Guidelines.

Report under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, the Company has constituted Internal Complaints Committees (ICC). No complaints were received by the ICC during the year.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(3)(c) & (5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.
- v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

The requirement of Performance Evaluation of the Directors under Section 178(2) of the Companies Act, 2013 has been exempted for the Government Companies vide Ministry of Corporate Affairs' Notification dt. 5th June, 2015. Further, besides sitting fee paid to the Independent Director, no remuneration is paid to any of the Directors on the Board of the Company.

Statutory Auditors of the Company

M/s J.C. Bhalla & Co., Chartered Accountants and M/s S.K. Patodia & Associates, Chartered Accountants were appointed by C&AG as joint Statutory Auditors of the Company for the F.Y. 2015-2016.

POSOCO's Board and Key Managerial Personnel

In view of his superannuation from POWERGRID on 30.09.2015, Shri R.N. Nayak, CMD, POWERGRID tendered his resignation as Chairman, POSOCO w.e.f. 30.09.2015. Shri I.S. Jha took over as Chairman, POSOCO w.e.f. 01.10.2015. Further, Shri R.T. Agarwal tendered his resignation as Director w.e.f. 16.03.2016.

In terms of Article 40(d)(v) of the Company, consequent upon the completion of his tenure in POWERGRID on 15.01.2016, Dr. K. Ramalingam, who was nominated on the Board of POSOCO from amongst the independent Directors on the Board of POWERGRID, ceased to be the Director of

the Company w.e.f. 15.01.2016. Shri Jagdishbhai Ishwarbhai Patel was nominated as a Director in place of Dr. K. Ramalingam. He was appointed as a Director of our Company w.e.f. 08.02.2016.

The Board placed on record the contributions made by Shri R.N. Nayak, Dr. K. Ramalingam and Shri R.T. Agarwal as Directors and wished them good luck in their future roles.

Shri Major Singh, Chairperson, CEA was appointed as a Government Nominee Director w.e.f. 05.01.2016 and Shri Ravi P. Singh, Director (Personnel), POWERGRID was appointed as a Part – time Director of our Company w.e.f. 29.02.2016.

As on 31.03.2016, Shri I.S. Jha, Shri Ravi P. Singh, Smt. Jyoti Arora, Shri Major Singh and Shri Jagdishbhai Ishwarbhai Patel were on the Board of the Company.

In compliance with the requirements of Section 203 of the Companies Act, 2013, Shri S.K. Soonee, CEO, Shri M.K. Gupta, CFO and Ms. Priti Chaturvedi, Company Secretary are the Key Managerial Personnel (KMP) of the Company.

CEO / CFO Certification

As required under Clause 4.5 of the DPE Guidelines on Corporate Governance, the Certificate signed by Shri S.K. Soonee, CEO and Shri M.K. Gupta, CFO was placed before the Audit Committee / Board of Directors in the meeting held on 26.05.2016.

Declaration by Independent Director

The Company has received declaration from its Independent Director under Section 149(7) regarding meeting the criteria of independence as provided in sub (6) of Section 149 of the Companies Act, 2013.

Acknowledgement

The Board of Directors, with a deep sense of appreciation, extends its sincere thanks to the Ministry of Power, Department of Public Enterprises, Central Electricity Regulatory Commission, Central Electricity Authority , Regional Power Committees, State Load Despatch Centres, Central Generating Companies and other Regional Entities, Inter-State Transmission Licensees and other concerned agencies & stakeholders for extending their valuable support in operating the power system of the country and discharging the other functions assigned to POSOCO and above all POWERGRID for their patronage and directions. The Directors also take this opportunity to thank the Principal Director of Commercial Audit and Ex-Officio Member Audit Board-III for the cooperation extended during the year. The Board also acknowledges the valuable suggestions and guidance received from the statutory auditors during the audit of accounts of the company for the year under review.

For and on behalf of Power System Operation Corporation Limited



**(I.S. Jha)
Chairman**

**Date: 31.08.2016
Place: New Delhi**

Management Discussion and Analysis

Indian Power Sector

The Indian power system is the fifth largest in the world and among the most complex. With an annual electricity production of 1,031 billion units (BU), it is among the top five power consumers across the globe, and the demand is expected to increase at a rapid pace in the near future. Growth in industrial activities, population, economy, prosperity and urbanisation, along with rising per-capita energy consumption are posing new challenges in the system operation.

For the last century, large power generators (hydro, nuclear, coal and gas) generated electricity that was brought to consumers via a grid made of very high to extra high voltage transmission lines and cables down to medium and low voltage distribution lines and cables. It was like a waterfall – with electricity flowing in just one direction, from very high to progressively lower voltages. This situation is now changing rapidly. A whole range of smaller units like cogeneration plants and renewable energy sources like wind mills and photovoltaic panels.

Power or electricity is one of the most critical components of infrastructure affecting economic growth and well-being of nations. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy. The country has set an ambitious target of adding 175 GW of renewable generation capacity by 2022. It includes Solar (utility-scale, distributed, off-grid/mini-grid – 100 GW), Wind (utility-scale – 60 GW), Small hydro (5 GW) and Bioenergy (10 GW). In this direction, an analysis of the opportunities and barriers to rapid deployment of RE named "India's Renewable Electricity Roadmap 2030" was carried out by NITI Aayog in February'15. Also, a high level Technical committee, constituted by Ministry of Power, for Large Scale Integration of Renewable energy submitted its recommendations in April'16. Several actions are being taken covering regulatory, transmission, system operation and capacity building.

In order to facilitate grid integration of renewables at inter-state level, the CERC regulatory framework for forecasting, scheduling and deviation settlement for renewables at inter-state level has been implemented in November'15. At present, a total of about 40 MW of solar generation from 4 plants is being scheduled by RLDCs at inter-state level. Model Regulatory Framework for Forecasting, Scheduling and Imbalance Handling of RE generators at intra-state level was formulated by Forum of Regulators (FOR).

With a large interconnected grid, meeting a peak load upto 150 GW, both primary and secondary controls are essential components for reliable grid operation. Tertiary control i.e. manual change in the despatching and unit commitment operates to restore the secondary control reserve, as loss of generator may cause a system contingency that lasts for several hours.

With increasing penetration of variable and intermittent RE generation, there is a need for more flexibility in the operation of conventional generation plants. The flexibility needs to be quantified, measured and duly compensated for. CERC notified regulatory provisions in April 2016 for the technical minimum for operation of Inter-State Generating Stations at 55% of Maximum Continuous Rating (MCR) installed capacity. The compensation mechanism is linked to station heat rate. The detailed procedure is under discussion.

In order to provide more opportunities to entities to trade and manage their portfolio in electricity market, regulatory framework was formulated for 24 x 7 extended market session and operationalized by both the Power Exchanges in July 2015. A preliminary review on the operation of Extended Market Session for the period from July 2015 to January 2016 was undertaken and public hearing held in May, 2016. CERC observed that the results of the preliminary review are positive and in the long run, availability of 24 x 7 power market is also expected to address the variability of renewable energy generation, and in turn effectively integrate the infirm renewable generation sources.

While large power plants deliver the exact amount of electricity scheduled to match the consumption, these smaller units generate electricity either as a by-product (e.g. cogeneration) as per weather conditions (solar and wind). Given the fact that these smaller units receive priority by law, the role of the larger power plants is progressively reduced to fill the gap between consumption and the power generated by these smaller units.

Challenges

POSOCO as a grid operator could entail certain risks which involves effective risk management approach focused on ensuring a reliable and resilient electric grid that can quickly recover and restore critical services to customers when power disruptions occur.

- Maintaining frequency within the stipulated Indian Electricity Grid Code (IEGC) band without adequate primary response and secondary control has been challenging for POSOCO.
- Uncertainties on account of load variations and Unmatched commissioning of new generation and transmission projects
- Natural calamities and Sudden climate changes have direct impact on the Power system operation
- Compliance monitoring of Grid with respect to CEA standards and CERC regulations for ensuring the reliability and security of the grid in the absence of Grid reliability standards in India.
- Thrust in the area of integration of renewables, variability and intermittency, forecasting, scheduling, SCADA / telemetry, Commercial Mechanism implementation and Supply management issues.
- Allocation of resources, Mentoring and Knowledge Management are major challenges related to human capital management
- Attracting and retaining talent of existing manpower posing a major challenge and identifying Training needs & re-training, Operator Certification, Domain knowledge, Analytical abilities.
- Visualization tools and techniques for assessment of the power system, providing situational awareness and taking remedial measures is a priority for the system operators. IT Automation and Cyber Security tools have to be kept updated to the best international practices.
- With a large RE penetrations balancing of load - generation during peak hours in the absence of spinning reserves
- Forecasting is an essential prerequisite for scheduling of the RE generation. There is a need for both centralized and de-centralized forecasting systems. The centralized forecast is done by concerned System Operator primarily for grid security.

Resolving Operational Challenges

POSOCO as a system operator responsible for managing the All India electricity Grid, the operational challenges in the real time grid operation and the measures for combating the same are enumerated below:

- POSOCO has an onerous responsibility of operating the All India synchronous grid, operating at the same frequency, one of the largest in the world, meeting a peak demand of the order of 150 GW, through its five (5) Regional Load Despatch Centres (RLDCs) and the National Load Despatch Centre (NLDC).

- CERC has notified the regulation for implementation of an Ancillary Services framework and approved the detailed procedure for ancillary services operation in March 2016 by utilizing the Un-Requisitioned Surpluses (URS) in Central Sector power stations and Ultra Mega Power Projects (UMPPs) which are under RLDC's jurisdiction. This is providing fast tertiary control. Meanwhile, CERC has notified on 13th October 2015, the roadmap for operationalization of reserves in the country and POSOCO submitted a detailed procedure and initiated the action for implementation of Automatic Generation Control (AGC) pilot project in Northern Region. This would help in faster secondary control.
- Outage coordination which includes construction related outages on the power system elements and maintenance related outages at all India level is a paramount task. This is being done by RLDCs/NLDC after a careful study and coordination with several utilities to ensure reliable and secure grid operation. Nearly 50-80 transmission elements / bay outages at 400 kV level and above are facilitated by RLDCs/NLDC every day.
- With the increase in the complexity in Indian electrical power systems, POSOCO is handling the challenges in system operation such as increasing penetration of Renewable Energy (RE) generation, commissioning of new 660/800/1000 MW generating units, rapid expansion of 765 kV systems in the country, newer HVDC links in the offing, small signal stability issues, and also the expectations of stakeholders to get 24X7 power. More parallel AC corridors are required both in upstream and downstream directions of inter – regional corridors.
- Northern Region AC interconnection with Western Region has been further strengthened with the commissioning of two (Inter-regional) 765 kV Phagi - Gwalior circuits and one (intra-regional) 765kV Phagi -Bhiwani circuit in August 2015. Due to that and also based on the continuous evaluation of the power system and change in System Protection Scheme (SPS) settings, transfer capability between Northern and Western Region has been increased gradually.
- Southern Region AC interconnection with Western Region has been further strengthened with the commissioning of 765 kV Aurangabad – Sholapur D/C in Sep' 15 and two nos. 765 kV Kolhapur-Kudgi circuits (charged at 400kV) (inter-regional) in November 2015. In addition to that commissioning of upstream and downstream lines in WR & SR, the transfer capability between Southern and Western Region has been increased gradually along with change in the System Protection Scheme (SPS) settings.
- Reliable and secure operation Indian National Grid necessitates the defense mechanisms should be in place and regular reviews / healthiness of the same have to be done. As per the recommendations by enquiry committee, international consultants have been appointed to carry out the protection audit and review the protection settings in the country as well as to study & review the existing computation methodology for TTC/ATC for planning and operational horizon, existing defense mechanism, suggestion in regulatory framework and review of the tuning of power electronic devices & their settings.
- Low frequency oscillations (LFO) have also been observed in the Indian Grid. This feedback has also been provided to the Central Transmission Utility (CTU) and Central Electricity Authority (CEA).
- With a vibrant electricity market in the country and the continuous pursuit of the distribution utilities to scout for the cheaper sources of electricity anywhere in the country, pressure on the transmission network is inevitable. A few transmission corridors get congested on seasonal basis. In the planning horizon several transmission lines are envisaged to mitigate this congestion. POSOCO through its operational feedback and discussion has persuaded several transmission utilities to fast track certain projects so that the congestion is mitigated quickly. This process has been very successful and has helped in slowly reducing the congestion in the last three years.

- Managing power system in natural disasters such as earthquakes and cyclones has been quite challenging in the last year. Earthquake in Nepal region in April 2015, Hindu Kush region in October 2015 and North eastern part of India in January 2016 was an alarm for the safety, security and reliability of Indian Grid. The immediate effects of such natural disasters on the power system are system faults and loads throw off. This leads to high voltages and frequency in the system which if not controlled may lead to cascade of failure. The proactive and fast response from POSOCO has averted cascading failures in all the cases. Such low probability high impact events bring out the need for a resilient grid and design of such a resilient grid at the planning horizon itself.

Risk Management

System operation and electricity market operations entails various risks. The risks envisaged and the measures taken to alleviate the same are brought out hereunder:

- I. The first major risk that POSOCO faces is grid disturbances due to natural calamities and unintended operation of protective systems. In the past year, POSOCO has faced situations in real time grid operation where multiple line outages due to strong winds, cyclones, earthquake and protective system mis operations have threatened grid security and reliability. These multiple outages are generally not considered in planning horizon, placing enormous challenges to the real time grid operator. POSOCO has regularly apprised the system planners (CEA and CTU) and the Central regulator through operational feedbacks and in some cases have also filed petition.

Quick detection of such unintended operations, taking up with the concerned utilities through discussion in the Regional Power Committees (RPCs) followed by implementation of remedial measures are the ways in which POSOCO mitigates this risk.

- II. The second major risk that POSOCO faces is the varying objectives of the electricity market players. The day to day operation of POSOCO is generally governed by the provisions of Electricity Act 2003, CERC Regulations & Procedures and CEA Regulations & Standards. These statutory documents may still be interpreted differently by different players and since the RLDCs/NLDC need to take decisions in real time, some parties could feel aggrieved with the RLDC's decision and approach the CERC or higher courts leading to commitment of resources by POSOCO.

POSOCO is informing the policy makers and regulators upfront in such cases and seeking necessary advice. Further, the decisions are taken in a transparent fashion with due communication to stakeholders. This mitigates the risk to a large extent.

- III. The third major risk that POSOCO faces is on account of business processes which are required to keep pace with the reforms. With the growth of electricity markets in India, the day to day business processes have become complex and more data intensive. New responsibilities are being assigned to POSOCO by the policy makers and regulators. Information Technology (IT) plays a key role. Since off-the-shelf solutions are rarely available in this area, solutions either need to be developed in-house or through vendors in a time bound fashion.

Any delays or failure in implementation of such software development projects would affect the reform process and attract regulatory scrutiny. Such risks are sought to be mitigated through a combination of in house development of software and through vendors.

Outlook

Power systems have continued to evolve from isolated, small grids to integrated grids and national markets. Economic growth is an important factor in electricity demand growth. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy. Given the recent renewable energy policy and the scale of current commitments, balancing the load and generation would be a paramount task in the Indian power system. Although there is no doubt that centralized and decentralized generation will co-exist in the future, nobody knows what the balance and outcome will be. This context induces a major uncertainty for an industry characterized with assets having a lifetime between 25 and 50 years. The addition of 175 GW (100 GW solar and 75 GW wind) as per the GOI initiative would pose a challenge and requires fast ramping up of conventional generators during peak hours.

Reliable and secure operation of large electricity grids like that of India necessitates that reserves and flexibility in generation that are available in the system all the time to handle contingencies in the grid. Generation reserves and flexibility in the generation is further more relevant in the context of intermittent generation like wind / solar which are going to be more in future as per the GOI policy. Implementation of Primary control and secondary control would be necessary to achieve the same. Regulatory support is required to incentivize for maintaining and deploying these reserves by the generators. Pumped Storage Plants also play an important role as flexible generation resource in providing peaking power and maintaining system stability and needs to be encouraged & incentivized.

With changing load profile, and addition of large generator capacities (above 660 MW), flexibility in the existing fleet of conventional generation is to be used to facilitate integration of renewable. As more RE generating capacity is added, increasingly different net load shape takes place. Net load — the total electric demand in the system minus RE generation — represents the demand that must be met with other dispatchable sources such as natural gas, hydropower, and imported electricity from outside the system. Regulatory support is required to incentivize flexibility of conventional generation sources for meeting Net load. The regulations should compensate the conventional generator for partial operation and start up and stop costs so that it can flex the generation.

There is a need for robust scheduling, accounting, metering and settlement procedure in all the states and implementation of Intra-state deviation settlement mechanism to control interchange by changing generation and load.

Presently, Power exchange provides opportunity for buying and selling on day-ahead basis as well as extended market session which was approved by CERC on April, 2015. The same was implemented by power exchanges in July 2015. Intra-day / day ahead (24x7) Market sessions as directed by CERC (three hours delivery period) provide a platform for selling surplus power or buying power needs to be implemented when in deficit. 5% reserve capacity in generating plants as per the National Electricity Policy may be useful for providing liquidity in the electricity market.

Transmission corridors for evacuation of power from Renewable Energy – rich states through the established process of coordinated transmission planning are being developed. In India we have the advantage of a large grid integrated by high capacity transmission corridors.

Advancements in technologies and products are changing the way energy is generated, transmitted and stored, and how consumers make decisions about their energy use. Some of these technologies and products are available today, while others are in development. Some transform how consumers manage their use, others change with the way the distribution and transmission systems interact, and some may drive changes we cannot anticipate today.

While these developments could present challenges for operating the grid, POSOCO sees them as opportunities. POSOCO is committed to advancing changes that will make our electric system more secure and sustainable for the development of power sector will ensure India's march towards inclusive growth. Electricity markets enable change while reinforcing reliability. Transparent prices reflect market fundamentals, which increasingly are driven by market forces such as efficiencies, sustaining new technologies and accelerating changes in an industry that has long remained stable in its operations.

Financial Discussion and Analysis

System Operation and Market Operation charges comprising of RLDC Fees and Charges are recognized on the basis of fees and charges approved by Central Electricity Regulatory Commission(CERC) and further adjustment made for truing up. Charges towards projected capital expenditure are restricted to charges based on actual capital expenditure.

Tariff Norms

Our charges for System operation and Market operation are governed by tariff norms determined by the Central Electricity Regulatory Commission ("CERC"). The CERC has vide its notification dated 18th May, 2015 notified the tariff regulations for determination of revenue from fees and charges applicable for RLDC and NLDC for the tariff block 2014-19 which shall remain in force from 01.04.2014 to 31.03.2019. Under the tariff regulations applicable for the tariff block 2014-19, we are permitted to charge our customers System and Market operation charges for recovery of Annual Charges consisting of components – Return on equity, Interest on loan capital, Depreciation, Operation and maintenance (excluding human resource) expenses, Human resource expenses, NLDC charges and corporate office expenses, and Interest on working capital.

The return on equity is computed by grossing up the base rate of return on equity of 15.5% with the effective tax rate of the respective financial year.

Depreciation is calculated on Straight Line Method and at the rates specified by CERC in the Regulation.

The Operation and maintenance expenses and Human resource expenses are allowed on actuals based on audited balance sheet.

Interest on Working capital consists of one month Operation and maintenance expenses, Human resource expenses, NLDC charges, and receivables equivalent to two months of annual charges as approved by the commission.

Foreign Exchange Rate Variation is recovered directly by the RLDCs from the users.

As per CERC Regulation 2015, each RLDC shall refund the additional recovery of Fees & Charges over the revenue recognized (truing-up liability), to the users on yearly basis by September of the following year w.e.f. Financial Year 2014-15. However it is further to be adjusted on truing-up by CERC .

NLDC has been designated as 'Central Agency' by CERC for REC mechanism. As the Company is responsible for discharging the functions of NLDC, it is required to maintain books of accounts pertaining to REC Mechanism also. Accordingly, the Assets and Liabilities of REC Mechanism have been merged with the company's books of accounts with the concurrence of Central Electricity Regulatory Commission (CERC). The profit earned is transferred to separate REC Fund under Reserves and Surplus.

CERC vide notification dated 9th June 2014 has notified PSDF Regulations for operationalization of Power System Development Fund. The NLDC has been designated as Nodal Agency for implementation of PSDF. The balances in the Regulatory Pool A/c operated by RLDCs' and NLDC are transferred to PSDF. The Disbursement of funds to the entities is done in accordance with guidelines after approval of the demand of grants by Government of India and release of fund by Ministry of Power.

Comparison of Fiscal 2016 to Fiscal 2015

Revenue from Operations

Gross Billed Revenue for the Current Year remains same as ₹212.65 Crore as compared to revenue for F.Y.2014-15, since CERC vide order dated 05.05.2014 against the Petition No. 80/MP/2014 has directed NLDC and RLDCs to continue to bill and recover monthly fees and charges at the rate as applicable for the month of March'14 till further orders for the control period 2014-19. The Truing-up orders for control period 2009-14 pertaining to Fees and Charges has been issued in the current F.Y.2015-16. The CERC Regulation 2015, has also modified basis for reimbursement of HR expenses, Return on Equity etc., and changes in STOA Regulation had resulted in decreased Revenue from Operation by ₹32 Crore (₹165.08 Crore in F.Y.2015-16 as against ₹197.08 Crore in the F.Y.2014-15). Truing-up liability also increased to ₹77.75 Crore in the current F.Y.2015-16 as compared to ₹56.94 Crore for the F.Y.2014-15.

Other Income

The Company's other income was ₹66.57 Crore for the F.Y.2015-16 as against the other income of ₹52.94 Crore for the F.Y.2014-15.

Depreciation

The depreciation has been provided on Straight Line Method at the rates and methodology specified in the norms notified by CERC for the purpose of recovery of RLDC Fees and Charges. With effect from 01/04/2015 (effective date of CERC Regulations, 2015), useful life has been worked out prospectively based on unamortized balance of such asset on the basis of the rate of Depreciation specified by CERC except for End user devices, such as Desktop, Laptop etc. which have been depreciated @ 20% and 25% respectively based on estimated useful life as evaluated by management. Mobile Phones are charged off in the year of purchase. Depreciation charged in the F.Y.2015-16 is ₹9.43 Crore (In F.Y.2014-15 it was ₹7.94 Crore). Depreciation charge has increased due to capital expenditure incurred on replacement of SCADA System.

Profit before Tax

The Company's profit before tax in F.Y.2015-16 was ₹81.23 Crore as against ₹79.71 Crore in F.Y.2014-15 (including REC Gross Surplus of ₹1.06 Crore, previous year ₹3.30 Crore).

Profit after Tax

The Company's Profit after Tax in F.Y.2015-16 was ₹55.55 Crore as against ₹48.04 Crore in F.Y.2014-15 (including REC Nett. Surplus of ₹0.69 Crore, previous year ₹2.18 Crore).

Load Despatch Centre Development Fund (LDCD Fund)

The LDCD Fund balance was decreased by ₹2.58 Crore as on 31.03.2016 to ₹156.38 Crore (Previous Year ₹158.96 Crore).LDCD Fund of ₹78.49 Crore is accrued (gross) in LDCD Fund out of Gross Income for the F.Y.2015-16. This includes Return on Equity, Interest on Loan and

Depreciation amounting to ₹7.23 Crore and Other Income amounting to ₹71.26 Crore. The fund has been utilised towards Training ₹0.53 Crores, , One-time Grid Security Consultancy ₹1.70 Crore, Corporate Social Responsibility ₹1.90 Crore, R&D Exp. ₹0.21 Crore, Income Tax of ₹23.13 Crore, dividend of ₹5.78 Crore (including dividend tax) & CAPEX ₹39.04 Crore resulting in net accretion of ₹6.20 Crore to LDCD Fund for F.Y.2015-16.

“Truing-up orders for the Block 2009-14” for the F.Y.2009-10 to 2013-14 and “CERC (Fees and Charges of RLDC) Regulations, 2015” for the F.Y.2014-15 has resulted in to net decrease in LDCD Fund by ₹ 8.78 Crore and the same is adjusted during the F.Y.2015-16.

Selected Balance Sheet Items

Fixed Assets

The Company's Net Fixed Assets as on 31st March, 2016 were ₹82.51 Crore as against ₹36.43 Crore as on 31st March, 2015. The increase in Fixed Assets consists mainly of SCADA Hardware and Software.

Loans and Advances

POSOCO's Company's total loans and advances (short term and long term) as at 31st March, 2016 were ₹244.54 Crore against ₹149.16 Crore in the F.Y.2014-15. The increase is mainly on account of normal transactions during the course of business.

Other Current Assets

Other current assets as on 31st March, 2016 were ₹23.84 Crore against ₹21.24 Crore as on 31st March, 2015. It includes accrued interest on flexi deposits with banks and unbilled revenue related to March billing of RLDC Fees and Charges for the current financial year billed in April 2016.

Sundry Debtors

Sundry Debtors as on 31st March, 2016 were ₹9.00 Crore against ₹13.77 Crore as on 31st March, 2015. The realization of billed RLDC Fees & Charges is about 95.77%.

Unsecured loan

There is no significant amount of unsecured loan as on 31.03.2016.

Other Current liabilities

The company's other current liabilities including provisions as at 31st March, 2016 were ₹982.22 Crore as against ₹737.38 Crore as on 31st March, 2015. It includes Advance from STOA Customers amounting to ₹271.67 Crore and undisbursed grant received from GOI "PSDF Disbursement" amounting to ₹233.61 crore & amount payable to GOI "Collection Account" amounting to ₹246.13 Crore (Considered for the first time in line with amendment in PSDF Regulation).

Other Long term liabilities

The other long term liabilities of POSOCO as on 31st March, 2016 ₹48.54 Crore mainly comprising of Retention Money/ Deposits on ongoing contracts and Holding Company transactions.

Contingent liability

1) The Contingent liability towards Demand of Rent for the office and staff quarters accommodation raised by the WRPC, Mumbai till date is ₹11.03 Crore (Previous Year ₹9.03 Crore), which was disputed by the company and company has sought for the transfer of the ownership of office accommodation and residential quarters before the Ministry of Power, Govt. of India. However, no decision has come so far.

2) The contingent liability pertains to the disputed Income Tax demand:

In respect of Assessment Year 2011-12, and 2012-13 the Company has filed an appeal with Income Tax Appellate Tribunal(ITAT) against the order of CIT (Appeals) for disallowing interest on borrowing of ₹0.32 Crore for AY 2011-12 and cash rebate to customers of ₹0.09 Crore for the AY 2012-13. AO-IT Deptt. has also filed an appeal with ITAT against the order of CIT (Appeals) for disallowing the additions made by him i.e. for ₹1973.33 Crore for the AY 2011-12 and ₹1110.36 Crore for the AY 2012-13. The additional tax liability of ₹879.29 Crore for the AY 2011-12 and ₹486.26 Crore for the AY 2012-13 shall be dependent on the order of ITAT. No provision has been made in books of account for this amount.

In respect of Assessment Year 2013-14 a demand of ₹496.86 Crore have been raised by the assessing officer under section 143(3) of the Income Tax Act 1961. The company has preferred an appeal before Ld. CIT (A) against the assessment order, which is pending. The company is hopeful that the demand will be deleted since for Assessment year 2011-12 and 2012-13 in company's own case on same issue relief was allowed by CIT (A). Hence no provision has been made for tax demand.

Cash Flows

(₹ in Crore)

| | Year ended March 31 | |
|--|------------------------|----------------|
| | 2016 | 2015 |
| A) Net cash from operating activities | 217.06 | 336.98 |
| B) Net cash (used in) investment activities | 18.21 | 4.16 |
| C) Net Cash from Financing activities | (21.53) | (41.22) |
| D) Net change in Cash and Cash equivalents (A+B+C) | 213.74 | 299.92 |
| E) Cash and cash equivalents at the beginning of the year | 768.44 | 468.52 |
| F) Cash and cash equivalents at the end of the year (D+E) | 982.18 | 768.44 |

Net Cash from Operating Activities

The operating profit before working capital changes was ₹34.87 Crore. However, the net cash inflow from Operating activities of ₹217.06 Crore is mainly on account of Advance from STOA Customers and undisbursed grant received from GOI "PSDF Disbursement" & amount payable to GOI "Collection Account" The above is considered for the first time in line with amendment in PSDF Regulation.

Net Cash from Investing Activities

Net Cash from Investing activities of ₹18.21 Crore includes expenditure of ₹14.86 Crore in CWIP towards purchase of SCADA equipment & associated civil works for installation of new SCADA equipment, ₹10.09 in other Assets and receipt of Interest on Bank Flexi Deposits amounting to ₹42.99 Crore.

Net Cash from Financing Activities

A sum of ₹18.44 Crore has been utilized for payment of final dividend and dividend tax for the F.Y.2014-15). The finance charges is ₹3.09 Crore.

Internal Control

Internal control mechanism is in place in POSOCO to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. The elaborate guidelines for preparation of Accounts are followed consistently for uniform compliance. In line with the provisions of the Companies Act, the Internal Auditors were appointed by the Board of Directors. Regular and exhaustive Internal Audit on half yearly basis is carried out by the experienced Cost/ Chartered Accountant firms. The scope of the Internal Audit is derived from the Internal Audit Plan approved by the Audit Committee. The Audit Committee meets at regular intervals and is informed of compliance with internal control mechanism. The significant/ material audit findings are placed before the Audit Committee for review, discussion and subsequent action.

Risk Management Procedure

The Enterprise Risk Management Policy & Procedures of POWERGRID is being followed by POSOCO.

Cautionary Statement

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

For and on behalf of Power System Operation Corporation Limited



**(I.S. Jha)
Chairman**

Date: 31.08.2016

Place: New Delhi

Annual Report on CSR activities

Brief outline of the Corporate Social Responsibility (CSR) Policy

POSOCO believes that the true measure of growth and progress is best echoed in the impact that the company makes to the lives of people. POSOCO has always endeavoured to ensure that the activities taken up under CSR are effective and positively contribute in the bettering the lives through environmental sustainability, educational and health related initiatives. For smooth execution of the activities taken up by the company, a CSR policy has also put in place. Activities taken up by the company are in synchronism with the schedule-VII of the Companies Act 2013. CSR policy of the company is available on company's website (http://posoco.in/WebsiteData/CSR/CSR_Policy.pdf)

Salient points of the CSR Policy:

- CSR policy of POSOCO has been framed in accordance with the provisions of the Companies Act, 2013 which are effective from 1st April, 2014.
- Policy mentions allocation of the budget for CSR activities as two percent of the average net profits of the Company made during the three immediately preceding financial years shall be earmarked every financial year for implementation of CSR activities.
- Administrative set up for CSR mentioning Role of Directors, constitution of Board level CSR Committee and its functions, constitution of below Board level Management Committee and its functions are part of the Policy.
- The identification of the CSR activities to be undertaken and the activities not allowed under CSR has been covered.
- Mode of execution of the activities covering aspects like selection of the specialized agencies, collaborate with other Corporations/Companies, allocation of budget in advance etc. have been defined.
- Policy cover aspects like monitoring, documentation, reporting also.

1. Overview of the CSR projects undertaken during FY 2015-16:

(i) Providing Solar Home Lighting Solutions in the backward areas of the country.

- Concept: The project was envisaged to improve quality of life in rural areas by providing clean and affordable lighting.
- Target Area: Un-electrified villages of Ri-Bhoi district in Meghalaya.
- Benefits provided under the scheme: Rural households in remote un-electrified villages were provided with Solar Home Lightning System (SHLS). The SHLSS system comprises 2 light points of 2W each and a mobile charging point. The system can sustain a daily load of basic household energy needs i.e. light for 5 hours, mobile charging for 2 hours. For the purpose of mobility, the SHLS also include a solar lantern (1 W) that the community can use to do chores outside their homes.

(ii) Procurement of Renewable Energy Certificates

REC mechanism views the electricity generated from renewable sources as composed of 2 benefits – one the power generated and second is the environmental attribute with the 'renewability' of this power. Second part known as REC is traded in the energy markets of India.

As REC mechanism promotes renewable sources for energy requirements, procuring RECs act as a tool for sustainable development of the society. 1588 Non-Solar and 692 no. of Solar REC's were procured during the year.

(iii) Promoting research and studies related to Power Systems in the engineering institutions to encourage excellence in the area

- Concept: These awards have been instituted to encourage excellence in the area of Power Systems by awarding the new research in the related fields.
- Target Area: Students of Doctoral and Master Category from technical institutions across the country.
- Encouragement under the scheme:

25 candidates in Masters' and 25 candidates in Doctoral category were encouraged under this scheme though prize money for shortlisted research works. Research works were shortlisted by a seven member expert committee comprising of the eminent members from Industry and Academia.

(iv) Setting up of Toilets in Govt. Schools

This activity was taken up in Meghalaya in North-Eastern Region. Scheme covered 15 Govt. schools in Shillong, Meghalaya. One Toilet per School with each school consisting of two W/Cs and two Urinals were constructed under this scheme.

2. The Composition of the CSR Committee

Shri I.S. Jha, Chairman – Chairman of the Committee
Shri Jagdishbhai I. Patel, Independent Director– Member
Shri Ravi P. Singh, Director – Member

Note:

- Shri R.N. Nayak was Chairman, CSR Committee upto 30.09.2015. Thereafter, Shri I.S. Jha took over as Chairman, CSR Committee consequent upon his elevation as Chairman, POSOCO w.e.f. 01.10.2015.
- Dr. K. Ramalingam, Independent Director was the member of the CSR Committee till 15.01.2016. Thereafter Shri Jagdishbhai I. Patel was nominated as a member of the CSR Committee w.e.f. 08.02.2016.
- Shri Ravi P. Singh was nominated as a Member of the CSR Committee w.e.f. 30.03.2016.
- Shri R.T. Agarwal ceased to be a Member of the CSR Committee w.e.f. 16.03.2016 in view of his resignation as a Director of the Company.

3. Average net profit of the company for last three financial years.

Net Profit FY 2012-13: ₹124.17 Crore
Net Profit FY 2013-14: ₹. 84.47 Crore
Net Profit FY 2014-15: ₹76.41 Crore
Average Net Profit for last three financial years: ₹95.02 Crore

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹1.90 Crore

5. Details of CSR spent during the financial year

- (a) Total amount to be spent for the financial year : ₹1.90 Crore
- (b) Amount unspent , if any : Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in Lakh)

| SI no | CSR Projects identified | Sector | State and district of Project coverage | Project wise outlay | Amount spent | | Cumulative Exp | Direct or through agency* |
|-------|--|---|--|---------------------|--------------|-----------|----------------|---------------------------|
| | | | | | Direct Exp | Overheads | | |
| 1 | Providing Solar Home Lighting Solutions in the backward areas of Meghalaya | Environmental Sustainability | Meghalaya, Ri-bhoi District | 49 | 44.40 | 4.60 | 49.00 | Through agency |
| 2 | Promoting Research and Studies in the field related to Power Systems in the engineering institutions to encourage excellence in the area | Promoting Education | Pan India | 40 | 29.11 | 3.75 | 32.86 | Through agency |
| 3 | Setting up of Toilets in Govt. Schools in Meghalaya | Promoting preventive health care and sanitation | Meghalaya, Shillong-East Khasi Hills | 60 | 56.02 | 3.98 | 60.00 | Through agency |
| 4 | Procurement of RECs | Environmental Sustainability | Local Area | 40 | 48.27 | 0 | 48.27 | Direct |
| 5 | Other supporting activities like training, evaluation, etc. | | | 1 | 0.1 | 0 | 0.10 | |
| Total | | | | 190 | | | 190.23 | |

*** Implementing Agencies:**

Activity at S.N. 1: The Energy and Resource Institute (TERI), Darbari Seth Block, IHC Complex, New Delhi

Activity at S.N. 2: The Foundation for Innovation and Technology Transfer (FITT)- A unit of IIT Delhi

Activity at S.N.3: Meghalaya Govt. Construction Corporation Limited (A Govt. of Meghalaya Undertaking)

Responsibility Statement:

Implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the company.


Chief Executive Officer


Chairman

Date: 31.08.2016

Place: New Delhi

Particulars regarding Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo**Conservation of Energy:**

POSOCO's facilities are spread over six control centres located at Mumbai, Delhi (NLDC and NRLDC), Kolkata, Bengaluru and Shillong. Electricity consumption is one of the major items of expenditure. Involving an annual outgo of INR 43.3 million in F.Y. 2015-16. Conservation of energy is therefore an imperative for POSOCO. Most of POSOCO's facilities are housed in old buildings owned by the Govt. of India and changes in the basic structure of the building with a view to minimize the electricity consumption are limited.

Energy audit was carried during the years 2011 to 2013 in all the Regional Load Despatch Centres (RLDCs) of POSOCO and the recommendations in this regard are progressively being implemented in a phased manner covering lighting, air conditioning system, etc. The existing lights have been replaced by LED bulbs, particularly in the control room applications which function in a 24x7 environment. The existing decade old AC plants etc. are progressively under replacement. POSOCO has also received ISO 14001:2004 Certification towards Energy Management System

NLDC as the Central Agency for Renewable Energy Certificates (RECs) is also looking towards encouraging voluntary buyers of RECs. During F.Y. 2015-16, POSOCO has purchased 692 nos. of solar RECs and 1588 nos. of non-solar RECs with a total value of INR 4.8 million. (1 REC=1000 units of electricity). A 10 kWp rooftop Solar Photo Voltaic (SPV) system connected to the grid was commissioned at NRLDC on 26th November, 2013 and generated 12427 kWh in F.Y. 2015-16.

Technology absorption

Efforts are being made to enhance the capabilities in system simulation through use of new software tools at all the RLDCs/NLDC. Periodic training through vendors as well as interaction with worldwide experts in the area is being regularly arranged at POSOCO.

Research and Development (R&D)

In accordance with the DPE guidelines and the MoU for the F.Y. 2015-16, the following study schemes were taken up by POSOCO:

- i) Medium to long term outlook of Power demand for select large states based on quantitative/statistical analysis of last 5-7 years. The study focused on a study of load factor trends for different states, regions and All - India since 2008-09 and the signals which these trends indicate as far as demand growth, saturation, electricity coverage etc. are concerned. This study report with title "Electricity Load Factor in Indian Power System" was released in January'16.
- ii) Large scale renewable integration study-Forecasting, Scheduling, Ramping and Balancing requirements. The study focused on the need for flexibility of conventional generation resources to handle Renewable Energy (RE) generation in the coming years and the actions required to be taken. This study report titled "Flexibility Requirement in Indian Power System" was released in January' 16

Both the above reports published by POSOCO are available in the public domain for benefit of researchers as well as other stakeholders.

Foreign Exchange earnings and outgo:

(₹ in crore)

| | |
|----------------------------|------|
| Foreign Exchange earning | NIL |
| Foreign Exchange outgo | |
| (i) Repair and Maintenance | 0.14 |
| (ii) Foreign Travel | 0.56 |
| (iii) Others | 0.80 |

For and on behalf of Power System Operation Corporation Limited


(I.S. Jha)
Chairman

Date: 31.08.2016

Place: New Delhi

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | | |
|--------------|--|---|--|
| i) | CIN | : | U40105DL2009GOI188682 |
| ii) | Registration Date | : | 20.03.2009 |
| iii) | Name of the Company | | Power System Operation Corporation Limited |
| iv) | Category / Sub-Category of the Company | | Company Limited by shares / Union Government Company |
| v) | Address of the Registered office and contact details | | 1 st Floor, B-9, Qutab Institutional Area, Katwaria Sara, New Delhi – 110 016 |
| vi) | Whether listed company | | <u>Yes / No</u> |
| viii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | | N.A |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|----------------|---|---|---|
| 1 | Revenue from System Operation and Market Operation | 35107 | 78.10% |
| | | | |
| | | | |
| | | | |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary / Associate | % of shares held | Applicable Section |
|--------|---|---------------------------|---------------------------------|------------------|--|
| 1. | Power Grid Corporation of India Limited B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016 | L40101DL1989GOIO 38121 | Holding | 100% | Section 2(46) read with Section 2(87) of the Companies Act, 2013 |
| | | | | | |
| | | | | | |
| | | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | | | | | | | | | |
| b) Central Govt | | | | | | | | | |
| c) State Govt(s) | | | | | | | | | |
| d) Bodies Corp. | NIL | 30640000 | 30640000 | 100% | NIL | 30640000 | 30640000 | 100% | NIL |
| e) Banks / FI | | | | | | | | | |
| f) Any Other.... | | | | | | | | | |
| Sub-total (A) | | | | | | | | | |

| | | | | | | | | | |
|--|-----|----------|----------|------|-----|----------|----------|------|-----|
| (1):- | | | | | | | | | |
| 2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | | | | | | | | | |
| b) Other – Individuals | | | | | | | | | |
| c) Bodies Corp | | | | | | | | | |
| d) Banks / FI | | | | | | | | | |
| e) Any Other.... | | | | | | | | | |
| Sub-total (A) (2):- | | | | | | | | | |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | NIL | 30640000 | 30640000 | 100% | NIL | 30640000 | 30640000 | 100% | NIL |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | | | NIL | | | | | | |
| b) Banks / FI | | | | | | | | | |
| c) Central Govt | | | | | | | | | |
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FIIs | | | | | | | | | |
| h) Foreign Venture Capital Fund | | | | | | | | | |
| i) Others (specify) | | | | | | | | | |
| Sub-total (B)(1):- | | | | | | | | | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |

| | | | | | | | | | |
|---|-----|----------|----------|------|-----|----------|----------|------|-----|
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | | | | | | | | | |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | | | | | | | | |
| c) Others (specify) | | | | | | | | | |
| Sub-total (B)(2):- | | | | | | | | | |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | | | | | | | | | |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | NIL | 30640000 | 30640000 | 100% | NIL | 30640000 | 30640000 | 100% | NIL |

(ii) Shareholding of Promoters ^

| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in shareholding during the year |
|--------|---|---|----------------------------------|--|--------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Power Grid Corporation of India Limited | 30639994 | 100% | NIL | 30639994 | 100% | NIL | NIL |
| 2. | Shri I.S. Jha | 01 | - | NIL | 01 | - | NIL | NIL |
| 3. | Shri R.N. Nayak | 01 | - | NIL | 00 | - | NIL | - |

| | | | | | | | | |
|----|--------------------|-----------------|-------------|------------|-----------------|---|------------|------------|
| 4. | Shri R.P. Sasmal | 00 | - | NIL | 01 | - | NIL | - |
| 5. | Shri Ravi P. Singh | 00 | - | NIL | 01 | - | NIL | - |
| 6. | Shri R.T. Agarwal | 01 | - | NIL | 01 | - | NIL | NIL |
| 7. | Shri S.K. Soonee | 01 | - | NIL | 01 | - | NIL | NIL |
| 8. | Shri Oommen Chandy | 01 | - | NIL | 01 | - | NIL | NIL |
| 9. | Smt. Divya Tandon | 01 | - | NIL | 00 | - | NIL | - |
| | TOTAL | 30640000 | 100% | NIL | 30640000 | | NIL | NIL |

^ The entire shareholding of the Company is held by Power Grid Corporation of India Limited and its nominees on behalf of POWERGRID.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | | | | |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease(e.g. allotment /transfer / bonus/sweat equity etc): | | No Change[^] | | |
| | At the End of the year | | | | |

^ The entire shares of the Company were held by POWERGRID and its nominees during the year

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Not Applicable. The entire shares (100%) are held by Power Grid Corporation of India Limited.

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | | | | |
| | Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / | | N.A | | |

| | | | | | |
|--|---|--|--|--|--|
| | decrease (e.g. allotment /transfer /bonus / sweat equity etc): | | | | |
| | At the End of the year (or on the date of separation, if separated during the year) | | | | |

(v) Shareholding of Directors and Key Managerial Personnel: *

I. Directors *

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Shri I.S. Jha, Director | 01 | 0.00 | 01 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus / sweat equity etc): | - | | | |
| | At the End of the year | 01 | 0.00 | 01 | 0.00 |
| 2. | Shri R.N. Nayak, Chairman | 01 | 0.00 | 0 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus / sweat equity etc): | Transfer of 01 Equity share of ₹10 on 18/11/2015 | 0.00 | 0 | 0.00 |
| | At the End of the year | | 0.00 | 0 | 0.00 |
| 3. | Shri Ravi P. Singh, Director | 00 | 0.00 | 01 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus / sweat equity etc): | Transfer of 01 Equity share of ₹10 on 18/11/2015 | | | |
| | At the End of the year | 01 | 0.00 | 01 | 0.00 |

| | | | | | |
|----|--|----|------|----|------|
| 4. | Shri R.T. Agarwal, Director^^ | 01 | 0.00 | 01 | 0.00 |
| | Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus / sweat equity etc): | | | - | |
| | At the End of the year | 01 | 0.00 | 01 | 0.00 |

II. KMPs*

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Shri S.K. Soonee, CEO (Nominee Shareholder of POWERGRID) | 01 | 0.00 | 01 | 0.00 |
| | At the End of the year | 01 | 0.00 | 01 | 0.00 |
| 2. | Shri M.K. Gupta, CFO | | | | |
| | At the End of the year | | NIL | | |
| 3. | Ms. Priti Chaturvedi, Company Secretary | | | | |
| | At the End of the year | | | | |

* The Directors / Key Managerial Personnel (KMP) have been holding the shares as Nominees of Power Grid Corporation of India Limited (POWERGRID). None of the Directors / KMP hold any share of the Company in individual capacity.

^^ Shri R.T. Agarwal ceased to be a Director w.e.f. 16.03.2016 on account of resignation.

V. INDEBTEDNESS -

NIL

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | NIL | | |
| Total (i+ii+iii) | | | | |
| Change in Indebtedness during the financial year | | | | |
| • Addition | | | | |

| | | | | |
|---|--|--|--|--|
| • Reduction | | | | |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | | | | |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: *

| Sl. no. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | | Total Amount |
|---------|---|-------------------------|--|-----|--|--|--------------|
| 1 | Gross salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | NIL | | | |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | | | | | | |
| 2. | Stock Option | | | | | | |
| 3. | Sweat Equity | | | | | | |
| 4. | Commission | | | | | | |
| | - as % of profit | | | | | | |
| | - others, specify... | | | | | | |
| 5. | Others, please specify | | | | | | |
| | Total (A) | | | | | | |
| | Ceiling as per the Act | | | | | | |

* At present, there is no Whole Time Director / MD/ Manager

B. Remuneration to other directors:

| Sl. no. | Particulars of Remuneration | Name of Directors | | Total Amount(₹) |
|---------|-------------------------------|-------------------------|-----------------------------------|-------------------------|
| | Independent Directors^ | Dr. K. Ramalingam | Shri Ishwarbhai Jagdishbhai Patel | |
| | • Fee for attending Board / | 2,40,000/- [₹] | 60,000/- [₹] | 3,00,000/- [₹] |
| | • committee meetings | | | |
| | • Commission | | | |
| | Others, please specify | | | |
| | Total (1) | | | |
| 4. | Other Non-Executive Directors | | NIL | |

| | | | | |
|--|--|--|--|--|
| | <ul style="list-style-type: none"> • Fee for attending board / committee meetings | | | |
| | <ul style="list-style-type: none"> • Commission | | | |
| | <ul style="list-style-type: none"> • Others, please specify | | | |
| | Total (2) | | | |
| | Total (B)=(1+2) | | | |
| | Total Managerial Remuneration | | | |
| | Overall Ceiling as per the Act | | | |

^ Sitting fee of ₹20,000/- has been approved by the Board of Directors to be paid to the Independent Directors for attending every meeting of the Board or Committee thereof.

§ Gross Amount

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|-----------|---|--------------------------|-------------------|-----------|------------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 39,09,153 | 17,58,222 | 35,02,590 | 91,69,965 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 5,22,389 | 1,02,570 | 4,50,108 | 10,75,067 |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | | | | |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission | | | | |
| | - as % of profit | | | | |
| | - others, specify... | | | | |
| 5. | Others, please specify | | | | |
| | Total | 44,31,542 | 18,60,792 | 39,52,698 | 10,245,032 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|---------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | NIL | | |
| B. DIRECTORS | | | | | |

| | | | | | |
|-------------------------------------|--|--|--|--|--|
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of Power System Operation Corporation Limited



(I.S. Jha)
Chairman

Date: 31.08.2016

Place: New Delhi

FORM NO. AOC -2**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. **NIL**

| SL. No. | Particulars | Details |
|---------|---|---------|
| a) | Name (s) of the related party & nature of relationship | / |
| b) | Nature of contracts/arrangements/transaction | |
| c) | Duration of the contracts/arrangements/transaction | |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | |
| e) | Justification for entering into such contracts or arrangements or transactions' | |
| f) | Date of approval by the Board | |
| g) | Amount paid as advances, if any | |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|--|
| a) | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited , 100% Holding Company |
| b) | Nature of contracts /arrangements/transaction | As per Annex -I |
| c) | Duration of the contracts/arrangements/transaction | |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | |
| e) | Date of approval by the Board | 30.06.2014; 26.05.2016 |
| f) | Amount paid as advances, if any | NIL |

For and on behalf of Power System Operation Corporation Limited



(I.S. Jha)
Chairman

Date : 31.08.2016

Place: New Delhi

List of Related Party Transactions of POSOCO

Name of Related Party: Power Grid Corporation of India Limited

Relationship: 100% Holding Company of Power System Operation Corporation Limited

| Sl. No | Particulars of the Contract or Arrangement | Nature, Duration of Contract and particulars of the contract or arrangement | Material Terms of the contract or arrangement including the value, if any | Any advance paid or received for the contract or arrangement, if any | The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of contract | Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with rationale for not considering those factors | Any other information |
|--------|---|--|---|--|---|---|-----------------------|
| 1. | RLDC Fees and Charges billed to POWERGRID / Amount paid by POWERGRID for RLDC fee and charges | <p>In terms of Section 28(4) of the Electricity Act , 2003, the RLDCs may levy and collect such fee and charges from the generating companies or licensees engaged in inter-State transmission of electricity as may be specified by the CERC.</p> <p>Accordingly, the CERC (fees and charges of Regional Load Despatch Centre and other related matters) Regulations, 2009 has been notified by the CERC. Hence these are in the nature of regulatory charges which are being paid by POWERGRID as inter-state transmission licensee.</p> <p>These are ongoing and event based charges.</p> | | N.A, | The proportion of charges payable by different categories of users specified by CERC (fees and charges of Regional Load Despatch Centre and other related matters)Regulations, 2009 | N.A | - |

| | | | | | | |
|---|---|--|------|--|------|--|
| 2 | Transmission charges paid / payable to POWERGRID STOA-POC | <p>This relates to the amount paid to the Central Transmission Utility(POWERGRID) for further disbursement to the Long term customers in terms of CERC (Open Access in Inter – State Transmission) Regulations, 2008 and further amendment thereof.</p> <p>NLDC and RLDC being the Nodal agencies for Collective and Bilateral transactions respectively, collect various charges for STOA Transactions including transmission charges for ISTS.</p> <p>The transmission charges collected by the nodal agency for use of the transmission system other than State network, for a Bilateral or Collective transaction for each point of injection and each point of drawl is given to Central Transmission Utility (CTU) for disbursement. The CTU disburse these transmission charges to the long-term customers of the synchronously connected grid where the point of injection or point of drawal is situated, as the case may be, in proportion to the monthly transmission charges payable by them after making adjustments against Long-term Access to target region in accordance with the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.</p> <p>These are ongoing and event based charges.</p> | N.A. | The rates are determined by Central Electricity Regulatory Commission as per the CERC (Open Access in Inter–State Transmission) Regulations, 2008 and further amendment thereof. | N.A. | |
| 3 | UI,RE payments received / paid to POWERGRID | <p>Power has been allocated by Government of India to various HVDC Stations owned by POWERGRID as per provisions in IEGC. This power is scheduled to HVDC stations and deviation is settled as per provisions of the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 notified by CERC.</p> <p>These are ongoing and event based charges.</p> | N.A, | The pricing is determined by Central Electricity Regulatory Commission as per the CERC (Deviation Settlement Mechanism and related matters) Regulations, 2014 and the CERC (Indian Electricity Grid Code) Regulations, 2010 and further amendments thereof | N.A. | |

| | | | | | | |
|---|--|--|-----|--|------|--|
| 4 | Other payments / transactions with the company | <p>These inter –alia include expenses towards (i) Amount paid to LD&C Department of POWERGRID as consultant for CAPEX works related to extension of building, (ii) amount paid towards ISP links provided by POWERGRID and (iii) other expenses in the day to day running of the business of the company.</p> <p>The consultancy fee payable to POWERGRID for the scope of services as brought out in the agreement dt. 31.03.2011 between POWERGRID and POSOCO for expansion/ replacement of SCADA/ EMS system and associated Infrastructures for all its five RLDCs and NLDC, will be 12% of the final executed cost of the project(excluding AMC cost and taxes).</p> | N.A | <p>(i) As per terms of payment (Clause 9.0) of the agreement dated 31st March, 2011 between POWERGRID and POSOCO (enclosed at Annex-I) for expansion/ replacement of SCADA/ EMS system and associated Infrastructures for all its five RLDCs and NLDC. Further, Supplementary agreement had been signed dated 28th September , 2011.</p> <p>ii) Internet lease lines have been hired from POWERGRID by each RLDC for the duration of one year. Fresh Contracts are entered after its expiry.</p> | N.A. | |
|---|--|--|-----|--|------|--|

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF POWER SYSTEM OPERATION CORPORATION
LIMITED FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of Power System Operation Corporation Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 May 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Power System Operation Corporation Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report.

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



(Ritika Bhatia)

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

Place: New Delhi

Dated: 08 July 2016

Annexure - VIII to the Directors' Report

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

1. THE COMPANY'S GOVERNANCE PHILOSOPHY

Power System Operation Corporation Ltd. (POSOCO) believes that Corporate Governance entails not only maintaining proper compliance with the applicable legal and regulatory requirements under which the Company is carrying out its activities but also taking care of the needs of the environment while working in a manner that optimizes relations with various stakeholders. It is an ongoing measure aimed at achieving the Company's objectives without compromising on corporate fairness, transparency and accountability in the best interest of various stakeholders in the Company. We believe that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POSOCO's Governance process is focused towards its following mission:

"Ensure Integrated Operation of Regional and National Power Systems to facilitate transfer of electric power within and across the regions and trans-national exchange of power with Reliability, Security and Economy."

The Company has also set its Objectives in furtherance of its mission as per its role as defined in the Electricity Act, and set out by the Ministry of Power, CERC, other Regulatory / Statutory Bodies, etc. from time to time.

The Company has constituted an Audit Committee to have better and more focused attention on financial matters. It has also constituted a CSR Committee in the wake of its commitment as a responsible corporate citizen.

The equity shares of the Company are not listed.

POSOCO has obtained "Excellent" rating from Department of Public Enterprises on the basis of Self-evaluation report on the compliance of Guidelines on Corporate Governance for CPSEs for the F.Y. 2012-13 onwards and is continuously striving in its efforts towards better governance. The compliance by the Company with the conditions of the Corporate Governance and the disclosure requirements in that regard for the F.Y. 2015-16 are given below:

2. Board of Directors:

Size of the Board

POSOCO, being the wholly owned subsidiary Company of Power Grid Corporation of India Limited (POWERGRID) is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013. As per Articles of Association, the composition of the Board of Directors shall be as determined by the Hon'ble President / Government of India from time to time.

In terms of Articles of Association of the Company, the strength of our Board shall not be less than three Directors but not more than fifteen Directors. These Directors may be either whole-time Directors or part-time Directors or otherwise.

Composition of the Board

In accordance with the provisions of the Articles of Association of the Company, CMD POWERGRID is the part-time Chairman, there are Nominee directors of the Government of India and one director has been nominated by POWERGRID from amongst its independent directors. In addition to this, one Director from the Board of POWERGRID has been nominated on the Board of POSOCO on part – time basis. In order to comply with the requirements of the Companies Act, some of the nominee directors are directors liable to retire by rotation.

As on 31st March, 2016, Shri I.S. Jha, Shri Ravi P.Singh, Smt. Jyoti Arora, Shri Major Singh and Shri Jagdishbhai I. Patel were on the Board of the Company.

Age Limit and Tenure of Directors

The age limit of the Chairman and other Directors (other than the director nominated by POWERGRID from amongst its independent Director(s)) is 60 years.

The date of appointment of the Directors, who were in office as on 31st March, 2016 was as follows:

| Name & Designation | Date of Joining on the Board |
|---|-------------------------------------|
| Shri I.S. Jha, Non – executive Chairman | 01.09.2011 |
| Shri Ravi P. Singh, Part – time Director | 25.02.2016 |
| Smt. Jyoti Arora, Govt. Nominee Director | 20.03.2014 |
| Shri Major Singh, Govt. Nominee Director | 05.01.2016 |
| Shri Jagdishbhai I. Patel, Independent Director | 08.02.2016 |

*The Directors on the Board of POWERGRID / Officials, who have been appointed as Directors in POSOCO shall cease to be on the Board of POSOCO on completion of their tenure / superannuation / withdrawal of nomination from POWERGRID / Ministry.

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

Board Meetings and Attendance:

The meetings of the Board of Directors are held at the Registered office of the Company / Corporate Office of POWERGRID, the Holding Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Company. CEO, POSOCO is a special invitee to all Board meetings. Other senior management is also invited to the Board meetings to provide additional inputs on the items being discussed by the Board.

During the financial year ended 31st March, 2016, six Board meetings were held - on 22nd May, 17th August, 15th September and 18th November of the year 2015 and 11th January and 30th March of the

year 2016. The maximum interval between any two meetings during this period was 85 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship/ committee membership (viz. Audit Committee and Shareholders' Grievance Committee as per DPE Guidelines) held by them during the year 2015-16 are tabulated below:

| Name of the Director | Meeting held during respective tenure of Directors | No. of Board Meetings attended | Attendance at the last AGM (held on 15.09.2015) | No. of Other Directorship held on 31.03.16 * | No. of Committee Membership held on 31.03.16** | |
|---|--|--------------------------------|---|--|--|--------|
| | | | | | Chairman | Member |
| Non executive Directors | | | | | | |
| Shri I.S. Jha, Chairman ^{*1} | 6 | 5 ^{*1} | Yes | 9 | NIL | NIL |
| Shri Ravi P. Singh, Part – time Director ^{*2} | 1 | 1 | N.A. # | 8 | NIL | 2 |
| Smt. Jyoti Arora, Govt. Nominee Director | 6 | 3 | Yes | 2 | NIL | NIL |
| Shri Major Singh, Govt. Nominee Director ^{*3} | 2 | 2 | N.A. # | 1 | NIL | 2 |
| Shri Jagdishbhai I. Patel, Independent Director ^{*4} | 1 | 1 | N.A. # | 3 | 3 | NIL |
| Shri R.N. Nayak, Ex -Chairman ^{*1} | 3 | 3 | Yes | N.A. # | N.A. # | N.A. # |
| Shri R.T. Agarwal ,Part – time Director ^{*5} | 5 | 5 | Yes | N.A. # | N.A. # | N.A. # |
| Dr. K. Ramalingam, Independent Director ^{*4} | 5 | 5 | Yes | N.A. # | N.A. # | N.A.# |

^{*1} Consequent upon attaining the age of superannuation from POWERGRID, the Holding Company, Shri R.N. Nayak, CMD, POWERGRID resigned from the Board of POSOCO w.e.f. 30.09.2015. Shri I.S. Jha assumed the charge of Chairman, POSOCO w.e.f. 01.10.2015 and Chaired all the Board meetings held during his tenure as Chairman.

^{*2} Shri Ravi P. Singh was appointed as Director w.e.f. 29.02.2016.

^{*3} Shri Major Singh was appointed as a Director w.e.f. 05.01.2016

^{*4} On completion of tenure of as an Independent Director of POWERGRID on 15.01.2016, Dr. K. Ramalingam, ceased to be a Director of the Company and consequently ceased to be Member / Chairman of the Audit Committee w.e.f. 15.01.2016. Shri Jagdishbhai I. Patel was appointed as a Director in place of Dr. K. Ramalingam w.e.f. 08.02.2016

^{*5} Shri R.T. Agarwal resigned from the Board of POSOCO w.e.f. 16.03.2016.

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

*Excluding Directorships in Private Limited Companies, foreign companies and Companies registered under Section 8 of the Companies Act, 2013.

** Includes Chairmanship / membership of Committees of POSOCO. Further, only Chairmanship / membership of Audit Committee and the Shareholders'/Investors' Grievance Committee has been considered.

Information placed before the Board of Directors.

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

1. Annual operating plans and budgets and any updates.
2. Annual Accounts, Directors' Report, etc.
3. Quarterly results of the Company.
4. Minutes of meetings of Audit Committee and other Committees of the Board
5. Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
6. Compliance of regulatory or statutory provisions
7. Other materially important information.

Post Meeting Follow –up system

The decisions taken at Board / Committee meetings are communicated promptly to the concerned departments/divisions. Action taken on the deliberations of the Board and Committee meetings is put up for information of the Board and the Committees of the Board from time to time.

3. Committee(s) of the Board of Directors

POSOCO Board has constituted the following Committees:

1. Audit Committee
2. CSR Committee
3. Nomination and Remuneration Committee

In addition to the above Committees, the Company also has a Research and Development Committee (R&D Committee) which was headed by Dr. K. Ramalingam, Independent Director.

Audit Committee

The composition of Audit Committee as on 31.03.2016 was as under:

- (i) Shri Jagdishbhai I. Patel, Independent Director– Member & Chairman
- (ii) Shri Ravi P. Singh, Part – time Director – Member
- (iii) Shri Major Singh, Govt. nominee Director – Member

The Company Secretary is the Secretary of the Committee.

The powers, role, functions, etc. of the Audit Committee are governed by the Companies Act and Government Guidelines issued from time to time.

Meetings of Audit Committee

The Audit Committee meets at least four times in a year and not more than four months elapse between two meetings in that year. The quorum for the Audit Committee meetings is either two members or one third of the members of the Audit Committee whichever is greater.

Review of information by Audit Committee

The Audit Committee generally reviews the following information:

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

Attendance

During the financial year ended 31st March, 2016, 05 meetings of the Audit Committee were held on 22nd May, 17th August and 15th September of the year 2015 and 6th January and 30th March of the year 2016. Attendance at the Audit Committee Meetings during the Financial Year 2015-16:

| Name of the member | Audit Committee Meetings during the tenure | |
|--|--|----------|
| | Held | Attended |
| Dr. K. Ramalingam ¹ | 04 | 04 |
| Shri Jagdishbhai I. Patel ¹ | 01 | 01 |
| Shri Ravi P. Singh ² | 01 | 01 |
| Shri Major Singh ³ | 01 | 01 |
| Shri I.S. Jha, ⁴ | 04 | 02 |
| Shri R.T. Agarwal ⁵ | 04 | 04 |

- Note:
1. On completion of tenure as an Independent Director of POWERGRID on 15.01.2016, Dr. K. Ramalingam, ceased to be a Director of the Company and consequently ceased to be Member / Chairman of the Audit Committee w.e.f. 15.01.2016. Shri Jagdishbhai I. Patel was appointed as Chairman of the Audit Committee w.e.f. 08.02.2016.
 2. Shri Ravi P. Singh, Director was appointed as a Member of the Audit Committee w.e.f. 29.02.2016
 3. Shri Major Singh was appointed as a Member of the Audit Committee w.e.f. 05.01.2016.
 4. Consequent upon his elevation as Chairman, POSOCO, Shri I.S. Jha was relieved as Member of the Audit Committee w.e.f. 30.03.2016.
 5. In view of his resignation from the Board of the Company , Shri R.T. Agarwal, Director ceased to be a Member of the Audit Committee w.e.f. 16.03.2016.

Corporate Social Responsibility Committee

POSOCO Board had constituted the CSR Committee for implementation of Corporate Social Responsibility (CSR) requirements as stipulated in the Companies Act, 2013.

The Committee comprised of the following members as on 31.03.2016:

Shri I.S. Jha, Chairman – Chairman of the Committee
Shri Jagdishbhai I. Patel, Independent Director– Member
Shri Ravi P. Singh, Director – Member

During the Financial Year 2015-16, two meetings of the CSR Committee were held – on 18th November, 2015 and 30th March, 2016. Attendance at the above meetings was as follows:

| Name of the member | CSR Committee Meetings during | |
|--|-------------------------------|----------|
| | Held | Attended |
| Shri I.S. Jha, Chairman [^] | 02 | 02 |
| Shri Jagdishbhai I. Patel, Independent | 01 | 01 |
| Shri Ravi P. Singh, Director ^{^1} | 01 | 01 |
| Shri R.N. Navak, Ex – Chairman [^] | 01 | 01 |
| Dr. K. Ramalingam, Independent Director [*] | 01 | 01 |
| Shri R.T. Agarwal, Director ^{^2} | 01 | 01 |

[^] Shri R.N. Nayak was Chairman, CSR Committee upto 30.09.2015. Thereafter, Shri I.S. Jha took over as Chairman, CSR Committee consequent upon his elevation as Chairman, POSOCO w.e.f. 01.10.2015.

^{*} Dr. K. Ramalingam, Independent Director was the member of the CSR Committee till 15.01.2016. Thereafter Shri Jagdishbhai I. Patel was nominated as a member of the CSR Committee w.e.f. 08.02.2016.

^{^1} Shri Ravi P. Singh was nominated as a Member of the CSR Committee w.e.f. 30.03.2016.

^{^2} Shri R.T. Agarwal ceased to be a Member of the CSR Committee w.e.f. 16.03.2016 in view of his resignation as a Director of the Company.

Nomination and Remuneration Committee

As employees of POWERGRID have been posted on secondment basis in POSOCO, the decisions of the POWERGRID's Remuneration Committee are applicable. However, POSOCO Board had constituted a Nomination and Remuneration Committee in its meeting held on 13th August, 2014 purely in order to meet the compliance requirements under the Companies Act.

The Committee comprised of the following members as on 31.03.2016:

Shri Jagdishbhai I. Patel, Independent Director -Chairman of the Committee

Shri Ravi P. Singh, Director - Member

Smt. Jyoti Arora, Govt. Nominee Director – Member

During the F.Y. 2015-16, one meeting of the Nomination and Remuneration Committee was held – on 11th May, 2016. Attendance at the meeting was as follows:

| Name of the member | Nomination and Remuneration Committee Meetings during the tenure | |
|---|--|----------|
| | Held | Attended |
| Dr. K. Ramalingam, Independent Director – Chairman of the Committee | 01 | 01 |
| Shri I.S. Jha, Director – Member | 01 | 01 |
| Shri R.T. Agarwal, Director – Member | 01 | 01 |

4. Remuneration of Directors

The Board had approved payment of Sitting fee of ₹20,000/- to be paid to the independent Director on the Board of POWERGRID who had been nominated on the Board of POSOCO. Apart from this, no remuneration is paid to any other Director.

Details of payment made towards sitting fee to the Independent Director on the Board of POWERGRID, who had been nominated on the Board of POSOCO is given below:

| Name of the Director | Sitting Fees | | | | Total [^] |
|---------------------------|---------------|-----------------|---------------|---------------------------------------|--------------------|
| | Board Meeting | Audit Committee | CSR Committee | Nomination and Remuneration Committee | |
| Shri Jagdishbhai I. Patel | 20,000 | 20,000 | 20,000 | - | 60,000 |
| Dr. K. Ramalingam | 1,00,000 | 80,000 | 20,000 | 20,000 | 2,40,000 |

[^]Gross amount.

As on 31.03.2016, the Directors' Shareholding was as under:

| Name of Director(s) | No. of Equity Shares Held | |
|---------------------|---------------------------|---------------------|
| | As a Nominee of POWERGRID | Individual Capacity |
| Shri I.S. Jha | 01 | - |
| Shri Ravi P. Singh | 01 | - |

5. General Body Meetings:

Date, time and location of the last three Annual General Meetings is as under:

| Year | Date | Time | Venue | Special Resolution |
|-----------|----------------------------------|------------|---|--------------------|
| 2012-2013 | 26th August, 2013 | 4.30 p.m. | 1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16. | NIL |
| 2013-2014 | 5 th September, 2014 | 12.30 p.m. | 1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16. | NIL |
| 2014-2015 | 15 th September, 2015 | 4.30 p.m. | 1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16. | NIL |

6. Disclosures

- I. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.

- II. The CEO and CFO have certified the financial statements to the Audit Committee /Board.
- III. POSOCO does not have any Subsidiary Company.
- IV. There are no material individual transactions with related parties which are not in the normal course of business.
- V. There are no material individual transactions with related parties or others, which are on an arm's length basis.
- VI. There were no penalties or strictures imposed on the Company by any statutory authorities for non-compliance on any matter related to capital markets, during the year.
- VII. The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the F.Y. 2015-16 have been prepared as per the Accounting Standards referred to in Section 133 of the Companies Act, 2013.
- VIII. The Board has been reviewing the status on statutory compliance at regular intervals.

7. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site. Information and latest updates and announcements made by the Company can be accessed at Company's website: <http://posoco.in>.

8. Code of Conduct

The Board of Directors of POWERGRID, the Holding Company has laid down two separate Codes of Business Conduct and Ethics – one for Board Members and another for Senior Management Personnel. The Senior management of POSOCO is on secondment basis from the holding company, i.e. POWERGRID. Hence, Code of Conduct applicable to POWERGRID is being followed.

9. Shareholders' Information

(i) Annual General Meeting

Date : 15th September, 2016
Time : 12.30 p.m.
Venue : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016.

(ii) Financial Year

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

(iii) Payment of dividend

In line with the CERC Order dt.14.03.2016, Dividend of 15.5% of the subscribed / paid up capital of the Company for the financial year ended 31st March, 2016 amounting to ₹4,74,92,000 was paid to POWERGRID, the Holding Company. Total dividend paid in the Previous Year was ₹ 19.92 crore.

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

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

(v) **Dividend History**

(₹ in Crore)

| Year | Total Paid-up Capital | Total Amount of Dividend Paid for the Financial Year | Date of AGM in which dividend was declared | Date of Payment of Final Dividend |
|---------|-----------------------|--|--|-----------------------------------|
| 2010-11 | 30.64 | 3.06 | 24.08.2011 | 13.09.2011 |
| 2011-12 | 30.64 | 9.20 | 06.09.2012 | 06.09.2012 |
| 2012-13 | 30.64 | 12.26 | 26.08.2013 | 27.08.2013 |
| 2013-14 | 30.64 | 26.04 | 05.09.2014 | 30.12.2013 |
| 2014-15 | 30.64 | 15.32 | 15.09.2015 | 17.09.2015 |
| 2015-16 | 30.64 | 4.75* | - | 04.04.2016* |

* In line with the CERC Order on Truing up dt.14.03.2016, Dividend of 15.5% of the subscribed / paid up capital of had been paid to POWERGRID for the financial year ended 31st March, 2016.

(vi) **Location of POSOCO Plants**

POSOCO has no plants.

(vii) **Shareholding Pattern**

The entire shares of the Company are owned by Power Grid Corporation of India Limited.

(viii) **Address for correspondence:**

Power System Operation Corporation Limited,
1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi – 110 016.

| | Telephone No. | Fax No. |
|--|--|---------------|
| Registered Office | 011-26536832. | 011-26524525. |
| website | http://posoco.in | |
| Company Secretary, CS Priti Chaturvedi | 011-26561309 | 011 -26524525 |
| Email ID | priti@posoco.in | |

For and on behalf of
POWER SYSTEM OPERATION CORPORATION LIMITED



I.S. Jha
(Chairman)

Date : 31/08/2016
Place: New Delhi

Annexure-I

Non-Mandatory Requirements

- 1 **The Board:** The Company is headed by a non executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, exceeding a period of nine years on the Board of POSOCO.
- 2 **Remuneration Committee:** As POSOCO comprises the employees of POWERGRID who have been deputed on secondment basis, approvals by the Remuneration Committee of POWERGRID are applicable to POSOCO also. However, POSOCO Board in its meeting held on 13.08.2014 has constituted a Nomination and Remuneration Committee purely in order to meet the compliance requirements under the Companies Act, 2013.
- 3 **Audit qualifications:** The financial statement for the F.Y. 2015-16 is not qualified.
- 4 **Training of Board Members:** Presentation on the following matters was given to the Directors:
 - Presentation on POSOCO as a whole was provided to the Directors so as to give them an insight into the functioning of the Company. The Presentation inter – alia included HR Capital, Revenue Stream, MoU & KPI Framework, Training and Certification of System Operators and Mentorship Programme in POSOCO.
 - Presentation on the CERC (Fees and Charges of Regional Load Despatch Centre and Other related matters) Regulations, 2015.
 - Presentation on the Impact on POSOCO Open Access Revenue on account of CERC (Open Access in inter – State Transmission)(Third Amendment) Regulations, 2015
 - Presentation on Examination of Trends in Load Factor – National and State Level
 - Technical Presentation on Low Frequency Oscillation in Indian Power System
 - Presentation on Truing up Orders received from CERC for the Control Period 2009-14.
 - Presentation on Fees and Charges of POSOCO for the Control Period 2014-19
 - Presentation on Performance linked incentive for NLDC & RLDCs
 - Presentation on Finance
 - Presentation on Corporate Social Responsibility (CSR) activities taken up / implemented during F.Y. 2015-16
 - Presentation on MoU and MoU Performance score
 - Presentation on Half – yearly Review (H-1 Review).
- 5 **Whistle Blower Policy:** Being a wholly owned subsidiary of POWERGRID, in terms of the MoU signed with POWERGRID, the Policies, Guidelines, etc. of POWERGRID are applicable to POSOCO as well.
- 6 **Certificate on Corporate Governance**

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

T.V. NARAYANASWAMY
COMPANY SECRETARY
(CP 203)

B2/121 Janakpuri
New Delhi 110 058.

Phones:

25597065
25542489

Emails:

tvns@bol.net.in
tvns32@gmail.com

10.08.2016

Certificate on Corporate Governance

To

The Members,

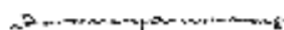
Power System Operation Corporation Limited.

I have examined the compliance of conditions of corporate governance by Power System Operation Corporation Limited, for the year ended on 31st March 2016 as stipulated in the DPE Guidelines.

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

In my opinion and to the best of my information and according to the explanation given to me, I certify that that the Corporation has complied with the conditions of Corporate Governance except that it has, an independent director who constitute one fourth of the total number of directors as against the requirement of one third the total number of directors subject to a minimum of two, and the Audit Committee has only one independent director as against the requirement of two, in implementation of the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises and the provisions of section 149 of the Companies Act, 2013 and the Rules framed thereunder.

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



(T.V. NARAYNASWAMY)
COMPANY SECREARY

AGARWAL S. & ASSOCIATES

COMPANY SECRETARIES

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

**To,
The Members,
Power System Operation Corporation Limited.**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Power System Operation Corporation Limited (hereinafter called POSOCO/the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the POSOCO's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial period ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by POSOCO for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not Applicable**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **Not Applicable**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not Applicable**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011; **Not Applicable**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not Applicable**

- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable**
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable**
 - (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **Not Applicable**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**
- (vi) Compliances/ processes/ systems under other applicable Laws to the Company are being verified on the basis of periodic certificate submitted to the Board of Directors of the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreement (**Not Applicable**).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following:

Composition of the Board of the Company should be in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance and consequential compliances thereof.

I further report that the Board of Directors of the Company is required to be constituted as per the provisions of the Companies Act, 2013 and DPE Guidelines. At present, the Board comprises of only non-functional Directors with one Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

For **Agarwal S. & Associates,**
Company Secretaries,

Karishma Singh
Partner

Date: July 20, 2016
Place: New Delhi

ACS No. : 26054
C.P No. : 16055

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

"Annexure A"

To,
The Members,
Power System Operation Corporation Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The Secretarial Audit has been conducted on voluntary basis.

For **Agarwal S. & Associates,**
Company Secretaries,

Karishma Singh
Partner

Date: July 20, 2016
Place: New Delhi

ACS No. : 26054
C.P No. : 16055

Power System Operation Corporation Limited



Balance Sheet As At 31st March 2016

(₹ in Crore)

| Particulars | Note No. | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|----------|-------------------|-------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1) Shareholders' funds | | | |
| (a) Share capital | 2.1 | 30.64 | 30.64 |
| (b) Reserves and surplus | 2.2 | 258.67 | 211.44 |
| | | 289.31 | 242.08 |
| 2) Deferred Revenue | | | |
| | 2.3 | 1.06 | 1.30 |
| 3) Non-current liabilities | | | |
| (a) Long-term borrowings | 2.4 | - | - |
| (b) Deferred tax liabilities (Net) | 2.15 | 3.94 | - |
| (c) Other Long term liabilities | 2.5 | 48.54 | 46.50 |
| (d) Long-term provisions | 2.6 | 35.07 | 29.28 |
| | | 87.55 | 75.78 |
| 4) Current liabilities | | | |
| (a) Short-term borrowings | 2.7 | - | - |
| (b) Trade payables | 2.8 | - | - |
| (c) Other current liabilities | 2.9 | 959.53 | 702.05 |
| (d) Short-term provisions | 2.10 | 22.69 | 35.33 |
| | | 982.22 | 737.38 |
| Inter Unit a/c | | - | - |
| Total | | 1,360.14 | 1,056.54 |
| II. ASSETS | | | |
| 1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 2.11 | 65.41 | 29.48 |
| (ii) Intangible assets | 2.12 | 17.10 | 6.95 |
| (iii) Capital work in progress | 2.13 | 18.07 | 48.89 |
| (iv) Construction stores | 2.14 | - | - |
| | | 100.58 | 85.32 |
| (b) Deferred tax Assets (Net) | 2.15 | - | 18.61 |
| (c) Long-term loans and advances | 2.16 | 226.85 | 135.75 |
| 2) Current assets | | | |
| (a) Trade receivables | 2.17 | 9.00 | 13.77 |
| (b) Cash and Bank Balances | 2.18 | 982.18 | 768.44 |
| (c) Short-term loans and advances | 2.19 | 17.69 | 13.41 |
| (d) Other current assets | 2.20 | 23.84 | 21.24 |
| | | 1,032.71 | 816.86 |
| Total | | 1,360.14 | 1,056.54 |
| Significant Accounting Policies | 1 | | |
| Notes to Account | 2 | | |
| Notes referred above are integral part of the Balance Sheet | | | |

For and on behalf of the Board of Directors


(M.K.Gupta)
Chief Finance Officer


(Priti Chaturvedi)
Company Secretary


(S.K. Soonee)
Chief Executive Officer



(Ravi P. Singh)
Director
DIN 05240974


(I.S. Jha)
Chairman
DIN 00015615

As per our report of even date

For J C Bhalla & Co.
Chartered Accountants
Regn. No. : 001111N


(Akhil Bhalla)
Partner
M.No. : 505002



For S K Patodia & Associates
Chartered Accountants
Regn. No. : 112723W


(Sharwan Kumar Aggarwal)
Partner
M.No. : 513556



Place : New Delhi
Date : 26-May-2016

Power System Operation Corporation Limited



Statement of Profit and Loss for the year ended 31st March 2016

(₹ in Crore)

| Particulars | Note No. | For the year ended 31-Mar-2016 | For the year ended 31-Mar-2015 |
|---|----------|-----------------------------------|-----------------------------------|
| I. Revenue from operations | 2.21 | 165.08 | 197.08 |
| II. Other income | 2.22 | 66.57 | 52.94 |
| III. Total Revenue (I + II) | | 231.65 | 250.02 |
| IV. Expenses: | | | |
| Employee benefits expense | 2.23 | 96.28 | 93.25 |
| Finance costs | 2.24 | 3.09 | 23.17 |
| Depreciation and amortization expense | 2.25 | 9.43 | 7.94 |
| Other Expenses | 2.26 | 41.62 | 51.08 |
| Total expenses | | 150.42 | 175.44 |
| V. Profit before exceptional and Extraordinary Items and tax (III-IV) | | 81.23 | 74.58 |
| VI. Exceptional Items | | - | - |
| VII. Profit before extraordinary items and tax (V- VI) | | 81.23 | 74.58 |
| VIII. Extraordinary Items | | - | (5.13) |
| IX. Profit before tax (VII - VIII) | | 81.23 | 79.71 |
| X. Tax expense: | | | |
| (1) Current tax | | 23.49 | 34.62 |
| (2) Tax for earlier years | | (20.36) | - |
| (3) Deferred tax | | 4.98 | (2.95) |
| (4) Deferred tax for earlier years | | 17.57 | - |
| XI. Profit after tax (IX - X) | | 55.55 | 48.04 |
| XII. Earnings per equity share: (In ₹ per share) (Face Value of ₹ 10/- each) | 2.42 | | |
| (1) Basic | | 17.90 | 14.97 |
| (2) Diluted | | 17.90 | 14.97 |
| Significant Accounting Policies | 1 | | |
| Notes to Account | 2 | | |

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

For and on behalf of the Board of Directors

(M.K.Gupta)
 Chief Finance Officer

(Priti Chaturvedi)
 Company Secretary
 ACS 17639

(S.K. Soonee)
 Chief Executive Officer

(Ravi P. Singh)
 Director
 DIN 05240974

(I.S. Jha)
 Chairman
 DIN 00015615

As per our report of even date

For J C Bhalla & Co.
Chartered Accountants
Regn. No. : 001111N

(Akhil Bhalla)
 Partner
 M.No. : 505002

For S K Patodia & Associates
Chartered Accountants
Regn. No. : 112723W

(Sharwan Kumar Aggarwal)
 Partner
 M.No. : 513558

Place : New Delhi
Date : 26-May-2016

POWER SYSTEM OPERATION CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016



₹ In Crore

| Particulars | For the year ended 31st March, 2016 | For the year ended 31st March, 2015 |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax (Including REC Surplus) | 81.23 | 79.71 |
| Adjustment for : | | |
| Depreciation | 9.43 | 7.94 |
| Transfer from Grants in Aid | (0.24) | 0.09 |
| Net Loss on Disposal / Write off of Fixed Assets | 0.09 | 0.08 |
| Interest and Finance Charges | 3.09 | 23.17 |
| Interest on Bank Flexi Deposits | (40.83) | (46.94) |
| Liability/Provision no longer required written back | (17.90) | (0.02) |
| Operating profit before Working Capital Changes | 34.87 | 64.03 |
| Adjustment for : | | |
| Increase/(Decrease) in Liabilities | 274.89 | 303.85 |
| Increase/(Decrease) in Provisions | 5.81 | 1.38 |
| (Increase)/Decrease in Trade and other Receivables | 4.77 | (8.42) |
| (Increase)/Decrease in Other current assets | (4.76) | 5.37 |
| (Increase)/Decrease in Loans and Advances | (8.95) | 11.71 |
| | 271.76 | 313.89 |
| Direct taxes paid | (89.57) | (40.94) |
| Net Cash from operating activities | 217.06 | 336.98 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (10.09) | (10.81) |
| Sale of Fixed Assets | 0.17 | 0.09 |
| Addition in Capital Work in Progress | (14.86) | (27.28) |
| Interest on Bank Flexi Deposits | 42.99 | 42.16 |
| Net cash used in investing activities | 18.21 | 4.16 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid | (15.32) | (15.32) |
| Dividend tax paid | (3.12) | (2.74) |
| Interest and Finance Charges Paid | (3.09) | (23.16) |
| Net Cash from Financing Activities | (21.53) | (41.22) |
| D. Net change in Cash and Cash equivalents(A+B+C) | 213.74 | 299.92 |
| E. Cash and Cash equivalents(Opening balance) | 768.44 | 468.52 |
| F. Cash and Cash equivalents(Closing balance) (D+E) | 982.18 | 768.44 |
| Note: | | |
| 1. Cash and cash equivalents consists of Cash in hand and balances with banks. | | |
| Cash and cash equivalents included in the cash flow statement comprise of | | |
| Cash and cash equivalents | 335.50 | 436.88 |
| Other Bank balances (*) | 646.68 | 331.56 |
| | 982.18 | 768.44 |
| (*) Amounts available for specific use only | | |



POWER SYSTEM OPERATION CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016



₹ In Crore

| Particulars | For the year ended 31st March, 2016 | For the year ended 31st March, 2015 |
|--|--|--|
| In designated current accounts / flexi deposit accounts operated and maintained in terms of CERC regulations | 60.01 | 48.33 |
| In Current Accounts/Flexi Deposit Accounts (held on account of Third parties) | | |
| --Under Short Term Open Regulations | 115.48 | 85.65 |
| --PSDF Disbursement Account | 233.61 | 185.46 |
| --PSDF Collection Account | 221.84 | - |
| In Flexi Deposit accounts -REC | 15.74 | 12.12 |
| | 646.68 | 331.56 |
| 2. Previous year figures have been re-grouped / re-arranged wherever necessary. | | |

| | | | | |
|--|---|---|--|--|
|  (M.K.Gupta) Chief Finance Officer |  (Priti Chaturvedi) Company Secretary |  (S.K.Soonee) Chief Executive Officer | For and on behalf of the Board  (Ravi P.Singh) Director DIN 05240974 |  (I.S.Jha) Chairman DIN 00015615 |
|--|---|---|--|--|

As per our report of even date

For J C Bhalla & Co.
 Chartered Accountants
 Regn. No.: 001111N


(Akh) Bhalla
 Partner
 M.No.: 505002


For S K Patodia & Associates
 Chartered Accountants
 Regn. No.: 112723W


(Sharwan Kumar Aggarwal)
 Partner
 M.No.: 513558


Place: New Delhi
 Date : 26-May-2016



SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under historical cost convention and in accordance with generally accepted accounting principles in India, the relevant provisions of the Companies Act, 2013 including Accounting Standards notified there under and the provisions of the Electricity Act, 2003 to the extent applicable.

1.2 USE OF ESTIMATES

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

1.3 RESERVES AND SURPLUS

Load Despatch Centre Development fund (LDCD Fund) is created in terms of Central Electricity Regulatory Commission (fees and charges of the Regional Load Despatch Centre and other related matters) Regulations notified by the CERC. The LDCD Fund shall be utilized for the specific purposes as stated in the regulations.

1.4 GRANTS IN AID

1.4.1 Grants in aid received from Central Govt or other authorities towards capital expenditure for projects, betterment of system operation and specific depreciable assets are shown as "Grants-in-aid" till the utilisation of grant.

1.4.2 On capitalisation of related assets, grant received for specific depreciable assets are treated as deferred income and recognised in the statement of profit and loss over the useful period of life and in proportion to which depreciation on these assets is provided.

1.5 FIXED ASSETS

1.5.1 Fixed assets are shown at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for intended use.

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

1.6 CAPITAL WORK IN PROGRESS

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

1.6.2 Interest during construction is apportioned to Capital Work In Progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP.



POWER SYSTEM OPERATION CORPORATION Ltd.
(A wholly owned subsidiary of POWERGRID)



1.7 INTANGIBLE ASSETS

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognized as intangible assets in the books of accounts when the same is ready for its use.

1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

1.9 BORROWING COST

1.9.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including interest, and guarantee fee etc.) are allocated to the projects in proportion to the funds so earmarked.

1.9.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

1.10 TRANSACTIONS IN FOREIGN CURRENCY

1.10.1 Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates on the date of the balance sheet.

1.10.2 Foreign Exchange Rate Variation (FERV) arising on settlement/translation of foreign currency loans are shown as recoverable from constituents.

1.11 REVENUE RECOGNITION

1.11.1 System operation and Market operation charges comprising RLDC fees and charges are recognised on the basis of tariff approved by Central Electricity Regulatory Commission (CERC). Human Resource and Operation and Maintenance expenses component of tariff are accounted on the basis of actual expenditure. Charges towards projected capital expenditure are restricted to charges based on actual capital expenditure.

Any excess of System Operation and Market Operation charges over the revenue recognised is transferred to the liability and refunded to the users as per CERC Regulations. Any variation to this amount shall be refunded/ recovered on Truing up exercise by the CERC after the expiry of the control period.

1.11.2 **The performance linked incentive to RLDCs and NLDC is accounted for based on overall performance as approved by CERC for respective RLDCs/NLDC.**

1.11.3 Income from Short Term Open Access (STOA) is accounted for on the basis of regulations notified by CERC. Income on account of operating charges, scheduling and system operation charges from STOA in terms of the Central Electricity Regulatory Commission (Open Access in Inter State transmission), Regulations is accounted for as and when the bilateral / collective transactions take place.

1.11.4 Non-refundable application money from the Short Term Open Access (STOA) is accounted as income on receipt of application along with the fees.



POWER SYSTEM OPERATION CORPORATION Ltd.
(A wholly owned subsidiary of POWERGRID)



- 1.11.5 Transmission charges collected for the disbursement to STUs/CTUs/SEBs from the Short Term Open Access (STOA) are passed on to the respective STUs/CTUs/SEBs. The balance amount as at balance sheet date is depicted as liability.
- 1.11.6 **SUPERVISION CHARGES**
- Overhead charges on account of supervision of SCADA Annual Maintenance Charges are accounted on accrual basis.
- 1.11.7 **REGISTRAION FEES**
- One time registration fees of new users and power exchanges is accounted for on receipt basis.
- 1.11.8 Liquidated damages/warranty claims and interest on advances to suppliers are accounted for on certainty.
- 1.11.9 Bank Interest earned on the fixed deposits lying in unscheduled Interchange Pool Account Fund, Congestion Charge Account, Reactive Energy Charges Account ,Deviation pool Account fund and Inter regional exchange account are credited directly to respective Fund accounts.
- 1.11.10 Surcharge/ interest from users is being accounted for when no significant uncertainty as to measurability and collectability exists.
- 1.11.11 Unclaimed Security Deposit, Unclaimed Retention monies & Dead cheques more than 3 Years old are accounted as miscellaneous receipts.
- 1.12 **DEPRECIATION**
- 1.12.1 The depreciation has been provided on Straight Line Method at the rates and methodology notified by CERC for the purpose of recovery of RLDC fees and charges. **Except for End user devices, such as Desktop, Laptop etc. which have been depreciated @20% and 25% respectively based on Estimated useful life as evaluated by management.**
- 1.12.2 Depreciation on addition to/deductions from fixed assets during the year is charged on pro-rata basis.
- 1.12.3 Assets costing ₹5000/- or less where the written down value is ₹5000/- or less at the beginning of the year, are charged to revenue.
- 1.12.4 **Mobile Phones are charged off in the year of purchase.**
- 1.13 **EXPENDITURE**
- 1.13.1 Pre-paid /prior period expenses / income of items of ₹1,00,000/- and below are charged to natural heads of accounts.
- 1.13.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.
- 1.13.3 Capital expenditure incurred on assets not owned by the company is charged off to revenue as and when incurred.



POWER SYSTEM OPERATION CORPORATION Ltd.
(A wholly owned subsidiary of POWERGRID)



1.14 IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on "Impairment of Assets" are defined at the balance sheet date with respect to carrying amount vis-à-vis recoverable amount thereof and impairment loss, if any, is recognised in the profit loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

1.15 EMPLOYEE BENEFITS

1.15.1 Company contribution paid/payable during the year to pension contribution scheme and provident fund scheme is recognized in the Statement of Profit & Loss. The same is paid to a fund administered through separate trusts.

1.15.2 The liability for retirement benefits of employees in respect of gratuity, which is ascertained annually on actuarial valuation at the year-end on the basis of projected unit credit method, is provided and funded separately.

1.15.3 The liability for compensated absence (both for earned & half pay leave), leave encashment, post-retirement medical benefits & settling allowance to employees are ascertained annually on actuarial valuation at the year end and provided for on the basis of projected unit credit method.

1.15.4 Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss.

1.16 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. Contingent liabilities are not recognised but are disclosed in the schedule of contingent liability on the basis of judgment of the management/ independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

1.17 TAXES ON INCOME

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

1.18 CASH FLOW STATEMENT

Cash flow are reported using indirect method, whereby profit before tax is adjusted for the effect of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing of financing cash flows from operating, investing and financing activities of the company are segregated.

1.19 COLLECTION OF PSDF FUNDS

Balance in the PSDF collection bank account for onward transfer to Government of India (MOP) are classified as Current Liabilities. Any interest earned on such Funds is credited to the respective PSDF Collection Account.



POWER SYSTEM OPERATION CORPORATION Ltd.
(A wholly owned subsidiary of POWERGRID)



1.20 GRANT/PSDF FUNDS FROM GOVERNMENT OF INDIA

Undisbursed PSDF Funds of Grant received for further disbursement are classified as Current Liabilities. Any Interest earned on such Funds is credited to the respective Grant Account.



Power System Operation Corporation Limited



| Particulars | (₹ in Crore) | |
|---|-------------------|-------------------|
| | As at 31-Mar-2016 | As at 31-Mar-2015 |
| Equity Share Capital | | |
| Authorised Capital | | |
| 20,00,00,000 (Previous Year 20,00,00,000) equity shares of ₹ 10/- | 200.00 | 200.00 |
| Issued Subscribed and paid up | | |
| 3,06,40,000 (Previous Year 3,06,40,000) equity shares of ₹ 10/-each | 30.64 | 30.64 |
| Total | 30.64 | 30.64 |

Further Notes:

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

| Particulars | As at 31st March, 2016 | | As at 31st March, 2015 | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | No. of Shares (₹ in Crores) | No. of Shares (₹ in Crores) | No. of Shares (₹ in Crores) | No. of Shares (₹ in Crores) |
| Shares outstanding at the beginning of the year | 30.64 | 30.64 | 30,640,000 | 30.64 |
| Shares Issued during the year | NIL | NIL | NIL | NIL |
| Share bought back during the year | NIL | NIL | NIL | NIL |
| Shares outstanding at the end of the year | 30.64 | 30.64 | 30,640,000 | 30.64 |

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

3) 3,06,40,000 (Previous Year 3,06,40,000) equity shares are held by Powergrid Corporation of India Limited - Holding Company and its nominees.

4) Out of above 3,05,90,000 (Previous Year 3,05,90,000) equity shares of ₹ 10 /- each have been allocated as fully-paid shares, in pursuant to agreement to sell assets without consideration being received in cash.



Power System Operation Corporation Limited



Note No. 2.2/Reserves and surplus

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|--|-------------------|-------------------|
| General Reserve | | |
| As per last balance sheet | 24.90 | 19.90 |
| Additions during the year | 6.00 | 5.00 |
| Deductions during the year | - | - |
| Closing Balance | 30.90 | 24.90 |
| REC Fund | | |
| As per last balance sheet | 10.64 | 8.46 |
| Additions during the year | 0.69 | 2.18 |
| Deductions during the year | - | - |
| Closing Balance | 11.33 | 10.64 |
| Load Despatch Centre Development Fund (LDCD Fund) | | |
| As per Last Balance Sheet | 158.96 | 124.76 |
| Additions during the year | 78.49 | 107.22 |
| Deductions during the year | 81.07 | 73.02 |
| Closing Balance (Refer Note no. 2.30 of Notes to Accounts) | 156.38 | 158.96 |
| Surplus in Statement of Profit and Loss | | |
| As per last balance sheet | 16.94 | 34.18 |
| Add: Profit After tax as per Statement of Profit and Loss | 55.55 | 48.04 |
| Less: Appropriations | | |
| LDC Development Fund | (0.04) | 34.20 |
| General Reserve | 6.00 | 5.00 |
| REC Fund | 0.69 | 2.18 |
| Interim dividend paid | 4.75 | 4.60 |
| Dividend tax on Interim Dividend | 0.97 | 0.92 |
| Proposed Final Dividend | - | 15.32 |
| Dividend tax on Proposed Dividend | 0.06 | 3.06 |
| Closing Balance | 60.06 | 16.94 |
| TOTAL | 258.67 | 211.44 |



Power System Operation Corporation Limited



Note No. 2.3/Deferred Revenue (₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|----------------------------|-------------------|-------------------|
| Grants in aid | | |
| As per Last Balance Sheet | 1.30 | 1.21 |
| Additions during the year | - | 0.33 |
| Deductions during the year | 0.24 | 0.24 |
| Closing Balance | 1.06 | 1.30 |
| TOTAL | 1.06 | 1.30 |



Power System Operation Corporation Limited



Note No. 2.4/Long-term borrowings

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|--------------|-------------------|-------------------|
| - | - | - |
| TOTAL | - | - |



Power System Operation Corporation Limited



Note No. 2.5/Other Long term liabilities

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|--|-------------------|-------------------|
| i) ---Deposits/ Retention money from contractors and others. | 0.33 | 0.46 |
| ---Deposits/ Retention money from contractors and others- on capital expenditure | 1.69 | 0.78 |
| ii) Dues for Capital Expenditure | - | - |
| iii) Others | - | 0.56 |
| iv) Related Party- Holding Company | 46.52 | 44.70 |
| Total | 48.54 | 46.50 |



Power System Operation Corporation Limited



Note No. 2.6/Long-term provisions

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|-------------------|-------------------|
| A) Employee Benefits | | |
| As per last balance sheet | 29.28 | 29.83 |
| Additions during the year | 8.95 | 8.42 |
| Less: Amounts utilised/paid during the year | 3.16 | 8.97 |
| Closing Balance | 35.07 | 29.28 |
| B) Others | - | - |
| TOTAL | 35.07 | 29.28 |



Power System Operation Corporation Limited



Note No. 2.7/ Short-term borrowings

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|--------------|-------------------|-------------------|
| - | - | - |
| TOTAL | - | - |



Power System Operation Corporation Limited



Note No. 2.8/Trade payables

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|------------------------|-------------------|-------------------|
| For goods and services | - | - |
| For Accrued Expenses | - | - |
| Total | - | - |

Further Notes :

Based on information available with the company, there are no suppliers/service providers who are registered as Micro, Small or Medium Enterprises under " The Micro, Small and Medium Enterprises Development Act, 2006" as on 31st March 2016 and as on 31st March 2015.



Power System Operation Corporation Limited



Note No. 2.9/Other current liabilities

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|-------------------|-------------------|
| i) Employee related liability | 0.21 | 0.27 |
| ii) ---Deposits/Retention money from contractors and others. | 3.93 | 4.03 |
| --- Deposits/Retention money from contractors and others- on capital expenditure | 5.06 | 6.60 |
| iii) Advances from Customers | 156.19 | 167.52 |
| iv) Liability on account of Truing up | 86.34 | 180.31 |
| v) Others | 32.38 | 11.22 |
| vi) Other Liabilities- Third Party (Net) (Liabilities in respect of Designated accounts operated and maintained in terms of CERC Regulations) (Refer Note no. 2.29 of Notes to Accounts) | 67.78 | 55.94 |
| vii) Liabilities in respect of Third Parties | | |
| a) Short Term Open Access Regulation | | |
| i) CTU | 69.78 | 47.52 |
| ii) STU | 45.70 | 38.13 |
| b) Undisbursed PSDF Grant | 233.61 | 185.46 |
| c) PSDF Collection Account | 246.13 | - |
| viii) Other Liabilities- REC | - | - |
| ix) Statutory Dues | 1.67 | 2.63 |
| x) Related parties -Holding Company | 10.75 | 2.42 |
| Total | 959.53 | 702.05 |



Power System Operation Corporation Limited



Note No. 2.10/Short-term provisions

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|--|-------------------|-------------------|
| A) Provision for Employee Benefits | | |
| i) Transmission incentive / special incentive | | |
| As per last balance sheet | 14.26 | 12.06 |
| Addition during the year | 10.96 | 10.67 |
| Less: Amount paid during the year | 9.72 | 8.07 |
| Less: Unused Amount reversed during the year | 0.94 | 0.40 |
| Closing Balance | 14.56 | 14.26 |
| ii) Other Employee Benefits (Leave Encashment, Settlement Allowance, Post retirement medical benefits etc.) | | |
| As per last balance sheet | 2.68 | 2.90 |
| Additions during the year | - | 0.77 |
| Less: Amounts utilised/paid during the year | 0.27 | 0.99 |
| Closing Balance | 2.41 | 2.68 |
| Total (A) | 16.97 | 16.94 |
| B) Others | | |
| i) Taxation | | |
| As per last balance sheet | 113.61 | 135.08 |
| Additions during the year | 23.49 | 34.62 |
| Less: Amount adjusted during the year | 24.57 | 56.09 |
| Balance transferred to Note No. 2.16 | 112.53 | 113.61 |
| Closing Balance | - | - |
| ii) Proposed Dividend | | |
| As per last balance sheet | 15.32 | 10.72 |
| Additions during the year | 4.75 | 19.92 |
| Less: Amount paid during the year | 15.32 | 15.32 |
| Closing Balance | 4.75 | 15.32 |
| iii) Dividend Tax | | |
| As per last balance sheet | 3.06 | 1.82 |
| Additions during the year | 1.03 | 3.98 |
| Less: Amount paid during the year | 3.12 | 2.74 |
| Closing Balance | 0.97 | 3.06 |
| iv) Corporate Social Responsibility (CSR) | | |
| As per last balance sheet | 0.01 | 0.06 |
| Additions during the year | - | 0.01 |
| Less: Amount paid during the year | 0.01 | 0.06 |
| Closing Balance | - | 0.01 |
| Total (B) | 5.72 | 18.39 |
| Total (A+B) | 22.69 | 35.33 |



Power System Operation Corporation Limited



| Particulars | Gross Block | | | | | | Depreciation/Amortisation | | | | | | Net Block | |
|---|-------------------|---------------------------|---------------------------------|----------------------------|-------------------|------------------|---------------------------|---------------------------------|----------------------------|-------------------|----------------|-------------------|-----------|--|
| | As at 01-Apr-2015 | Additions during the year | Sale / Disposal during the year | Adjustment during the year | As at 31-Mar-2016 | Upto 31-Mar-2015 | Additions during the year | Sale / Disposal during the year | Adjustment during the year | As at 31-Mar-2016 | As at Mar-2016 | As at 31-Mar-2015 | | |
| Civil Works | | | | | | | | | | | | | | |
| a) RLDCs *** | 13.28 | 0.34 | - | - | 13.62 | 2.66 | 0.47 | - | - | 3.13 | 10.49 | 10.62 | | |
| b) Township | - | - | - | - | - | - | - | - | - | - | - | - | | |
| Temporary Erection | 0.06 | - | 0.04 | - | 0.02 | 0.06 | - | 0.04 | - | 0.02 | - | - | | |
| Water Supply Drainage & Sewerage | 0.07 | 0.01 | 0.02 | - | 0.06 | 0.01 | - | - | - | 0.01 | 0.05 | 0.06 | | |
| Plant & Machinery | | | | | | | | | | | | | | |
| a) RLDCs | 2.89 | 0.40 | 0.15 | - | 3.14 | 1.18 | 0.15 | 0.11 | - | 1.22 | 1.92 | 1.71 | | |
| b) ULDC | 52.74 | 36.90 | 6.30 | 26.34 | 57.00 | 47.08 | 2.39 | 6.30 | 26.34 | 16.83 | 40.17 | 5.66 | | |
| c) Communication | 0.52 | 0.78 | 0.10 | - | 1.20 | 0.28 | 0.03 | 0.06 | - | 0.25 | 0.95 | 0.24 | | |
| Furniture Fixtures | 7.84 | 0.52 | 0.24 | 0.11 | 8.01 | 4.38 | 0.46 | 0.21 | 0.09 | 4.54 | 3.47 | 3.46 | | |
| Office equipment | 3.21 | 0.65 | 0.07 | 0.29 | 3.50 | 1.40 | 0.18 | 0.07 | 0.23 | 1.28 | 2.22 | 1.81 | | |
| Electronic Data Processing & Word Processing Machines | 12.17 | 1.95 | 0.68 | 0.22 | 13.22 | 7.08 | 1.64 | 0.65 | 0.22 | 7.85 | 5.37 | 5.09 | | |
| Vehicles | 0.01 | - | - | - | 0.01 | - | - | - | - | - | 0.01 | 0.01 | | |
| Constrn. and Workshop equipment | 0.01 | - | - | - | 0.01 | 0.01 | - | - | - | 0.01 | - | - | | |
| Electrical Installation | 0.95 | - | 0.02 | - | 0.93 | 0.15 | 0.05 | 0.01 | - | 0.19 | 0.74 | 0.80 | | |
| Miscellaneous Assets/Equipments | 0.12 | - | - | - | 0.12 | 0.10 | - | - | - | 0.10 | 0.02 | 0.02 | | |
| Grand Total | 93.87 | 41.55 | 7.62 | 26.96 | 100.84 | 64.39 | 5.37 | 7.45 | 26.88 | 35.43 | 65.41 | 29.48 | | |
| Previous Year | 85.81 | 8.39 | 0.22 | 0.11 | 93.87 | 59.23 | 5.31 | 0.13 | 0.02 | 64.39 | 29.48 | 26.58 | | |



Note 1 : No Land is owned by POSOCO.

*** Note 2 : Current Year Depreciation include ₹ 0.01 Cr of prior period.



Power System Operation Corporation Limited

Note No. 2.12/Intangible assets

| Particulars | Gross Block | | | | | | Depreciation/Amortisation | | | | | | Net Block | |
|-------------------------------------|-------------------|---------------------------|---------------------------------|----------------------------|-------------------|------------------|---------------------------|---------------------------------|----------------------------|----------------|-------------|-------------------|-------------------|--|
| | As at 01-Apr-2015 | Additions during the year | Sale / Disposal during the year | Adjustment during the year | As at 31-Mar-2016 | Upto 31-Mar-2015 | Additions during the year | Sale / Disposal during the year | Adjustment during the year | As at Mar-2016 | 31-Mar-2016 | As at 31-Mar-2016 | As at 31-Mar-2015 | |
| SCADA Software | 193.46 | 11.21 | 9.98 | 148.51 | 46.18 | 192.61 | 0.87 | 9.98 | 148.51 | 34.99 | 11.19 | 0.85 | | |
| Electronic Data Processing Software | 11.85 | 3.01 | 0.32 | - | 14.54 | 5.75 | 3.19 | 0.32 | (0.01) | 8.63 | 5.91 | 6.10 | | |
| Previous Year | 205.31 | 14.22 | 10.30 | 148.51 | 60.72 | 198.36 | 4.06 | 10.30 | 148.50 | 43.62 | 17.10 | 6.95 | | |
| | 200.54 | 4.76 | - | (0.01) | 205.31 | 195.71 | 2.63 | - | (0.02) | 198.36 | 6.95 | 4.83 | | |

(₹ in Crore)



Power System Operation Corporation Limited



Note No. 2.13/Capital work in progress

(₹ in Crore)

| Particulars | As at 01-Apr-2015 | Additions during the year | Adjustments during the year | capitalised during the year | As at 31-Mar-2016 |
|--|-------------------|---------------------------|-----------------------------|-----------------------------|-------------------|
| Civil Works | | | | | |
| Regional Load Despatch Centre & Office (Incl. civil work) | 3.70 | 2.93 | 1.12 | 0.12 | 5.39 |
| Township | - | - | - | - | - |
| Plant & Equipments (including associated civil works) | | | | | |
| ULDC | 44.65 | 13.69 | 0.64 | 45.02 | 12.68 |
| Other office equipments | 0.54 | - | - | 0.54 | - |
| Incidental Expenditure during Construction | - | - | - | - | - |
| TOTAL | 48.89 | 16.62 | 1.76 | 45.68 | 18.07 |



Power System Operation Corporation Limited



Note No. 2.14/Construction stores (₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---------------------|-------------------|-------------------|
| Construction Stores | - | - |
| TOTAL | - | - |



Power System Operation Corporation Limited



Note No. 2.15/Deferred tax Assets (Net)

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|-------------------|-------------------|
| Deferred Tax Asset | | |
| Employee Benefits-Leave encashment, Incentive u/s 43B | 7.17 | 15.70 |
| Provisions | 0.02 | 0.07 |
| Interest on Truing up | - | 7.69 |
| Sub-total (A) | 7.19 | 23.46 |
| Deferred Tax Liability | | |
| Less: Towards Fixed Assets (Net) | 11.13 | 4.85 |
| Sub-total (B) | 11.13 | 4.85 |
| Net Deferred Tax Assets | (3.94) | 18.61 |



Power System Operation Corporation Limited



Note No. 2.16/Long-term loans and advances

(Unsecured Considered Good unless otherwise stated)

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|-------------------|-------------------|
| i) Capital Advance | 3.87 | 1.04 |
| ii) Security Deposits | 0.35 | 0.31 |
| iii) Other Loans & Advances | | |
| A) Employees (including Interest Accrued) | | |
| a) Secured Considered good | 8.37 | 7.95 |
| b) Unsecured - Considered good | 0.34 | 0.31 |
| -Considered doubtful | 0.07 | 0.07 |
| | 8.78 | 8.33 |
| Less: Provision for Bad & Doubtful Advances | 0.07 | 0.07 |
| | 8.71 | 8.26 |
| B) Advances recoverable in cash or in kind or for value to be received (Unsecured considered good) | | |
| a) Contractors & Suppliers | | |
| -Considered good | 46.52 | 45.03 |
| -Considered Doubtful | - | 0.13 |
| | 46.52 | 45.16 |
| b) Employees | 0.46 | 0.56 |
| c) Others | 0.16 | 0.20 |
| d) Others-Third Party | - | - |
| | 47.14 | 45.92 |
| Less: Provision for Bad & Doubtful Advances | - | 0.13 |
| | 47.14 | 45.79 |
| Advance Tax & TDS | 279.31 | 193.96 |
| Less : Provision for Taxation (Refer Note no. 2.10) | 112.53 | 113.61 |
| | 166.78 | 80.35 |
| TOTAL | 226.85 | 135.75 |
| Due from Directors | - | - |
| Officers | 0.51 | 0.41 |



Power System Operation Corporation Limited



Note No. 2.17/Trade receivables

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|-------------------|-------------------|
| i) Debts Outstanding for a period exceeding Six Months (Unsecured) | | |
| Considered Good | 0.20 | 0.01 |
| Considered Doubtful | - | - |
| ii) Other Debts (Unsecured) | | |
| Considered Good | 8.80 | 13.76 |
| Considered Doubtful | - | - |
| | 9.00 | 13.77 |
| Less: Provision for bad & doubtful debts | - | - |
| TOTAL | 9.00 | 13.77 |



Power System Operation Corporation Limited



Note No. 2.18/Cash and Bank Balances

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|--|-------------------|-------------------|
| 1) Cash and Cash Equivalents | | |
| Balance with Banks | | |
| -In Current Accounts / Flexi deposit Accounts | 231.87 | 322.19 |
| -In LDC Development Account | 103.63 | 114.69 |
| Cash on hand | - | - |
| Drafts/Cheques in Hand | - | - |
| Remittances in transit | - | - |
| Stamps and Imprest | - | - |
| | 335.50 | 436.88 |
| 2) Other Bank Balances | | |
| i) Earmarked Balances with Bank | | |
| -In Designated Current Accounts / Flexi Deposit accounts operated & maintained in terms of CERC regulations (Refer Note no. 2.29 of Notes to Accounts) | 60.01 | 48.33 |
| -In Current Accounts/Flexi Deposit Accounts(held on account of Third Parties under) | | |
| a)Short Term Open Access Regulation | | |
| i) CTU | 69.78 | 47.52 |
| ii) STU | 45.70 | 38.13 |
| b) PSDF Disbursement Account | 233.61 | 185.46 |
| c) PSDF Collection Account | 221.84 | - |
| -In Flexi Deposit accounts -REC | 15.74 | 12.12 |
| | 646.68 | 331.56 |
| TOTAL | 982.18 | 768.44 |



Power System Operation Corporation Limited



Note No. 2.19/Short-term loans and advances

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|-------------------|-------------------|
| A) Loans | | |
| Employees including interest accrued | | |
| Secured considered good | 1.28 | 1.33 |
| Unsecured considered good | 0.24 | 0.27 |
| | 1.52 | 1.60 |
| Total(A) | 1.52 | 1.60 |
| B) Related Party - Holding Company | | 3.76 |
| C) Advances recoverable in cash or in kind or for value to be received | | |
| a) Employees | 0.94 | 0.92 |
| b) Others | | |
| 1) Contractors & Suppliers | 11.81 | 5.94 |
| 2) In Designated A/c | 0.66 | 0.63 |
| 3) Contractors & Suppliers- REC | 0.04 | 0.10 |
| 4) Others | 1.17 | 0.46 |
| | 13.68 | 7.13 |
| Total (B) | 14.62 | 8.05 |
| Total(A+B) | 17.69 | 13.41 |
| Due from Directors | - | - |
| Officers | 0.30 | 0.30 |



Power System Operation Corporation Limited



Note No. 2.20/Other current assets

(₹ in Crore)

| Particulars | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|-------------------|-------------------|
| a) Interest accrued but not due | | |
| Interest accrued on Flexi Deposits with Bank | 5.78 | 7.93 |
| Interest accrued on Flexi Deposit with Deposits-In Designated A/c | 0.03 | 0.06 |
| Interest accrued on Flexi Deposits-REC | 0.26 | 0.24 |
| b) Others (Unbilled Revenue) | 17.77 | 13.01 |
| TOTAL | 23.84 | 21.24 |



Power System Operation Corporation Limited



Note No. 2.21/Revenue from operations

(₹ in Crore)

| Particulars | For the Year ended 31-Mar-2016 | For the Year ended 31-Mar-2015 |
|---|-----------------------------------|-----------------------------------|
| Sales of services | | |
| 1) Revenue from System and Market Operation (Gross) | 212.65 | 212.65 |
| Less: Truing up Adjustment (2015-16) ** | 75.44 | - |
| Less: Truing up Adjustment (2014-15) ** | 13.33 | 41.06 |
| Less: Truing up Adjustment (2009-14) ** | (11.02) | 15.88 |
| Net Revenue | 134.90 | 155.71 |
| 2) Short Term Open Access-Other Charges *** | 28.58 | 39.57 |
| 3) Registration Money | 1.60 | 1.80 |
| Total | 165.08 | 197.08 |

Note:

** Refer Note no. 2.33 (i) of Notes to Accounts

*** The amount Includes Priod Period items ₹ (-) 0.10 Cr in Current Year(₹ Nil in Previous Year)



Power System Operation Corporation Limited



Note No. 2.22/Other income

(₹ in Crore)

| Particulars | For the Year ended 31-Mar-2016 | For the Year ended 31-Mar-2015 |
|--|-----------------------------------|-----------------------------------|
| A) Interest Income from | | |
| Indian Banks | 40.83 | 46.95 |
| Employees Loans | 0.56 | 0.59 |
| Others | 2.37 | 0.58 |
| Total (A) | 43.76 | 48.12 |
| B) Other Non Operating Income | | |
| Consultancy Project Management and Supervision Fees | 0.25 | 0.85 |
| REC Surplus (Refer Note no. 2.35 of Notes to Accounts) | 1.06 | 3.30 |
| Deferred Income (Transferred from Grants-in-aid) | 0.24 | 0.24 |
| Surcharge | 1.24 | 0.04 |
| Liability/Provision no longer required written back | 17.90 | 0.02 |
| Miscellaneous income ** | 2.12 | 0.37 |
| Total (B) | 22.81 | 4.82 |
| TOTAL | 66.57 | 52.94 |

** The amount Includes Priod Period items ₹ 0.13 Cr in Current Year(₹ 0.18 Cr in Previous Year)



Power System Operation Corporation Limited



Note No. 2.23/Employee benefits expense (₹ in Crore)

| Particulars | For the Year ended 31-Mar-2016 | For the Year ended 31-Mar-2015 |
|---|-----------------------------------|-----------------------------------|
| Salaries wages allowances & benefits | 76.84 | 76.49 |
| Contribution to Provident and other funds | 12.06 | 8.74 |
| Staff Welfare expenses | 7.38 | 8.02 |
| TOTAL | 96.28 | 93.25 |



Power System Operation Corporation Limited



Note No. 2.24/Finance costs

(₹ in Crore)

| Particulars | For the Year ended 31-Mar-2016 | For the Year ended 31-Mar-2015 |
|--|-----------------------------------|-----------------------------------|
| A) Interest on Loan from | | |
| Foreign Banks and Financial Institutions | - | - |
| Secured/Unsecured redeemable Bonds | - | - |
| Interest on Truing Up | 2.82 | 22.62 |
| Others | 0.27 | 0.54 |
| | 3.09 | 23.16 |
| B) Other Borrowing Cost | | |
| Guarantee Fee | - | - |
| Other finance charges | - | 0.01 |
| | - | 0.01 |
| C) Foreign Exchange Rate Variation | 6.71 | 6.27 |
| Less: Recoverable from Beneficiaries at the time of Truing Up (Refer Note no. 2.33 (vii) of Notes to Accounts) | 6.71 | 6.27 |
| TOTAL | 3.09 | 23.17 |



Power System Operation Corporation Limited



Note No. 2.25/Depreciation and amortization expense

(₹ in Crore)

| Particulars | For the Year ended 31-Mar-2016 | For the Year ended 31-Mar-2015 |
|--|-----------------------------------|-----------------------------------|
| Depreciation/Amortization-Tangible Assets ** | 5.37 | 5.31 |
| Amortization-Intangible Assets | 4.06 | 2.63 |
| Total | 9.43 | 7.94 |

** The amount Includes Priod Period items ₹ 0.01 Cr in Current Year(₹ Nil in Previous Year)



Power System Operation Corporation Limited



Note No. 2.26/Other Expenses

(₹ in Crore)

| Particulars | For the Year ended 31-Mar-2016 | For the Year ended 31-Mar-2015 |
|--|--------------------------------|--------------------------------|
| Repair & Maintenance | | |
| Buildings | 2.08 | 0.72 |
| Plant & Machinery | | |
| RLDCs | 7.06 | 16.98 |
| Others ** | 4.25 | 3.66 |
| | 11.31 | 20.64 |
| System and Market Operation Charges | | |
| Power charges | - | 4.17 |
| Training & Recruitment Expenses | 4.34 | 4.22 |
| Communication expenses *** | 2.36 | 2.22 |
| Travelling & Conv.exp.(excluding foreign travel) | 1.52 | 1.07 |
| Foreign travel | 3.51 | 3.86 |
| | 0.47 | 0.44 |
| | 3.98 | 4.30 |
| Statutory Audit Fees | 0.14 | 0.10 |
| Tax Audit Fees | 0.03 | 0.02 |
| Research & Development Expenses | 0.21 | - |
| Rent | 0.04 | - |
| Miscellaneous expenses **** | 7.48 | 5.84 |
| Security Expenses | 3.67 | 3.36 |
| Insurance Expenses | 0.07 | 0.07 |
| Rates & Taxes | 0.07 | 0.01 |
| Expenditure on Corporate Social Responsibility (CSR) | 1.90 | 1.92 |
| Rebate to Customers | 2.33 | 2.34 |
| | 41.53 | 51.00 |
| Loss on Disposal/Write off of Fixed Assets | 0.09 | 0.08 |
| Total | 41.62 | 51.08 |

** The amount Includes Priod Period items ₹ 0.01 Cr in Current Year(₹ 0.01 Cr in Previous Year)

*** The amount Includes Priod Period items ₹ 0.12 Cr in Current Year(₹ Nil in Previous Year)

**** The amount Includes Priod Period items ₹ 0.12 Cr in Current Year(₹ 0.25 Cr in Previous Year)





NOTE NO: 2 - Notes to Account

2.27 Nature Of Operations:-

The company (Power System Operation Corporation Limited) was incorporated on 20th March 2009 as a wholly owned subsidiary of the Power Grid Corporation of India Limited (POWERGRID); a Government of India Enterprise, to take over the business of System Operations and Market Operations, which were earlier, carried out by the Holding Company. Govt. of India (GOI) has approved for setting up of POSOCO as a wholly owned Government Company vide OM No. 18/2/2015 PG, Dated 25/03/2015. The Process for transfer of employees from POWERGRID to POSOCO and transfer of POWERGRID's investment in equity of POSOCO to GOI is under implementation.

POSOCO is responsible for the following operations:-

- i. To supervise and control all aspect concerning operations and manpower requirement of NLDC and RLDCs
- ii. To act as the apex organisation for human resources requirement of NLDC and RLDCs.
- iii. To ensure planning and implementation of infrastructure required for smooth operation and development of NLDC and RLDCs.
- iv. To coordinate the functioning of NLDC and all RLDCs.
- v. To advise and assist state level Load Despatch Centres, including specialized trainings etc.
- vi. To perform any other function entrusted to it by the Ministry of Power.

2.28 As per the memorandum of understanding consequent upon sale of moveable assets to POSOCO, all operations and transactions (billing and banking) carried, on or after October 1, 2010 by the RLDCs and NLDC, in the name of Holding Company are deemed to have been carried on behalf of POSOCO.

2.29 **Unscheduled Interchange Pool Account Fund (UI), Congestion Charge Account, Congestion Revenue Account, Deviation Pool Account Fund, Reactive Energy Charges Account(RE) and Inter Regional Exchange Account(IRE)**

The Central Electricity Regulation Commission vide following regulations has directed the National and Regional Load Dispatch Centres in each region to operate and maintain Unscheduled Interchange Pool Account Fund, Congestion Charge Account, Congestion Revenue Account, Reactive Energy Charges Account, Deviation Pool Account Fund & Inter Regional Exchange Account(IRE).

NLDC/RLDC's have been assigned the function to maintain various regulatory fund accounts under the respective regulations issued by Central electricity regulatory commission. NLDC/RLDC's are to manage these funds as the custodian of these funds as nodal agents till some other entity is identified. The residual from these funds are to be transferred to Power System Development Fund (PSDF) created under Central Electricity Regulatory Commission (PSDF) Regulations, 2010 which has been subsequently repealed after notification of PSDF Regulations 2014.

All payments on account of Unscheduled Interchange charges including Additional Unscheduled Interchange charges levied and interest, if any, received for late payment are credited to the fund called the "Regional Unscheduled Interchange Pool Account Fund", maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity Regulatory Commission (Unscheduled Interchange charges and related matters) Regulations.

The new CERC Regulations on Deviation Settlement Mechanism has come into force w.e.f. 17.2.2014. As per provisions of the Regulations, RLDCs are required to operate and maintain "Regional Deviation Pool Account Fund", where all payments on account of deviations are to be credited. Further disbursement to the entities entitled to receive payment under Deviation Settlement Mechanism is also made from the fund.

"On commencement of these Regulations, the "Regional Unscheduled Interchange Pool Account Fund" shall continue to operate till the UI accounts settlement for the period prior to commencement of these Regulations is completed and balance if any, in UI Pool account shall be transferred to the Power System Development Fund."

Thus the UI Accounts would also continue to be maintained by RLDCs till complete settlement .

All payments on account of Congestion Charges and interest, if any, received for late payment are credited





to the fund called "Congestion Charge Account", maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations.

All payments on account of Congestion revenue received from Power Exchanges as a consequence of market split in accordance of power Market Regulation and interest if any are credited to the Fund called congestion Revenue Account.

All payments on account of Reactive Energy Pool Account are credited to the fund called "Reactive Energy Account", maintained and operated by the Regional Load Despatch Centres in accordance with provisions of Central Electricity Regulatory Commission. These funds are equally matched with fund balance in the bank accounts in the current account and fixed deposit accounts except for difference due to interest accrued and TDS on interest, which are funded on refund of TDS by the Income Tax Deptt.

As on 31/03/2016, the total balance in these designated bank accounts was amounting to ₹59.91 Crore as against the liability in these funds amounting to ₹67.68 Crore. The net difference in the Liability and the designated bank accounts amounting to ₹7.77 Crore on account of the Interest accrued and TDS on interest.

2.30 Load Despatch Centre Development Fund (LDCD Fund)

The Load Despatch Centre Development Fund (LDCD Fund) is created in accordance with (CERC Fee & Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015.

As per clause 2 of Regulation 12, the charges on account of return on equity, interest on loan, depreciation of the Regional load Despatch Centres and National Load Despatch Centre including registration fee and clause no. 1 of regulation 24, balance amount of other income like short term open access charges and REC Charges etc shall be deposited in to the LDCD Fund after meeting the statutory tax requirements. The fund shall be utilised as per clause 3 of Regulation 12, for creation of new assets, loan repayment, servicing the capital raised in the form of interest and dividend payment, meeting stipulated equity portion in asset creation, margin money for raising loan from the financial institutions and funding of R&D projects and contingency expenses as per clause 2 of regulation 24.

POSOCO has filed a petition No. 222/MP/2015 for relaxation of Regulation 12(3) of CERC (Fee & Charges of RLDCs and other related matters) Regulations 2015 to allow petitioner to utilize the LDCD Fund for funding of training for system operators from SLDC, funding of Corporate Social Responsibility (CSR) activities.

Addition/Deduction in the LDCD Fund

i) The CERC has issued truing up orders for RLDCs and NLDC for the block period 2009-14. In accordance with these orders LDCD Fund has decreased by ₹14.34 Crore to ₹110.42 Crore till 31.03.2014.

ii) During the current year, CERC has issued RLDC fees & charges Regulation for the period from 2014-19. Based on the Regulation, LDCD fund for F.Y 2014-15 has been recalculated and the LDCD fund has increased by ₹5.56 Crore.

iii) During the year revenue on account of Return on Equity, Interest on Loan, Depreciation including registration fee amounting to ₹7.23 Crore and other income amounting to ₹71.26 Crore comprising mainly of STOA and interest income is required to be deposited in LDCD Fund in terms of CERC Regulation. The fund has been utilized towards Training of ₹0.53 Crore, Security Consultant of ₹1.70 Crore, Corporate Social Responsibility Exp. of ₹1.90 Crore, Statutory tax requirements of ₹23.13 Crore, dividend (including dividend tax) of ₹5.78 Crore, R&D Exp. ₹0.21 Crore & Capex of ₹39.04 Crore resulting in net accretion by ₹6.20 Crore to the Fund.

A sum of ₹103.63 Crore is lying in the designated bank account against LDCD Fund of ₹156.38 Crore as on 31.03.2016. Thus amount required to be contributed during FY 2016-17 is ₹52.75 Crore.

2.31 The CERC while giving approval under sub-section (4) of section 28 of the Electricity Act 2003, read with the CERC (Fees and charges of Regional Load Despatch Centre and other related matters) Regulations for the RLDCs charges has stated that at present the System Operation is not subject to service tax.

2.32 No Capital expenditure was incurred on assets not owned by the company during FY 2015-16.





- 2.33 i) In exercise of powers u/s 178 of the Electricity Act 2003, the Central Electricity Regulatory Commission (CERC) notifies the CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations for determining of charges. Pending notification for the control period 2014-19, CERC has issued an order dated 05.05.2014 against the Petition No. 80/MP/2014 filed by NLDC and RLDCs. As per the order, CERC has directed NLDC and RLDCs to continue to bill and recover monthly fees and charges at the rate as applicable for the month of March 2014 till further orders.

In respect of System and Market Operation charges ₹77.75 Crore (Previous Year ₹56.94 Crore) without FERV, has been de-recognized from income during the year and the same is transferred to the liability, to be paid in following Financial Year as per Accounting Policy note no. 1.11.1 regarding revenue recognition.

The CERC has issued Truing-up orders of Fee & Charges of RLDC & and NLDC for the Control Period 2009-14. The difference of truing up liability already created and actual truing up liability as per Truing-up orders for the Control period 2009-14 has been adjusted in the current Financial Year. The current year revenue from operation includes ₹11.02 Crore due to above adjustment. Also, interest liability has been written back in current financial year amounting ₹14.23 Crore.

The truing up liability in the current financial year includes ₹13.33 Crore pertaining to financial year 2014-15 after considering the equity deployment and assets allowed by CERC as on 31.03.2014 in the truing up order for block 2009-14.

- ii) Human Resource and Operation & Maintenance Expense components of tariff are accounted on the basis of actual expenditure. These expenses incurred are allowed as per CERC Regulations subject to truing up after the end of control period i.e. 2014-19. On the petition filed by the company, CERC vide order dated 28th September 2012 has directed that "Any additional legitimate HR expenses over and above that approved by the Commission in it's various tariff orders may be temporarily met by the petitioner out of the LDC Development Fund which will be recouped at the time of truing up." Accountings of these expenditures are in accordance with the opinion given by the Expert Advisory Committee of the ICAI.

- iii) POSOCO has filed a petition No. 222/MP/2015 for relaxation of Regulation 12(3) of CERC (Fee & Charges of RLDCs and other related matters) Regulations 2015 (RLDC Fee & Charges Regulation) to allow petitioner to utilize the LDCD Fund for funding of training for system operators from SLDC, funding of Corporate Social Responsibility (CSR) activities and delete the word Depreciation from Regulation 12 and to allow the computation of the same in accordance with the provisions of Regulation 19 of the RLDC fees & Charges regulations.

As these were allowed in the earlier RLDC Fee & Charges regulations 2011 for Control Period 2009-14. Therefore POSOCO has continued the practice on the above issues till the disposal of said petition.

- iv) During the year old unclaimed Security Deposit, Retention to capital cost and Dead Cheques amounting to ₹1.73 Crore lying since more than 3 Years have been transferred to Other Miscellaneous Receipts.

- v) Till previous year the Company was capitalizing the mobile phones and charging depreciation. But from F.Y 2015-16, the Mobile phones are charged off in the year of purchase as communication expense. Consequently, the communication expense for the Current financial year has increased by ₹0.15 Crore.

- vi) The management has estimated the useful life of Desktop and laptops. Accordingly, the rates of depreciation have been modified from 15% to 20% and 20% to 25% respectively. Consequently, the depreciation has increased by ₹0.12 Crore.

- vii) Total FERV allocated by POWERGRID on IBRD II & III till 31.03.2016 is ₹66.76 Crore (up to Previous year ₹58.23 Crore). During the current F.Y 2015-16 out of ₹8.53 Crore of total FERV the Company has considered FERV of ₹6.71 Crore based on actual payment of IBRD-II & III loan recoverable from constituents in line with regulations of CERC and the same shall be considered by CERC.

- viii) As per Central Electricity Regulatory Commission (Open Access in Inter State Transmission), Regulation 2008, Transmission & Operating Charges are collected for providing Short term Open Access by the Company which are reimbursable to Long term Beneficiaries. Such Charges remain with the company for the period up to Approx. three Months. Interest earned on Short Open Access (STOA) Bank Account is being treated as Income of Company & the same is being transferred to LDC



Power System Operation Corporation Limited



Development fund as per CERC Regulation 2015 .The Company sought clarification from CERC regarding treatment followed by the Company on Interest earned on STOA bank Account. Pending clarification from CERC, the Company has followed the same treatment as in earlier years.

2.34 Other income includes ₹0.24 Crore (Previous Year ₹0.24 Crore) being the amount transferred from Grants-in-aid received (as per accounting policy note no: 1.4).

2.35 NLDC is required to maintain separate books of account of the REC Mechanism. At the year end the assets, liabilities and surplus of REC Mechanism based on audited accounts have been merged in the books of account of the company with the concurrence of Central Electricity Regulatory Commission (CERC).

Surplus before tax of REC Mechanism to the tune of ₹1.06 Crore (Previous Year ₹3.30 Crore) has been accounted for in the books of accounts of the company during the year. Income Tax provisions of ₹0.37 Crore (Previous Year ₹1.12 Crore) has been made against the above surplus. Surplus after provisions of Income Tax amounting to ₹0.69 Crore (Previous Year ₹2.18 Crore) is transferred to REC fund. It shall be utilized only for the expenses allowed under CERC Regulation, 2015.

2.36 a) Trade receivables and TDS receivables are subject to reconciliation, confirmation and consequential adjustments. In the opinion of management, the financial impact, if any, will not be material.

b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

2.37 Provisions for Performance Related Pay (PRP) amount ₹10.96 Crore has been created vide Circular No.K/HR/IE08/0546 Dated 20.05.2015 for Executives, Circular No.K/HR/IE08/0536&537 Dated 07.05.2013 for Workman and Supervisors.

2.38 **Accounting Standard-15 'Employee Benefits'.**

The information under this clause has been provided on estimated basis based on the actuarial valuation from Actuary Valuer.

All the employees of POSOCO are on secondment basis from its Holding Company "Power Grid Corporation of India Ltd". Above employees shall continue to draw pay and allowances and other facilities as they have been drawing with POWERGRID and shall be subject to rules and policies as applicable to them in POWERGRID before their transfer to POSOCO except incentives, which shall be protected through special allowance at the rate as would have been admissible as if they were continuing their service with POWERGRID.

Defined Benefit Plan:-

Defined Employee Benefit Schemes are as under:-

A **Provident Fund**

Company pays fixed contribution to Provident Fund at a predetermined rate to a separate trust managed by the Holding Company in the name of Power Grid Employees Provident Fund Trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authority. The contribution to the fund for the period is recognized as expense and is charged to statement of profit and loss. The obligation of the company is limited to such fixed contribution and to ensure a minimum rate of interest on contribution to the members as specified by GOI. The fair value of the assets of the provident fund including the return on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan.

B **Gratuity**

The company has a defined benefit gratuity plan with a separate trust maintained by the Holding Company in the name of the Power Grid Employees Gratuity Fund Trust. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation,





termination, disablement or on death subject to a maximum of ₹10 Lacs. The scheme is funded by the company and is managed by a separate trust managed by the Holding Company. The liability for the same is recognised on the basis of actuarial valuation on annual basis at Balance Sheet date.

C Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in statement of profit and loss on the basis of actuarial valuation on annual basis at Balance Sheet date.

D Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in statement of profit and loss on the basis of actuarial valuation on annual basis at Balance Sheet date.

E Other Employee Benefits

Provision for Leave Encashment for the year amounting to ₹6.12 Crore (Previous Year ₹6.47 Crore) up to 31st March 2016 has been made on the basis of actuarial valuation for the employees.

F Defined Contribution Plan-Pension

The company has scheme of Employees Defined Pension Contribution plan. Company contribution is paid to managed by the Holding Company Trust. Amount of contribution paid/payable for the year is ₹6.50 Crore (Previous year ₹3.65 Crore) has been recognised as expense and is charged to Statement of Profit & Loss.

G The summarised position of various defined benefits recognized in the statement of profit and loss, Balance Sheet and the present value status are as under :-

a) Expenses recognized in Profit and Loss Account

(₹ in Crore)

| | GRATUITY | | PRMF | | ODRB | | Leave Encashment | |
|---|----------|--------|------|------|--------|--------|------------------|------|
| | CY | PY | CY | PY | CY | PY | CY | PY |
| Current Service Cost | 1.38 | 1.24 | 0.44 | 0.41 | 0.04 | 0.04 | 1.46 | 1.10 |
| Interest cost on benefit obligation | 1.90 | 2.03 | 1.12 | 1.01 | 0.07 | 0.07 | 1.37 | 1.65 |
| Expected return on plan assets | (2.17) | (2.03) | - | - | - | - | - | - |
| Net actuarial (gain)/loss recognized in the year | (0.86) | (1.26) | 1.15 | 1.24 | (0.00) | (0.07) | 3.29 | 3.72 |
| Expenses recognized in the Profit and Loss a/c. | 0.25 | (0.02) | 2.71 | 2.66 | 0.11 | 0.04 | 6.12 | 6.47 |

b) The amount recognized in the Balance Sheet

(₹ in Crore)

| | GRATUITY | | PRMF | | ODRB | | Leave Encashment | |
|---|----------|-------|-------|-------|------|------|------------------|-------|
| | CY | PY | CY | PY | CY | PY | CY | PY |
| (i) Present value of obligation as at 31/03/2016 | 24.24 | 23.73 | 15.88 | 14.02 | 0.89 | 0.86 | 20.71 | 17.08 |





| | | | | | | | | |
|--|--------|--------|---------|---------|--------|--------|---------|---------|
| (ii) Fair value of plan assets as at 31/03/2016 | 29.18 | 27.14 | - | - | - | - | - | - |
| Difference | (4.94) | (3.41) | (15.88) | (14.02) | (0.89) | (0.86) | (20.71) | (17.08) |
| Net Asset(Liability) recognized in Balance Sheet | (4.94) | 3.41 | (15.88) | (14.02) | (0.89) | (0.86) | (20.71) | (17.08) |

(*)The fund is maintained with the POWERGRID Employees Gratuity Fund Trust. Difference, if any in the plan assets is shown in the books of the Holding Company as a whole for employees of POWERGRID Corporation of India Ltd. and employees of Power System Operation Corporation Ltd.

c) Changes in the Present Value of the Defined Benefit obligations:

| | (₹ in Crore) | | | | | | | |
|--|--------------|--------|--------|--------|--------|--------|------------------|--------|
| | GRATUITY | | PRMF | | ODRB | | Leave Encashment | |
| | CY | PY | CY | PY | CY | PY | CY | PY |
| Present value of obligation as at 31/03/2015 | 23.73 | 23.90 | 14.02 | 11.96 | 0.86 | 0.85 | 17.06 | 19.92 |
| Interest cost | 1.90 | 2.03 | 1.12 | 1.01 | 0.07 | 0.07 | 1.37 | 1.65 |
| Current Service Cost | 1.38 | 1.24 | 0.44 | 0.41 | 0.04 | 0.04 | 1.46 | 1.10 |
| Benefits paid | (1.78) | (2.33) | (0.85) | (0.60) | (0.08) | (0.03) | (2.49) | (9.33) |
| Net actuarial (gain)/loss on obligation | (0.99) | (1.11) | 1.15 | 1.24 | (0.00) | (0.07) | 3.30 | 3.72 |
| Present Value of obligation as at 31/03/2016 | 24.24 | 23.73 | 15.88 | 14.02 | 0.89 | 0.86 | 20.71 | 17.06 |

Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected Unit Credit (PUC)
- Discount rate – 8% (Previous period 8%)
- Expected rate of return on assets (Gratuity only) – 8% (Previous period 8%)
- Future salary increase- 6.5% (Previous period 6.5%)

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

H Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2016 are not given in view of the fact, that the Fund is maintained with POWERGRID Employees Gratuity Fund Trust as a whole for employees of Power Grid Corporation of India Ltd and employees of Power System Operation Corporation India Ltd. on secondment basis.

2.39 Segment Reporting

The company's principle business is Power System and Market Operation. The Company operates within India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment.





Power System Operation Corporation Limited

2.40 Related Party Disclosures

A) Joint Ventures with Holding Company:-

- i) Powerlinks Transmission Limited.
- ii) Torrent Power Grid Limited.
- iii) Jaypee Power Grid Limited.
- iv) Parbati Koldam Transmission Company Ltd.
- v) Teestavalley Power Transmission Limited.
- vi) North East Transmission Company Limited.
- vii) National High Power Test Laboratory Private Limited.
- viii) Energy Efficiency Services Limited.
- ix) Bihar Grid Company Limited.
- x) Kalinga Bidyut Prasaran Nigam Private Ltd.
- xi) Cross Border Power Transmission Company Ltd.
- xii) Power Transmission Company Nepal Ltd
- xiii) RINL Powergrid TLT Pvt Ltd.

B) Subsidiaries of Holding Company:-

- i) Powergrid NM Transmission Limited
- ii) Powergrid Vemagiri Transmission Limited
- iii) Powergrid Vizag Transmission Limited
- iv) Powergrid Unchahar Transmission Limited
- v) Powergrid Kala Amb Transmission Limited
- vi) Powergrid Jabalpur Transmission Limited
- vii) Powergrid Warora Transmission Limited
- viii) Powergrid Parli Transmission Limited
- ix) Powergrid Southern interconnector Transmission System Limited
- x) Grid Conductors Limited

C) Holding Company:-

Power Grid Corporation of India Limited

D) Power System Development Fund (PSDF)

i) ₹2980.99 Crore (P.Y ₹9112.35 Crore) has been transferred to PSDF Public account during FY 2015-16. Total amount transferred to Public account till 31st March 2016 is ₹12950.71 Crore.

ii) The Govt of India has released ₹175 Crore (P.Y ₹185.46 Crore) as grant for disbursement under various approved schemes during F.Y 2015-16 . Funds received from Govt upto 31st March 2016 for funding of projects is ₹360.46 Crore. Out of this, ₹138.83 Crore has been disbursed during FY 2015-16.

E) Key Management Personnel

- | | |
|---------------------------|-------------------|
| i) Shri S.K.Soonee | CEO |
| ii) Shri M.K.Gupta | CFO |
| iii) Smt Priti Chaturvedi | Company Secretary |

Remuneration to Key Management Personnel is ₹1.02 Crore and amount outstanding to the company as on 31st March, 2016 is nil.

Board of Directors comprises of following-

- | | |
|--------------------------------------|------------------------------|
| i) Shri I.S.Jha | Chairman (w.e.f.01.10.2015) |
| ii) Shri Ravi P.Singh | Director (w.e.f. 29.02.2016) |
| iii) Smt Jyoti Arora | Director |
| iv) Shri Major Singh | Director (w.e.f. 05.01.2016) |
| v) Shri Jagdishbhai Ishwarbhai Patel | Director (w.e.f. 08.02.2016) |
| vi) Shri R.N.Nayak | Chairman (up to 30.09.2015) |
| vii) Shri R.T.Agarwal | Director (up to 16.03.2016) |
| viii) Dr. K.Ramalingam | Director (up to 15.01.2016) |





F) Transactions with the Powergrid Corporation of India Ltd - Holding Company are as follows:

| Particulars | ₹ in Crore | |
|--|--------------|---------------|
| | Current Year | Previous Year |
| RLDC Fee and charges billed to POWERGRID | 11.92 | 17.17 |
| Other payments/transactions with the Company | 1.71 | 1.81 |
| Dividend | 15.32 | 15.32 |
| Amount Payable | 57.27 | 47.12 |

G) Director's sitting fee including service tax ₹0.03 Crore (Previous Year ₹0.04 Crore) for independent directors.

2.41 Disclosures regarding Leases

Operating Leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees and office use, are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹4.53 Crore (Previous Year ₹4.56 Crore) towards lease payments net of recoveries in respect of premises for residential use of employees.

2.42 Earning Per Share calculated in accordance with the provisions of AS-20

| Numerator | As at 31.03.2016 | As at 31.03.2015 |
|--|------------------|------------------|
| | (FY 2015-16) | (FY 2014-15) |
| Profit after tax as per Profit and Loss Account (Used as Numerator (₹ in Crore) excluding net surplus of REC). | 54.86 | 45.86 |
| Denominator | | |
| -Number of Equity Shares (Face value of ₹10/- each) | 30640000 | 30640000 |
| -Number of Shares allotted during the year | - | - |
| -Weighted Average number of equity shares for calculating Basic Earning Per Share | 30640000 | 30640000 |
| -Weighted Average number of equity shares for calculating Diluted Earning Per Share | 30640000 | 30640000 |
| -Basic Earning Per Share (₹/ per share) (Face value of ₹10/- each) | 17.90 | 14.97 |
| -Diluted Earning Per Share (₹/ per share) (Face value of ₹10/each) | 17.90 | 14.97 |

2.43 During the year company has ₹(-)3.94 Crore (Previous Year ₹18.61 Crore) as net deferred tax assets. Major components of deferred tax assets are given as under:-

| Particulars | ₹ in Crore | |
|--|--------------------------|--------------------------|
| | Balance as at 31.03.2016 | Balance as at 31.03.2015 |
| Deferred Tax Liability | | |
| Towards Depreciation(Diff. of WDV as per Income Tax and Books) (A) | 11.13 | 4.85 |
| Deferred Tax Asset | | |
| Liabilities towards 43B incl. Wage Revision Provision | 7.17 | 15.70 |
| Other Provisions | 0.02 | 0.07 |
| Towards Interest on Truing-up of income | - | 7.69 |
| Sub Total (B) | 7.19 | 23.46 |
| Net Deferred Tax Assets (B-A) | (3.94) | 18.61 |





- 2.44** In accordance with Accounting Standard (AS-28) "Impairment of Assets", impairment analysis of assets of transmission activity & telecom activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 & 2006-07 (during POWERGRID time). The company has assessed as on the balance sheet date whether there are any indications with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore no formal estimate of recoverable amount has been made. Accordingly, no impairment loss has been provided in the books of account.
- 2.45** DPE has directed to include Corporate Social Responsibility (CSR), Sustainable Development (SD) and R&D Expenditure out of the profit of the company as a percentage of profit after tax. These expenses have been allowed by CERC against the petition filed by the company.

The Gross amount required to be spent by the Company on CSR expenses during the F.Y. 2015-16 was ₹1.90 Crore. The unspent amount of previous F.Y. 2014-15 was ₹0.01 Crore. The Company has spent the amount during the current year on :

| (₹ in Crore) | | | | |
|--------------|---|---------|------------------------|-------|
| Sr. No. | Particulars | In Cash | Yet to be paid in cash | Total |
| (i) | Providing Solar Home Lighting Solutions in the backward areas of the country | 0.49 | - | 0.49 |
| (ii) | Promoting research and studies related to Power Systems in the engineering institutions | 0.33 | - | 0.33 |
| (iii) | Setting up of Toilets in Govt. Schools in Meghalaya | 0.60 | - | 0.60 |
| (iv) | Procurement of RECs | 0.40 | 0.09 | 0.49 |
| | TOTAL | 1.82 | 0.09 | 1.91 |

- 2.46** Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹11.68 Crore (Previous Year ₹21.30 Crore).
- 2.47** Disclosure in respect of contingent liabilities as required in Accounting Standard 29 of 'Provisions, Contingent Liabilities and Contingent Assets issued by Institute of Chartered Accountants of India.

Contingent Liabilities:

(i) Demand of Rent for the office and staff quarters accommodation raised by the WRPC, Mumbai till date is ₹11.03 Crore (Previous Year ₹9.03 Crore), which was disputed by the company and company has sought for the transfer of the ownership of office accommodation and residential quarters before the Ministry of Power, Govt. of India. However, no decision has come so far.

(ii) In respect of Assessment Year 2011-12, the Company has filed an appeal with Income Tax Appellate Tribunal(ITAT) against the order of CIT (Appeals) for disallowing interest on borrowing for ₹0.32 Crore. Except for the said amount all other additions made by Assessing Officer(AO-IT Deptt.) have been deleted from income by CIT (Appeals). AO-IT Deptt. has also filed an appeal with ITAT against the order of CIT (Appeals) for disallowing the additions made by him i.e. for ₹1973.33 Crore. The additional tax liability of ₹879.29 Crore shall be dependent on the order of ITAT. No provision has been made in books of account for this amount.

(iii) In respect of Assessment Year 2012-13, the Company has filed an appeal with Income Tax Appellate Tribunal(ITAT) against the order of CIT (Appeals) for disallowing the expense of cash rebate to customers for ₹0.09 Crore. Except for the said amount all other additions made by Assessing Officer (AO-IT Deptt.) have been deleted from income by CIT (Appeals). AO-IT Deptt. has also filed an appeal with ITAT against the order of CIT (Appeals) for disallowing the additions made by him i.e. for ₹1110.36 Crore. The additional tax liability of ₹486.26 Crore shall be dependent on the order of ITAT. No provision has been made in books of account for this amount.

(iv) In respect of Assessment Year 2013-14 a demand of ₹496.86 Crore have been raised by the assessing officer under section 143(3) of the Income Tax Act 1961. The company has preferred an appeal before Ld. CIT (A) against the assessment order, which is pending. The company is hopeful that the demand will be deleted since for Assessment year 2011-12 and 2012-13 in company's own case on same issue relief was allowed by CIT (A). Hence no provision has been made for tax demand.





Power System Operation Corporation Limited

(v) Impact of pending litigation cases on the financial statements – Nil.

(vi) Material foreseeable losses on long term contracts – Nil.

2.48 a) VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in Crore)

| | Current Year | Previous Year |
|------------------|--------------|---------------|
| i) Capital Goods | Nil | Nil |
| ii) Spare Parts | Nil | Nil |

b) EXPENDITURE IN FOREIGN CURRENCY :

(₹ in Crore)

| | Current Year | Previous Year |
|-------------------------|--------------|---------------|
| i) Repair & Maintenance | 0.14 | 0.89 |
| ii) Foreign Travel | 0.56 | 0.50 |
| iii) Others | 0.80 | 4.55 |

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

(₹ in Crore)

| | % | Current Year | % | Previous Year |
|---------------------------------|---|--------------|------|---------------|
| i) Imported | | Nil | Nil | Nil |
| ii) Indigenous (including fuel) | | Nil | 100% | Nil |

d) EARNINGS IN FOREIGN EXCHANGE :

(₹ in Crore)

| | Current Year | Previous Year |
|--------|--------------|---------------|
| Income | Nil | Nil |

2.49 a) Figures have been rounded off to nearest Rupees in Crore up to two decimal.

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




 (M.K.Gupta) Chief Finance Officer (Priti Chaturvedi) Company Secretary (S.K.Soonee) Chief Executive Officer



 (Ravi P.Singh) Director (I.S.Jha) Chairman
 DIN 05240974 DIN 00015615

As per our report of even date

For J C Bhalla & Co.
Chartered Accountants
Regn. No. : 001111N


 (Akhil Bhalla)
Partner
Chartered Accountants
M.No.: 505002

For S K Patodia & Associates
Chartered Accountants
Regn. No. : 112723W


 (Sharwan Kumar Aggarwal)
Partner
Chartered Accountants
M.No.: 513558

Place : New Delhi
Date : 26-May-2016

J.C. Bhalla & Co
Chartered Accountants
B-17, Maharani Bagh,
New Delhi - 110065
India

S.K. Patodia & Associates
Chartered Accountants
Shree Shakambhari Corporate Park
156 - 158, Chakravarty Ashok Society,
J B Nagar Andheri (E). Mumbai - 99,
India.

INDEPENDENT AUDITORS' REPORT

To the Members of Power System Operation Corporation Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Power System Operation Corporation Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and



auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by this Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. In terms of section 143(5) of the Act, we give in Annexure 2 a statement on the directions issued under the aforesaid section by the Controller and Auditor General of India.
3. As required by Section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with in this report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. Ministry of Corporate Affairs vide notification no. G.S.R. 463(E) dated June 05, 2015 exempted government company from the requirement of section 164(2) of the Act. Therefore, section 143(3)(g) of the Act is not applicable to the company;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 3 to this report.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements. Refer Note No. 2.47 of the financial statements;
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For J.C. Bhalla & Co.
Chartered Accountants
FRN : 001111N



Akhil Bhalla
Partner
Membership No.505002

Place : New Delhi
Date : 26.05.2016



For S K Patodia & Associates
Chartered Accountants
FRN : 112723W



Sharwan Kumar Agarwal
Partner
Membership No.513558

Place : New Delhi
Date : 26.05.2016



Annexure 1 to Independent Auditors' Report of even date of the financial statement of Power System Operation Corporation Ltd.

Referred to in paragraph 1 of the Independent Auditors' Report of even date under the heading "Report on Other Legal and Regulatory Requirements" to the members of Power System Operation Corporation Ltd. on the financial statements as of and for the year ended March 31, 2016.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year. As explained to us, no material discrepancies were noticed on such verification as compared to the book records. In our opinion the frequency of verification is reasonable having regard to the size of the company and nature of its activities.
 - (c) The Company does not have any purchased or allotted land or land & building together whether freehold or leasehold. Accordingly, clause 3(i)(c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
2. According to the information and explanation given to us, the Company does not have any Inventory in the books. Accordingly, clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
3. According to intimation and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act. Accordingly, clauses 3(iii)(a), 3(iii)(b) & 3(iii)(c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
4. According to the information and explanations given to us and in our opinion the Company has not advanced any loan, investment, guarantee or security to any person as specified under section 185 and section 186 of the Act. Accordingly, clause 3(iv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
5. The Company has not accepted any deposits from the public under the provisions of Sections 73 to 76 of the Act or other relevant provisions of the Act and rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act. Accordingly, clause 3(vi) is not applicable to the company.
7. (a) According to the information and explanations given to us and on the basis of our verification of records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at



March 31, 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of sales tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute. Disputed income tax which have not been deposited on account of matters pending before appropriate authorities is as under:

| S. No. | Name of the Statute | Nature of Dues | Amount (Rs. In Crores) | Amount Paid (Rs. In Crores) | Period to which it relates | Forum where Dispute is pending |
|--------|----------------------|----------------|------------------------|-----------------------------|----------------------------|--------------------------------------|
| 1 | Income Tax Act, 1961 | Income Tax | 879.29 | Nil | A/Y 2011-12 | Income Tax Appellate Tribunal |
| 2 | Income Tax Act, 1961 | Income Tax | 486.26 | Nil | A/Y 2012-13 | Income Tax Appellate Tribunal |
| 3 | Income Tax Act, 1961 | Income Tax | 496.86 | Nil | A/Y 2013-14 | Commissioner of Income Tax (Appeals) |

8. According to the information and explanations given to us, the Company has not taken any loan from financial institution, bank, government or debenture holders. Accordingly, clause 3(viii) is not applicable to the company.
9. In our opinion and according to information and explanation given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, clause 3(ix) is not applicable to the company.
10. During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanation given to us, the company has not paid/ provided managerial remuneration during the year. Accordingly, clause 3(xi) of the Companies (Auditors Report) Order, 2016 is not applicable.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Companies (Auditors Report) Order, 2016 is not applicable.



13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Companies (Auditors Report) Order, 2016 is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Companies (Auditors Report) Order, 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For J.C. Bhalla & Co.
Chartered Accountants
FRN : 001111N



Akhil Bhalla
Partner
Membership No.505002

Place : New Delhi
Date : 26.05.2016



For S K Patodia & Associates
Chartered Accountants
FRN : 112723W



Sharwan Kumar Agarwal
Partner
Membership No.513558

Place : New Delhi
Date : 26.05.2016



ANNEXURE - 2

J.C. Bhalla & Co
Chartered Accountants
B-17, Maharani Bagh,
New Delhi - 110065
India

S.K. Patodia & Associates
Chartered Accountants
Shree Shakambhari Corporate Park
156 - 158, Chakravarty Ashok Society,
J B Nagar Andheri (E). Mumbai - 99, India.

Report under Section 143 (5) of the Companies Act, 2013 in respect of POWER SYSTEM OPERATION CORPORATION LTD. on the Accounts for the year ended 31st March, 2016.

| | |
|--|--|
| 1. Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available. | The Company does not own any Land. Thus, Not Applicable. |
| 2. Whether there are any cases of waiver/write off of debts/loans/interest etc. If yes, the reasons thereof and amount involved. | Nil |
| 3. Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Government or other authorities. | There are no inventories lying with third party and proper records are maintained for assets received as gift/grant(s) from the Government or other authorities. |



Annexure 3 to Independent Auditors' Report of even date on Financial Statement of Power System Operation Corporation Ltd.

Referred to in paragraph 3 (f) of the Independent Auditors' Report of even date under the heading "Report on Other Legal and Regulatory Requirements" to the members of Power System Operation Corporation Ltd. on the financial statements as of and for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Power System Operation Corporation Ltd. ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by The Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.



For J.C. Bhalla & Co.
Chartered Accountants
FRN : 001111N



Akhil Bhalla
Partner
Membership No.505002

Place New Delhi
Date : 26.05.2016

For S K Patodia & Associates
Chartered Accountants
FRN : 112723W



Sharwan Kumar Agarwal
Partner
Membership No.513558

Place : New Delhi
Date : 26.05.2016

POWERGRID VIZAG TRANSMISSION LIMITED

Directors' Report

To,

Dear Shareholders,

POWERGRID Vizag Transmission Limited (PVTL) formerly known as Vizag Transmission Limited was acquired by POWERGRID on August 30,2013 under Tariff Based competitive bidding for establishing Transmission system for 'System strengthening in Southern region for import of power from Eastern Region' from REC Transmission Projects Company Limited (the BID co-ordinator). Consequent to such acquisition, PVTL became wholly owned subsidiary of POWERGRID. The transmission system comprising Srikakulam- Vemagiri 765kV D/c Line & Khammam-Nagarjunasagar 400kV D/c Line is to traverse the state of Andhra Pradesh and Telengana. As on 31.03.2016, PVTL has Authorised share capital of ₹90 Crore and paid-up share capital of ₹ 54.73 Crore. The Company has been granted transmission license by CERC in January,2014. POWERGRID Vizag Transmission limited has successfully raised an amount of 290 Crore from Domestic Sources through Bond Issue at 8.90% p.a. interest repayable after 5 years. Khammam- Nagarjunasagar 400kV D/c Line has been commissioned during FY 2015-16. Srikakulam- Vemagiri 765kV D/c Line is under construction and expected to be completed by 30th September,2016.

Financial Results

(in ₹ crore)

| Description | 2015-16 | 2014-15 |
|---|----------------|----------------|
| Revenue from Operations | 7.85 | - |
| Other income | 0.08 | - |
| Total Income | 7.91 | - |
| Expenses | 2.61 | - |
| Profit before Exceptional and Extraordinary items and Tax | 5.30 | - |
| Profit/(Loss) | 2.97 | - |
| Earnings per Equity Share | | |
| - Basic | 0.54 | - |
| - Diluted | 0.54 | - |

Share Capital

As on 31.03.2016 the Authorized Share Capital of the Company is ₹90,00,00,000 divided into 9,00,00,000 equity shares of ₹10 each.

The issued and paid-up Share Capital of the Company is ₹54,73,00,000 divided into 5,47,30,000 equity shares of ₹10 each.

Dividend and Transfer to Reserves

Your Company's Project is under implementation.

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as Annexure- I to the Directors' Report.

Fixed Deposit.

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company do not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required u/s 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- i) In the preparation of the Annual Accounts for the financial year 2015-16, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the Annual Accounts for the financial year 2015-16 on a going concern basis.
- v) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go.

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT-9 is enclosed at Annexure –II to this Report.

Board of Directors and Key Managerial Personnel

Your Company's composition of Board of Directors underwent some changes during the FY 2015-16. Shri I. S Jha resigned from the Board w.e.f 1st October,2015. As on 31st March, 2016, the Board comprised of five Non-Executive Directors namely Shri R.P.Sasmal, Shri Ravi P. Singh, Shri V. Sekhar, Shri S. Vaithilingam and Shri D.K. Valecha.

In accordance with provisions of Section 152 of the Companies Act, 2013 read with Articles of Association of the Company, Shri Ravi P. Singh and Shri V. Sekhar shall retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offers for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings held during the year

During the financial year ended 31st March, 2015 eight (08) Board meetings were held on 20-04-2015,10-05-2015,11-05-2015, 18-05-2015, 10-08-2015, 28-09-2015, 01-12-2015 and, 19-03-2016.

| Name of Director | Designation | Board Meeting attendance during 2015-16 |
|-------------------------|--------------------|--|
| Shri R.P. Sasmal | Chairman | 08 |
| Shri I.S. Jha* | Director | 05 |
| Shri Ravi P. Singh | Director | 06 |
| Shri V. Sekhar | Director | 03 |
| Shri D. K. Valecha | Director | 06 |
| Shri S. Vaithilingam | Director | 08 |

**Resigned from the Board of Directors w.e.f 1st October,2015.*

In compliance with requirements of Section 203 of the Companies Act, 2013 the Board in its meeting held on 18.05.2015 had appointed Shri S. Ravi as the Chief Executive Officer (CEO), Shri A. Chandramohan as the Chief Finance Officer (CFO) and Shri Arup Samanta as Company Secretary.

Shri A. Chandramohan resigned as CFO and Shri D. Kumaraswamy was appointed as CFO w.e.f. 11.05.2016.

Committees of the Board of Directors

The Board has constituted the following Committees:

- i) Audit Committee
- ii) Committee of Directors for Bonds

Audit Committee:

Pursuant to provisions of Section 177 read with Rule 6 of the Companies Rules, 2014 and all other applicable provisions if any of the Companies Act, 2013 an Audit Committee of the Board of Directors has been constituted on 10th May, 2015. The role, powers, scope of functions of the Audit Committee is as per Section 177 of the Companies Act, 2013 and any other applicable provisions of law, as amended from time to time. The Audit Committee comprises of the following members:

- i) Shri S. Vaithilingam, Chairman
- ii) Shri V. Sekhar, Member
- iii) Shri D. K. Valecha, Member

Number of meeting held:

During FY 2015-16 one meeting of Audit Committee was held.

Committee of Directors for Bonds:

The Board of Directors has constituted a Committee of Directors for raising of funds from time to time through issue of Bonds. The Committee of Directors for Bonds presently comprises of the following members:

- i) Shri R.P. Sasmal, Chairman
- ii) Shri S. Vaithilingam, Member
- iii) Shri D. K. Valecha, Member

Number of meetings held:

During FY 2015-16 seven meetings of Committee of Directors for Bonds were held.

Secretarial Auditor

M/s Naveen Chhabra & Associates, Practising Company Secretaries has conducted Secretarial Audit of the Company for the financial year ended 31st March, 2016. The Secretarial Auditor is attached as Annexure-III to this Report. The Secretarial Auditor in his report has observed as under”

“During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observation:

The Company has not complied with the provision of Section 149 of Companies Act, 2013 in respect to the appointment of requisite number of independent directors.

Further, the explanation given by the Board on the observation given by the Secretarial Auditor is as under:

PVTL, being 100% subsidiary of POWERGRID is a Government Company in terms of Section 2(45) of the Companies Act., 2013, the power to appoint independent directors vests with Government of India. The matter has already been taken up with Administrative Ministry for filling two vacancies of Independent Directors on the Board of the Company.

Corporate Social Responsibility (CSR)

Your Company's Project is under implementation. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII are exempt for Government Companies. As your Company is a Government Company, the information has not been included as a part of this Report.

Statutory Auditors of the Company

The Statutory Auditors of your Company are appointed by the Comptroller & Auditors General of India. M/s Ramu & Ravi Chartered Accountants were appointed for the Financial Year 2015-16.

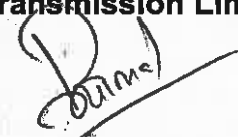
Comptroller and Auditors General's Comments

Comptroller and Auditor General vide letter dated 3rd August, 2016 has given NIL comments report on supplementary audit of the financial statements of the Company for the year ended 31st March, 2016. Copy of letter dated 3rd August, 2016 of NIL comments received from C&AG is placed at Annexure-IV to this report.

Acknowledgement

The Board of Directors with deep sense of appreciation acknowledges the guidance and cooperation received from POWERGRID, Comptroller and Auditor General of India, Auditors of the Company.

For and on behalf of the Board of Directors
POWERGRID Vizag Transmission Limited


(R. P. Sasmal)
Chairman
DIN: 02319702

Date: 22nd August, 2016
Place: New Delhi

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.


| SL. No. | Particulars | Details |
|---------|---|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---|
| a | Name (s) of the related party & nature of relationship | POWERGRID CORPORATION OF INDIA LIMITED-HOLDING COMPANY |
| b | Nature of contracts/arrangements /transaction | 1) Inter Corporate Loans 2) Material Given on Replenishment Basis 3) Expenses |
| c | Duration of the contracts/arrangements /transaction | Till FY 2016-2017 |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | As mutually agreed |
| e | Date of approval by the Board | - |
| f | Amount paid as advances, if any | NIL |

For and on behalf of the Board of Directors
POWERGRID Vizag Transmission Limited

Date: 22nd August, 2016
Place: New Delhi


 (R.P. Sasmal)
 Chairman
 DIN:02319702

POWERGRID VIZAG TRANSMISSION LIMITED

Annexure II to Directors' Report

FormNo.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|---|---|
| i. | CIN | U40300DL2011GOI228136 |
| ii. | RegistrationDate | 30 th November 2011 |
| iii. | NameoftheCompany | POWERGRID VIZAG TRANSMISSION LIMITED (formerly Vizag Transmission Limited) |
| iv. | Category/ Sub-CategoryoftheCompany | Company Limited by shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560112; Fax:011-26550086 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Nameand Description of mainproducts/ services | NIC Code of the Product/ service | % to total turnover of the company |
|----------|---|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | Not Applicable |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------|-----------------|--------------------|
| 1. | POWER GRID CORPORATION OF INDIA LIMITED** | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(46) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|----------------------------------|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6* | 6 | - | - | 6* | 6 | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp\$ | 0 | 54729994 | 54729994 | 100 | 0 | 54729994 | 54729994 | 100 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 54730000 | 54730000 | 100 | 0 | 54729994 | 54729994 | 100 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (i) Indian | - | - | - | - | - | - | - | - | - |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|----------|----------|-----|---|----------|----------|-----|-----|
| b) Individuals | - | - | - | - | - | - | - | - | - |
| (i) Individual shareholders holding nominal share capital upto Rs.1 lakh | | | | | | | | | |
| (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | | | | | | | | | |
| c) Others(Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding B)=(B)(1)+ (B)(2) | | | | | | | | | |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 54730000 | 54730000 | 100 | - | 54730000 | 54730000 | 100 | 100 |

* Held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in shareholding during the year |
| 1. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | 54729994 | 100 | - | 54729994 | 100 | - | - |
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | - | - | 01 | - | - | - |
| 3. | Shri R.T. Agarwal jointly with POWERGRID | 01 | - | - | 01 | - | - | - |

| | | | | | | | | |
|--------------|---|-----------------|------------|----------|-----------------|------------|----------|----------|
| 4. | Shri Ravi. P. Singh jointly with POWERGRID | 01 | - | - | 01 | - | - | - |
| 5. | Shri R.P. Sasmal jointly with POWERGRID | 01 | - | - | 01 | - | - | - |
| 6. | Shri D.K. Valecha jointly with POWERGRID | 01 | - | - | 01 | - | - | - |
| 7. | Shri S. Vaithilingam jointly with POWERGRID | 01 | - | - | 01 | - | - | - |
| Total | | 54730000 | 100 | - | 54730000 | 100 | 0 | - |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 54729994 | 100 | 54729994 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No change | | | |
| | At the End of the year | 54729994 | 100 | 54729994 | 100 |

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | For each of Top ten shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. no | For each of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors | | | | |
| 1 | Shri R. P. Sasmal jointly with POWERGRID | | | | |
| | At the beginning of the year | 01 | - | 01 | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | 01 | - | 01 | - |
| 2 | Shri Ravi P. Singh, jointly with POWERGRID | | | | |
| | At the beginning of the year | 01 | - | 01 | - |

| | | | | |
|---|----|---|----|---|
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| At the End of the year | 01 | - | 01 | - |
| 3 Shri S. Vaithilingam, jointly with POWERGRID | | | | |
| At the beginning of the year | 01 | - | 01 | - |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| At the End of the year | 01 | - | 01 | - |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|------------------------|-----------------|---------------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not | | | | |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | - | - | - | - |
| - Addition | | | | |
| - Reduction | | | | |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | - | - | - | - |
| i) Principal Amount | | | | |

| | | | | |
|-----------------------------------|---|---|---|---|
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i + ii+ iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | ParticularsofRemunerati on | NameofMD/WTD/ Manager | | | | Total Amount |
|---------|--|-----------------------|---|---|---|--------------|
| 1. | Grosssalary (a) Salary as per provisions contained in section17(1) of the Income-tax Act, 1961 (b)Valueofperquisitesu/s 17(2)Income-taxAct, 1961 (c)Profits in lieu of salary Under section 17(3) Income- tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as%ofprofit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:

| Sl. No. | ParticularsofRemuneration | NameofMD/WTD/ Manager | | | | Total Amount |
|---------|--|-----------------------|---|---|---|--------------|
| | <u>Independent Directors</u> -Fee for attending board committee meetings -Commission | - | - | - | - | - |

| | | | | | | |
|--|---|---|---|---|---|---|
| | -Others, please specify | | | | | |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> | - | - | - | - | - |
| | -Fee for attending board committee meetings | | | | | |
| | -Commission | | | | | |
| | -Others, please specify | | | | | |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD: (Not Applicable)

| Sl. no. | Particularsof Remuneration | KeyManagerialPersonnel | | | |
|---------|---|------------------------|-------------------|----------|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2)Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3)Income-tax Act,1961 | 9,50,690 | - | 6,05,089 | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as%of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Vizag Transmission Limited



(R.P. Sasmal)

Chairman

DIN: 02319702

Date: 22nd August, 2016
Place: New Delhi

Secretarial Audit Report
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

To,

The Members,

Powergrid Vizag Transmission Limited
(Formerly Known As Vizag Transmission Limited)

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Powergrid Vizag Transmission Limited** (Formerly known as **Vizag Transmission Limited**) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i). The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; Not Applicable
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; Not Applicable



- (iv). Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; Not Applicable.
- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; Not Applicable
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable
 - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
- (vi). The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/industry is :
1. The Electricity Act, 2003.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India effective from 01.07.2015.
- ii. The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited. Not Applicable

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to following observation:

1. The Company has not complied with the provision of Section 149 of Companies Act, 2013 in respect to the appointment of requisite number of Independent Directors.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors subject to above mentioned




observations. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of Board Meeting and Committee Meeting are carried through, while the dissenting member's views, if any, are captured and recorded as part the minutes.

I further report that there are based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Naveen Chhabra & Associates
Company Secretaries


Naveen Kumar Chhabra
Membership No. F 8521
C.P No. 9555



Place: Ghaziabad
Date: 05.08.2016

Note: This report is to be read with our letter of even date which is annexed as Annexure A and from forms an integral part of this report.

**Naveen Chhabra & Associates
Practicing Company Secretary**

**B-74 Shalimar Housing Complex
Chhabra Colony, Shalimar Garden
Sahibabad, Ghaziabad
U.P Pin 201005
Mobile: 09811540784
Email: naveencs_naveench@yahoo.co.in
Email: csnaveen10@gmail.com**

Annexure A

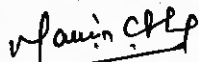
To, **Secretarial Audit Report**

**The Members,
Powergrid Vizag Transmission Limited
(Formerly known as Vizag Transmission Limited)
B-9, Qutab Institutional Area
Katwaria Sarai
New Delhi-110016**

Our report of even date is to be read along with this letter.

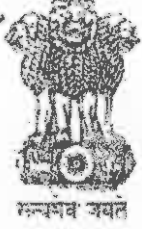
- 1 Maintenance of secretarial record is the responsibility of the management of our company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2 We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretariat record. The verification done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practice, we followed provide a reasonable basis for our opinion.
- 3 We have not verified the correctness and appropriateness of financial records and books of Accounts of the Company.
- 4 Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
- 5 The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
- 6 The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Naveen Chhabra & Associates
Company Secretaries


Naveen Kumar Chhabra
Membership No. F8521
C.P No. 9555



Place: Ghaziabad
Date: 05.08.2016



भारतीय लेखा तथा लेखापरीक्षा विभाग

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं

पदेन सदस्य लेखापरीक्षा बोर्ड का कार्यालय, हैदराबाद.

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

OFFICE OF THE PRINCIPAL DIRECTOR OF
COMMERCIAL AUDIT AND EX-OFFICIO MEMBER,
AUDIT BOARD, HYDERABAD

No.:PDCA/A/c/Desk/2015-16/VizagPGTL/1.37/ 226

दिनांक :

Date 03 August 2016

To
The Chairman,
Powergrid Vizag Transmission Limited,
Hyderabad.

Sub: - Comments of the C&AG of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Powergrid Vizag Transmission Limited for the year ended on 31 March 2016

Sir,

I forward herewith the 'Nil Comments' Certificate of Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Powergrid Vizag Transmission Limited for the year ended on 31 March 2016.

2. The date of placing the comments along with Annual Accounts and Auditor's Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meeting may be furnished.
3. The date of forwarding the Annual Report and Annual Accounts of the Company together with Auditor's Report and comments of the Comptroller and Auditor General of India to the Central Government for being placed before the Parliament may please be intimated.
4. Ten copies of the Annual Report for the year 2015-16 may please be furnished in due course.

The receipt of this letter along with the enclosures may please be acknowledged.

Encl:- As above

Yours faithfully,

(L. Tochhawng)

Principal Director

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF POWERGRID VIZAG TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of Powergrid Vizag Transmission Limited for the year ended on 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 June 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Powergrid Vizag Transmission Limited for the year ended on 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

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



(L. Tochhawng)

**Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

**Place: Hyderabad
Date: 03 August 2016**



INDEPENDENT AUDITOR'S REPORT

To the Members of POWERGRID VIZAG TRANSMISSION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. **POWERGRID VIZAG TRANSMISSION LIMITED** ('the Company') which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as Financial Statements).

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act, the Rules made thereunder and the Order under section 143(11) of the Act.

We have conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, we considered internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion



On whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Financial Statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information in the manner as required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Emphasis of Matters

In our opinion and to the best of information and according to explanations given to us, there are no matters of emphasis to be reported.

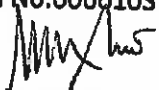
Report on Other Legal and Regulatory Requirements

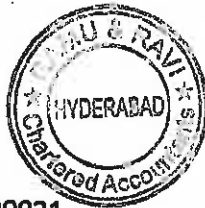
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the **Annexure 1** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure 2** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. As required by section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance sheet, The Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- xiii. Based on the specified audit procedures followed by us and as per the information and explanations given by the management, we report that all the transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 and the relevant/necessary particulars have been disclosed in the Financial Statements etc as required by the accounting standards and the Companies Act, 2013.
- xiv. According to the information and explanations given to us and the records of the Company examined by us, the Company has not made any preferential allotment, a private placement of shares during the FY 2015-2016. During the year, the Company issued Bonds No. 2900 with the face value of Rs.10.00 Lakhs, aggregating to Rs. 290.00 Crores and said bonds are Secured, guaranteed, rated, unlisted, redeemable, taxable, non-cumulative, non-convertible bonds (in the nature of debentures) under private placement and said bonds carrying an Interest Rate of 8.90% per annum payable annually. The said bonds are redeemable at the end of 5th Year.
- xv. According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with them as per the Provisions of Section 192 of Companies Act, 2013. Accordingly clause (xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us and the records of the Company examined by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of
RAMU & RAVI.,
Chartered Accountants
FRN No.006610S


K.V.R. Murthy
Partner
Membership Number: 200021



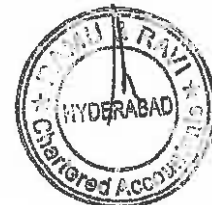
Place : Hyderabad
Date : June 22, 2016

Annexure 1

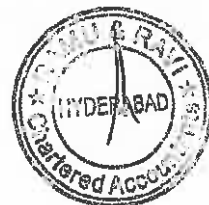
Annexure referred to in paragraph 1 of report on other legal and regulatory requirements section of our report of even date

i. In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the management has physically verified a substantial portion of the fixed assets during the year and in our opinion frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on physical verification of fixed assets as compared to the books of account were not material and have been properly dealt with in the books of accounts.
 - (c) The transmission line towers erected by the company on the farmers land are treated as immovable property based on the provisions of the Indian Telegraph Act, which permits public utility undertakings to erect such towers without acquiring the land by paying adequate tree/crop compensation by the company to the owners of the said property.
- ii. The inventories have been physically verified at reasonable intervals during the year by the management.
- iii. According to the information and explanations given to us, during the year the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clauses 3 (iii) (a) to 3 (iii) (c) of the Order are not applicable.
- iv. According to the information and explanations given to us, the Company does not have loans, investments and guarantees under section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has neither accepted deposits from the public within the meaning of Section 73 and 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, nor as per an order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- vi. The Provisions of the clause (vi) of the Order, relating to maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013, are not applicable since the Company's turnover or Net Worth of the Company as the case may be has not exceeded Rs.500.00 Crores during the current year.

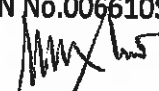


- vii. In respect of Statutory dues:
- (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and Other Statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no outstanding dues of Income Tax, Sales Tax, Service Tax, Duty of Excise, Duty of Customs and Value Added Tax on account of any dispute.
 - (c) The Company has not declared any dividend during the year or any of the previous years, and therefore the company is not required to comply with transfer of unpaid dividend amounts to Investor Education and Protection Fund.
- viii. Based on the specified audit procedures followed by us and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of any Loans or Borrowing to financial institution, banks, Government or dues to Debenture Holders. Accordingly, clause (viii) of the Order is not applicable to the Company.
- ix. Based on the specified audit procedures followed by us and as per the information and explanations given by the management, Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). During the year the company has raised funds by way of issue of Bonds (debt instruments) and further, we report that the amounts received were applied for the purposes for which they were raised.
- x. Based on the specified audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. The company has not provided for any Managerial Remuneration for the year 2015-2016. The key Management Personnel (CEO) of the Company are employees of holding company, deployed on a part time basis. No management remuneration is paid to such representative by the company except costs allocated by the Holding Company based on the time spent. Accordingly the Provisions of Section 197 of the Companies Act 2013 are not applicable. Accordingly, clause (xi) of the Order is not applicable to the Company.
- xii. Since the Company is not a Nidhi company, Nidhi Rules, 2014 are not applicable. Accordingly clause (xii) of the Order is not applicable to the Company.



- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
- e) On the basis of written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With Respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'. Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations that would impact its financial position;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of
RAMU & RAVI.,
Chartered Accountants
FRN No.006610S


K.V.R. Murthy
Partner
Membership Number: 200021



Place: Hyderabad
Date : June 22, 2016

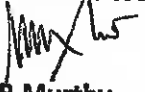
Annexure 2

Annexure 2 referred to in paragraph 2 of report on other legal and regulatory requirements:

We have verified various documents and other relevant records and also on the basis of information and explanations provided to us, by the management of M/s. POWERGRID VIZAG TRANSMISSION LIMITED to ascertain whether the company has complied with Section 143(5) of the Companies Act, 2013, we report that:

1. The Company does not have any freehold properties or lease hold land and reporting under this clause is therefore not applicable.
2. As we have not come across any such cases of waiver/write off of debts/loans/interests etc. report on the same may not be given
3. In respect of Inventories lying with third parties are properly maintained in the records of the company and the records are duly verified by us, As per the Information and explanations provided by the company, none of the assests have been received as gift from Govt. or other authorities

For and on behalf of
RAMU & RAVI,
Chartered Accountants
FRN No.006610S


K.V.R. Murthy
Partner
Membership No. 200021



Place: Hyderabad
Date: June 22, 2016.

Annexure A to the Auditors' Report

(Referred to in paragraph 1(f) under 'Report on the Legal and Regulatory Requirements' of our Report of even date)

Report on the Internal Financial Controls over Financial Reporting under clause(i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act).

We have audited the internal financial controls over financial reporting of M/s. POWERGRID VIZAG TRANSMISSION LIMITED (the Company) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and Operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use or disposition of the Company's assets that could have a material effect on the financial statements.

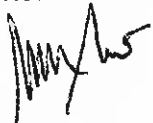
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of
RAMU & RAVI,
Chartered Accountants
FRN No.006610S



K.V.R. Murthy
Partner
Membership Number: 200021



Place: Hyderabad
Date: June 22, 2016

POWER GRID VIZAG TRANSMISSION LIMITED
CIN: U40300DL2011GOI228136
BALANCE SHEET AS AT MARCH 31, 2016

| PARTICULARS | Note Ref | Amount in Rs. | |
|-----------------------------------|-------------|----------------------|---------------------|
| | | 31.03.2016 | 31.03.2015 |
| I. EQUITY AND LIABILITIES | | | |
| 1. Share Holders Funds | | | |
| (a) Share Capital | 3 | 5473,00,000 | 5473,00,000 |
| (b) Reserves and Surplus | 4 | 296,75,133 | (28,543) |
| | | 5769,75,133 | 5472,71,457 |
| 2. Non Current Liabilities | | | |
| (a) Long Term Borrowings | 5 | 82236,04,595 | 13836,00,000 |
| (b) Deferred tax Liabilities | 6 | 125,13,525 | - |
| | | 82361,18,120 | 13836,00,000 |
| 3. Current Liabilities | | | |
| (a) Trade Payables | 7 | - | 142,67,502 |
| (b) Other Current Liabilities | 8 | 22738,75,520 | 11615,45,603 |
| (c) Short Term Provisions | 9 | 108,12,055 | - |
| | | 22846,87,575 | 11758,13,105 |
| Total | | 110977,80,828 | 31066,84,562 |
| II. ASSETS | | | |
| 1. Non Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 10 | 14886,91,025 | 3,86,895 |
| (ii) Capital Work in Progress | 11 | 78150,39,590 | 19929,89,230 |
| (b) Construction Stores | 12 | 15668,11,252 | 7049,36,119 |
| (c) Long Term Loans and Advances | 13 | 1486,39,318 | 3909,21,907 |
| | | 110191,81,185 | 30892,34,151 |
| 2. Current assets | | | |
| (a) Trade Receivables | 14 | 150,22,363 | - |
| (b) Cash and Bank Balances | 15 | 116,33,037 | 171,77,691 |
| (c) Short Term Loans and Advances | 16 | 2,26,182 | 66,182 |
| (d) Other Current Assets | 17 | 517,18,061 | 2,06,538 |
| | | 785,99,643 | 174,50,411 |
| Total | | 110977,80,828 | 31066,84,562 |

Notes 1 & 2 relate to General Information and Summary of Significant Accounting Policies respectively.
The Notes 3 to 17 and 24 to 42 are an integral part of Balance Sheet.

As per our Report of even date attached

For and on behalf of the Board

For Ramu & Ravi
FRN: 006610S
Chartered Accountants

K V R Murthy
Partner
Membership No. 200021

Place: GURGAON
Date: 22-JUN-2016



R P Sasmal

R P Sasmal
Chairman (Part time)

D Kumaraswamy

D Kumaraswamy
CFO

S Valthilngam

S Valthilngam
Director

Arup Kumar Samanta

Arup Kumar Samanta
Company secretary

POWER GRID VIZAG TRANSMISSION LIMITED
CIN: U40300DL2011GOI228136
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Amount in Rs.

| PARTICULARS | Note Ref | For the year ended | |
|--|----------|--------------------|------------|
| | | 31.03.2016 | 31.03.2015 |
| (See Note Below) | | | |
| I. REVENUE | | | |
| Revenue from Commercial Operations | 18 | 782,13,100 | - |
| Other Income | 19 | 8,51,402 | - |
| Total Revenue | | 790,64,502 | - |
| II. EXPENSES | | | |
| Employee Benefits | 20 | 1,96,472 | - |
| Finance Costs | 21 | 52,71,894 | - |
| Depreciation and Amortisation Expenses | 22 | 201,60,330 | - |
| AdminIstration & Other Expenditure and Provisions | 23 | 4,06,550 | - |
| Total Expenses | | 260,35,246 | - |
| Profit for the year before exceptional and extraordinary Items | | 530,29,256 | - |
| Exceptional Items | | - | - |
| Profit for the year before extraordinary Items and tax | | 530,29,256 | - |
| Extraordinary Items | | - | - |
| Profit Before Tax | | 530,29,256 | - |
| Tax Expenses | | | |
| (a) Current Tax-Current Year | | 108,12,055 | - |
| (b) Deferred Tax | | 125,13,525 | - |
| Profit for the year | | 297,03,676 | - |
| Basic & Diluted Earning per share of Rs 10 each | | 0.54 | - |

Note : The Company started Commercial Operations during the year.

Notes 1 & 2 relate to General Information and Summary of Significant Accounting Policies respectively. The Notes 18 to 42 are an integral part of these financial statements.

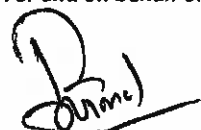
As per our Report of even date attached


For and on behalf of the Board

For Ramu & Ravi
FRN: 006610S
Chartered Accountants


K V R Murthy
Partner
Membership No. 200021




R P Sasmal
Chairman (Part time)


D Kumaraswamy
CFO


S Vaithilingam
Director


Arup Kumar Samanta
Company secretary

Place : GURGAON
Date : 22-JUN-2016

Notes relating to Balance Sheet

3. Share Capital

| | As at 31.03.2016 | Amount in Rs. As at 31.03.2015 |
|---|---------------------|--------------------------------------|
| Authorised: | | |
| 9,00,00,000(March 31,2015 : 9,00,00,000) Equity shares of Rs 10/- each | <u>9000,00,000</u> | <u>9000,00,000</u> |
| Issued: | | |
| 5,47,30,000(March 31,2015 : 5,43,70,000) Equity shares of Rs 10/- each | 5473,00,000 | 5473,00,000 |
| Total | <u>5473,00,000</u> | <u>5473,00,000</u> |

Subscribed and Paidup:
5,47,30,000(March 31,2015 : 5,43,70,000) Equity shares of Rs 10/- each

| | | |
|--------------|--------------------|--------------------|
| Total | <u>5473,00,000</u> | <u>5473,00,000</u> |
|--------------|--------------------|--------------------|

(a) The details of shareholders holding more than 5% shares

| Name of the Shareholder | No. of shares | % Held * | As at March 31, 2016 | No. of shares | % Held | As at March 31, 2015 |
|---|---------------|----------|----------------------|---------------|--------|----------------------|
| Power Grid Corporation Limited - Holding Company | 547,30,000 | 100% | 547,30,000 | 547,30,000 | 100% | 547,30,000 |
| Note: * Includes shares held by the directors of the company on behalf of the holding company | | | | | | |

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Equity Shares: | As at March 31, 2016 | | As at March 31, 2015 | |
|---------------------------------------|----------------------|--------------------|----------------------|--------------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Balance at the beginning of the year | 547,30,000 | 5473,00,000 | 50,000 | 5,00,000 |
| Add: Shares issued during the year | - | - | 546,80,000 | 5468,00,000 |
| Balance at the end of the year | <u>547,30,000</u> | <u>5473,00,000</u> | <u>547,30,000</u> | <u>5473,00,000</u> |

(c) Rights attached to Shares

Equity Shares: Each Shareholder is eligible for one vote per share held in the Company which has one class of equity shares with a par value of Rs. 10/- per share



| | As At 31.03.2016 | 31.03.2015 |
|---|--------------------------|------------------------|
| Reserves and Surplus | | |
| a) Bond Redemption Reserve | | |
| Transfer from Statement of Profit & Loss (Refer Note Below) | 74,25,919 | |
| Balance as at the End of the year - (a) | <u>74,25,919</u> | |
| b) Self Insurance Reserve | | |
| Transfer from Statement of Profit & Loss (Refer Note 2.3 of Summary of Significant Accounting Policies respectively) | 15,08,905 | |
| Balance as at the End of the year - (b) | <u>15,08,905</u> | |
| c) Surplus in Statement of Profit and Loss | | |
| Balance as at the beginning of the year | (28,543) | (28,543) |
| Add: Profit for the Year | 297,03,676 | - |
| Less : Appropriations | | |
| Transfer to Bond Redemption Reserve | 74,25,919 | |
| Transfer to Self Insurance Reserve | 15,08,905 | |
| Balance as at the End of the year - (c) | <u>207,40,309</u> | <u>(28,543)</u> |
| Total (a+b+c) | <u><u>296,75,133</u></u> | <u><u>(28,543)</u></u> |

Long Term Borrowings

| | | |
|--|----------------------------|----------------------------|
| Inter Corporate Loan from Holding Company (Refer Note (i) Below) | 53236,04,595 | 13836,00,000 |
| Bonds (Refer Note (ii) Below) | 29000,00,000 | - |
| Total | <u><u>82236,04,595</u></u> | <u><u>13836,00,000</u></u> |

The Inter Corporate Loan is provided by the Holding Company on cost to cost [Interest rate varying from 8.15% to 9.30%] and back servicing basis and the said loan is repayable over a period of 10 to 20 years after a moratorium period of 3 to 5 years.

During the year, the Company issued Bonds numbering 2900 with a face value of Rs.10.00 Lakhs each aggregating to Rs.290.00 Lakhs and said bonds are Secured, guaranteed, rated, unlisted, redeemable, taxable, non-cumulative, non-convertible bonds by way of private placement and said bonds carry an Interest Rate of 8.90% per annum and payable annually. The said bonds are redeemable at the end of 5th Year i.e., 2021.

Deferred tax liabilities (Net)

| | | |
|------------------------|--------------------------|-----------------|
| Deferred tax liability | 125,13,525 | - |
| | <u><u>125,13,525</u></u> | <u><u>-</u></u> |



| Particulars | Amount in Rs. | |
|--|---------------------|---------------------|
| | As at 31.03.2016 | 31.03.2015 |
| Trade Payables | | |
| For Goods and Services | - | 142,67,502 |
| Total | - | 142,67,502 |
| Other Current Liabilities | | |
| Due for Capital Expenditure | 11543,14,662 | 3641,13,743 |
| Interest accrued on Secured Bonds | 2087,36,612 | - |
| Security Deposits/Retention Money - Contractors | 7532,72,972 | 2497,83,310 |
| Statutory Dues | 215,64,197 | 255,30,322 |
| Amounts Due to Holding Company - PowerGrid Corporation of India Limited | | |
| - For Expenses | 447,27,560 | 5019,15,100 |
| - For Interest Accrued on Inter Corporate Loans | 907,42,743 | 201,96,395 |
| Other Payables | 5,16,774 | 6,733 |
| Total | 22738,75,520 | 11615,45,603 |
| Short Term Provisions | | |
| Income Tax Provision | 108,12,055 | - |
| | 108,12,055 | - |



10. Tangible assets

| Description | Gross Block | | | | Depreciation/Amortisation | | | Net Block | |
|--|------------------|---------------------------|-----------------------------------|------------------|---------------------------|--------------|------------------|------------------|------------------|
| | As on 01.04.2015 | Additions during the year | Sales Adjustments during the year | As at 31.03.2016 | As on 01.04.2015 | For The Year | As at 31.03.2016 | As at 31.03.2016 | As at 31.03.2016 |
| Plant | | | | | | | | | |
| Transmission | 23,550 | 15083,90,662 | - | 15084,14,212 | 378 | 200,20,454 | 200,20,831 | 1488,93,381 | 23,172 |
| Electronic Data Processing Processing Machines | 4,17,194 | - | - | 4,17,194 | 53,472 | 1,39,051 | 1,92,522 | 2,24,672 | 3,63,722 |
| Construction and Workshop equipment | - | 73,799 | - | 73,799 | - | 826 | 826 | 72,973 | - |
| Grand Total | 4,40,744 | 15084,64,461 | - | 15089,05,205 | 53,849 | 201,60,331 | 202,14,180 | 1488,91,026 | 3,86,895 |
| Previous Year | - | 4,40,744 | - | 4,40,744 | - | 53,849 | 53,849 | 3,86,895 | - |



11. Capital work in progress

| Description | As on 31.03.2015 | Additions | Adjustments | Deductions : | | As at 31.03.2016 |
|--|---------------------|--------------|-------------|---------------------------------------|---|------------------|
| | | | | Amount Capitalised during the year | | |
| Development of land | - | 1,55,986 | - | - | - | 1,55,986 |
| Plant (including associated civil works) | | | | | | |
| Transmission | 18121,35,708 | 70066,93,429 | - | 15083,90,662 | | 73104,38,475 |
| Expenditure during Construction | 1808,53,522 | 3235,91,607 | - | - | | 5044,45,129 |
| TOTAL | 19929,89,230 | 73304,41,022 | - | 15083,90,662 | | 78150,39,590 |
| Previous Year | 1618,55,786 | 18311,33,444 | | | | 19929,89,230 |

(Figures in Rupees)



| Particulars | Amount in Rs. | |
|--|---------------------|--------------------|
| | As at 31.03.2016 | 31.03.2015 |
| 12. Construction Stores (Including materials with contractors) | | |
| Towers | 3699,48,232 | 3710,39,390 |
| Conductors | 8277,25,190 | 1418,15,703 |
| Other Line Materials | 3691,37,830 | 1920,81,026 |
| Total | 15668,11,252 | 7049,36,119 |
| 13. Long Term Loans and Advances (Unsecured, Considered Good unless otherwise stated) | | |
| A) Advances towards Capital Expenditure | | |
| Against Bank guarantees | 764,85,337 | 3875,41,126 |
| Others | 585,19,495 | 33,80,781 |
| B) Advances recoverable In cash or in kind or for value to be received | | |
| Advance Tax and Tax Deducted at Source | 136,34,486 | - |
| Total | 1486,39,318 | 3909,21,907 |
| 14. Trade Receivables | | |
| I) Debts Outstanding for a period exceeding Six Months from the date they are due for payment | - | - |
| II) Other Debts | 150,22,363 | - |
| Total | 150,22,363 | - |
| 15. Cash and Bank Balances | | |
| Cash and Cash Equivalents | - | 10,000 |
| Balance with Banks- - In Current Accounts | 116,33,037 | 171,67,691 |
| Total | 116,33,037 | 171,77,691 |
| 16. Short Term Loans and Advances (Unsecured, Considered Good) | | |
| Advance to Contractors | 66,182 | 66,182 |
| Others | 1,60,000 | - |
| Total | 2,26,182 | 66,182 |
| 17. Other Current Assets | | |
| Unbilled Revenue | 511,06,616 | - |
| Accrued Income | 6,11,445 | 2,06,538 |
| Total | 517,18,061 | 2,06,538 |



| Particulars | Amount in Rs. | |
|---|--------------------|-------------------|
| | 31.03.2016 | 31.03.2015 |
| 18. Revenue from Commercial operations | | |
| Transmission charges | 782,13,100 | - |
| | <u>782,13,100</u> | <u>-</u> |
| 19. Other Income | | |
| Interest Income from Holding Company | - | 10,14,361 |
| Interest from Investments | 558,71,232 | - |
| Interest from Advances to Contractors | 226,93,113 | 346,44,580 |
| Miscellaneous Income | - | 17,978 |
| | <u>785,64,345</u> | <u>356,76,919</u> |
| Less: Amount adjusted against Expenditure during Construction (Net) | 777,12,943 | 356,76,919 |
| Total | <u>8,51,402</u> | <u>-</u> |
| 20. Employee Benefits | | |
| Salaries, Wages, Allowances | 158,98,936 | 167,86,499 |
| Contribution to Provident and Other Funds | 20,52,252 | 3,52,658 |
| Staff Welfare Expenses | 5,85,449 | 2,04,990 |
| | <u>185,36,637</u> | <u>173,44,147</u> |
| Less: Amount Adjusted against Expenditure during Construction (Net) | 183,40,165 | 173,44,147 |
| Total | <u>1,96,472</u> | <u>-</u> |
| 21. Finance Costs | | |
| Interest on Loans | 4370,09,213 | 224,40,439 |
| Other Finance Charges | 5,17,123 | 12,390 |
| | <u>4375,26,336</u> | <u>224,52,829</u> |
| Less: Amount Adjusted against Expenditure during Construction (Net) | 4322,54,442 | 224,52,829 |
| Total | <u>52,71,894</u> | <u>-</u> |
| 22. Depreciation and Amortization Expenses | | |
| Depreciation/Amortisation on Tangible Assets | 201,60,330 | 53,849 |
| | <u>201,60,330</u> | <u>53,849</u> |
| Less: Amount Adjusted against Expenditure during Construction (Net) | - | 53,849 |
| Total | <u>201,60,330</u> | <u>-</u> |



| Particulars | Amount in Rs. | |
|---|---------------------|-------------------|
| | As at 31.03.2016 | 31.03.2015 |
| 23. Administration & Other Expenses and Provisions | | |
| Repair-Transmission Lines | 5,400 | - |
| Power charges | 3,903 | - |
| Rent | 66,000 | 16,500 |
| Rates and Taxes | 24,99,750 | 87,58,330 |
| Hiring of vehicles | 78,77,292 | 16,39,894 |
| Payment to Auditors | | |
| - Audit Fee | 51,525 | 56,180 |
| - Tax Audit | 22,900 | - |
| Communication Expenses | 16,359 | 27,893 |
| Consultancy Expenses | - | 10,000 |
| Professional charges(Including TA/DA) | 15,72,029 | 35,718 |
| Legal expenses | 5,50,836 | - |
| Advertisement and publicity | 8,35,219 | - |
| Printing and Stationery | 1,76,176 | 69,734 |
| Travelling Expenses | 49,06,265 | 9,92,057 |
| Tender Expenses | - | 23,73,453 |
| Books & Periodicals | 1,000 | - |
| EDP Expenses | 24,220 | - |
| Insurance | 34,595 | - |
| Rebate to customers | 1,18,860 | - |
| Others | 1,84,685 | 69,245 |
| Training Expenses | 2,15,600 | 1,978 |
| Office Expenses | - | 13,048 |
| Miscellaneous Expenses | 57,06,342 | 7,59,800 |
| | 248,68,956 | 148,23,830 |
| Less: Amount Adjusted against Expenditure during Construction (Net) | 244,62,406 | 148,23,830 |
| Total | 4,06,550 | - |



Sub Schedules

Initial Expenditure During Construction/Interest During Construction

Amount in Rs.

| Description | As at 31-Mar-2016 | As at 31-Mar-2015 |
|--|--------------------|-------------------|
| A. Employees Remuneration | | |
| Salaries, Wages, Allowances and Benefits | 157,26,168 | 167,86,499 |
| Contribution to Provident and Other Funds | 20,29,951 | 3,52,658 |
| Staff Welfare Expenses | 5,84,046 | 2,04,990 |
| Total(A) | 183,40,165 | 173,44,147 |
| B. Other Expenses | | |
| Training Expenses | 4,798 | 1,978 |
| Power charges | 3,861 | |
| Professional Charges | 15,26,603 | 35,718 |
| Legal expenses | 5,44,851 | |
| Office Expenses | | 13,048 |
| Consultancy Expenses | | 10,000 |
| Communication Expenses | 16,181 | 27,893 |
| Travelling Expenses (Including Foreign Travel) | 50,61,409 | 9,92,057 |
| Advertisement & Publicity | 8,26,143 | |
| Tender Expenses | | 23,73,453 |
| Payment to Auditors | | 56,180 |
| Printing and Stationery | 1,74,262 | 69,734 |
| Books/Periodicals and Journals | 989 | - |
| EDP hire and other charges | 23,957 | |
| Rent | 65,283 | 16,500 |
| Miscellaneous Expenses | 57,00,389 | 7,59,800 |
| Hiring of Vehicles | 77,91,692 | 16,39,894 |
| Insurance | 34,219 | |
| Rates and Taxes | 24,99,750 | 87,58,330 |
| Others | 1,88,019 | 69,245 |
| Total(B) | 244,62,406 | 148,23,830 |
| C. Depreciation/Amortisation | - | 53,849 |
| Total (C) | - | 53,849 |
| D. Finance Costs | | |
| Interest on Loans | 4317,38,383 | 224,40,439 |
| Other Finance Charges | 5,16,059 | 12,390 |
| Total (D) | 4322,54,442 | 224,52,829 |
| E. Less: Other Income | | |
| Interest from Indian Banks | 558,71,232 | 10,14,361 |
| Interest from Contractors | 218,41,711 | 346,44,580 |
| Miscellaneous Income | - | 17,978 |
| Total (E) | 777,12,943 | 356,76,919 |
| GRAND TOTAL (A+B+C+D-E) | 3973,44,070 | 189,97,736 |



POWER GRID VIZAG TRANSMISSION LIMITED

Notes to the Financial Statements for the year ended 31st March, 2016

1. General Information

POWERGRID VIZAG TRANSMISSION LIMITED (referred to as the "Company" or "Powergrid VTL") is engaged in the business of Power Transmission Systems Network, construction, operation and maintenance of transmission lines and other related allied activities. The said Company is a wholly owned subsidiary of Power Grid Corporation of India Limited.

2. Summary of Significant Accounting Policies

2.1 Basis for preparation of Financial Statements

The Financial Statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with the generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013, including accounting standards notified there under.

2.2 Use of Estimates

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

2.3 Reserves and Surplus

Based on the policy of the Holding Company ie., M/s Powergrid Corporation of India Limited, the company created Self Insurance Reserve @ 0.1% of Value of Gross Block of Fixed assets as at the end of the year by way of appropriation from current year profit towards expected future losses which may arise from un-insured risk. The same is shown as "Self Insurance Reserve" under 'Reserves & Surplus'.

2.4 Fixed Assets

Fixed Assets are shown at historical cost comprising of purchase price and any attributable cost for bringing the asset to its working condition for its intended use.

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

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



The Company does not own any land for the purpose of erecting the transmission lines/towers

Insurance spares, which can be used only in connection with any item of fixed asset and whose use is expected to be irregular intervals and Mandatory spares in the nature of sub-station equipments/capital spares i.e. stand-by/service/rotational equipments and unit assemblies, are capitalized and depreciated over the residual useful life of the related plant and machinery. In case the year of purchase and consumption is same, amount of such spares are charged to revenue.

2.5 Capital Work-in-Progress (CWIP)

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

Expenditure of corporate office, regional offices and projects, attributable to construction of fixed assets are identified and allocated on systematic basis to the cost of related asset.

Interest during construction and expenditure (net) allocated to construction as per policy as above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under CWIP schedule.

Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per the terms of the contract.

2.6 Intangible Assets

The cost of software (which is not an integral part of the related software) acquired for internal use and resulting in significant future economic benefits, is recognized as an intangible assets in the books of accounts when the same is ready for its use.

Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted as intangible assets and same are amortized over the life of the project.

Expenditure incurred, eligible for capitalization under the head intangible assets, are carried as "Intangible Assets under Development" where such assets are not yet ready for their intended use.

Expenditure incurred on the development of new technology is kept under "Intangible assets under Development" till its completion. After satisfactory completion of development stage, the expenditure is named as "Intangible Assets" to be included in the project cost of new assets.



2.7 Construction stores

Construction stores are valued at cost.

2.8 Borrowing cost

The borrowing costs (including bond issue expenses, interest etc.) are allocated to the projects in proportion to the funds employed.

The borrowing cost is capitalized or charged to revenue, based on whether the project is under construction or in operation.

2.9 Transactions in Foreign Currency

2.9.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

2.9.2 Other exchange differences are recognized as income or expenses in the period in which they arise.

2.10 Revenue Recognition

Income and expenses (except as stated below) are accounted for on accrual basis.

Transmission income is recognized as per the Schedule – III of the Transmission Service Agreement (TSA) of the Proportionate Transmission Charges approved as allowed by the CERC vide its Order Dtd.23-01-2014 in the petition No.192/TT/2013.

2.11 Depreciation on Tangible Assets

Depreciation is provided on straight line method as per provisions of Companies Act, 2013 following the useful life of assets notified by the CERC except for the following assets in respect of which depreciation is provided at the rates mentioned below:

| <u>Items of Asset</u> | <u>Rate of Dep.</u> | <u>Resi. Value</u> | <u>Exp.Life</u> |
|----------------------------|---------------------|--------------------|-----------------|
| a) Computers & Peripherals | 33.33% | Nil | 3years |
| b) Software | 33.33% | Nil | 3years |

Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis. Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively as per



provisions of Companies Act, 2013 following the useful life of assets notified by the CERC.

2.12 Impairment of Tangible and Intangible Assets

Cash generating units as defined in Accounting Standard AS - 28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-a-vis. recoverable amount thereof and impairment loss, if any, is recognized in Statement of Profit and Loss. Impairment loss, if need to be reversed substantially, is accounted for in the year of reversal.

2.13 Cash and Cash Equivalents

In the Financial Statements, cash and cash equivalents include cash in hand, cash at banks and fixed deposits with banks.

2.14 Employee Benefits

Services of some employees of the Holding Company – M/s. Power Grid Corporation of India Limited were utilized during the year for some works relating to this Company. The employee cost for such services rendered was apportioned to this Company by M/s. Power Grid Corporation of India Limited in a systematic manner.

Company's contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the statement of Profit and Loss. The same is paid to a fund administered through a separate trust.

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

The liabilities for compensated absences, leave encashment, post retirement medical benefits, settlement allowance & long term awards to employees are ascertained annually on actuarial valuation at the year end and provided for.

Short term employee benefit are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.

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

2.15 Provisions and Contingent Liabilities

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made based on technical valuation and past experience. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date



and are not discounted to its present value. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed on the basis of judgment of the management/independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

2.16 Taxes on Income

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

2.17 Segment Reporting

There is only one segment – Transmission. Hence Standards on Segment Reporting doesn't apply.

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

2.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after applicable taxes for the period. The weighted average value of equity shares considered for EPS is Rs.10/- per equity share.



24. The company was transferred to M/s Power Grid Corporation of India Limited based on the Share Purchase Agreement dated August 30, 2013 from RECTPCL. The Company is now a wholly owned subsidiary of M/s Powergrid Corporation of India Limited.

25. As the Company is a wholly owned subsidiary of M/s Powergrid Corporation of India Limited, the Key Management Personnel (CEO) of the Company are employees of holding company, deployed on a part time basis. No management remuneration is paid to such representative by the company except costs allocated by the holding company based on the time spent by the said management personnel (CEO). The details of such Key Management Personnel are as follows:

| S.No | Name | Designation | Date of Appointment | Date of Separation |
|------|----------------------|---------------------------------|---------------------|--------------------|
| 1 | Shri R. P. Sasmal | Director & Chairman (Part-time) | 30.08.2013 | Continuing |
| 2 | Shri I. S. Jha | Director | 30.08.2013 | 01.10.2015 |
| 3 | Shri Ravi P. Singh | Director | 30.08.2013 | Continuing |
| 4 | Shri V. Sekhar | Director | 30.08.2013 | Continuing |
| 5 | Shri S. Vaithilingam | Director | 04.03.2015 | Continuing |
| 6 | Shri D. K. Valecha | Director | 04.03.2015 | Continuing |
| 7 | Shri S Ravi | CEO | 18.05.2015 | Continuing |

26. Wherever, payments relating to the company are made by the Holding Company, procedural and statutory requirements with regard to deduction of Tax at Source and deposit thereof as applicable are also complied with by the Holding Company and the ultimate Holding Company against payments released on their account.

27. Expenditure of Regional offices and projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

28. Interest during construction and expenditure (net) allocated to construction (allocated to the projects on prorata basis to the respective capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP schedule.

29. The company has complied with all the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

30. During the Current Financial Year, interest amounting to Rs. 5,79,33,148/- has been capitalized in accordance with AS-16: Borrowing Costs.



31. The disclosure as per AS-18-Related Party Disclosure:

The Company is a wholly owned subsidiary of Powergrid Corporation Of India Limited.

Details of Related party and nature of Relation ship

| S.No | Nature of Related party | Nature of Relation ship |
|------|---|-------------------------|
| 1 | Power Grid Corporation Of India Limited | Holding company |

Details of Related party transaction

| S.No | Particulars | (Amt in Rs) | |
|------|--|---------------|----------------|
| | | 2015-2016 | 2014-2015 |
| 1 | Equity Contribution (Rs.) | 54,73,00,000 | 54,73,00,000 |
| 2 | Closing Balances: - | | |
| (a) | Due to Holding Company (Power Grid Corporation of India Limited) | | |
| | - For Expenses | 4,47,27,560 | 50,19,15,100 |
| | - For Interest Accrued on Inter Corporate Loan | 9,07,42,743 | 2,01,96,395 |
| (b) | Inter Corporate Loan | 532,36,04,595 | 1,38,36,00,000 |

- (a) An amount of Rs. 532.36 Crores has been received as Inter Corporate Loan from Parent Company M/s Power Grid Corporation of India Limited till date. Interest of Rs 22.83 crores on the said loan has been provided towards interest for the year, in accordance with the terms and conditions of the loan agreement.

32. Commissioning of Khammam –Nagarjunasagar Transmission Line

Khammam-Nagarjunasagar Transmission Line was commissioned on 31-12-2015 with Date of Commercial Operation (DOCO) as 03-01-2016.

The Revenue in connection with the commissioned line of operations (400kV D/C Khammam-Nagarjunasagar Transmission Line is recognized as 15.25% as per the Schedule – III of the Transmission Service Agreement (TSA) shall be at the Proportionate Transmission Charges approved as allowed by the CERC vide its Order Dtd. 23-01-2014 in the petition No.192/TT/2013.

The "Point of Connection (PoC)" billing is being done by POWERGRID for all ISTS Licensees in its capacity as CTU. CTU also collects the money from all the Designated Inter-state Customers(DICs) and disburses it to the former in the ratio of individual billing.

33. Contingent Liabilities

There are no contingent liabilities.



year has been made on the basis of actuarial valuation obtained by the said holding company at the year end and same is recognised in the Statement of Profit and Loss.

c. Taxation

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates as per the prevailing tax laws.

The company had made a tax provision of Rs.108.12 Lacs (previous Year -Rs. Nil) for the year towards current Tax (Minimum Alternate Tax). In accordance with Accounting Standard 22 on Accounting for Taxes on Income, the Company has computed Deferred Tax Liability amounting to Rs.125.13 Lacs (previous Year -Rs. Nil) on account of timing difference in relation to depreciation as per books vis.a.vis Tax Laws.

d. Leases

Finance Lease: The Company has no finance leases.

Operating Lease: The Company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees and offices are usually renewable on mutually agreed terms but are not non-cancellable.

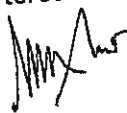
e. Dues to Micro and Small Enterprises

The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.

f. Previous Year Figures


The previous year figures have been reclassified/re-grouped to confirm to the current period's classification.


For RAMU & RAVI
FRN: 0066105
Chartered Accountants


K V R Murthy
Partner
Membership No.200021




For and on behalf of
Powergrid Vizag Transmission Limited


R P Sasmal
Chairman (Part time)


S Vaithilingam
Director


D Kumaraswamy
CFO


Arup Kumar Samanta
Company Secretary

Place: GURGAON
Date: 22-JUN-2016

POWERGRID UNCHAHAR TRANSMISSION LIMITED

DIRECTORS' REPORT

To,

The Members,

I am delighted to present on behalf of the Board of Directors the Fourth Annual Report of POWERGRID Unchahar Transmission Limited {formerly Unchahar Transmission Limited} on the working of the Company together with Audited Financial Statements, Auditors Report for the financial year ended 31st March, 2016.

POWERGRID Unchahar Transmission Limited (PUTL) (formerly Unchahar Transmission Limited) was acquired /taken over by POWERGRID on March 24, 2014 under Tariff based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System for ATS of Unchahar TPS on build, own, operate and maintain (BOOM) basis. Consequent to such acquisition, PUTL became wholly owned subsidiary of POWERGRID. The transmission System comprising 400 kV D/C line is to traverse the state of Uttar Pradesh. The Company has been granted transmission license by CERC in July, 2014 and the adoption of transmission charges was also notified by CERC in July, 2014. The Project is under progress and expected to be completed in September, 2016.

Financial Performance

As on 31st March, 2016, the Company has not yet started commercial operations as the project is under execution. The expenditure of Rs. 347,964,653/- incurred during the year has been included under Capital Work in Progress.

Registered Office
B-9 Qutab Institutional Area, KatwariaSarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40300DL2012GOI246341

Share Capital

The Authorized Share Capital and Paid up Share Capital as on 31st March, 2016 of the Company were Rs. 5 Crore and Rs. 5 lac, respectively. Subsequently, the Paid up Share Capital has been increased from Rs. 5 lac to Rs. 3.05 crore in June, 2016. Further, the Authorised Share Capital has been increased from Rs. 5 crore to Rs. 14 crore in July, 2016.

Dividend and Transfer to Reserves

Your Company's Project is under implementation hence there is no operating profit.

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure- I** to the Directors' Report.

Fixed Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required u/s 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements 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 & loss of the company for that period;

- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the Annual Accounts on a going concern basis; and
- v. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at **Annexure –II** to this Report.

Board of Directors

As on 31st March, 2016, the Board comprised four Directors viz. Shri Ravi P Singh, Shri D.K.Valecha, Shri S. Vaithilingam and Shri Prabhakar Singh. There is no change in the composition of Board of Directors during the year.

Subsequently, Shri Ajoy Kumar Sinha has been appointed as Additional Director w.e.f. 16.08.2016 who holds office upto the date of ensuing Annual General Meeting. The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Ajoy Kumar Sinha as Director, liable to retire by rotation in the ensuing Annual General Meeting.

Also, Shri Prabhakar Singh ceased to be Director of the Company w.e.f. 11.08.2016.

In accordance with the provisions of the Companies Act, 2013, Shri D.K. Valecha shall retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offer himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

During the financial year ended 31st March, 2016, four meetings of Board of Directors were held on 21.05.2015, 15.09.2015, 28.09.2015, 12.01.2016. The detail of number of meetings attended by each Director during the financial year 2015-16 are as under:

| Name of Director | Designation | Board attendance 2015-16 | Meeting during |
|----------------------|-------------|--------------------------|----------------|
| Shri Ravi P Singh | Chairman | 4 | |
| Shri D K Valecha | Director | 4 | |
| Shri S Vaithilingam | Director | 4 | |
| Shri Prabhakar Singh | Director | 4 | |

Corporate Social Responsibility (CSR)

Your Company's Project is under implementation hence, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to your Company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Statutory Auditors

M/s. Raj K Sri & Co., Chartered Accountants, New Delhi, was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2015-16.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 27thJuly, 2016 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2016 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 27thJuly, 2016 received from C&AG is placed at **Annexure-III** to this report.

Registered Office
B-9 Qutab Institutional Area, KatwariaSarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40300DL2012GOI246341

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Unchahar Transmission Limited


Ravi P. Singh
Chairman
DIN: 05240974

Date: 24th August, 2016
Place: New Delhi

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40300DL2012GOI246341

POWERGRID UNCHAHAR TRANSMISSION LIMITED
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID) [holding company on and from 24.03.2014] |
| b | Nature of contracts/arrangements/transaction | Part (A): to take any security(ies) / guarantee(s) in connection with loan(s) and/or avail Inter corporate loan(s) on cost to cost basis and back to back servicing, or a combination thereof, upto an amount of Rs 90 crore from POWERGRID. Part (B): to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus service tax as applicable. |
| c | Duration of the contracts/arrangements/transaction | Part (A): As mutually agreed. Part (B): Commissioning of the project including associated reconciliation activities. |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by the Board | 13.08.2014 [for Part (A)], 04.04.2016 [for Part (B)]. |

| | | |
|---|---------------------------------|---|
| 1 | Amount paid as advances, if any | - |
|---|---------------------------------|---|

For and on behalf of
POWERGRID Unchahar Transmission Limited

JA
Ravi P. Singh
Chairman
DIN: 05240974

Date: ~~9th~~ 11th August, 2016
Place: New Delhi

POWERGRID Unchahar Transmission Limited
Form No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|--|---|
| i. | CIN | U40300DL2012GOI246341 |
| ii. | Registration Date | 17 th December, 2012 |
| iii. | Name of the Company | POWERGRID Unchahar Transmission Limited [formerly Unchahar Transmission Limited] |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121. Fax: 011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------------|------------------|--------------------|
| 1. | POWER GRID CORPORATION OF INDIA LIMITED | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(46) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during The year |
|----------------------------------|---|----------|-------|-------------------|---|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6 | 6* | 0.012 | - | 6 | 6* | 0.012 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 49994 | 49994 | 99.988 | 0 | 49994 | 49994 | 99.988 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 50000 | 50000 | 100 | 0 | 50000 | 50000 | 100 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|---|-------|-------|-----|---|-------|-------|-----|---|---|
| (i) Indian (ii) Overseas | | | | | | | | | | |
| b) Individuals | - | - | - | - | - | - | - | - | - | - |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | | | | | | | | | | |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | | | | | | | | | |
| c) Others(Specify) | - | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 50000 | 50000 | 100 | 0 | 50000 | 50000 | 100 | 0 | 0 |

Notes:

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumb-ered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumb-ered to total shares | |
| 1. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | 49994 | 99.988 | - | 49994 | 99.988 | - | - |

| | | | | | | | | |
|----|--|--------------|------------|----------|--------------|------------|----------|----------|
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | 0.012 | - | 01 | 0.012 | - | - |
| 3. | Shri R.T. Agarwal jointly with POWERGRID | 01 | 0.012 | - | 01 | 0.012 | - | - |
| 4. | Shri Ravi P. Singh jointly with POWERGRID | 01 | 0.012 | - | 01 | 0.012 | - | - |
| 5. | Shri R.P. Sasmal jointly with POWERGRID | 01 | 0.012 | - | 01 | 0.012 | - | - |
| 6. | Shri D .K. Valecha jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 7. | Shri S. Vaithilingam jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| | Total | 50000 | 100 | - | 50000 | 100 | - | - |

iii Change in Promoters' Shareholding (please specify ,if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50000 | 100 | 50000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 50000 | 100 | 50000 | 100 |

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | For each of Top ten shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. no | For each of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors | | | | |
| 1 | Shri Ravi P Singh, Chairman | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 2 | Shri D. K.Valecha, Director | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |

| | | | | | |
|----------|---|-----|-------|-----|-------|
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 3 | Shri S. Vaithilingam, Director | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 4 | Shri Prabahkar Singh, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

*equity share held jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not | | | | |
| Total(i+ii+Iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | 261,192,266 | | 261,192,266 |
| - Addition | | | | |
| - Reduction | | | | |
| Net Change | - | 261,192,266 | | 261,192,266 |
| Indebtedness at the end of the financial year | - | | - | |

| | | | | |
|-----------------------------------|--|-------------|--|-------------|
| i) Principal Amount | | 261,192,266 | | 261,192,266 |
| ii) Interest due but not paid | | | | - |
| iii) Interest accrued but not due | | 6,342,521 | | 6,342,521 |
| Total (i+ii+iii) | | 267,534,787 | | 267,534,787 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :(Not Applicable)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--|-------------------------|---|---|---|--------------|
| 1. | Gross salary (a)Salary as per provisions contained in section17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2)Income-tax Act, 1961 (c)Profits in lieu of salary undersection17(3)Income-taxAct,1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors: (Not Applicable)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|---|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> •Fee for attending board committee meetings •Commission •Others, please specify | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Total(1) | - | - | - | - | - |
| <u>Other Non-Executive Directors</u> ·Fee for attending board committee meetings ·Commission ·Others, please specify | - | - | - | - | - |
| Total(2) | - | - | - | - | - |
| Total(B)=(1+2) | - | - | - | - | - |
| Total Managerial Remuneration | - | - | - | - | - |
| Overall Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD: (Not Applicable)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2)Income-tax Act,1961 (c)Profits in lieu of salary under section 17(3)Income-tax Act,1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

For and on behalf of
POWERGRID Unchahar Transmission Limited



Ravi P Singh
 Chairman
 DIN: 05240974

Date: 24th August, 2016
 Place: New Delhi

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID UNCHAHAR TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of Powergrid Unchahar Transmission Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 24 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Unchahar Transmission Limited for the year 31 March 2016 and as such have no comments to make under section 143(6)(b) of the Act.

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

Ritika Bhatia

(Ritika Bhatia)

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

Place: New Delhi

Dated: 27 July, 2016



RAJ K. SRI & CO.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To
The Members,
POWERGRID UNCHAHAR TRANSMISSION LIMITED
(Previously UNCHAHAR TRANSMISSION LIMITED)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **POWERGRID UNCHAHAR TRANSMISSION LIMITED (previously UNCHAHAR TRANSMISSION LIMITED)** ("the Company), which comprise the Balance sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



206-207 Laxmi Chamber, D-223 Laxmi Nagar, Vikas Marg, Near Metro Station, Delhi- 110092
E-Mail Id: rajksri@hotmail.com, support@rajksri.com. Tel. No.: 011-42401818, 22525200

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section(5) of section 143 of Companies Act 2013, we give in the Annexure "T", a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.




3. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) As per information provided to us Company have no branch offices. Company is hundred percent subsidiary of Power grid Corporation of India Ltd.
 - (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Raj K Sri & Co
Chartered Accountants
ICAI Firm Registration No. 014141N




Partner : Rohit Vaswani
Membership No: 095991
Place: Delhi
Date: 24.05.2016

ANNEXURE – A to the Auditor's Report

1. As company have no fixed assets, so this clause not applicable on company.
2. Yes, as per management of company physical verification has been conducted at reasonable intervals by the management. As all stock of company on working site with contracting vendors.
3. As explained to us, the company has not granted any loans, secured or unsecured to Companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence Paragraph 3 (iii) (a) and (b) are not applicable to the Company.
4. As explained to us, the company has not granted any loans, Investment, guarantees and security under section 185 and 186. Hence this clause not applicable on company.
5. According to the information and explanation given to us, the Company has not accepted any deposits from the public.
6. Company does not have any business activities during the year, the provisions of Para 3 (vi) of the Companies (Auditor's Report) Order, 2016 relating to maintaining of cost records under section 148 (1) of the Companies Act, 2013 is not applicable to the Company.
7. (A) According to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and protection Fund, Employees state insurance, income Tax, wealth Tax and other statutory dues with the appropriate Authorities through holding company i.e. Power Grid Corporation of India Limited. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31 March 2016 for a period of more than six months from the date they become payable.

(b) According to the information and explanation given to us, there are no dues of Income tax, wealth Tax, which have not been deposited on account of any dispute.
8. According to the records made available to us and information and explanation given by the management, the company has not taken any loan, from any financial institutions or bank or debenture holder, Para 3 (viii) is not applicable to the Company.
9. According to the records made available to us and information and explanation given by the management, The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable, hence clause (ix) of paragraph 3 of the order is not applicable to the Company.



10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Raj K Sri & Co
Chartered Accountants
ICAI Firm Registration No. 014141N




Partner : Rohit Vaswani
Membership No: 095991

Place: Delhi
Date: 24.05.2016

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **POWERGRID UNCHAHAR TRANSMISSION LIMITED** as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Raj K Sri & Co

Chartered Accountants

ICAI Firm Registration No. 014141N




Partner : Rohit Vaswani

Membership No: 095991

Place: Delhi

Date: 24.05.2016

Annexure – I

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Powergrid Unchahar Transmission Limited for the year 2015-16 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

| SNo | Direction | Reply |
|-----|---|---|
| 1 | If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process. | The Company has not been selected for disinvestment during the year. |
| 2 | Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved. | There are no cases of waiver/writeoff of debts/loans/interest etc. during the year. |
| 3 | Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities. | Inventory of company is with contractor on working site as work under construction. |



POWERGRID UNCHAHAR TRANSMISSION LIMITED
(previously UNCHAHAR TRANSMISSION LIMITED)
CIN: U40300DL2012GOI246341
BALANCE SHEET AS ON 31st MARCH 2016

Figures in ₹

| | Particulars | Note No. | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------|--------------------------------|------------|---------------------|---------------------|
| I | EQUITY AND LIABILITIES: | | | |
| | (1) Shareholder's Funds: | | | |
| | (a) Share Capital | 1 | 500,000 | 500,000 |
| | (b) Reserves & Surplus | 2 | (23,851) | (23,851) |
| | (2) Long Term Borrowings: | | | |
| | (a) Other Liabilities | 3 | 261,192,266 | - |
| (2) Current Liabilities : | (a) Other Liabilities | 4 | 163,576,280 | 29,516,165 |
| | Total | | 425,244,695 | 29,992,314 |
| II | ASSETS: | | | |
| | (1) Non-current Assets: | | | |
| | (a) Fixed Assets | | | |
| | (i) Capital work-in-progress | 5 | 377,937,817 | 29,973,164 |
| | (2) Construction Stores: | | | |
| (a) Construction Stores | 6 | 47,264,926 | - | |
| (3) Current Assets: | | | | |
| (a) Cash and bank balances | 7 | 41,952 | 19,150 | |
| | Total | | 425,244,695 | 29,992,314 |

Expenditure During Construction Period 8
 Capital work-in-progress 9
 Significant accounting policies 10
 Notes to accounts 11
 Note Nos. 1 to 11 form an integral part of these Financial Statements

In terms of our report of even date
 For Raj K Sri & Co
 Chartered Accountants
 ICAI Firm Registration No. 014141N

For and on behalf of the Board

Partner: Rohit Vaswani
 Membership No. 095991
 Place: New Delhi
 Date: 24-05-2016



Ravi P Singh
 Director & Chairman (Part time)
 DIN-05240974

S Vaithilingam
 Director
 एस. वैथिलिंगम
S. VAITHILINGAM
 कार्यपालका निदेशक (वित्त)
 Executive Director (Finance)

POWERGRID UNCHAHAR TRANSMISSION LIMITED
 (previously UNCHAHAR TRANSMISSION LIMITED)
 CIN: U40300DL2012GOI246341
STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDING 31st MARCH, 2016

Figures in ₹

| | Particulars | Note No. | For the Year ended 31.03.2016 | For the Year ended 31.03.2015 |
|------|---|----------|-------------------------------|-------------------------------|
| | REVENUE: | | | |
| I | Revenue from Operations: | | - | - |
| II | Other Income | | - | - |
| III | Total Revenue (I+II) | | - | - |
| | EXPENSES: | | | |
| | Preliminary Expenses | | - | - |
| IV | Total Expenses | | - | - |
| V | Profit before exceptional and extraordinary items(III-IV) | | - | - |
| VI | Exceptional Items | | - | - |
| VII | Profit before extraordinary items and tax (V-VI) | | - | - |
| VIII | Extraordinary Items | | - | - |
| IX | Profit Before Tax (VII-VIII) | | - | - |
| X | Tax Expense of continuing operations | | - | - |
| XI | Profit/(Loss) for the period from continuing operations (IX - X) | | - | - |
| XII | Profit/(Loss) for from discontinuing operations | | - | - |
| XIII | Tax Expense of discontinuing operations | | - | - |
| XIV | Profit/(Loss) from discontinuing operations (after tax) (XII-XIII) | | - | - |
| XV | Profit/ (Loss) for the period (XI + XIV) | | - | - |
| XVI | Basic & Diluted Earning per share of Rs 10 each | | - | - |

Expenditure During Construction Period 8
 Capital work-in-progress 9
 Significant accounting policies 10
 Notes to accounts 11
 Note Nos. 1 to 11 form an integral part of these Financial Statements

In terms of our report of even date
 For Raj K Sni & Co
 Chartered Accountants
 ICAI Firm Registration No. 014141N

For and on behalf of the Board

Partner: Rohit Vaswani
 Membership No. 095891
 Place : New Delhi
 Date : 24-05-2016



Revi P Singh
 Director & Chairman (Part-time)
 DIN:- 05240974

S Vaithilingam
 Director

एस. वैथिलिंगम
S. VAITHILINGAM
 कार्यपालक निदेशक (वित्त)
 Executive Director (Finance)

Note No. '1' - SHARE CAPITAL:

| Particulars | Figures in ₹ | |
|---|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Authorized Share Capital 50,00,000 Equity shares of ₹ 10 each | 50,000,000 | 500,000 |
| Issued, Subscribed and Fully Paid up Share Capital 50,000 fully paid up Equity shares of ₹ 10 each | 500,000 | 500,000 |
| Total issued, Subscribed and fully paid up share capital | 500,000 | 500,000 |

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

At the beginning of the period
Issued During the period
Outstanding at the end of the period

| No. of Shares | As at 31.03.2016 | | No. of Shares | As at 31.03.2015 | |
|---------------|------------------|---------------|---------------|------------------|---------------|
| | (Amount in ₹) | (Amount in ₹) | | (Amount in ₹) | (Amount in ₹) |
| 50,000 | 500,000 | | 50,000 | 500,000 | |
| - | - | | - | - | |
| 50,000 | 500,000 | | 50,000 | 500,000 | |

b. Terms / rights attached to equity shares
The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of

In the event of liquidation of the company, the holders of equity shares will be entitled to receive

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Company
50,000/- equity shares of ₹. 10 each fully paid

| | (Amount in ₹) | |
|--|---------------|-----------|
| | 31-Mar-16 | 31-Mar-15 |
| | 500,000 | 500,000 |

d. Details of shareholders holding more than 5% shares in the company:

Equity Shares of ₹. 10 each fully paid
Power Grid Corporation Limited, the Holding Company*

| No. of Shares | 31-Mar-16 | | No. of Shares | 31-Mar-15 | |
|---------------|------------------------|------------------------|---------------|------------------------|------------------------|
| | % holding in the class | % holding in the class | | % holding in the class | % holding in the class |
| 50,000 | 100% | | 50,000 | 100 | |
| 50,000 | 100.00% | | 50,000 | 100.00% | |

* Out of 50,000 Equity shares, 6 Equity shares are held by nominees of POWERGRID jointly with POWERGRID.

Note No. '2' - RESERVES & SURPLUS:

| Particulars | Figures in ₹ | |
|---|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Opening Balance - Profit & Loss Account | (23,851) | (23,851) |
| Add: Transferred from Statement of P&L for the year | - | - |
| Closing Balance | (23,851) | (23,851) |

borrowings

| Particulars | Figures in ₹ | |
|---|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Power Grid Corporation of India Limited (Holding Company) | 261,192,266 | - |
| Total | 261,192,266 | - |



Note No. '4' - OTHER CURRENT LIABILITIES:

| Particulars | Figures in ₹ | |
|---|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Power Grid Corporation of India Limited (Holding Company) | 4,179,896 | 29,453,749 |
| Payable to Contractor (Including Retention Money) | 151,448,713 | - |
| Statutory Dues Payable | 1,540,864 | - |
| Other Liabilities | 83,488 | 82,416 |
| Interest Accrued But Not Due | 6,342,521 | - |
| Total | 163,576,280 | 29,516,165 |

Note No. '5' - CAPITAL WORK IN PROGRESS:

| Particulars | Figures in ₹ | | | | |
|--|---------------------|------------------------------|-------------------------------|-----------------------------------|---------------------|
| | As at 31.03.2015 | Additions during the year | Adjustment during the year | Capitalised during the year | As at 31.03.2016 |
| Plant (including associated civil works)- Transmission (Note No. 9) | - | 338,610,728 | - | - | 338,610,728 |
| CWIP trfd from Statement of Expenditure during Construction Period (Note No. 8) | 29,973,184 | 9,353,925 | - | - | 39,327,089 |
| Total | 29,973,184 | 347,964,653 | - | - | 377,937,817 |

Note No. '6' - CONSTRUCTION STORES

| Particulars | Figures in ₹ | |
|--------------|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Conductors | 47,264,926 | - |
| Total | 47,264,926 | - |

Note No. '7' - CASH AND BANK BALANCES:

| Particulars | Figures in ₹ | |
|--|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| a) Cash and Balance with Banks | | |
| In current account with Scheduled Bank | 41,952 | 19,150 |
| Drafts / Cheques in hand | - | - |
| b) Other bank balances | - | - |
| Total | 41,952 | 19,150 |



Note No. '8' - EXPENDITURE DURING CONSTRUCTION PERIOD

| Particulars | Figures in ₹ | |
|---|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| a) Expenses | | |
| Interest on Loan From Powergrid | 7,047,245 | - |
| Other Professional Charges | 1,483,175 | - |
| Other Finance Exp. | 2,244 | - |
| Tender Expenses | 283,191 | - |
| CERC Petition Expenses | 500,000 | - |
| Auditors Remuneration | 58,070 | 55,180 |
| Misc Exp. | - | 347,900 |
| Bidding Documents | - | 277,751 |
| Employee Benefit Exp. | - | 348,532 |
| Rates & Taxes | - | 562,250 |
| Travelling Exp. | - | 365,355 |
| Total (a) | 9,353,925 | 1,957,968 |
| b) Other Income | | |
| Sale of Bid Documents | - | 1,500,000 |
| Total (b) | - | 1,500,000 |
| Balance (a-b) carried to CWIP (Note No. 5) | 9,353,925 | 457,968 |

Note No. '9' -Plant (including associated civil works)-Transmission

| Particulars | Figures in ₹ | |
|---|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Towers-Crop Compensation | 6,055,950 | - |
| Towers | 332,554,778 | - |
| Expenses during construction period | 32,279,644 | 29,973,164 |
| Interest during construction period | 7,047,245 | - |
| Balance (a-b) carried to CWIP (Note No. 5) | 377,937,617 | 29,973,164 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED
 (previously UNCHAHAR TRANSMISSION LIMITED)
 CIN: U40300DL2012GOI246341
CASH FLOW STATEMENT
FOR THE PERIOD FROM 1ST APRIL 2015 TO 31st MARCH, 2016

Figures in ₹

| Particulars | For the Year ended 31.03.2016 | For the Year ended 31.03.2015 |
|---|-------------------------------------|-------------------------------------|
| A. Cash Flow from Operating Activities: | | |
| Net profit/Loss as per Statement of Profit & Loss | - | - |
| Operating Profit/Loss before Working Capital Changes | - | - |
| Adjustments for Increase/Decrease in: | | |
| - Other Current Liabilities | 134,060,115 | 23,329,257 |
| Total | 134,060,115 | 23,329,257 |
| B. Cash Flow from Investing Activities: | | |
| - Capital Work in Progress | (347,984,653) | 23,329,557 |
| Total | (347,984,653) | 23,329,557 |
| C. Cash Flow from Financing Activities: | | |
| Net Increase/ Decrease in Cash Flow | 213,904,538 | -300 |
| Cash and Cash Equivalents at the beginning of the period | 19,150 | 19,150 |
| Cash and Cash Equivalents at the end of the period | 41,952 | 19,150 |
| Net Increase/Decrease in Cash and cash Equivalents | 22,802 | - |

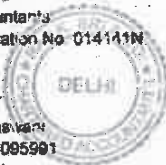
Expenditure During Construction Period 8
 Capital work-in-progress 9
 Significant accounting policies 10
 Notes to accounts 11
 Note Nos. 1 to 11 form an integral part of these Financial Statements

In terms of our report of even date

For and on behalf of the Board

For Raj K Sri & Co
 Chartered Accountants
 ICAI Firm Registration No. 014141N

Partner: Rohit Vaswan
 Membership No. 0955901
 Place: New Delhi
 Date: 24-05-2016



Ravi P Singh
 Director & Chairman (Part-time)
 DIN: 05240974

S Vaithilingam
 Director
 एस. वैथिलिंगम
S. VAITHILINGAM
 कार्यकारी निदेशक (फिन्स)
 Executive Director (Finance)

NOTE NO. 10

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standards in India. The financial statements adhere to the relevant presentation requirement of the Companies Act, 2013

2. FIXED ASSETS

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

3. CAPITAL WORK IN PROGRESS

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

Expenditure of corporate office, regional offices and projects, attributable to construction of fixed assets are identified and allocated on systematic basis to the cost of related asset.

Interest during construction and expenditure (net) allocated to construction as per policy as above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under CWIP schedule.

Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per the terms of the contract.

4. REVENUE RECOGNITION

Income and expenses are accounted for on accrual basis.

NOTE NO. 11

NOTES TO ACCOUNTS

1. The Company was incorporated on 17-12-2012 and Certificate of Commencement of Business was issued on 15-02-2013. The Company is a special purpose vehicle incorporated to develop ATS of Unchahar TPS. REC Transmission Projects Company Limited (erstwhile Holding Company) has been appointed as Bid Process Co-ordinator by Government of India for selection of the developer for the project. Consequent to the selection of Successful Bidder (M/s. Power Grid Corporation of India Limited) as per the Tariff Based Competitive Bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/08 (as amended from time to time) and as per issued bidding documents, the company was transferred to M/s. Power Grid Corporation of India Limited (Successful Bidder) vide Share Purchase Agreement dated 24th March 2014 by REC TPCL (transferor). After transfer, the company ceases to be a subsidiary of REC TPCL and became a subsidiary of Power Grid Corporation of India Limited. The name of the company was changed from Unchahar Transmission Limited to POWERGRID Unchahar Transmission Limited vide Certificate of Incorporation pursuant to change of name dated 17th September 2014.



2. The Company was incorporated as a wholly owned subsidiary of REC Transmission Projects Company Limited (REC-TPCL), which is further wholly owned by Rural Electrification Corporation Limited (REC), a Government of India Undertaking. Pursuant to the bid process, Power Grid Corporation of India Limited has been selected as the successful bidder and has acquired on 24th March 2014 one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities. The Key Management Personnel of the Company with effect from 24th March 2014 are employees of POWERGRID, deployed on part time basis. No management remuneration is paid to such representatives by the company. The details of such Key Management Personnel are as follows:-

| S. No. | Name | Designation | Date of Appointment | Date of Resignation |
|--------|-----------------------|---------------------------------|---------------------|---------------------|
| 1 | Shri. Ravi P Singh | Chairman (Part-time) & Director | 24-Mar-2014 | Continuing |
| 2 | Shri. D K Velecha | Director | 24-Mar-2014 | Continuing |
| 3 | Shri. Prabhakar Singh | Director | 24-Mar-2014 | Continuing |
| 4 | Shri. S Vaithilingam | Director | 11-Mar-2015 | Continuing |
| 5 | Shri. C N Suresh Babu | CEO (Part-time) | 24-Mar-2014 | Continuing |

3. The disclosure as per AS18 – Related Party Disclosure :

Pursuant to the bid process, Power Grid Corporation of India Limited has been selected as the successful bidder and has acquired on 24th March 2014 one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities from the Bid Process Coordinator i.e. REC Transmission Projects Company Limited (RECTPCL). All key decisions with effect from 24th March 2014 are taken by Power Grid Corporation of India Limited.

The related Party Transactions with POWERGRID (holding company) are as follows:-

| Sr.No. | Name | Amount in Rupees | | | |
|--------|---|--------------------------------------|-----------------------------------|--|-----------------------------------|
| | | 2015-16 | | 2014-15 | |
| | | Out standing Balance at the year end | Maximum Balance during the period | Out standing Balance at the period end | Maximum Balance during the period |
| 1 | Power Grid Corporation of India Limited (Holding Company) - Current Liabilities | -4179895.56 | -29953748.56 | -29453748.56 | -29453748.56 |
| 2 | Power Grid Corporation of India Limited (Holding Company) - Loan | 261192266.00 | 261192266.00 | 0 | 0 |
| 3 | Power Grid Corporation of India Limited (Holding Company) - Interest Accrued | 7047245.00 | 7047245.00 | 0 | 0 |



4. The Company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and mandatory Accounting Standards ("AS") as prescribed under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.

5. The Company has no outstanding liability towards micro, small and medium undertakings.

6. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs 48.59 Crore. Contingent Liabilities of the Company and claims against the company not acknowledged as debt by the Company is Rs Nil.

7. Expenditure in Foreign Currency - Nil (Previous Year - Nil)

Earning in Foreign Currency - Nil (Previous Year - Nil)

8. Auditors Remuneration

| | 2015-16 | 2014-15 |
|-----------|---------|---------|
| Audit Fee | 58070 | 56180 |

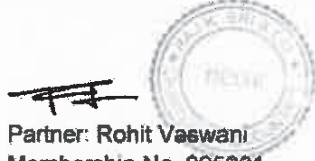
9. Figures have been rounded off to the nearest rupees.

10. Figures have been regrouped / reclassified wherever necessary.

In terms of our report of even date

For and on behalf of the Board

For Raj K Sri & Co
Chartered Accountants
ICAI Firm Registration No. 014141N



Partner: Rohit Vaswani
Membership No. 095991
Place : New Delhi
Date : 24-05-2016

Ravi P Singh

Director & Chairman (Part-time)

DIN: - 05240974

S Vaithilingam

Director

एस. वैथिलिंगम
S. VAITHILINGAM
कार्यवाहक निदेशक (वित्त)
Executive Director (Finance)

POWERGRID KALA AMB TRANSMISSION LIMITED

DIRECTORS' REPORT

To,

The Members,

I am delighted to present on behalf of the Board of Directors, the Third Annual Report of POWERGRID Kala Amb Transmission Limited {formerly NRSS XXXI (A) Transmission Limited} on the working of the Company together with Audited Financial Statements, Auditors Report for the financial year ended 31st March, 2016.

POWERGRID Kala Amb Transmission Limited (PKATL) (formerly NRSS XXXI (A) Transmission Limited) was acquired/taken over by POWERGRID on May 12, 2014 under Tariff based Competitive bidding from REC Transmission Projects Company limited (the Bid Process Co-ordinator) for establishment of Transmission System for Northern Region system Strengthening Scheme, NRSS-XXXI (Part-A) on build, own, operate and maintain (BOOM) basis. Consequent to such acquisition, PKATL became wholly owned subsidiary of POWERGRID. The transmission system comprising 400/220 kV GIS substation, 400 kV D/C LILO and Series Compensation is contemplated in the state of Himachal Pradesh. The Company has been granted transmission license by CERC in September, 2014 and the adoption of transmission charges was also notified by CERC in August, 2014. Awards have been placed and construction of the Project is under progress.

Financial Performance

As on 31st March, 2016, the Company has not yet started commercial operations as the project is under execution. The expenditure of Rs. 4,12,83,823/- incurred during the year has been included under Capital Work in Progress.

Share Capital

The Authorised Share Capital and Paid up Share Capital as on 31st March, 2016 of the Company were Rs. 5 crore and Rs. 5 lac, respectively. Subsequently, the Paid up Share Capital has been increased from Rs. 5 lac to Rs. 1.05 crore in June, 2016.

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40106DL2013GOI256048

Dividend and Transfer to Reserves

Your Company's Project is under implementation, hence there is no operating profit.

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as Annexure- I to the Directors' Report.

Fixed Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required under Section 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements 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/loss of the company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the Annual Accounts on a going concern basis; and

Registered Office

B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121. Fax: 011-26601081

CIN: U40106DL2013GOI256048

- v. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The Extract of Annual Return in Form MGT- 9 is enclosed at **Annexure –II** to this Report.

Board of Directors

As on 31st March, 2016, the Board comprised four Directors viz. Shri R. P. Sasmal, Shri D. K. Valecha, Shri S. Vaithilingam and Shri S. K. Sharma. There is no change in the composition of Board of Directors during the year.

Subsequently, Shri. Anil Jain has been appointed as Additional Director w.e.f. 02.08.2016 who holds office upto the date of ensuing Annual General Meeting. The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Anil Jain as Director, liable to retire by rotation in the ensuing Annual General Meeting.

Also, Shri S K Sharma ceased to be Director of the Company w.e.f. 01.08.2016

In accordance with the provisions of the Companies Act, 2013, Shri D.K. Valecha shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

During the financial year ended 31st March, 2016, seven (7) meetings of Board of Directors were held on 20.05.2015, 16.09.2015, 28.09.2015, 01.12.2015, 09.12.2015, 15.01.2016 & 12.02.2016. The detail of number of meetings attended by each Director during the financial year 2015-16 are as under:

| Name of Director | Designation | Board attendance 2015-16 | Meeting during |
|-------------------------|--------------------|---------------------------------|-----------------------|
| Shri R. P.Sasmal | Chairman | 7 | |
| Shri D K Valecha | Director | 7 | |
| Shri S Vaithilingam | Director | 7 | |
| Shri S. K.Sharma | Director | 1 | |

Corporate Social Responsibility (CSR)

Your Company's Project is under implementation hence, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Statutory Auditors

M/s Rakesh Ganesh & Associates, Chartered Accountants, Jammu, J&K, were appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2015-16.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 9th August, 2016 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2016 and as such have no comments to make under section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 9th August, 2016 of NIL comments received from C&AG is placed at Annexure-III to this report.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Kala Amb Transmission Limited



(R.P.Sasmal)
Chairman
DIN: 02319702

Date: 2nd September, 2016
Place: New Delhi

POWERGRID KALA AMB TRANSMISSION LIMITED

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|--|---|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID) [holding company on and from 12.05.2014] |
| b | Nature of contracts/arrangements/transaction | Part (A) to take any security(ies) / guarantee(s) in connection with loan(s) and/or avail Inter corporate loan(s) on cost to cost basis and back to back servicing, or a combination thereof, upto an amount of Rs300 crore from POWERGRID. Part (B) to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus service tax as applicable. |
| c | Duration of the contracts/arrangements/transaction | Part (A) As mutually agreed. Part (B) Commissioning of the project including associated reconciliation activities. |
| d | Salient terms of the contracts or arrangements or | Refer (b) |

| | | |
|---|---|---|
| | transaction including the value, if any | |
| e | Date of approval by the Board | 31.07.2014 [for Part (A)] , 04.04.2016 [for Part (B)] |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Kala Amb Transmission Limited



(R.P.Sasmal)
Chairman
DIN: 02319702

Date: 2nd September, 2016
Place: New Delhi

Annexure II to Directors' Report

POWERGRID KALA AMB TRANSMISSION LIMITED

Form No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|--|---|
| i. | CIN | U40106DL2013GOI256048 |
| ii. | Registration Date | 29 th July,2013 |
| iii. | Name of the Company | POWERGRID Kala Amb Transmission Limited[formerly NRSS XXXI (A) Transmission Limited] |
| iv. | Category/ Sub-Category of the Company | Company Limited by shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax 011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.N o. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|--------------------|--|---|---|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|-----------|---|------------------------------|---|--------------------------------|-------------------------------|
| 1. | POWER GRID CORPORATION OF INDIA LIMITED* | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(45) |

**HOLDING COMPANY ON & FROM 12.05.2014*

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|----------------------------------|---|---------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physica | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6 | 6* | 0.012 | - | 6 | 6* | 0.012 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 49994 | 49994 | 99.988 | 0 | 49994 | 49994 | 99.988 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(1):- | 0 | 50000 | 50000\$ | 100 | 0 | 50000 | 50000\$ | 100 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (i) Indian | - | - | - | - | - | - | - | - | - |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|---|-------|---------|-----|---|-------|---------|-----|-----|---|
| (i) Individual shareholders holding nominal share capital upto Rs.1 lakh | | | | | | | | | | |
| (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | | | | | | | | | | |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2) | - | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - | - |
| GrandTotal (A+B+C) | 0 | 50000 | 50000\$ | 100 | - | 50000 | 50000\$ | 100 | 100 | |

Notes:

\$Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under Tariff Based Competitive Bidding for establishment of Transmission System for Northern Region System Strengthening Scheme, POWERGRID KALA AMB TRANSMISSION LIMITED [formerly NRSS- XXXI (A) Transmission Limited]. Pursuant to such selection and in accordance with the provisions of Share Purchase Agreement dated 12.05.2014 executed amongst REC Transmission Projects Company Limited (RECTCL) [the bid process coordinator], the Company and POWERGRID, 50,000 equity shares of Rs.10/- each held in the Company by RECTPCL and its nominees were transferred to POWERGRID and POWERGRID's nominees jointly with POWERGRID.

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | 49994 | 99.988 | - | 49994 | 99.988 | - | - |

| | | | | | | | | |
|--------------|--|--------------|------------|----------|--------------|------------|----------|----------|
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 3. | Shri R.T. Agarwal jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 4. | Shri Ravi.P. Singh jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 5. | Shri R.P. Sasmal jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 6. | Shri D.K. Valecha jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 7. | Shri S. Vaithilingam jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| Total | | 50000 | 100 | - | 50000 | 100 | 0 | - |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 50000 | 100 | 50000 | 100 |
| At the beginning of the year | | | | |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | 50000 | 100 | 50000 | 100 |
| At the End of the year | | | | |

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | For each of Top ten shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. no | For each of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors | | | | |
| 1 | Shri R. P. Sasmai, Chairman | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 2 | Shri D. K. Valecha, Director | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |

| | | | | |
|---|-----|-------|-----|-------|
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 3 Shri S. Vaithilingam, Director | | | | |
| At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 4 Shri S. K. Sharma, Director | | | | |
| At the beginning of the year | - | - | - | - |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| At the End of the year | - | - | - | - |

*equity share held jointly with POWERGRID.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|------------------------|-----------------|---------------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but | | | | |

| | | | | |
|--|---|--------------|---|--------------|
| not | | | | |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | - | | - | |
| - Addition | | 30,31,04,838 | | 30,31,04,838 |
| - Reduction | | - | | - |
| Net Change | - | 30,31,04,838 | - | 30,31,04,838 |
| Indebtedness at the end of the financial year | - | | - | |
| i) Principal Amount | | 30,31,04,838 | | 30,31,04,838 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | - | 30,31,04,838 | - | 30,31,04,838 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|---|-------------------------|---|---|---|--------------|
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary Under section 17(3) Income- tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as % of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors: (NOT APPLICABLE)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|---|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> ·Fee for attending board committee meetings ·Commission ·Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> ·Fee for attending board committee meetings ·Commission ·Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD: (Not Applicable)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1)of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as%of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

V. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any(give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|-----------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Kala Amb Transmission Limited



(R.P. Sasmal)
Chairman
DIN: 02319702

Date: 2nd September, 2016
Place: New Delhi

11

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that this is crucial for ensuring the integrity of the financial statements and for providing a clear audit trail. The document also notes that this practice is essential for identifying any discrepancies or errors in a timely manner.

2. In addition, the document highlights the need for regular reconciliation of accounts. This process involves comparing the internal records with the bank statements to ensure that they match. Any differences should be investigated immediately to prevent any potential issues from arising.

3. Furthermore, the document stresses the importance of maintaining up-to-date records of all assets and liabilities. This includes not only physical assets but also intangible assets such as patents and trademarks. Accurate record-keeping is essential for determining the true value of the organization's net worth.

4. Finally, the document concludes by reiterating the importance of transparency and accountability in financial reporting. It encourages the organization to be open and honest about its financial performance and to provide clear explanations for any significant fluctuations or trends.

5. The document also includes a section on the importance of maintaining proper documentation for all financial transactions. This includes keeping copies of all invoices, receipts, and contracts. Proper documentation is essential for supporting the accuracy of the financial records and for facilitating the audit process.

6. In conclusion, the document provides a comprehensive overview of the key principles and practices that are essential for maintaining accurate and reliable financial records. It emphasizes the importance of regular reconciliation, up-to-date record-keeping, and transparency in financial reporting.

7. The document also includes a section on the importance of maintaining proper documentation for all financial transactions. This includes keeping copies of all invoices, receipts, and contracts. Proper documentation is essential for supporting the accuracy of the financial records and for facilitating the audit process.

8. In addition, the document highlights the need for regular reconciliation of accounts. This process involves comparing the internal records with the bank statements to ensure that they match. Any differences should be investigated immediately to prevent any potential issues from arising.

9. Furthermore, the document stresses the importance of maintaining up-to-date records of all assets and liabilities. This includes not only physical assets but also intangible assets such as patents and trademarks. Accurate record-keeping is essential for determining the true value of the organization's net worth.

10. Finally, the document concludes by reiterating the importance of transparency and accountability in financial reporting. It encourages the organization to be open and honest about its financial performance and to provide clear explanations for any significant fluctuations or trends.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF POWERGRID KALA AMB TRANSMISSION
LIMITED FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of Powergrid Kala Amb Transmission Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Kala Amb Transmission Limited for the year ended 31 March 2016 under Section 143(6)(a) of the Act.

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

Ritika Bhatia

(Ritika Bhatia)

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

Place: New Delhi

Dated: 09 August, 016



INDEPENDENT AUDITOR'S REPORT

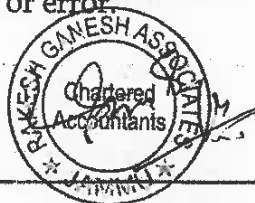
TO THE MEMBERS OF POWERGRID KALA AMB TRANSMISSION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **POWERGRID KALA AMB TRANSMISSION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required

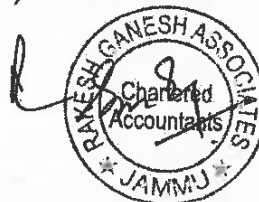




by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its Profit for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- i). As required by the Companies (Auditor's Report) Order 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the said order.
- ii). As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

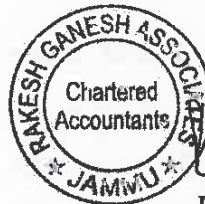




(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company (as certified by the Directors) has no pending litigations as on March 31, 2016.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.

For Rakesh Ganesh & Associates
Chartered Accountants
Firm's Registration No. 020917N



Rakesh Gupta
Rakesh Gupta, FCA

Proprietor

Membership No. 506825

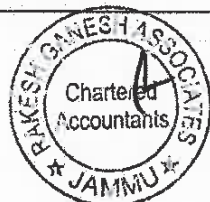
Place: Jammu, (J&K)

Date: May 23, 2016

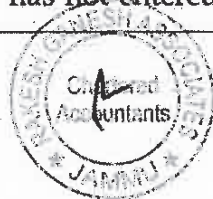
The Annexure referred to in our report to the members of POWERGRID KALA AMB TRANSMISSION LIMITED for the year Ended on March 31, 2016. We report that:

1. Under Paragraph 3 of Companies (Auditor's Report) Order, 2016

| | |
|-------|---|
| (i) | Fixed Assets. |
| | The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. which have been physically verified by the Management. No material discrepancies were noticed on such verification. |
| (ii) | The nature of business of the company does not require it to have any inventory. Hence the clause of the said order is not applicable to the company. |
| (iii) | The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. |
| (iv) | The company has taken inter corporate loan from the holding company and has complied all the provisions. |
| (v) | The company has not accepted any deposits during the year and the same is not applicable. |
| (vi) | The Company is not engaged in production, processing, manufacturing or mining activities and accordingly maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and hence, such accounts and records are not required to be maintained. |



| | |
|--------|--|
| | |
| (vii) | The Company is regular in depositing undisputed statutory dues including income tax, service tax with the appropriate authorities although some delays have been observed in deduction & deposit of income tax at source. There have also been delays in deposit of dues of Employee Provident fund and Employee State insurance. There are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable. |
| (viii) | The Company has not take any loans from Financial Institutions or Bank during the Financial year 2015-2016. There were no defaults in repayments of Principal and interest of these loans during the year under review. |
| (ix) | Point no. ix is not applicable. |
| (x) | No fraud on or by the company has been noticed or reported during the year under review. |
| (xi) | Yes managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of sections 197 read with schedule V of the Companies Act. |
| (xii) | Since the company is not a Nidhi Company the same is not applicable. |
| (xiii) | All transactions with the related parties are in compliance with sections 177 & 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards. |
| (xiv) | During the year company has not made and preferential allotment or private placement of shares or fully or partially convertible debentures during the year under review. |
| (xv) | The company has not entered into any non cash transaction with Directors |

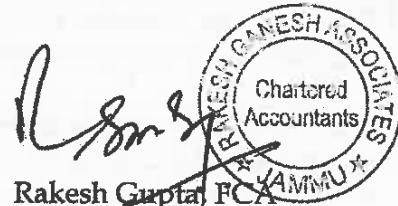


| | |
|-------|---|
| | or persons connected with them. |
| (xvi) | No the company is not required to be registered under section45-IA of the Reserve Bank of India Act,1934. |

For Rakesh Ganesh & Associates

Chartered Accountants

Firm's Registration No. 020917N



Rakesh Gupta, FCA

Proprietor

Membership No. 506825

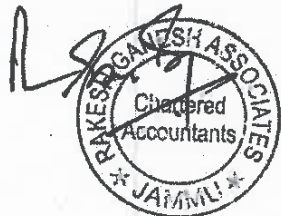
Place: Jammu, (J&K)

Date: May 23, 2016

Annexure-I

Directions indicating the areas to be examined by the statutory auditors during the course of audit of annual stand-alone accounts of PowerGrid Kala Amb Transmission Ltd. for the Year 2015-16 issued by the comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013.

| | | |
|----|---|---------------|
| 1 | Whether the Company has clear title/lease deeds for Freehold and Leasehold Land respectively? If not, please state the area of Freehold and Leasehold Land for which title/lease deeds are not available. | Yes. |
| 2. | Whether there are any cases of waiver/write-off of debts/loans/interest etc. If yes, the reasons thereof and amount involved. | No such case. |
| 3. | Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Government or other authorities. | Yes. |



POWERGRID KALA AMB TRANSMISSION LIMITED
CIN: U40106DL2013GOI256048
BALANCE SHEET AS ON 31st MARCH 2016

Figures in Rupees

| | Particulars | Note No. | As at 31.03.2016 | As at 31.03.2015 |
|----|--|----------|---------------------|---------------------|
| I | EQUITY AND LIABILITIES: | | | |
| | (1) Shareholders' Funds | | | |
| | (a) Share Capital | 1 | 5,00,000 | 5,00,000 |
| | (b) Reserves & Surplus | 2 | (28,177) | (28,177) |
| | (2) Non Current Liabilities: | | | |
| | (a) Long Term Borrowings | 3 | 3031,04,838 | - |
| | (2) Current Liabilities: | | | |
| | (a) Short Term Provision | 4 | 31,943 | 33,708 |
| | (b) Other Liabilities | 5 | 228,78,892 | 408,30,159 |
| | Total | | 3264,87,496 | 413,35,690 |
| II | ASSETS: | | | |
| | (1) Non-current Assets: | | | |
| | (a) Fixed Assets | | | |
| | (i) Tangible Assets | 6 | 299,38,000.00 | - |
| | (ii) Intangible Assets | | | |
| | (iii) Capital work-in-progress | 7 | 826,01,443 | 413,17,620 |
| | (iv) Intangible Assets under Development | | | |
| | (b) Construction Stores | | | |
| | (c) Long Term Loans & Advances | 8 | 2139,22,269 | - |
| | (2) Current Assets: | | | |
| | (a) Cash and bank balances | 9 | 19,338 | 18,070 |
| | (b) Short Term Loans & Advances | 10 | 6,446 | - |
| | Total | | 3264,87,496 | 413,35,690 |

Expenditure During Construction Period

11

Significant accounting policies

12

Notes to accounts

13

Note Nos. 1 to 13 form an integral part of these Financial Statements

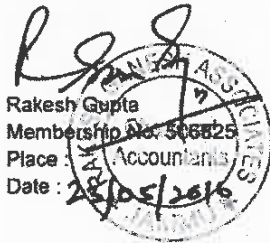
In terms of our report of even date

For and on behalf of the Board

For RAKESH GANESH & ASSOCIATES

Chartered Accountants

ICAI Firm Registration No. 020917n



R P Sasmal

R P Sasmal
 Director & Chairman (Part-time)
 DIN : 02319702

S Vaithilingam

S Vaithilingam
 Director
 DIN : 07107854

POWERGRID KALA AMB TRANSMISSION LIMITED
CIN: U40106DL2013GOI256048
STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED 31st MARCH 2016

Figures in Rupees

| | Particulars | Note No. | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
|------|--|----------|-------------------------------|-------------------------------|
| | REVENUE: | | | |
| I | Revenue from Operations | | - | - |
| II | Other Income | | - | - |
| III | Total Revenue (I+II) | | - | - |
| | EXPENSES: | | | |
| | Preliminary Expenses | | - | - |
| IV | Total Expenses | | - | - |
| V | Profit before exceptional and extraordinary items and tax (III - IV) | | - | - |
| VI | Exceptional Items | | - | - |
| VII | Profit before extraordinary items and tax (V-VI) | | - | - |
| VIII | Extraordinary Items | | - | - |
| IX | Profit Before Tax (VII-VIII) | | - | - |
| X | Tax Expense | | - | - |
| XI | Profit/(Loss) for the period from continuing operations (IX - X) | | - | - |
| XII | Profit/(Loss) for from discontinuing operations | | - | - |
| XIII | Tax Expense of discontinuing operations | | - | - |
| XIV | Profit/(Loss) from discontinuing operations (after tax) (XII-XIII) | | - | - |
| XV | Profit/ (Loss) for the period (XI + XIV) | | - | - |
| XVI | Basic & Diluted Earnings per share of Rs 10 each | | - | - |

Expenditure During Construction Period 11

Significant accounting policies 12

Notes to accounts 13

Note Nos. 1 to 13 form an integral part of these Financial Statements


In terms of our report of even date


For and on behalf of the Board

For RAKESH GANESH & ASSOCIATES

Chartered Accountants

ICAI Firm Registration No. 020917n


Rakesh Gupta
Membership No. 508825
Chartered Accountant / m
Date: 23/05/2016


R P Sasmal
Director & Chairman (Part-time)


S Varthilingam
Director

POWERGRID KALA AMB TRANSMISSION LIMITED
CIN: U40106DL2013GOI256048
CASH FLOW STATEMENT
FOR THE PERIOD FROM 1st APRIL 2015 TO 31st MARCH , 2016

Figures in Rupees


| Particulars | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
|--|-------------------------------------|-------------------------------------|
| A. Cash Flow from Operating Activities: | | |
| Net profit/Loss as per Statement of Profit & Loss | - | - |
| Operating Profit/Loss before Working Capital Changes | - | - |
| Adjstments for Increase/Decrease in: | | |
| - Short Term Provisions | -1,765 | 11,236 |
| - Other Current Liabilities | -1,79,51,267 | 3,13,48,886 |
| - Short Term Loans & Advances | -6,446 | - |
| Total | -1,79,59,478 | 3,13,60,122 |
| B. Cash Flow from Investing Activities: | | |
| - Fixed Assets | -2,99,38,000 | - |
| - Capital Work in Progress | -4,12,83,823 | -3,13,61,452 |
| - Construction Stores and Advances for Capital Expenditure | -21,39,22,269 | - |
| Total | -28,51,44,092 | -3,13,61,452 |
| C. Cash Flow from Financing Activities: | | |
| - Share capital | - | - |
| - Loan Raised during the Year | 30,31,04,838 | - |
| Total | 30,31,04,838 | - |
| Net Increase/ Decrease in Cash Flow | 1,268 | -1,330 |
| Cash and Cash Equivalents at the beginning of the period | 18,070 | 19,409 |
| Cash and Cash Equivalents at the end of the period | 19,338 | 18,079 |
| Net Increase/Decrease in Cash and cash Equivalents | 1,268 | -1,330 |

Expenditure During Construction Period 11
 Significant accounting policies 12
 Notes to accounts 13
Note Nos. 1 to 13 form an integral part of these Financial Statements

In terms of our report of even date
 For RAKESH GANESH & ASSOCIATES
 Chartered Accountants
 ICAI Firm Registration No. 020917n

For and on behalf of the Board

Rakesh Gupta
 Membership No. 506825
 Place
 Date: 23/03/2016



R P Susmal
 Director & Chairman (Part-time)

S Vaithilingam
 Director

NOTE No. '1' - SHARE CAPITAL:

Figures in Rupees

| Particulars | Figures in Rupees | |
|--|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Authorised Share Capital 5000000 (Previous year 5000000) Equity shares of Rs. 10 each | 5,00,00,000 | 5,00,00,000 |
| Issued, Subscribed and Paid up Share Capital 50,000 (Previous year 50,000) Equity shares of Rs 10 each fully paid up | 5,00,000 | 5,00,000 |
| Total Issued, Subscribed and fully paid up share capital | 5,00,000 | 5,00,000 |

a. Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

Equity Shares

At the beginning of the period
Issued During the period
Outstanding at the end of the period

| As at 31.03.2016 | | As at 31.03.2015 | |
|------------------|-----------------|------------------|-----------------|
| No. of Shares | (Amount in Rs.) | No. of Shares | (Amount in Rs.) |
| 50,000 | 5,00,000 | 50,000 | 5,00,000 |
| - | - | - | - |
| 50,000 | 5,00,000 | 50,000 | 5,00,000 |

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having per value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company.

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Power Grid Corporation of India Limited, the Holding Company
50,000/- Equity shares of Rs.10 each fully paid

| (Amount in Rs.) | (Amount in Rs.) |
|-----------------|-----------------|
| 31-Mar-16 | 31-Mar-15 |
| 5,00,000 | 5,00,000 |

d. Details of shareholders holding more than 5% shares in the company

Power Grid Corporation of India Limited, the Holding Company *
50,000/- Equity shares of Rs.10 each fully paid

| 31-Mar-16 | | 31-Mar-15 | |
|---------------|------------------------|---------------|------------------------|
| No. of Shares | % holding in the class | No. of Shares | % holding in the class |
| 50,000 | 100% | 50,000 | 100% |
| 50,000 | 100.00% | 50,000 | 100.00% |

* Out of 50,000 Equity shares, 6 Equity shares are held by nominees of POWERGRID jointly with POWERGRID.



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NOTE No. '2' - RESERVES & SURPLUS:

Figures in Rupees

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| Opening Balance - Profit & Loss Account | -28,177 | -28,177 |
| Add: trfd from Statement of Profit & Loss for the year | - | - |
| Total | -28,177 | -28,177 |

NOTE No. '3' - LONG TERM BORROWINGS:

Figures in Rupees

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|-------------------------------------|---------------------|---------------------|
| Loan (ICL) from PGCIL (Holding Co.) | 30,31,04,838 | - |
| Total | 30,31,04,838 | - |

NOTE No. '4' - SHORT TERM PROVISIONS:

Figures in Rupees

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|-------------------------------------|---------------------|---------------------|
| Provision for expenses (Audit Fee) | 31,943 | 33,708 |
| Total (A) | 31,943 | 33,708 |

NOTE No. '5' - OTHER CURRENT LIABILITIES :

Figures in Rupees

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| Taxes Payable | 24,08,015 | - |
| Payable to Contracor/Retention Money | 56,96,407 | - |
| REC Transmission Projects Company Limited (erstshile Holding Company) | - | - |
| Power Grid Corporation of India Limited (Holding Company) | 1,47,74,470 | 4,08,30,159 |
| Total (B) | 2,28,78,892 | 4,08,30,159 |



B
20/3/16

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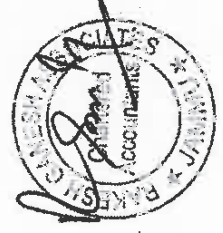
o. '6' - Tangible Assets :

Figures in Rupees

| | Gross Block | | | Depreciation/Amortisation | | | Net Block | | |
|-------|-------------------|---------------------------|-----------------|----------------------------|-------------------|---------------------------|-----------------|-------------------|-------------------|
| | As on 31-Mar-2015 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31-Mar-2016 | Additions during the year | Sale / Disposal | As at 31-Mar-2016 | As at 31-Mar-2015 |
| Sub | - | 2,99,38,000.00 | - | - | 2,99,38,000.00 | - | - | 2,99,38,000.00 | - |
| Total | - | 2,99,38,000.00 | - | - | 2,99,38,000.00 | - | - | 2,99,38,000.00 | - |

Notes: Company owns 50.4 Bighas (Previous Year Nil Bigha) of Freehold Land amounting to Rs. 29938000.00 (Previous Year Rs. Nil) based on available documentation.

Signature



NOTE No. '7' - CAPITAL WORK IN PROGRESS:

Figures in Rupees

| Particulars | As at 31.03.2015 | Additions during the year | Adjustment during the year | Capitalised during the year | 31.03.2016 |
|---|---------------------|------------------------------|-------------------------------|--------------------------------|--------------------|
| Suo-Stiation Survey investigation Consult & Supervision Chrgs | 82,883 | 2,30,010 | - | - | |
| Site Clearance & Levelling -Sub Station Freehold Land | - | 1,02,35,362 | - | - | 1,02,35,362 |
| Switchyard | - | 98,83,302 | - | - | 98,83,302 |
| Expenditure during Construction Period (Note No. 11) | 4,12,34,737 | 2,09,35,149 | - | - | 6,21,69,886 |
| Total | 4,13,17,620 | 4,12,83,823 | - | - | 8,25,99,443 |

NOTE No. '8' - Long Term Loans & Advances:

Figures in Rupees

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------------|---------------------|---------------------|
| Advances for Capital Expenditure | | |
| Unsecured | | |
| (a) Against Bank Guarantees | 20,59,83,632 | - |
| (b) Others | 79,38,637 | - |
| Total | 21,39,22,269 | - |

NOTE No. '9' - CASH AND BANK BALANCES:

Figures in Rupees

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| a) Cash and cash equivalents | | |
| In current account with Scheduled Bank | 19338 | 18,070 |
| b) Other bank balances | - | - |
| Total - (A) | 19338 | 18,070 |



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NOTE No. '10' - Short Term Loans & Advances:

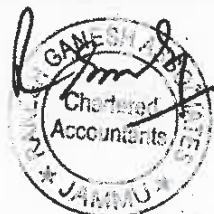
Figures in Rupees

| Particulars | Figures in Rupees | |
|--------------|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Employees | 6446 | - |
| Total | 6,446 | - |

NOTE No. '11' - EXPENDITURE DURING CONSTRUCTION PERIOD

Figures in Rupees

| Particulars | Figures in Rupees | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
| a) Transmission, administration and other Expenses | | |
| Expenses Allocated by REC TPCL | - | 2,64,55,663 |
| Employee Benefit Exp. | 74,120 | 2,75,321 |
| Admin Expenses | 20,147 | - |
| Legal Expenses | 22,800 | - |
| Electricity Charges | 9,85,040 | - |
| Consultancy Fee to PGCIL (Holding Company) | 29,19,750 | - |
| Professional Charges | 32,302 | - |
| Printing & Stationery Charges | 46,840 | - |
| Travelling Expenses | 1,99,499 | - |
| Brokerage & Commission | 5,200 | - |
| Meeting Expenses | 10,400 | - |
| Transmission Licence Fee | 5,00,000 | 2,86,300 |
| Rates & Taxes | - | 5,59,250 |
| Advt. of Tenders-Indian Currency | 49,000 | 6,17,553 |
| Advt. Others | 31,396 | 17,111 |
| License Application Fee | - | 1,00,000 |
| Adoption Application Fee | - | 25,00,000 |
| Auditors Remuneration | 35,642 | 33,708 |
| Total (a) | 49,32,136 | 3,08,44,906 |
| b) Finance Cost | | |
| Interest on Loan - PGCIL (Holding Company) | 1,60,02,115 | - |
| Bank charges | 898 | 4,33,663 |
| Total (b) | 1,60,03,013 | 4,33,663 |
| Total (a+b) carried to CWIP (Note No. 7) | 2,09,35,149 | 3,12,78,569 |



B

2016

| 1 | BASIS OF PREPARATION OF FINANCIAL STATEMENTS | | | | | | | | | | | | | | | | |
|----------------------------|--|----------------|-------------|-------------|-----------|----------------------------|--------|----|--------|------------------|--------|-----|--------|-------------|--------|-----|--------|
| | The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standards in India. The financial statements adhere to the relevant presentation requirement of the Companies Act, 2013. | | | | | | | | | | | | | | | | |
| 2 | USE OF ESTIMATES | | | | | | | | | | | | | | | | |
| | The preparation of financial statements require estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and assumptions and such differences are recognized in the period in which the results are crystallized. | | | | | | | | | | | | | | | | |
| 3 | FIXED ASSETS | | | | | | | | | | | | | | | | |
| | Fixed Assets are shown at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for its intended use less accumulated depreciation/amortization. The cost of Land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken. Expenditure of leveling, clearing and grading of land is capitalized as part of cost of the related building. | | | | | | | | | | | | | | | | |
| 4 | CAPITAL WORK IN PROGRESS | | | | | | | | | | | | | | | | |
| | Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till the date of capitalization. Expenditure of project, attributable to construction of fixed assets are identified and allocated on systematic basis to the cost of related asset. Interest during construction and expenditure (net) allocated to construction as per policy as above, are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under CWIP schedule. Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed. Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per the terms of the contract. | | | | | | | | | | | | | | | | |
| 5 | CONSTRUCTION STORES | | | | | | | | | | | | | | | | |
| | Construction stores are valued at cost. | | | | | | | | | | | | | | | | |
| 6 | BORROWING COST | | | | | | | | | | | | | | | | |
| | The borrowing costs are capitalized or charged to revenue based on whether the project is under construction or in operation. | | | | | | | | | | | | | | | | |
| 7 | DEPRECIATION | | | | | | | | | | | | | | | | |
| | Depreciation is provided on straight line method as per provisions of Companies Act, 2013 following the useful life of assets notified by the CERC except for the following assets in respect of which depreciation is provided at the rates mentioned below. | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Items of Asset</th> <th>Rate of Dep</th> <th>Resi. Value</th> <th>Exp. Life</th> </tr> </thead> <tbody> <tr> <td>a) Computers & Peripherals</td> <td>30.00%</td> <td>5%</td> <td>3years</td> </tr> <tr> <td>b) Mobile Phones</td> <td>33.33%</td> <td>Nil</td> <td>3years</td> </tr> <tr> <td>c) Software</td> <td>33.33%</td> <td>Nil</td> <td>3years</td> </tr> </tbody> </table> | Items of Asset | Rate of Dep | Resi. Value | Exp. Life | a) Computers & Peripherals | 30.00% | 5% | 3years | b) Mobile Phones | 33.33% | Nil | 3years | c) Software | 33.33% | Nil | 3years |
| Items of Asset | Rate of Dep | Resi. Value | Exp. Life | | | | | | | | | | | | | | |
| a) Computers & Peripherals | 30.00% | 5% | 3years | | | | | | | | | | | | | | |
| b) Mobile Phones | 33.33% | Nil | 3years | | | | | | | | | | | | | | |
| c) Software | 33.33% | Nil | 3years | | | | | | | | | | | | | | |
| | Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis. Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively as per provisions of Companies Act, 2013 following the useful life of assets notified by the CERC. | | | | | | | | | | | | | | | | |
| 8 | CURRENT LIABILITIES | | | | | | | | | | | | | | | | |
| | Expenditure incurred by the company for the Project for which payments were made by POWERGRID (Holding Company) are considered as Current Liabilities. | | | | | | | | | | | | | | | | |
| | REVENUE RECOGNITION: | | | | | | | | | | | | | | | | |
| | Income and expenses are accounted for on accrual basis. | | | | | | | | | | | | | | | | |



NOTE NO. 13

NOTES TO ACCOUNTS

| | | | | | |
|----|--|--|-----------------------------------|--|-----------------------------------|
| 1 | The Company was incorporated on 29-07-2013 and Certificate of Commencement of Business was issued on 29-10-2013. The Company is a special purpose vehicle incorporated to develop Northern Region System Strengthening Scheme NRSS XXXI (Part-A). REC Transmission Projects Company Limited (erstwhile Holding Company) has been appointed as Bid Process Co-ordinator by Government of India for selection of the developer for the project. Consequent to the selection of Successful Bidder (M/s. Power Grid Corporation of India Limited) as per the Tariff Based Competitive Bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/06 (as amended from time to time) and as per issued bidding documents, the company was transferred to M/s. Power Grid Corporation of India Limited (Successful Bidder) vide Share Purchase Agreement dated 12th May 2014 by REC TPCL (transferor). After transfer, the company ceases to be a subsidiary of REC TPCL and became a subsidiary of Power Grid Corporation of India Limited. | | | | |
| 2 | The Key Management Personnel of the Company with effect from 12th May 2014 are employees of POWERGRID, deployed on part time basis. No management remuneration is paid to such representatives by the company. The details of such Key Management Personnel are as follows:- | | | | |
| | S. No. | Name | Designation | Date of Appointment | Date of Resignation |
| | 1 | Shri R.P. Sasmal | Chairman (Part-time) & Director | 12/05/2014 | Continuing |
| | 2 | Shri D.K. Vatecha | Director | 12/05/2014 | Continuing |
| | 3 | Shri S.K. Sharma | Director | 12/05/2014 | Continuing |
| | 4 | Shri S. Vaidhyanathan | Director | 11/03/2015 | Continuing |
| | 5 | Shri. Anil Sharma | CEO (Part-time) | 12/05/2014 | Continuing |
| 3 | The disclosure as per AS18 – Related Party Disclosure: | | | | |
| | All key decisions with effect from 12th May 2014 are taken by Power Grid Corporation of India Limited. | | | | |
| | Current Liabilities payable to the Holding Company are as follows. | | | | |
| | Name | Amount in Rupees | | Amount in Rupees | |
| | | 2015-16 | | 2014-15 | |
| | | Out standing Balance at the period end | Maximum Balance during the period | Out standing Balance at the period end | Maximum Balance during the period |
| | Power Grid Corporation of India Limited (Holding Company) | 1,47,74,470 | 1,47,74,470 | 4,08,30,159 | 4,08,30,159 |
| 4 | The company has not yet commenced its commercial operation as the project is under execution. Incidental Expenditures incurred during construction period by the company have been treated as Capital Work in Progress. | | | | |
| 5 | The Company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and mandatory Accounting Standards ("AS") as prescribed under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. | | | | |
| 6 | The Company has no outstanding liability towards micro, small and medium undertakings. | | | | |
| 7 | Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 230.83 Crore (Previous Year Rs 227.10 Crores). Contingent Liabilities of the Company and claims against the company not acknowledged as debt by the Company is Rs Nil. | | | | |
| 8 | Expenditure in Foreign Currency - Nil (Previous Year - Nil) | | | | |
| | Earning in Foreign Currency - Nil (Previous Year - Nil) | | | | |
| 9 | Auditors Remuneration: | | | | |
| | | 2015-16 | | 2014-15 | |
| | Audit Fee | 35,000 | | 33,708 | |
| 10 | Figures have been rounded off to the nearest rupees. | | | | |
| 11 | Previous year's figures have been regrouped/reclassified, wherever necessary. | | | | |



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Capital Commitment for F.Y. 2015-16

| | | | | | | Rupees in Crore | |
|--------------|---|--|---|--------------------|------------------------|-----------------|--|
| S.No. | Package Description | Agency/Contractor Name | LAO/NOA Ref. | Awarded Cost (Rs.) | Paid upto Mar'16 (Rs.) | Balance (Rs.) | |
| 1 | Civil Package-SS02 for 400/220 KV Kala Amb GIS-Sub-Station | M/S Kashyapi Infrastructure Pvt. Ltd., Ghaziabad | PKTL/400KV/05/(PKTL)/SS02(R)/NOA/02 Dt: 09.12.15 | 24.41 | 2.01 | 22.40 | |
| 2 | Supply & Erection Package for 400/220 KV Kala Amb GIS-Sub-Station | M/S Siemens Ltd., Mumbai | NRSSXXI(A)/GIS&FSC/NOA-I,II,III,IV,V/01 (I,II,III,IV,V) Dated 04.09.14 | 227.10 | 20.60 | 206.50 | |
| 3 | Pre-Engineered Building (PEB) works for 400/220 KV Kala Amb GIS S/S | M/S BNAL Prefabs Pvt. Ltd., Chandigarh | TBCB/400KV/05(PKTL)/ss03/G11/NOA/03 Dt: 25.01.16 | 1.55 | 0 | 1.55 | |
| 4 | Execution of LILO of 400 KV D/C Karcham Wangtoo-Abdullapur Line at 400/220 KV Kala Amb GIS-Sub- | M/s KEC International, Gurgaon | NZJM/C&M/CS/18(15)/BLOA-I/83 Dated: 29.02.16 (Supply) N2JM/C&M/CS/18(15)/BLOA-II/82 Dated: 29.02.16 (Erection) | 8.38 | 0 | 8.38 | |
| Total | | | | 261.44 | 22.61 | 238.83 | |



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POWERGRID JABALPUR TRANSMISSION LIMITED

DIRECTORS' REPORT

To,

Dear Members,

I am delighted to present on behalf of the Board of Directors, the Second Annual Report of POWERGRID Jabalpur Transmission Limited {formerly Vindhyachal Jabalpur Transmission Limited} on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2016.

POWERGRID Jabalpur Transmission System Limited (PJTL) was acquired /taken over by POWERGRID on February 26, 2015 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System Strengthening Scheme associated with Vindhyachal-V on build, own, operate and maintain (BOOM) basis. Consequent to such acquisition, PJTL became wholly owned subsidiary of POWERGRID. The transmission system comprising 765 kV D/c transmission line is to traverse the State of Madhya Pradesh. The Company has been granted transmission license by CERC in June, 2015 and the adoption of transmission charges was also notified by CERC in May, 2015. Awards for most of packages have been placed and construction of the Project is under progress.

Financial Performance

As on 31st March, 2016, the Company has not yet started commercial operations as the project is under execution. The expenditure of Rs. 2,70,11,952/- incurred during the year has been included under Capital Work in Progress.

Share Capital

The Authorised Share Capital and Paid up Share Capital as on 31st March, 2016 of the Company were Rs.20 crore and Rs.5 lac respectively. Subsequently, the Paid up share Capital has been increased from Rs.5 lac to Rs.15 lac in June, 2016.

Dividend and Transfer to Reserves

Your Company's Project is under implementation hence, there is no operating profit.

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as Annexure- I to the Directors' Report.

Fixed Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required under section 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements 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/ loss of the company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. the Directors had prepared the Annual Accounts on a going concern basis; and
- v. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at Annexure -II to this Report.

Board of Directors

As on 31st March, 2016, the Board comprised four Directors viz. Shri Ravi P. Singh, Shri D.K. Valecha, Shri S. Vaithilingam and Shri D.K. Singh. Shri I.S. Jha, the former Chairman ceased to hold directorship of the Company w.e.f. 1st October, 2015. Subsequently, Shri Ravi P. Singh was appointed as Chairman & Director w.e.f. 12th January, 2016. The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Ravi P. Singh as Director, liable to retire by rotation in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013, Shri D.K. Valecha shall retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offer himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

During the financial year ended 31st March, 2016, six (6) meetings of Board of Directors were held on 16.04.2015, 21.07.2015, 07.09.2015, 28.09.2015, 12.01.2016 and 29.02.2016 The detail of number of meetings attended by each Director during the financial year 2015-16 are as under:

| Name of Director | Designation | Board attendance 2014-15 | Meeting during |
|----------------------|-------------|--------------------------|----------------|
| Shri I S Jha* | Chairman | 4 | |
| Shri Ravi P. Singh** | Chairman | 2 | |
| Shri D.K. Valecha | Director | 6 | |
| Shri S. Vaithilingam | Director | 6 | |
| Shri D.K. Singh | Director | 2 | |

* Ceased to be Director & Chairman w.e.f. 01.10.2015.

**Appointed as Additional Director & Chairman w.e.f. 12.01.2016.

Corporate Social Responsibility (CSR)

Your Company's Project is under implementation hence, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Particulars of Employees

The Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, exempts the Government Companies to comply with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Statutory Auditors

M/s V. J. Amin & Co., Chartered Accounts, Vadodara, were appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2015-16.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 22nd August, 2016 has decided not to conduct the supplementary audit of the financial statements of the Company for the period from 1st April, 2015 to 31st March, 2016 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 22nd August, 2016 received from C&AG is placed at Annexure-III to this report.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Jabalpur Transmission Limited



(Ravi.P. Singh)
Chairman
DIN: 05240974

Date: 24th August, 2016
Place: Gurgaon

POWERGRID JABALPUR TRANSMISSION LIMITED

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|--|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID) [holding company on and from 26.02.2015] |
| b | Nature of contracts/arrangements/transaction | Part (A): to take any security(ies) / guarantee(s) in connection with loan(s) and/or avail Inter corporate loan(s) on cost to cost basis and back to back servicing, or a combination thereof, upto an amount of Rs 400 crore from POWERGRID. Part (B): to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus service tax as applicable. |
| c | Duration of the contracts/arrangements/transaction | Part (A): As mutually agreed. Part (B): Commissioning of the project including associated reconciliation activities. |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by the Board | 16.04.2015 [for Part (A)], 29.02.2016 [for Part (B)]. |

| | | | |
|---|---------------------------------|----|---|
| f | Amount paid as advances, if any | as | - |
|---|---------------------------------|----|---|

For and on behalf of
POWERGRID Jabalpur Transmission Limited



Ravi P. Singh
Chairman
DIN: 05240974

Date: 24th August, 2016

Place: *Gurgaon*

Annexure II

POWERGRID JABALPUR TRANSMISSION LIMITED

Form No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|---|---|
| i. | CIN | U40300DL2014GOI270433 |
| ii. | Registration Date | 14 th August,2014 |
| iii. | Name of the Company | POWERGRID Jabalpur Transmission Limited[formerly Vindhyachal Jabalpur Transmission Limited |
| iv. | Category/ Sub-Category of the Company | Company limited by shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel:011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|---|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1. | POWER GRID CORPORATION OF INDIA LIMITED* | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(46) |

*HOLDING COMPANY ON & FROM 26.02.2015.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

1. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|-------------------------------|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6* | 6* | 0.012 | - | 6* | 6* | 0.012 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 49994 | 49994 | 99.988 | 0 | 49994 | 49994 | 99.988 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 50000\$ | 50000\$ | 100 | 0 | 50000\$ | 50000\$ | 100 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|---------|---------|-----|---|---------|---------|-----|---|
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (i) Indian | - | - | - | - | - | - | - | - | - |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | - | - | - | - | - | - | - | - | - |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others(Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs&ADRs | - | - | - | - | - | - | - | - | - |
| . Grand Total (A+B+C) | 0 | 50000\$ | 50000\$ | 100 | - | 50000\$ | 50000\$ | 100 | - |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

\$Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under tariff based competitive bidding for establishment of 'Transmission Strengthening associated with Vindhyachal-V'. Pursuant to such selection and in accordance with the provisions of Share Purchase Agreement dated 26.02.2015 executed amongst REC Transmission Projects Company Limited (RECTPCL) [the bid process coordinator], the Company and POWERGRID, 50,000 equity shares of Rs. 10/- each held in the Company by RECTPCL and its nominees were transferred to POWERGRID and POWERGRID's nominees jointly with POWERGRID.

ii.Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|---|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | 49994 | 99.988 | - | 49994 | 99.988 | - | - |
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 3. | Shri R.T. Agarwal jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 4. | Shri Ravi P. Singh jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 5. | Shri R.P. Sasmal jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 6. | Shri D .K. Valecha jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 7. | Shri S. Vaithilingam jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| | Total | 50000 | 100 | 0 | 50000 | 100 | 0 | 0 |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50000 | 100 | 50000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 50000 | 100 | 50000 | 100 |

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. no | For each of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors | | | | |
| 1 | Shri L. S. Jha, Chairman# | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 2 | Shri Ravi P. Singh, Chairman## | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 3 | Shri D.K. Valecha, Director | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 4 | Shri S. Vaithilingam, Director | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |

| | | | | | |
|----------|---|-----|-------|-----|-------|
| | | | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 5 | Shri D. K. Singh, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

Ceased to be Director & Chairman w.e.f. 01.10.2015.

#Appointed as Additional Director & Chairman w.e.f. 12.01.2016.

*equity share held jointly with POWERGRID.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not | | | | |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | 234,14,200 | | 234,14,200 |
| - Reduction | | - | | - |
| Net Change | - | 234,14,200 | - | 234,14,200 |
| Indebtedness at the end of the financial year | | | | |

| | | | | |
|-----------------------------------|---|------------|---|------------|
| i) Principal Amount | | 234,14,200 | | 234,14,200 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | | 234,14,200 | | 234,14,200 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager : (Not Applicable)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--|-------------------------|---|---|---|--------------|
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors (Not Applicable):

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> • Fee for attending board committee meetings • Commission • Others, please specify | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Total(1) | - | - | - | - | - |
| <u>Other Non-Executive Directors</u> | - | - | - | - | - |
| -Fee for attending board committee meetings | | | | | |
| -Commission | | | | | |
| -Others,please specify | | | | | |
| Total(2) | - | - | - | - | - |
| Total(B)=(1+2) | - | - | - | - | - |
| Total Managerial Remuneration | - | - | - | - | - |
| Overall Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
(Not Applicable)

| Sl. no. | Particularsof Remuneration | KeyManagerialPersonnel | | | |
|---------|--|------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Grosssalary (a)Salaryasper provisions containedin section17(1)of theIncome-tax Act,1961 (b)Valueof perquisitesu/s 17(2)Income-tax Act,1961 (c)Profitsinlieuof salaryundersection 17(3)Income-tax Act,1961 | - | - | - | - |
| 2. | StockOption | - | - | - | - |
| 3. | SweatEquity | - | - | - | - |
| 4. | Commission - as%of profit -others,specify... | - | - | - | - |
| 5. | Others,please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/Punishment/Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

For and on behalf of
POWERGRID Jabalpur Transmission Limited


Ravi P. Singh
 Chairman
 DIN: 05240974

Date: 24th August, 2016

Place: *Gurgaon*

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF POWERGRID JABALPUR TRANSMISSION
LIMITED FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of Powergrid Jabalpur Transmission Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 06 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Jabalpur Transmission Limited for the year ended 31 March 2016 under Section 143(6)(a) of the Act.

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

Ritika Bhatia

(Ritika Bhatia)

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

Place: New Delhi

Dated: 22 August, 016

POWERGRID Jabalpur Transmission Limited
(Erstwhile Vindhychal Jabalpur Transmission Limited)
CIN: U40300DL2014GOI270433
BALANCE SHEET AS ON 31ST MARCH 2016

Figures in ₹

| | Particulars | Note No. | As at 31.03.2016 | As at 31.03.2015 |
|----|-------------------------------------|----------|---------------------|---------------------|
| I | EQUITY AND LIABILITIES: | | | |
| | (1) Shareholder's Funds: | | | |
| | (a) Share Capital | 1 | 5,00,000 | 5,00,000 |
| | (b) Reserves & Surplus | 2 | (33,194) | (33,194) |
| | (2) Long Term Loans : | | | |
| | Powergrid Corporation of India Ltd | | 234,14,200 | |
| | (3) Current Liabilities : | | | |
| | (a) Other Current Liabilities | 3 | 1871,06,635 | 1834,93,434 |
| | (b) Short Term Provisions | 4 | 20,58,981 | 34,200 |
| | Total | | 2130,46,622 | 1839,94,440 |
| II | ASSETS: | | | |
| | (1) Non-current Assets: | | | |
| | (a) Fixed Assets | | | |
| | (i) Capital work-in-progress | 5 | 2109,86,842 | 1839,74,890 |
| | (b) FDR With MP Sales Tax Authority | | 5,000 | - |
| | (2) Current Assets: | | | |
| | (a) Cash and Bank Balances | 6 | 20,54,780 | 19,550 |
| | Total | | 2130,46,622 | 1839,94,440 |

Expenditure During Construction Period 7

Significant accounting policies 8

Other Notes on financial statements 9

Note Nos. 1 to 9 form an integral part of these Financial Statements

In terms of our report of even date

For V J AMIN & Co.

Chartered Accountants

ICAI Firm Registration No. 100335W

For and on behalf of the Board
Powergrid Jabalpur Transmission Limited

CA Dharamsinh Kesharani

Partner

Membership No. : 47553

Place : Vadodara

Date : 6th May, 2016



Ravi P Singh

Chairman (Part-time)

DIN : 05240974

Place : Gurgaon

Date : 5th May, 2016

S. Vaithilingam

Director

DIN: 07107854

Place : Gurgaon

Date : 6th May, 2016

POWERGRID Jabalpur Transmission Limited
(Erstwhile Vindhychal Jabalpur Transmission Limited)
CIN: U40300DL2014GOI270433
STATEMENT OF PROFIT & LOSS
FOR THE PERIOD FROM 1ST APRIL 2015 TO 31ST MARCH 2016

Figures in ₹

| | Particulars | Note No. | For the Period ended 31.03.2016 | For the Period ended 31.03.2015 |
|-----|---|----------|---------------------------------|---------------------------------|
| | REVENUE: | | | |
| I | Revenue from Operations | | - | - |
| II | Other Income | | - | - |
| III | Total Revenue (I+II) | | - | - |
| | EXPENSES: | | | |
| | Preliminary Expenses | | - | 33,194 |
| IV | Total Expenses | | - | 33,194 |
| V | Profit / (Loss) Before Tax (III-IV) | | - | (33,194) |
| VI | Tax Expense | | - | - |
| XI | Profit / (Loss) After Tax (V-VI) | | - | (33,194) |
| XVI | Basic & Diluted Earning per share of Rs 10 each | | - | (0.66) |

Expenditure During Construction Period 7
 Significant accounting policies 8
 Other Notes on financial statements 9
 Note Nos. 1 to 9 form an integral part of these Financial Statements
 In terms of our report of even date
 For V J AMIN & Co.
 Chartered Accountants
 ICAI Firm Registration No. 100335W

For and on behalf of the Board
 Powergrid Jabalpur Transmission Limited

CA Dharamsinh Kesharani
 Partner
 Membership No. 47553
 Place : Vadodara
 Date : 6th May, 2016



JA

Ravi P Singh
 Chairman (Part-time)
 DIN : 05240974
 Place : Gurgaon
 Date : 6th May, 2016

S. Vaithilingam

S. Vaithilingam
 Director
 DIN. 07107854
 Place : Gurgaon
 Date : 6th May, 2016

POWERGRID Jabalpur Transmission Limited
(previously Vindhyaachal Jabalpur Transmission Limited)
CIN: U40300DL2014GOI270433
CASH FLOW STATEMENT
FOR THE PERIOD FROM 1ST APRIL, 2015 TO 31ST MARCH 2016

| Particulars | Figures in ₹ | |
|--|---------------------------------------|---------------------------------------|
| | For the Period ended 31.03.2016 | For the Period ended 31.03.2015 |
| A. Cash Flow from Operating Activities: | | |
| Net profit/(Loss) as per Statement of Profit & Loss | - | (33,194) |
| Operating Profit/(Loss) before Working Capital Changes | - | (33,194) |
| Adjustments for Increase/(Decrease) in: | | |
| Current Liabilities | 56,32,982 | 1835,27,634 |
| Net Cash from Operating Activities | 56,32,982 | 1834,94,440 |
| B. Cash Flow from Investing Activities: | | |
| Capital Work in Progress | (270,11,952) | (1839,74,890) |
| Net Cash used in Investing Activities | (270,11,952) | (1839,74,890) |
| C. Cash Flow from Financing Activities: | | |
| - Issue of Share capital | - | - |
| - Long Term Loan from PGCIL | 234,14,200 | - |
| Net Cash from Financing Activities | - | - |
| Net Increase/(Decrease) in Cash and Bank Balances (A+B+C) | 20,35,230 | -4,80,450 |
| Cash and Bank Balances at the beginning of the period | 19,550 | - |
| Cash and Bank Balances at the end of the period | 20,54,780 | 19,550 |
| Cash In hand | - | - |
| Balance with Banks | 20,54,780 | 19,550 |
| Total Cash and Bank Balances | 20,54,780 | 19,550 |

Notes:

1. Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements".

In terms of our report of even date
For V J AMIN & Co.
Chartered Accountants
ICAI Firm Registration No. 100335W

For and on behalf of the Board
Powergrid Jabalpur Transmission Limited

CA Dharamsinh Kesharani
Partner
Membership No. : 47553
Place : Vadodara
Date : 6th May, 2016



JA

Ravi P Singh
Chairman (Part-time)
DIN : 05240974
Place : Gurgaon
Date : 6th May, 2016

S. Vaithilingam

S. Vaithilingam
Director
DIN: 07107854
Place : Gurgaon
Date : 6th May, 2016

NOTE No. '1' - SHARE CAPITAL:

Figures in ₹

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| Authorised Share Capital 2,00,00,000 Equity shares of ₹ 10 each | 2000,00,000.00 | 5,00,000 |
| Issued, Subscribed and Fully Paid up Share Capital 50,000 fully paid up Equity shares of ₹10 each | 5,00,000 | 5,00,000 |
| Total Issued, subscribed and fully paid up share capital | 5,00,000 | 5,00,000 |

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

| | As at 31.03.2016 | | As at 31.03.2015 | |
|---|------------------|-----------------|------------------|-----------------|
| | No. of Shares | (Amount in ₹) | No. of Shares | (Amount in ₹) |
| At the beginning of the period | 50,000 | 5,00,000 | | |
| Issued During the period | - | - | 50,000 | 5,00,000 |
| Outstanding at the end of the period | 50,000 | 5,00,000 | 50,000 | 5,00,000 |

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

| | (Amount in ₹) | |
|---|---------------|-----------|
| | 31-Mar-16 | 31-Mar-15 |
| Power Grid Corporation of India Limited, the Holding Company 50,000 equity shares of ₹ 10 each fully paid | 5,00,000 | 5,00,000 |

d. Details of shareholders holding more than 5% shares in the company

| | 31-Mar-16 | | 31-Mar-15 | |
|--|---------------|------------------------|----------------|------------------------|
| | No. of Shares | % holding in the class | No. of Shares | % holding in the class |
| Equity Shares of ₹ 10 each fully paid Power Grid Corporation of India Limited, the Holding Company* | 50,000 | 50,000 | 100% | 100% |
| | 50,000 | 50,000 | 100.00% | 100.00% |

* Out of 50,000 equity shares 6 shares are held by nominees of POWERGRID jointly with POWERGRID.



NOTE No. '2' - RESERVES & SURPLUS:

| Particulars | Figures in ₹ | |
|--------------------------|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Surplus/(Deficit) | | |
| Opening Balance | (33,194) | - |
| Addition for the period | - | (33,194) |
| Closing Balance | (33,194) | (33,194) |

NOTE No. '3' - OTHER CURRENT LIABILITIES :

| Particulars | Figures in ₹ | |
|--|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Advance from Related Party (Power Grid Corporation of India Limited - Holding Company) Refer Note no. 9 (iv) | 1871,06,635 | 1834,93,434 |
| Total | 1871,06,635 | 1834,93,434 |

NOTE No. '4' - SHORT TERM PROVISIONS :

| Particulars | Figures in ₹ | |
|-------------------------|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Provision for Audit Fee | 22,900 | 34,200 |
| IDS Payable | 20,36,081 | - |
| Total | 20,58,981 | 34,200 |

NOTE No. '5' - CAPITAL WORK IN PROGRESS:

| Particulars | Figures in ₹ | |
|---|--------------------|--------------------|
| | Figures in ₹ | Figures in ₹ |
| Opening Balance | 1839,74,890 | - |
| Additions during the Period : Amount trfd from Statement of Expenditure during Construction Period (Note No. 7) | 270,11,952 | 1839,74,890 |
| Adjustments during the period | - | - |
| Capitalised during the period | - | - |
| Closing Balance | 2109,86,842 | 1839,74,890 |

NOTE No. '6' - CASH AND BANK BALANCES:

| Particulars | Figures in ₹ | |
|--|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| 1. Cash and Cash Equivalents | | |
| a) Balance with Banks | | |
| In current account with Scheduled Bank | 20,54,780 | 19,550 |
| 2. Other bank balances | | |
| Total | 20,54,780 | 19,550 |



NOTE No. '7' - EXPENDITURE DURING CONSTRUCTION PERIOD

Figures in ₹

| Particulars (Expenses) | | For the Period from 01.04.2015 to 31.03.2016 |
|--|---------------|---|
| Expenses | | |
| Licence Fee to CERC | 3,97,500.00 | |
| Other Professional Charges | 233,22,670.00 | |
| Advertisement for Tenders Indian Currency | 4,75,194.00 | |
| Audit Fee Statutory Auditors | 19,900.00 | |
| Survey Expenses | 7,85,415.00 | |
| Printing and Stationery | 6,010.00 | |
| Rates and taxes others | 19,09,250.00 | |
| Other bank charges | 1,200.00 | |
| Incidental Exps During Construction | | 269,17,139.00 |
| Interest Exps (IDC) | | 14,813.00 |
| Afforestation Expenses | | 80,000.00 |
| Total | | 270,11,952.00 |



NOTE NO. '8' -SIGNIFICANT ACCOUNTING POLICIES

(i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements has been prepared and presented under the historical cost convention on the accrual basis of accounting, unless stated otherwise and comply with the mandatory Accounting Standards ("AS") specified under Section 133 of the Companies Act, 2013 ("the Act") , read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.

(ii) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known /materialised.

(iii) FIXED ASSETS

Tangible Fixed Assets are shown at historical cost less accumulated depreciation and impairment losses,if any. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

(iv) CAPITAL WORK IN PROGRESS

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

Expenditure of corporate office, regional offices and projects, attributable to construction of fixed assets are identified and allocated on systematic basis to the cost of related asset.

Interest during construction and expenditure (net) allocated to construction as per policy as above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under CWIP schedule.

Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per the terms of the contract.

(v) DEPRECIATION

Depreciation is provided on straight line method as per provisions of Companies Act, 2013 following the useful life of assets notified by the CERC except for the following assets in respect of which depreciation is provided at the rates mentioned below:

| Items of Asset | Rate of Dep. | Resi. Value | Exp.Life |
|----------------------------|--------------|-------------|----------|
| a) Computers & Peripherals | 31.67% | 5% | 3years |
| b) Mobile Phones | 33.33% | Nil | 3years |
| c) Software | 33.33% | Nil | 3years |

Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis. Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively as per provisions of Companies Act, 2013 following the useful life of assets notified by the CERC.

(vi) PROVISIONS,CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company creates a provision when there is a present obligation as a result of past event(s) that probably requires an outflow of resources to settle the obligation and a reliable estimate can be made.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed for possible obligations arising out of uncertain events not wholly in control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements.

(vii) REVENUE RECOGNITION:

Income and expenses are accounted for on accrual basis.



NOTE NO. '9' - OTHER NOTES ON FINANCIAL STATEMENTS

(i) All the expenses incurred by the Company are towards the setting up of the Transmission Project. Since the project is identified, all the expenditures are capitalized. Hence, Expenditure during construction period (Note-7) containing all expenses has been prepared and the same has been transferred to Capital work-in-progress.

(ii) The Key Management Personnel of the Company are employees of POWERGRID, deployed on part time basis. No management remuneration was/is paid to such representatives by the company.

(iii) **The disclosure as per AS18 - Related Party Disclosure :**
The Company was wholly owned subsidiary of Power Grid Corporation of India Limited (POWERGRID). All key decisions were / are taken by the Board of Powergrid Jabalpur Transmission Limited (Erstwhile Vindhyachal Jabalpur Transmission Limited) where the POWERGRID nominees exercised their control.

Details of Related parties and nature of relationship :

| S.No. | Name of the Related Party | Nature of Relationship |
|-------|---|------------------------|
| 1 | Power Grid Corporation of India Limited | Holding Company |
| 2 | Powergrid Warora Transmission Limited (Previously Gadawara (A) Transco Limited) | Fellow Subsidiary |
| 3 | Powergrid Parli Transmission Limited (Previously Gadawara (B) Transmission Limited) | Fellow Subsidiary |
| 4 | Power System Operation Corporation Limited (PSOCO) | Fellow Subsidiary |
| 5 | POWERGRID NM Transmission Limited | Fellow Subsidiary |
| 6 | POWERGRID Vemagiri Transmission Limited | Fellow Subsidiary |
| 7 | POWERGRID Vizag Transmission Limited | Fellow Subsidiary |
| 8 | POWERGRID Unchahar Transmission Limited | Fellow Subsidiary |
| 9 | POWERGRID Kala Amb Transmission Limited | Fellow Subsidiary |

Key Management Personnel (KMP) :

| S. No. | Name | Designation |
|--------|----------------------|-------------------------------------|
| 1 | Shri I S Jha | Director & Chairman (Part-time) |
| 2 | Ravi P Singh | Director & Chairman (Part-time) |
| 3 | Shri D K Singh | Director |
| 4 | Shri S Vathiliganari | Director |
| 5 | Shri D K Valacha | Director |
| 6 | Shri P C Garg | Chief Executive Officer (Part-time) |

Details of related Party Transactions - With Holding Company for the period 01.04.2015 to 31.03.2016:-

| S.No. | Party | Nature of transaction | Amount (Rs.) |
|---------------------------|---|---------------------------|--------------|
| 1 | Power Grid Corporation of India Limited (Holding company) | Long Term Loans | 234,14,200 |
| 2 | Power Grid Corporation of India Limited (Holding company) | Expenses incurred | 36,13,201 |
| Closing Balances : | | | |
| 3 | Power Grid Corporation of India Limited | Other Current Liabilities | 1871,06,635 |
| 4 | Power Grid Corporation of India Limited | Long Term Loans | 234,14,200 |

(iv) **Earning Per Share**
In terms of Accounting Standard 20 on "Earnings per Share" notified under the Act, Earning per share (Basic & Diluted) is worked out as follows: -

| S. No. | Particulars | 01.04.2015 to 31.03.2016 |
|--------|--------------------------------|--------------------------|
| 1 | Nominal Value of share (Rs.) | 10 |
| 2 | Number of Equity shares (Nos.) | 50,000 |
| 3 | Net Profit after tax (Rs.) | |
| 4 | Earning per share (Rs.) | |

(v) The Company has complied with all the applicable Accounting Standards ("AS") specified under Section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014. However, AS-22 relating to Deferred Tax Liability/Asset pertaining to timing differences is not applicable to the Company in view of the fact that the company is still in the construction phase and yet to commence its operation.

(vi) The Company owes no dues to small-scale units as at period ended on 31.03.2016 and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

(vii) Since there are no employees on the payroll of the company, the obligation as per Accounting Standard 15 (Revised) does not arise.



(viii) Most of the additional information pursuant to the provisions of Paragraph 5 of part II of Schedule III to the Act are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil.
- (b) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is Rs. Nil.
- (c) Expenditure in foreign currency - Nil
- (d) Income in foreign exchange - Nil

(ix) **Auditors' Remuneration:**

| S.No. | Particulars | Amount (Rs.) |
|-------|--|---------------|
| 1 | Audit Fee-Complete Financial Statements for the financial year ended on 31.03.2016 | 22,900 |
| | Total | 22,900 |

(x) Figures have been rounded off to the nearest rupee unless otherwise stated.

In terms of our report of even date
For V J AMIN & Co.
Chartered Accountants
ICAI Firm Registration No. 100335W

CA Dharamsinh Kesharani
Partner
Membership No. : 47553
Place : Vadodara
Date : 6th May, 2016



For and on behalf of the Board of
Powergrid Jabalpur Transmission Limited

RS
Ravi P Singh
Director & Chairman (Part-time)
DIN : 05240974
Place : Gurgaon
Date : 6th May, 2016

S. Vaithilingam
S. Vaithilingam
Director
DIN: 07107854
Place : Gurgaon
Date : 6th May, 2016

V. J. AMIN & CO

Chartered Accountants

506, Gayatri Chambers, Nr. Railway Underbridge, R. C. Dutt Road, Alkapuri, Vadodara-390 007.
Telefax : (0265) 2343498 E-mail : v.j.amin@hotmail.com

DHARAMSINH KESHARANI
B.Com, Hon., LL.b. Sp., F.C.A.

VIPUL DALAL
B.Com, F.C.A.

INDEPENDENT AUDITOR'S REPORT

To,
The Members of **POWERGRID JABALPUR TRANSMISSION LTD.**
Vadodara.

Report on the Financial Statements

We have audited the accompanying financial statements of **POWERGRID JABALPUR TRANSMISSION LTD.**, which comprise the Balance Sheet as at 31 March 2016 and the Statement of Profit and Loss for the year the ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and Board of Directors of the company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the statements of affairs of the Company as at 31 March 2016; and
- ii. in the case of the statement of Profit and Loss, of the Loss and its cash flow for the year ended on that date;

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. In terms of Sub-Section(5) of Section 143 of the Act, we give in the Annexure-II, a statement on directions issued under the aforesaid section by the Comptroller and Auditor General Of India.
3. As required by section 143(3) of the Act, we further report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet and Statement of Profit and Loss Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules 2014;
- e. on the basis of written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms Section 164(2) of the Act;
- f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014:
- i. The Company does not have any pending litigation which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

Date: 06/05/2016

Place: VADODARA

**For V.J.AMIN & CO.
Chartered Accountants**


(Dharamsinh T. Kesharani)

**PARTNER
M. No. 047553
F.R.NO.100335W**



ANNEXURES:

Annexure-I to the Independent Auditor's report to the members of POWERGRID JABALPUR TRANSMISSION LTD. (formerly VINDHYACHAL JABALPUR TRANSMISSION LTD.) for the period ended 31st march, 2016.

With reference to Annexure-1 referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements", we report that:

- i. The company doesn't have any fixed assets as it is in the initial stage of set up. However, there is capital work in progress of Rs.21.10 crores. Therefore paragraph 3(i) of the order is not applicable to the company.
- ii. The company does not hold any inventory. Therefore paragraph 3(ii) of the order is not applicable to the company.
- iii. According to the information and explanations given to us, the company has granted loans, secured or unsecured, during the year to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, paragraph 3(iii) of the order is not applicable to the company.
- iv. The company doesn't have any purchase of fixed assets and inventories or sale of services. Therefore, paragraph 3(iv) of the order is not applicable to the company.
- v. The Company has not accepted any deposit from the public covered under Section 73 to 76 of the Companies Act, 2013. Therefore, paragraph 3(v) of the order is not applicable to the company.
- vi. As informed to us, the Central Government has not prescribed maintenance of cost records under sub section (1) of the section 148 of the Act. Therefore, paragraph 3(vi) of the order is not applicable to the company.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Commercial-tax, Wealth-tax, Service-tax, Custom duty, Excise duty, and any other material statutory dues, as applicable with the appropriate authorities in India. Whatever payments relating to the company are made by the holding company, statutory dues with regard to those payment were deposited by holding company. As per explained to us, company have no outstanding statutory dues (as explained above) for more than six months as at 31st march,2016.

(b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income-tax, Wealth-tax, Commercial-tax, Customs duty, and Excise duty which have not been deposited on account of any disputes.

(c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.



viii. The Company was incorporated as on 14th August, 2014. Since a period of five years has not elapsed from the date of incorporation as at the balance sheet date, we are of the opinion that no comment is required under paragraph 3(viii) of the order regarding the erosion of 50% or more of net worth and cash losses in the current and immediately preceding financial year.

ix. In our opinion and according to the information and explanations given to us, the Company did not have any dues payable to financial institutions, debenture holders and nationalized bank during the period. Therefore, paragraph 3(ix) of the order is not applicable to the company.

x. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Therefore, paragraph 3(x) of the order is not applicable to the company.

xi. The Company has taken term loan Rs. 2.34 crores from holding company named **POWERGRID CORPORATION OF INDIA LTD.** during the year, the terms and conditions from such loan is not prejudicial to the company.

xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**For V.J.Amin & Co.
Chartered Accountants**

(Dharamsinh T. Kesharani)

**PARTNER
M.NO. 047553**

F.R.NO.100335W

**Place: Vadodara
Date: 06/05/2016**



**Annexure-II to the Independent Auditor's report to the members of
POWERGRID JABALPUR TRANSMISSION LTD. (formerly VINDHYACHAL
JABALPUR TRANSMISSION LTD.) for the period ended 31st march, 2016.**

With reference to Annexure-1 referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements", we report that:

| | | |
|----|--|--|
| 1. | If the company has been selected for disinvestment, a complete status report in term of the valuation of assets (including intangible assets and land) and liabilities (including committed & general reserves) may be examined including the mode and present stage of disinvestment process. | The company has not been selected for disinvestment. Hence not applicable. |
| 2. | Please report whether there are any cases of waiver/write off of debts /loans/interest etc. if yes, the reason there for and amount involved. | There are no such cases. |
| 3. | Whether proper records are maintained for inventories lying with third parties and assets received as gift from govt. of other authorities. | There is no inventory in the company and there are no assets received as gift from govt. or other authorities. Hence not applicable. |
| 4. | A report on age-wise analysis of pending legal/arbitration cases including the reason of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given | There are no legal/arbitration cases against the company. Hence not applicable. |

Based on the above facts, in our opinion and to the best of our information and explanation given to us, no action is required to be taken thereon and there is no impact on the accounts and financial statements of the company.

**For V.J.Amin & Co.
Chartered Accountants**

(Dharamsinh T. Kesharani)

**PARTNER
M.NO. 047553**

F.R.NO.100335W

**Place: Vadodara
Date: 06/05/2016**



"Annexure III" to the Independent Auditor's Report of even date on the Financial Statements of POWERGRID JABALPUR TRANSMISSION LIMITED,(Erstwhile Vindhvachal Jabalpur Transmission Limited)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of POWERGRID JABALPUR TRANSMISSION LIMITED, (Erstwhile Vindhvachal Jabalpur Transmission Limited), ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of



India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V J AMIN & Co.
Chartered Accountants
(Firm Registration No. : 100335W)

DharamsinhKesharani, FCA
Partner
(Membership No.: 047553)

Place: Vadodara
Date: 06/05/2016



V. J. AMIN & CO

Chartered Accountants

506, Gayatri Chambers, Nr. Railway Underbridge, R. C. Dutt Road, Alkapuri, Vadodara-390 007.

Telefax : (0265) 2343498 E-mail : v.j.amin@hotmail.com

DHARAMSINH KESHARANI
B.Com, Hon., LL.b. Sp., F.C.A.

VIPUL DALAL
B.Com, F.C.A.

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of M/s. **POWERDRID JABALPUR TRANSMISSION LIMITED** (formerly known as **VINDHYACHAL JABALPUR TRANSMISSION LIMITED**) for the period ended 31st march, 2016 in accordance with directions/ sub-directions issued by Comptroller and Auditor General of India(C&AG) under section 143(5) of Co. Act, 2013 and certify that we have complied with all the direction/ sub-directions issued to us.

For V.J.Amin & Co.
Chartered Accountants

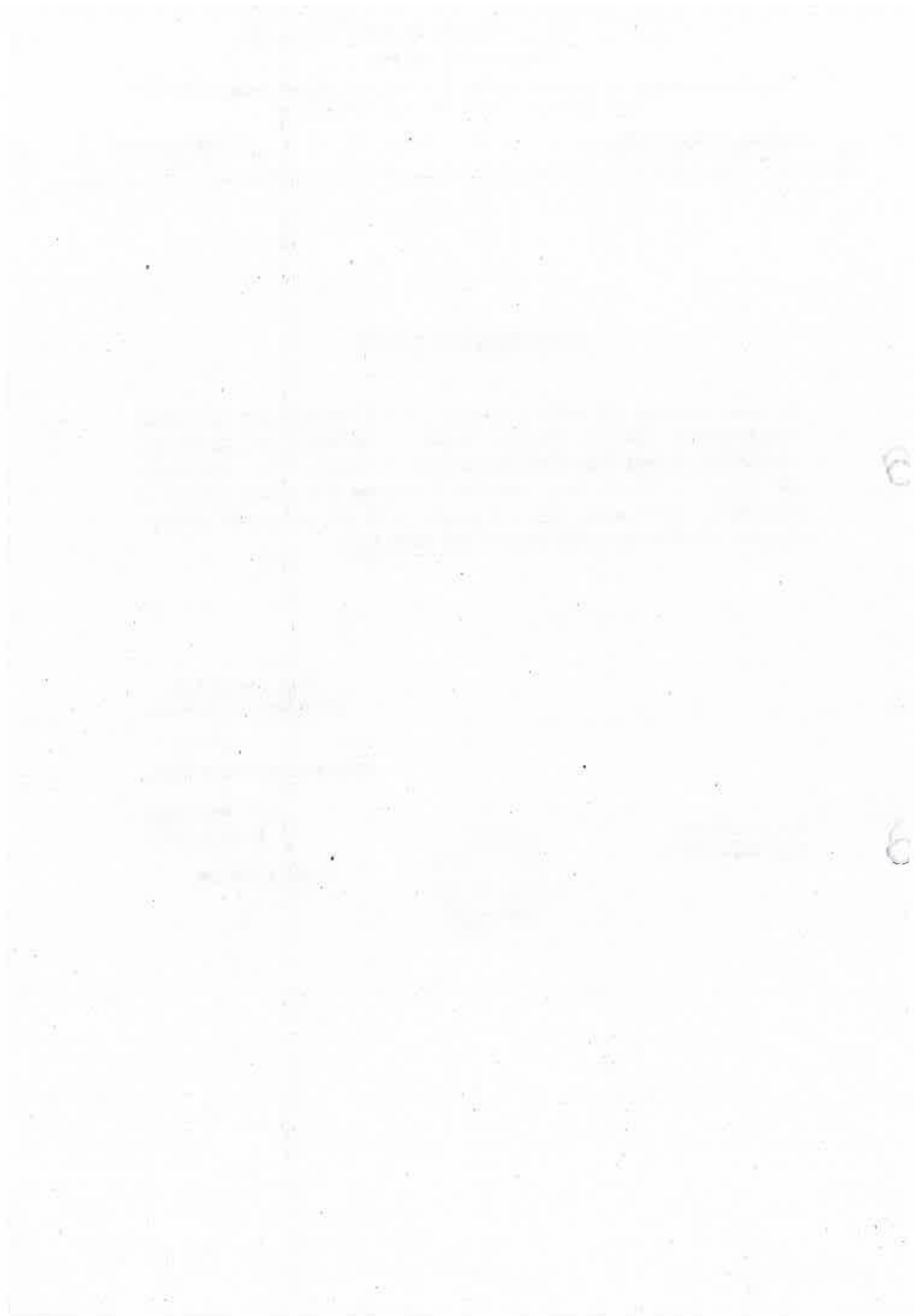
(Dharamsinh T. Kesharani)

PARTNER
M.NO. 047553

Place: Vadodara
Date: 06/05/2016



F.R.NO.100335W



POWERGRID WARORA TRANSMISSION LIMITED

DIRECTORS' REPORT

To,

Dear Members,

I am delighted to present on behalf of the Board of Directors, the Second Annual Report of POWERGRID Warora Transmission Limited {formerly Gadarwara (A) Transco Limited} on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2016.

POWERGRID Warora Transmission Limited (PWTL) (formerly Gadarwara (A) Transco Limited) was acquired/taken over by POWERGRID on April 24, 2015 under Tariff based Competitive bidding from REC Transmission Projects Company limited (the Bid Process Co-ordinator) for establishment of Transmission System Associated with Gadarwara STPS (2 x 800 MW) of NTPC (Part-A) on build, own, operate and maintain (BOOM) basis. Consequent to such acquisition, PWTL became wholly owned subsidiary of POWERGRID. The transmission system is contemplated in the states of Maharashtra and Madhya Pradesh and comprises 765kV D/C, 400kV D/C transmission lines and establishment of 2x1500 MVA 765/400 kV new substation in Warora. The Company has been granted transmission license by CERC in August, 2015 and the adoption of transmission charges was also notified by CERC in June, 2015. Awards for most of the packages have been placed and construction of the Project is under progress.

Financial Performance

As on 31st March, 2016, the Company has not yet started commercial operations as the project is under execution. The expenditure of Rs. 8,96,71,289/- incurred during the year has been included under Capital Work in progress.

Share Capital

The Authorised Share Capital and Paid up Share Capital as on 31st March, 2016 of the Company were Rs. 20 crore and Rs. 5 lac, respectively. Subsequently, the Authorised Share Capital has been increased from Rs. 20 crore to Rs. 35 crore in April, 2016. Further, the Paid up Share Capital has been increased from Rs. 5 lac to Rs. 25.10 crore in June, 2016.

Dividend and Transfer to Reserves

Your Company's Project is under implementation hence, there is no operating profit.

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40300DL2014GOI269918

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure- I** to the Directors' Report.

Fixed Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company do not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required under section 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements 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/loss of the company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the Annual Accounts on a going concern basis; and
- v. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40300DL2014GOI269918

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at **Annexure –II** to this Report.

Board of Directors

As on 31st March, 2016, the Board comprised five Directors viz. Shri. R. P. Sasmal, Shri D.K. Valecha, Shri S.Vaithilingam, Shri. D. K. Singh and Shri. S. K. Gupta.

In accordance with the provisions of the Companies Act, 2013, Shri D.K. Valecha and Shri S. Vaithilingam shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers themselves for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

During the financial year ended 31st March, 2016, eleven (11) meetings of Board of Directors were held on 24.04.2015, 25.05.2015, 09.06.2015, 21.09.2015, 28.09.2015, 22.12.2015, 31.12.2015, 21.01.2016, 27.01.2016, 29.02.2016 and 28.03.2016. The detail of number of meetings attended by each Director during the financial year 2015-16 are as under:

| Name of Director | Designation | Board attendance 2015-16 | Meeting during |
|--|--------------------|---------------------------------|-----------------------|
| Shri Baburaj Poyilikavil* | Chairman | | 1 |
| Shri Sanjay Shilendra Kumar Kulshrestha* | Director | | 1 |
| Shri Daljeet Singh Khatri* | Director | | 1 |
| Shri R.P. Sasmal | Chairman | | 11 |
| Shri D.K. Valecha | Director | | 10 |
| Shri S. Vaithilingam | Director | | 9 |
| Shri D.K. Singh | Director | | 5 |
| Shri S.K. Gupta | Director | | 3 |

*Resigned w.e.f. 24.04.2015.

Corporate Social Responsibility (CSR)

Your Company's Project is under implementation hence, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40300DL2014GOI269918

Statutory Auditors

M/s Abhijit Kelkar & Co., Chartered Accounts, Nagpur, was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2015-16.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 02.09.2016 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2016 and as such have no comments to make under section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 02.09.2016 of NIL comments received from C&AG is placed at Annexure-III to this report.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Warora Transmission Limited



(R.P.Sasmal)
Chairman
DIN: 02319702

Date: 2nd September, 2016
Place: New Delhi

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40300DL2014GOI269918

POWERGRID WARORA TRANSMISSION LIMITED

Annexure-I

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|--|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID)) [holding company on and from 24.04.2015]. |
| b | Nature of contracts/arrangements/transaction | Part (A) to take any security(ies) / guarantee(s) in connection with loan(s) and/or avail Inter corporate loan(s) on cost to cost basis and back to back servicing, or a combination thereof, upto an amount of Rs 500 crore from POWERGRID. Part (B) to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus service tax as applicable. |
| c | Duration of the contracts/arrangements/transaction | Part (A) As mutually agreed. Part (B) Commissioning of the project including associated reconciliation activities. |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by | 09.06.2015[for Part (A)], 29.02.2016 [for Part (B)] |

| | | |
|---|---------------------------------|---|
| | the Board | |
| f | Amount paid as advances, if any | - |

By order of the Board
For POWERGRID Warora Transmission Limited



R.P.Sasmal
(Chairman)
DIN: 02319702

Dated: 2nd September, 2016
Place: New Delhi

Annexure II to Directors' Report

POWERGRID WARORA TRANSMISSION LIMITED

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|--|---|
| i. | CIN | U40300DL2014GOI269918 |
| ii. | Registration Date | 5 th August, 2014 |
| iii. | Name of the Company | POWERGRID Warora Transmission Limited [formerly Gadawara (A) Transco Limited] |
| iv. | Category/ Sub-Category of the Company | Public Limited Company / Indian Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121. Fax: 011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1. | REC TRANSMISSION PROJECTS COMPANY LIMITED* | U40101DL2007GOI157558 | HOLDING COMPANY | 100% | 2(46) |

| | | | | | |
|----|---|-----------------------|-----------------|------|-------|
| 2. | POWER GRID CORPORATION OF INDIA LIMITED** | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(46) |
|----|---|-----------------------|-----------------|------|-------|

* HOLDING COMPANY UPTO 24.04.2015

**HOLDING COMPANY ON & FROM 24.04.2015

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during The year |
|-------------------------------|---|----------|-------|-------------------|---|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6 | 6* | 0.012 | - | 6 | 6* | 0.012 | 100% |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 49994 | 49994 | 99.988 | 0 | 49994 | 49994 | 99.988 | 100% |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 50000 | 50000 | 100 | 0 | 50000 | 50000 | 100 | 100% |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|--|---|-------|-------|-----|---|-------|-------|-----|-------|
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs.1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C.Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 50000 | 50000 | 100 | - | 50000 | 50000 | 100 | 100\$ |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID
 \$ Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of Transmission System Associated with Gadawara STPS (2 x 800 MW) of NTPC (Part-A). Pursuant to such selection and in accordance with provisions of Share Purchase Agreement dated 24.04.2015 executed amongst REC Transmission Projects Company Limited (RECTPCL), the Company and POWERGRID, 50,000 equity shares of Rs. 10/- each held in the Company by RECTPCL & its nominees were transferred to POWERGRID & POWERGRID's nominees jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | REC TRANSMISSION PROJECTS COMPANY LIMITED (RECTPCL) | 49994 | 99.988 | - | - | - | - | 100 |
| 2. | Shri Baburaj Poyilikavil, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 3. | Shri Sanjay Shilendra Kumar Kulshrestha, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 4. | Shri Daljeet Singh Khatri, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 5. | Smt. Swati Gupta, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 6. | Shri Arun Kumar Tyagi, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 7. | Shri Bhupendra Gupta, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 8. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | - | - | - | 49994 | 99.988 | - | 100 |

| | | | | | | | |
|----|--|--------------|------------|----------|--------------|------------|----------|
| 9. | Shri I.S. Jha, jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 10 | Shri R.T. Agarwal jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 11 | Shri Ravi.P.Singh jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 12 | Shri R.P. Sasmal jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 13 | Shri D.K. Valecha jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 14 | Shri S. Vaithilingam jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| | Total | 50000 | 100 | - | 50000 | 100 | 0 |

Please refer notes in IV (i) above.

iii. Change In Promoters' Shareholding (please specify, if there is no change)

| Sr. no | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|--|--|--|--|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 50000 | 100 | 50000 | 100 |
| At the beginning of the year | | | | |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Please refer Note 1 below. | | | |

| | | | | |
|------------------------|-------|-----|-------|-----|
| At the End of the year | 50000 | 100 | 50000 | 100 |
|------------------------|-------|-----|-------|-----|

Note 1:

Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of Transmission System associated with Gadawara STPS (2 x 800 MW) of NTPC (Part-A). Pursuant to such selection and in accordance with the provisions of Share Purchase Agreement dated 24.04.2015 executed amongst REC Transmission Projects Company Limited (RECTPCL) [the bid process coordinator], the Company and POWERGRID, 50,000 equity shares of Rs.10/- each held in the Company by POWERGRID & its nominees jointly with POWERGRID on 24.04.2015.

iv) Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | For each of Top ten shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. no | For each of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors | | | | |
| 1 | Shri Baburaj Poyilikavil, Chairman# | | | | |
| | At the beginning of the year | 01 | 0.002 | 01 | 0.002 |

| | | | | | |
|---|---|---|-------|----|-------|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred to Shri I.S.Jha, jointly with POWERGRID on 24.04.2015* | | | |
| | At the End of the year | - | - | - | - |
| 2 Shri Sanjay Shilendra Kumar Kulshrestha, Director# | | | | | |
| | At the beginning of the year | 01 | 0.002 | 01 | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred to Shri R.T.Agarwal, jointly with POWERGRID on 24.04.2015* | | | |
| | At the End of the year | - | - | - | - |
| 3 Shri Daljeet Singh Khatri, Director# | | | | | |
| | At the beginning of the year | 01 | 0.002 | 01 | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred to Shri Ravi P Singh, jointly with POWERGRID on 24.04.2015* | | | |
| | At the End of the year | - | - | - | - |
| 4 Shri R.P.Sarma, Chairman | | | | | |
| | At the beginning of the year | - | - | - | - |

| | | | | | |
|----------|---|---|-------|------|-------|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred from Smt Swati Gupta on 24.04.2015* | | | |
| | At the End of the year | 01** | 0.002 | 01** | 0.002 |
| 5 | Shri D.K.Valecha, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred from Shri Arun Kumar Tyagi on 24.04.2015* | | | |
| | At the End of the year | 01** | 0.002 | 01** | 0.002 |
| 6 | Shri S. Vaithilingam, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred from Shri Bhupendra Gupta on 24.04.2015* | | | |
| | At the End of the year | 01** | 0.002 | 01** | 0.002 |
| 7 | Shri D. K. Singh, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase | | | | |

| | | | | | |
|----------|---|---|---|---|---|
| | / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |
| 8 | Shri S. K.Gupta, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

#Ceased to be Directors w.e.f. 24.04.2015.

*Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of Transmission System associated with Gadawara STPS (2 x 800 MW) of NTPC (Part-A). Pursuant to such selection and in accordance with the provisions of Share Purchase Agreement dated 24.04.2015 executed amongst REC Transmission Projects Company Limited (RECTPCL) [the bid process coordinator], the Company and POWERGRID, 50,000 equity shares of Rs.10/- each held in the Company by POWERGRID & its nominees jointly with POWERGRID on 24.04.2015.

**Jointly with POWERGRID Corporation of India Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | - | - | - | - |

| | | | | |
|---|---|-------------|---|-------------|
| - Addition | | 121,712,000 | | 121,712,000 |
| - Reduction | | - | | - |
| Net Change | - | 121,712,000 | - | 121,712,000 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 121,712,000 | - | 121,712,000 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 121,712,000 | - | 121,712,000 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|---|------------------------|---|---|---|--------------|
| 1. | Grosssalary (a)Salary as per provisions contained in section 17(1) of the Income-taxAct, 1961 (b)Value of perquisites u/s 17(2) Income-taxAct, 1961 (c)Profits in lieu of salary Under section 17(3)Income-taxAct,1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as%ofprofit - Others,specify... | - | - | - | - | - |
| 5. | Others,please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors: (NOT APPLICABLE)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|-----------------------------|------------------------|---|---|---|--------------|
| | Independent Directors | - | - | - | - | - |

| | | | | | | |
|--|--|---|---|---|---|---|
| | <ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others ,please specify | | | | | |
| | Total(1) | - | - | - | - | - |
| | Other Non-Executive Directors | | | | | |
| | <ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others ,please specify | | | | | |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |


C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD: (Not Applicable)

| Sl. no. | Particularsof Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b)Valueof perquisitesu/s 17(2)Income-tax Act,1961 (c)Profits in lieu of salary under section 17(3)Income-tax Act,1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Warora Transmission Limited


(R.P. Sasmal)
Chairman
DIN: 02319702

Date: 2nd September, 2016
Place: New Delhi

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF POWERGRID WARORA TRANSMISSION
LIMITED FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of Powergrid Warora Transmission Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 06 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Warora Transmission Limited for the year ended 31 March 2016 under Section 143(6)(a) of the Act.

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

Ritika Bhatia

(Ritika Bhatia)

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

Place: New Delhi

Dated: 07 September 2016

**AUDIT REPORT
FOR THE
YEAR ENDED
31ST MARCH 2016**

**POWERGRID
WARORA
TRANSMISSION
LIMITED**

by,
**ABHIJIT KELKAR & CO.,
CHARTERED ACCOUNTANTS
(NAGPUR/PUNE/AKOLA/MUMBAI)**
www.kelkarcoca.com



ABHIJIT KELKAR & CO.

CHARTERED ACCOUNTANTS

Ground Floor, " Shrinivas," Kelkar Bldg.,
Badkas Chowk, Mahal, Nagpur - 440 032

Tel : (0712) 2734514, 2773649

E-mail: info@kelkarcoca.com

Website : www.kelkarcoca.com

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To The Members of

POWERGRID WARORA TRANSMISSION LIMITED

(Formerly known as GADARWARA(A) Transco Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of **POWERGRID WARORA TRANSMISSION LIMITED**, which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period from 1st April, 2015 to 31st March, 2016, and a summary of significant accounting policies and other explanatory information for the period then ended.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("The Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provision of the Act, the accounting standards and the matters which are required to be included in the audit report under the provision of the act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required



and give a true and fair view, in conformity with the accounting principles generally accepted in India :-

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- b) in the case of the Statement of Profit and Loss, of the Loss for the period from 1st April, 2015 to 31st March, 2016;
- c) in the case of Cash Flow Statement of the Cash flows, for the period from 1st April, 2015 to 31st March, 2016 .

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that :
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The reports on the accounts of the branch offices of the Company, which are required to be audited under Section 143(8) of the Act by branch auditors, are not applicable to the company.
 - d) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;



- e) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - f) In our opinion, the aforesaid financial statements have been prepared on a going concern basis and there is no matter which may have an adverse effect on the functioning of the Company;
 - g) Being a Government Company, section 164(2) pertaining to disqualification of directors is not applicable to the Company;
 - h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;
 - i) with respect to the adequacy of the Internal financial controls over financial reporting of the company and the operating effectiveness of such controls, we give our separate report in **Annexure B**; and
 - j) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i The Company does not have any pending litigations which would impact its financial position.
 - ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required under the Section 143(5) of the Act, with respect to directions issued by the Comptroller & Auditor General of India, we report that:

| Sl. No. | Directions | Report |
|---------|------------|--------|
| | | |



| | | |
|----|---|---|
| 1. | Whether the Company has clear title/lease deeds for freehold and leasehold land, respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available. | The company does not have any free hold and leasehold land and hence, this clause is not applicable. |
| 2. | Whether there are any cases of waiver/ write off of debts/loans/interest etc. If yes, the reason there for and amount involved. | There is no waiver/ write off of debts/ loans/ interest, etc. during the year. |
| 3. | Whether proper records are maintained for inventories lying with third parties and assets received as gift/grants) from the Government and other authorities. | The company neither has any inventory nor received any gift/ grants during the year and hence, this clause is not applicable. |

for Abhijit Kelkar & Co.,
Firm's registration number: 121920W
Chartered Accountants

CA. Abhijit Kelkar
Partner
Membership number: 110841



Nagpur
6th May 2016

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 of our report to the members of POWERGRID Warora Transmission Limited (the " Company") for the period ended 31st March, 2016. We report that:

- I. Except " Capital Work In Progress " consisting of expenditure during construction period, the company does not have any fixed assets and therefore, Clause (i)(a), Clause (i)(b) and Clause (i)(c) of the order are not applicable to the company.
- II. The company does not have any inventory. Therefore, the provisions of Clause ii of the said Order are not applicable to the Company.
- III. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in Register maintained u/s 189 of the Companies Act, 2013. Therefore the provisions of Clause(iii) (a), Clause(iii) (b) and Clause(iii) (c) of the said Order are not applicable to the Company.
- IV. The company has neither granted any loan nor made any investment nor issued any guarantee and security. Therefore, clause iv of the said Order is not applicable to the company.
- V. To the best of our knowledge and according to the information and explanations given to us, the company has not accepted any deposits covered under Section 73 to Section 76 or any other provisions of the Companies Act, 2013. No order was passed by Company Law Board /RBI or any other Court or Tribunal.
- VI. Maintenance of cost records under Section 148 (1) of the Companies Act, 2013 as prescribed by Central Government, is not applicable to the company.
- VII. According to the information and explanations given to us and the records of the company examined by us, in respect of statutory dues :
 - a) the company has been regular in depositing undisputed statutory dues of Income Tax and Service Tax and Cess with the appropriate authorities. There were no undisputed dues in



arrears as at 31st March, 2016 for a period of more than six months from the date they become payable. Provisions of other Statute mentioned in the Order are not applicable to the company.

b) there are no dues outstanding of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax on account of any dispute.

VIII. In our opinion, the Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.

IX. No money has been raised by the company by way of initial public offer or further public offer (including debt instruments). Term loan obtained were applied for the purpose for which those were raised.

X. Based upon the audit procedure performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

XI. The company has not paid any remuneration to any managerial person and therefore, clause xi of the said order is not applicable to the company.

XII. The company is not a Nidhi company and therefore, clause xii of the said order is not applicable to the company.

XIII. Transactions entered into with related parties are in compliance with Section 177 and Section 188 of the Companies Act, 2013 and their details have been duly disclosed in the Financial Statements as required by the Accounting Standard-18 "Related Party Disclosures".

XIV. During the year under review the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures U/s 42 of the Companies Act, 2013 and therefore, clause xiv of the said order is not applicable to the company.

XV. The company has not entered into any non cash transaction of nature mentioned in Section 192 with any director or persons connected with him. Therefore, clause xv of the said order is not applicable to the company.

XVI. The company is not engaged in any non banking finance business and therefore, it is not required to be registered under Section 45-IA of the Reserve bank of India Act, 1934.

for Abhijit Kelkar & Co.,
Firm's registration number: 121920W



Chartered Accountants

CA. Abhijit Kelkar
Partner

Membership number: 110841



Nagpur
6th May 2016

**“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements
of POWERGRID Warora Transmission Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of
the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of POWERGRID Warora Transmission Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of

India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and



fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

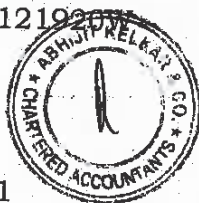
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for Abhijit Kelkar & Co.,
Firm's registration number: 12192077
Chartered Accountants

CA: Abhijit Kelkar
Partner
Membership number: 110841




Nagpur
6th May 2016

COMPLIANCE CERTIFICATE

We have conducted audit of accounts POWERGRID Warora Transmission Limited (Formerly known as GADARWARA(A) Transco Limited) for the period ended 31-March-2016 in accordance with the directions /sub directions issued by C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub directions issued to us.

for Abhijit Kelkar & Co.,
Firm's registration number: 121920W
Chartered Accountants


CA. Abhijit Kelkar,
Partner
Membership number: 110841



Nagpur
6th May 2016

POWERGRID Warora Transmission Limited
(Formerly known as GADARWARA(A) Transco Limited)
CIN: U40300DL2014GOI269918

BALANCE SHEET AS ON 31ST MARCH 2016

BA-1499
21/5/16

Figurs In Rupees

| Particulars | Note No. | As at 31.03.2016 | As at 31.03.2015 |
|---|----------|--------------------|--------------------|
| EQUITY AND LIABILITIES : | | | |
| 1) Shareholder's Funds: | | | |
| a) Share Capital | 1 | 5,00,000 | 5,00,000 |
| b) Reserves & Surplus | 2 | -32,969 | -32,969 |
| 2) Long Term Loans : | | | |
| (Powergrid Corporation of India Ltd) | | 1217,12,000 | |
| 3) Current Liabilites : | | | |
| a) Other Current Liabilites | 3 | 1857,13,321 | 1667,26,865 |
| b) Short Term Provisions & Current Liabilities | 4 | 313,18,110 | 150,20,838 |
| Total | | 3392,10,462 | 1822,14,734 |
| ASSETS | | | |
| 1) Non-current Assets: | | | |
| a) Fixed Assets | | | |
| i) Capital work-in-progress | 5 | 2718,66,473 | 1821,95,184 |
| ii) Construction Stores(Material in transit) | | 238,10,429 | - |
| b) Long-Term Loans and Advances | | | |
| i) FDR With Govt Authority | | 30,000 | - |
| ii) Unsecured, Considered Good Advances for Capital Expenditure against Bank Guarantees | | 350,00,000 | - |
| 2) Current Assets: | | | |
| a) Cash and Bank Balances | 6 | 84,94,667 | 19,550 |
| b) Intrest Receivable from Advance to Contractor | | 8,893 | - |
| Total | | 3392,10,462 | 1822,14,734 |

Expenditure During Construction Period 7

Significant accounting policies and Other Notes on 8


Financial Statements

Note Nos. 1 to 8 Form an integral part of these Financial Statements

in terms of our report of even date

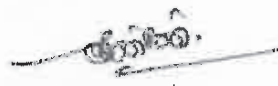
For Abhijit Kelkar & Co.
Chartered Accountants
CAI Firm Registration No.121920W

For and on behalf of the Board
POWERGRID Warora Transmisson Limited


CA Abhijit Kelkar
Partner
Membership No.110841
Place : Nagpur
Date: 06th May 2016




R.P. Sasmal
Chairman-part time
DIN : 02319702


S. Vaithilingam
Director
DIN : 07107854

(Formerly know as GADARWARA(A) Transco Limited)

CIN: U40300DL2014GOI2699182016

STATEMENT OF PROFIT & LOSS

FOR THE PERIOD FROM 01ST APRIL 2015 TO 31ST MARCH 2016

Figurs in Rupees

| Particulars | Note No. | For the Period ended 31.03.2016 | For the Period ended 31.03.2015 |
|--|----------|---------------------------------|---------------------------------|
| REVENUE: | | | |
| Revenue from Operation | | - | - |
| Other Income | | - | - |
| Total Revenue (I+II) | | - | - |
| EXPENSES | | | |
| Preliminary Expenses | | - | 32,969 |
| Total Expenses | | - | 32,969 |
| Profit/ (Loss) Before Tax (III-IV) | | - | -32,969 |
| Tax Expense | | - | - |
| Profit/(Loss) After Tax (V-VI) | | - | 32,969 |
| Basic & Diluted Earning Per Share Of Rs 10 each | | - | 0.66 |

Expenditure During Construction Period 7

Significant accounting policies and Other Notes 8

on Financial Statements

Note Nos. 1 to 8 Form an integral part of these Financial Statements

In terms of our report of even date

For Abhijit Kelkar & Co.

Chartered Accountants

ICAI Firm Registration No.121920W



CA Abhijit Kelkar

Partner

Membership No.110841

Place : Nagpur

Date: 06th May 2016



For and on behalf of the Board
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POWERGRID Warora Transmission Limited
(Formerly known as GADARWARA(A) Transco Limited)

CIN: U40300DL2014GOI269918

CASH FLOW STATEMENT

FOR THE PERIOD FROM 1ST APRIL 2015 TO 31ST MARCH 2016

Figurs in Rupees

| Particulars | Figurs in Rupees | |
|--|------------------------------------|------------------------------------|
| | For the Period ended 31.03.2016 | For the Period ended 31.03.2015 |
| A. Cash Flow from Operating Activities: | | |
| Net profit /(Loss) As per Statement of Profit & Loss | | -32,969 |
| Operating Profit /(Loss) before Working Capital Changes | 0 | -32,969 |
| Adjustments For Increase/ (Decrease) in : | | |
| Current Liabilities | 35283728 | 150,20,838 |
| Current Assets | -58849322 | |
| Net Cash from Operating Activities | -235,65,594 | 149,87,869 |
| B. Cash Flow From Investing Activities: | | |
| Capital Work in Progress | -89671289 | -1821,95,184 |
| Net Cash used in Investing Activities | -896,71,289 | -1821,95,184 |
| C. Cash Flow From Financing Activities : | | |
| - Issue of Share capital | 0 | 5,00,000 |
| - Long Term Loan from PGCIL | 1217,12,000 | 1667,26,865 |
| Net Cash from Financing Activities | 1217,12,000 | 1672,26,865 |
| Net Increase /(Decrease) in Cash and Bank Balances(A+B+C) | 84,75,117 | 19,550 |
| Cash and Bank Balances at the beginning of the period | 19,550 | |
| Cash and Bank Balances at the end of the period | 84,94,667 | 19,550 |
| Total Cash and Bank Balances | 84,94,667 | 19,550 |

Notes :

1. Cash flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS)2 "Cash Flow Statements".

In terms of our report of even date

For Abhijit Kelkar & Co.
Chartered Accountants
ICAI Firm Registration No.121920W

CA Abhijit Kelkar
Partner
Membership No.110841
Place : Nagpur
Date: 06th May 2016



For and on behalf of the Board
POWERGRID Warora Transmission Limited

R.P. Sasmal
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DIN : 02319702

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POWERGRID Warora Transmission Limited
 (Formerly known as GADARWARA(A) Transco Limited)
 CIN: U40300DL2014GOI269918

NOTES TO FINANCIAL STATEMENTS AS ON 31ST MARCH 2016

NOTE No '1' - Share Capital :

Figurs in Rupees

| Particulars | As at | |
|--|-------------|------------|
| | 31.03.2016 | 31.03.2015 |
| Authorised Share Capital | | |
| 50,000 Equity shares of Rs. 10 each | | |
| 2,00,00,000 Equity shares of Rs. 10 each | 2000,00,000 | 5,00,000 |
| Issued, Subscribed and Fully Paid up Share Capital | | |
| 50,000 fully paid up Equity shares of 10 Rs. each | | 5,00,000 |
| (100% shares held by Holding Company "REC Transmission Projects Company Limited) | | |
| 2,00,00,000 Equity shares of Rs.10 each | 5000000 | |
| (100% shares held by Holding Company "Powergrid Corporation of India Limited) | | |
| Total Issued, subscribed and fully paid up Share capital | 5,00,000 | 5,00,000 |
| Closing Balance | 5,00,000 | 5,00,000 |

a. Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares

At the beginning of the period
 Issued During the period
 Outstanding at the end of the period

| As at 31.03.2016 | | As at 31.03.2015 | |
|------------------|-----------------|------------------|-----------------|
| No. of Shares | (Amount in Rs.) | No. of Shares | (Amount in Rs.) |
| 50000 | 500000 | 50000 | 500000 |
| 50000 | 500000 | 50000 | 500000 |



b. Terms/right attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity issued by the company, shares held by its Holding Company are as below

| (Amount in Rs.) | (Amount in Rs.) |
|-----------------|-----------------|
| 31-Mar-16 | 31-Mar-15 |
| - | 500000 |
| 500000 | - |

REC Transmission Projects Company Limited, the holding Company

50000 equity shares of Rs. 10 each fully paid

Power Grid Corporation of India Limited, the Holding Company

50000 equity shares of Rs. 10 each fully paid

d. Details of shareholders holding more than 5% shares in the company

| | 31-Mar-16 | | 31-Mar-15 | |
|--|-----------|------------------------|---------------|------------------------|
| Equity Shares of Rs. 10 each fully paid | | | | |
| REC Transmission Projects Company Limited | | % holding in the class | No. of Shares | % holding in the class |
| Power Grid Corporation of India Limited* (the Holding Company) | 50000 | 100% | 50000 | 100% |

*Out of 50000 equity shares 6 shares are held by nominees of POWERGRID jointly with POWERGRID



NOTE No. '2'- RESERVES & SURPLUS :

| Particulars | Figurs in Rupees | |
|--------------------------------------|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Surplus/(Deficit) Opening Balance | -32,969 | - |
| Addition for the period | - | -32,969 |
| Closing Balance | -32,969 | -32,969 |

NOTE No. '3'- OTHER CURRENT LIABILITIES:

| Particulars | Figurs in Rupees | |
|---|---------------------|---------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| REC transmission Project Company Limited- Creditors | | 1667,26,865 |
| Advance from Related Party (Power grid Corporation of India Limited- Holding Company) Refer Note no. 8.8 | 1857,13,321 | |
| Closing Balance | 1857,13,321 | 1667,26,865 |

NOTE No. '4'- SHORT TERM PROVISIONS & OTHER CURRENT LIABILITIES:

| Particulars | Figurs in Rupees | |
|--------------------------------|------------------|------------|
| | 31.03.2016 | 31.03.2015 |
| Provision for Audit Fee | 20,900 | |
| Provision for Professional Tax | 2,500 | |
| Entry Tax Payable | 4,66,870 | |
| TDS Payable | 74,84,281 | |
| Sundry Creditors | 233,43,559 | 150,20,838 |
| Closing Balance | 313,18,110 | 150,20,838 |



NOTE No-'5' CAPITAL WORK IN PROGRESS

| Particulars | 31.03.2016 | 31.03.2015 |
|---|-------------|-------------|
| Opening Balance | 1821,95,184 | 1821,95,184 |
| Additions during the period : Amount trfd from Statement of Expenditure during construction Period/(Note No. 7) | 894,32,865 | |
| Free Hold Land Expenses | 1,76,424 | |
| Afforestation Expenses | 62,000 | |
| Capitalised during the period | | |
| Closing Balance | 2718,66,473 | 1821,95,184 |

Figurs in Rupees

NOTE No-'6' - CASH AND BANK BALANCE:

| Particulars | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| 1. Cash and Cash Equivalents: | | |
| a. Balance with Banks | | |
| in current account with Scheduled Bank | 84,94,667 | 19,550 |
| 2. Other Bank Balances (HDFC Bank) | | |
| Closing Balance | 84,94,667 | 19,550 |

Figurs in Rupees

NOTE No-'7' - EXPENDITURE DURING CONSTRUCTION PERIOD

| Particulars | For the Period from 01.04,2015 to 31.03,2016 |
|------------------------------------|--|
| a) Expenses Licence Fee to CERC | 3,27,900 |

Figurs in Rupees



| | | |
|--|-------------------|--------------------|
| Other Professional Charges | 856,32,975 | - |
| Advertisement for Tenders Indian Currency | 14,70,263 | - |
| Audit Fee Statutory Auditors | 22,900 | - |
| Printing and Stationery | 2,155 | - |
| Rates and taxes others | 19,37,775 | - |
| Incidental Exps During Construction | - | - |
| Interest Exps (IDC) | 47,790 | - |
| Expenses allocated by REC Transmission projects Company Limited | - | 1851,94,734 |
| Bank Charges | - | 450 |
| b) Other Income | 894,41,758 | 1851,95,184 |
| Sale of Bid Documents | - | 30,00,000 |
| Interest From Contractorss | 8893 | - |
| | 8893 | 30,00,000 |
| Closing Balance (a-b) | 894,32,865 | 1821,95,184 |

Note Nos. 1 to 8 Form an Integral part of these Financial Statements
In terms of our report of even date

For Abhijit Kelkar & Co.
Chartered Accountants
ICAI Firm Registration No.121920W

CA Abhijit Kelkar
Partner
Membership No.110841
Place : Nagpur
Date: 06th May 2016



For and on behalf of the Board
POWERGRID Warora Transimsson Limited

R.P. Sasmal
Chairman-part time
DIN : 02319702

S. Vaithilingam
Director
DIN : 07107854

Notes 8 to the Financial Statements

1. General Information

POWERGRID Warora Transmission Limited (formerly known as Gadarwara (A) Transmission Limited) (referred to as the "Company" or "Powergrid WTL") is engaged in the business of Development of Power Transmission Systems Network, construction, operation and maintenance of transmission lines and other related activities. During the year under audit, there has been a change in name of the company from GADARWARA (A) Transco Limited to POWERGRID Warora Transmission Limited.

2. Summary of Significant Accounting Policies

2.1 Basis for preparation of Financial Statements

The Financial Statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with the generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013, including accounting standards notified there under.

2.2 Use of Estimates

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

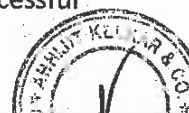
2.3 Fixed Assets:

Fixed Assets are shown at historical cost comprising of purchase price and any attributable cost for bringing the asset to its working condition for its intended use.

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

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

Transmission system assets are considered when they are 'Ready for intended use, for the purpose of capitalization, after test charging/successful



commissioning of the systems/assets and on completion of stabilization period wherever technically required.

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

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

Insurance spares, which can be used only in connection with any item of fixed asset and whose use is expected to be irregular intervals and Mandatory spares in the nature of sub-station equipments/capital spares i.e. stand-by/service/rotational equipments and unit assemblies, are capitalized and depreciated over the residual useful life of the related plant and machinery. In case the year of purchase and consumption is same, amount of such spares are charged to revenue.

2.4 Capital Work-in-Progress (CWIP)

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

Expenditure of corporate office, regional offices and projects, attributable to construction of fixed assets are identified and allocated on systematic basis to the cost of related asset.

Interest during construction and expenditure (net) allocated to construction as per policy as above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under CWIP schedule.

Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

Unsettled liability for price variation/exchange rate variation in case of contracts are accounted for on estimated basis as per the terms of the contract.

2.5 Intangible Assets

The cost of software (which is not an integral part of the related software) acquired for internal use and resulting in significant future economic benefits,



is recognized as an intangible assets in the books of accounts when the same is ready for its use.

Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted as intangible assets and same are amortized over the life of the project.

Expenditure incurred, eligible for capitalization under the head intangible assets, are carried as "Intangible Assets under Development" where such assets are not yet ready for their intended use.

Expenditure incurred on the development of new technology is kept under "Intangible assets under Development" till its completion. After satisfactory completion of development stage, the expenditure is named as "Intangible Assets" to be included in the project cost of new assets.

2.6 Construction stores

Construction stores are valued at cost.

2.7 Borrowing cost

The borrowing cost is capitalized or charged to revenue, based on whether the project is under construction or in operation.

2.8 Revenue Recognition

Income and expenses (except as stated below) are accounted for on accrual basis.

2.9 Depreciation on Tangible Assets

Depreciation is provided on straight line method as per provisions of Companies Act, 2013 following the useful life of assets notified by the CERC except for the following assets in respect of which depreciation is provided at the rates mentioned below:

| <u>Items of Asset</u> | <u>Rate of Dep.</u> | <u>Resi. Value</u> | <u>Exp. Life</u> |
|----------------------------|---------------------|--------------------|------------------|
| a) Computers & Peripherals | 31.67% | 5% | 3years |
| b) Software | 33.33% | Nil | 3years |

Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis. Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively as per provisions of Companies Act, 2013 following the useful life of assets notified by the CERC.



2.10 Impairment of Tangible and Intangible Assets

Cash generating units as defined in Accounting Standard AS - 28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-a-vis. recoverable amount thereof and impairment loss, if any, is recognized in Statement of Profit and Loss. Impairment loss, if need to be reversed substantially, is accounted for in the year of reversal.

2.11 Cash and Cash Equivalents

In the Financial Statements, cash and cash equivalents include cash in hand, cash at banks and fixed deposits with banks.

2.12 Employee Benefits

Services of some employees of the Holding Company – M/s. Power Grid Corporation of India Limited were utilized during the year for some works relating to this Company. The employee cost for such services rendered was apportioned to this Company by M/s. Power Grid Corporation of India Limited in a systematic manner.

Company's contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the statement of Profit and Loss. The same is paid to a fund administered through a separate trust.

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

The liabilities for compensated absences, leave encashment, post retirement medical benefits, settlement allowance & long term awards to employees are ascertained annually on actuarial valuation at the year end and provided for.

Short term employee benefit are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.

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

2.13 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses



have been identified to segments on the basis of their relationship to the operating activities of the segment.

2.14 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after applicable taxes for the period. The weighted average value of equity shares considered for EPS is Rs.10/- per equity share.

3. The company was transferred to M/s Power Grid Corporation of India Limited based on the Share Purchase Agreement dated 24th April 2015 from RECTPCL. The Company is a wholly owned subsidiary of M/s Powergrid Corporation of India Limited.
4. As the Company is a wholly owned subsidiary of M/s Powergrid Corporation of India Limited, the Key Management Personnel (CEO) of the Company are employees of holding company, deployed on a part time basis. No management remuneration is paid to such representative by the company except costs allocated by the holding company based on the time spent by the said management personnel (CEO). The details of such Key Management Personnel are as follows:

| S.No | Name | Designation | Date of Appointment | Date of Separation |
|------|----------------------|---------------------------------|---------------------|--------------------|
| 1 | Shri R.P. Sasmal | Director & Chairman (Part-time) | 30-09-2015 | Continuing |
| 2 | Shri D.K. Singh | Director | 30-09-2015 | Continuing |
| 3 | Shri D.K. Valecha | Director | 30-09-2015 | Continuing |
| 4 | Shri S. Vaithilingam | Director | 30-09-2015 | Continuing |
| 5 | Shri S.K. Gupta | Director | 30-09-2015 | Continuing |

5. Wherever, payments relating to the company are made by the Holding Company, procedural and statutory requirements with regard to deduction at Tax at Source and deposit thereof as applicable are also complied with by the Holding Company and the ultimate Holding Company against payments released on their account.
6. The company has not yet commenced its commercial operations therefore Incidental Expenditures incurred during construction period by the Company and the expenses allocated by the Holding Company have been treated as Capital Work in Progress.



7. The company has complied with all the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

8. The disclosure as per AS-18-Related Party Disclosure:

The Company is a wholly owned subsidiary of Powergrid Corporation Of India Limited.

Details of Related party and nature of Relationship

| S.No | Nature of Related party | Nature of Relation ship |
|------|---|-------------------------|
| 1 | Power Grid Corporation Of India Limited | Holding company |

Details of Related party transaction

| S.No | Particulars | (Amt in Rs) | | |
|------|--|-------------------|---------|----------------|
| | | As on 31-Mar-2016 | | |
| | | REC | RECTPCL | POWER GRID |
| 1 | Equity Contribution (Rs.) | Nil | Nil | 5,00,000/- |
| 2 | Closing Balances: - | | | |
| (a) | Payable to Power Grid Corporation of India Limited | Nil | Nil | 18,57,13,321/- |
| (b) | Inter Corporate Loan | Nil | Nil | 12,17,12,000/- |

- a. An amount of Rs. 12,17,12,000/- has been received as Inter Corporate Loan from Parent Company M/s Power Grid Corporation of India Limited. Interest on said loan has been provided in accordance with the terms and conditions of the loan agreement.
- b. The amount of Rs.18,57,13,321/- payable to Parent Company M/s Power Grid Corporation of India Limited.

9. Contingent Liabilities

There are no contingent liabilities.

10. Capital and other commitments

Capital Commitments are amounting to Rs. 1109.14 Crores (Including T&D) as on the date of Balance Sheet.

11. Exceptional and Extraordinary items

There are no exceptional and extraordinary items as at the Balance Sheet date.



| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|---|--------------------------|--------------------------|
| 12. Value of Imports | Rs.Nil | Rs.Nil |
| 13. Expenditure in Foreign Currency | Rs.Nil | Rs.Nil |
| 14. Details of Consumption and Purchases | Rs.Nil | Rs.Nil |
| 15. Earnings in Foreign Currency | Rs.Nil | Rs.Nil |
| 16. Auditors Remuneration | | |
| Audit Fee | Rs.20,000 | Rs.30,000 |
| Other Services | Nil | Nil |
| Service Tax | Rs.2,900 | Rs.3,708 |

17. Other Disclosures

a. Segment Reporting

The Company has single reportable segment viz Development of Power Transmission Network for Transmission System for System Strengthening for Import of Power, thereof for the purpose of Accounting Standard 17 on Segment Reporting.

b. Employee Benefits

(i) Provision for Leave Encashment (including compensated leave) amounting to Rs.Nil (Previous Year - Nil) for the year has been made on the basis of actuarial valuation at the year end and same is recognised in the Statement of Profit and Loss.

(ii) Provision for Gratuity amounting to Rs.Nil (Previous Year- Nil) has been made on the basis of actuarial valuation at the year end.

c. Taxation

The Company has not yet commenced its Commercial Operations, hence Provision for Taxation for the year ended March 31, 2016 has not been provided.

d. Leases

Operating Lease : The Company has no operating leases.

Finance Lease : The Company has no finance leases.



e. Dues to Micro and Small Enterprises

The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.

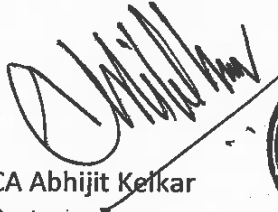
f. Trade Receivables

There are no Trade Receivables for the Company as at the date of balance Sheet.

g. Previous Year Figures

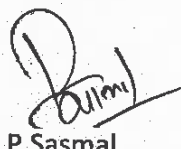
The previous year figures have also been reclassified/re-grouped to confirm the current period's classification.

For Abhijit Kelkar & Co.
Chartered Accountants
ICAI Firm Registration No.121920W


CA Abhijit Kelkar
Partner
Membership No.110841
Place : Nagpur
Date : 06th May 2016.



For and on behalf of the Board of
POWERGRID Warora Transmission
Limited (formerly known as
Gadarwara (A) Transmission Limited)


R.P.Sasmal
Chairman – Part time
DIN : 02319702


S.Vaithilingam
Director
DIN: 07107854

POWERGRID PARLI TRANSMISSION LIMITED

DIRECTORS' REPORT

To,

Dear Members,

I am delighted to present on behalf of the Board of Directors, the Second Annual Report of POWERGRID Parli Transmission Limited {formerly Gadarwara (B) Transmission Limited} on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2016.

POWERGRID Parli Transmission Limited (PPTL) {formerly Gadarwara (B) Transmission Limited} was acquired/taken over by POWERGRID on April 24, 2015 under Tariff based Competitive bidding from REC Transmission Projects Company limited (the Bid Process Co-ordinator) for establishment of Transmission System Associated with Gadarwara STPS (2 x 800 MW) of NTPC (Part-B) on build, own, operate and maintain (BOOM) basis. Consequent to such acquisition, PPTL became wholly owned subsidiary of POWERGRID. The transmission system is contemplated in the States of Maharashtra and comprises 765kV D/C, 400kV D/C transmission lines and establishment of 2X1500 MVA 765/400 kV new substation in Parli. The Company has been granted transmission license by CERC in July, 2015 and the adoption of transmission charges was also notified by CERC in June, 2015. Awards for most of packages have been placed and construction of the Project is under progress.

Financial Performance

As on 31st March, 2016, the Company has not yet started commercial operations as the project is under execution. The expenditure of Rs. 5,43,03,480/- incurred during the year has been included under Capital Work in progress.

Share Capital

The Authorised Share Capital and Paid up Share Capital as on 31st March, 2016 of the Company were Rs. 20 crore and Rs. 5 lac respectively. Subsequently, the Paid up Share Capital has been increased from Rs. 5 lac to Rs. 10 lac in June, 2016.

Dividend and Transfer to Reserves

Your Company's Project is under implementation hence, there is no operating profit.

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40109DL2014GOI269652

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure- I** to the Directors' Report.

Fixed Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company do not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required under section 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements 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/loss of the company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the Annual Accounts on a going concern basis; and
- v. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Registered Office
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Tel: 011-26560121.Fax:011-26601081
CIN: U40109DL2014GOI269652

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at **Annexure –II** to this Report.

Board of Directors

As on 31st March, 2016, the Board comprised four Directors viz. Shri. R. P. Sasmal, Shri D.K. Valecha, Shri S.Vaithilingam and Shri. S. K. Gupta.

In accordance with the provisions of the Companies Act, 2013, Shri D.K. Valecha shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

During the financial year ended 31st March, 2016, nine (09) meetings of Board of Directors were held on 24.04.2015, 07.05.2015, 09.06.2015, 21.09.2015, 28.09.2015, 31.12.2015, 21.01.2016, 12.02.2016 & 29.02.2016. The detail of number of meetings attended by each Director during the financial year 2015-16 are as under:

| Name of Director | Designation | Board attendance 2015-16 | Meeting during |
|--|-------------|--------------------------|----------------|
| Shri Dinesh Kumar* | Chairman | 1 | |
| Shri Sanjay Shilendra Kumar Kulshrestha* | Director | 1 | |
| Shri Daljeet Singh Khatri* | Director | 1 | |
| Shri R.P. Sasmal | Chairman | 9 | |
| Shri D.K. Valecha | Director | 9 | |
| Shri S. Vaithilingam | Director | 8 | |
| Shri S.K. Gupta | Director | 3 | |

*Resigned w.e.f. 24.04.2015

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40109DL2014GOI269652

Corporate Social Responsibility (CSR)

Your Company's Project is under implementation hence, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Statutory Auditors

M/s E.J.DSouza & Co., Chartered Accounts, Nagpur, was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2015-16.

Auditors' Report

The qualification in Statutory Auditors' report and management's reply thereto is given at **Annexure-III** to the Report.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March,2016. C&AG vide letter dated 30.09.2016 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to statutory auditors' report. Copy of letter dated 30.09.2016 of NIL comments received from C&AG is placed at **Annexure-IV** to this report.

Registered Office
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Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Parli Transmission Limited



(R.P. Sasmal)

Chairman

DIN: 02319702

Date: 30th September, 2016

Place: New Delhi

Registered Office

B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121.Fax:011-26601081

CIN: U40109DL2014GOI269652

POWERGRID PARLI TRANSMISSION LIMITED**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|--|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID)) [holding company on and from 24.04.2015]. |
| b | Nature of contracts/arrangements/transaction | Part (A) to take any security(ies) / guarantee(s) in connection with loan(s) and/or avail Inter corporate loan(s) on cost to cost basis and back to back servicing, or a combination thereof, upto an amount of Rs 500 crore from POWERGRID. Part (B) to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus service tax as applicable. |
| c | Duration of the contracts/arrangements/transaction | Part (A) As mutually agreed. Part (B) Commissioning of the project including associated reconciliation activities. |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by | 09.06.2015[for Part (A)], 29.02.2016 [for Part (B)] |

| | | |
|---|---------------------------------|---|
| | the Board | |
| f | Amount paid as advances, if any | - |

By order of the Board
For POWERGRID Parli Transmission Limited



R.P. Sasmal
(Chairman)
DIN: 02319702

Dated: 30th September, 2016
Place: New Delhi

Annexure II to Directors' Report

POWERGRID PARLI TRANSMISSION LIMITED

FormNo.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule12(1)of the Companies (Management and Administration)Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|---|---|
| i. | CIN | U40109DL2014GOI269652 |
| ii. | Registration Date | 30 th July,2014 |
| iii. | Name of the Company | POWERGRID Parli Transmission Limited [formerly Gadarwara (B) Transmission Limited] |
| iv. | Category/ Sub-Category of the Company | Public Limited Company / Indian Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and TransferAgent,Ifany | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.N ^o . | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------------------|--|--|---------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------------|-----------------------|-----------------------|
| 1. | REC TRANSMISSION PROJECTS COMPANY | U40101DL2007GOI157558 | HOLDING COMPANY | 100% | 2(46) |

| | | | | | |
|----|---|-----------------------|-----------------|------|-------|
| | LIMITED* | | | | |
| 2. | POWER GRID CORPORATION OF INDIA LIMITED** | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(46) |

* HOLDING COMPANY UPTO 24.04.2015

**HOLDING COMPANY ON & FROM 24.04.2015

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during The year |
|-------------------------------|---|----------|-------|-------------------|---|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6 | 6* | 0.012 | - | 6 | 6* | 0.012 | 100% |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 49994 | 49994 | 100% | 0 | 49994 | 49994 | 99.988 | 100% |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 50000 | 50000 | 100% | 0 | 50000 | 50000 | 100 | 100% |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance | - | - | - | - | - | - | - | - | - |

| Companies | | | | | | | | | |
|---|---|-------|-------|-----|---|-------|-------|-----|-------|
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (i) Indian | - | - | - | - | - | - | - | - | - |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| (i) Individual shareholders holding nominal share capital upto Rs.1 lakh | - | - | - | - | - | - | - | - | - |
| (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 50000 | 50000 | 100 | - | 50000 | 50000 | 100 | 100\$ |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID
\$ Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of Transmission System Associated with Gadawara STPS (2 x 800 MW) of NTPC (Part-B). Pursuant to such selection and in accordance with provisions of Share Purchase Agreement dated 24.04.2015 executed amongst REC Transmission Projects Company Limited (RECTPCL), the Company and POWERGRID, 50,000 equity shares of Rs. 10/- each held in the Company by RECTPCL & its nominees were transferred to POWERGRID & POWERGRID's nominees jointly with POWERGRID.

ii.Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|--|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1. | REC TRANSMISSION PROJECTS COMPANY LIMITED (RECTPCL) | 49994 | 99.988 | - | - | - | - | 100 |
| 2. | Shri Dinesh Kumar Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 3. | Shri Sanjay Shilendra Kumar Kulshrestha, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 4. | Shri Daljeet Singh Khatri, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 5. | Shri Jatin Kumar Nayak, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 6. | Shri Arun Kumar Tyagi, ,Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 7. | Rajendra Kumar Gupta, Nominee-RECTPCL | 01 | 0.002 | - | - | - | - | 100 |
| 8. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | - | - | - | 49994 | 99.988 | - | 100 |

| | | | | | | | |
|-----|--|-------------|------------|----------|--------------|------------|----------|
| 9. | Shri I.S. Jha, jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 10. | Shri R.T. Agarwal jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 11. | Shri Ravi.P.Singh jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 12. | Shri R.P. Sasmal jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 13. | Shri D.K. Valecha jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| 14. | Shri S. Vaithilingam jointly with POWERGRID | - | - | 01 | 0.002 | - | 100 |
| | Total | 5000 | 100 | - | 50000 | 100 | 0 |

Please refer notes in IV (i) above.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | 50000 | 100 | 50000 | 100 |
| | At the beginning of the year | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for Increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | |
| | Please refer Note 1 below. | | | |
| | 50000 | 100 | 50000 | 100 |
| | At the End of the year | | | |

Note 1:

Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of 'Transmission System associated with Gadawara STPS (2 x 800 MW) of NTPC (Part-B). Pursuant to such selection and in accordance with the provisions of Share Purchase

Agreement dated 24.04.2015 executed amongst REC Transmission Projects Company Limited (RECTPCL) [the bid process coordinator], the Company and POWERGRID,50,000 equity shares of Rs.10/- each held in the Company by POWERGRID & its nominees jointly with POWERGRID on 24.04.2015.

iv) Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | For each of Top ten shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. no | For each of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors | | | | |
| 1 | Shri Dinesh Kumar, Chairman# | | | | |
| | At the beginning of the year | 01 | 0.002 | 01 | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred to Shri I.S.Jha, jointly with POWERGRID on 24.04.2015* | | | |
| | At the End of the year | - | - | - | - |

| | | | | |
|---|---|-------|------|-------|
| 2 Shri Sanjay Shilendra Kumar Kulshrestha, Director# | | | | |
| At the beginning of the year | 01 | 0.002 | 01 | 0.002 |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred to Shri R.T.Agarwal, jointly with POWERGRID on 24.04.2015* | | | |
| At the End of the year | - | - | - | - |
| 3 Shri Daljeet Singh Khatri, Director# | | | | |
| At the beginning of the year | 01 | 0.002 | 01 | 0.002 |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred to Shri Ravi P Singh, jointly with POWERGRID on 24.04.2015* | | | |
| At the End of the year | - | - | - | - |
| 4 Shri R.P.Sasmal, Chairman | | | | |
| At the beginning of the year | - | - | - | - |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred from Shri Jatin Kumar Nayak on 24.04.2015* | | | |
| At the End of the year | 01** | 0.002 | 01** | 0.002 |
| 5 Shri D.K.Valecha, Director | | | | |
| At the beginning of the year | - | - | - | - |

| | | | | | |
|----------|---|---|-------|------|-------|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred from Shri Arun Kumar Tyagi on 24.04.2015* | | | |
| | At the End of the year | 01** | 0.002 | 01** | 0.002 |
| 6 | Shri S. Vaithilingam, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transferred from Shri Rajendra Kumar Gupta on 24.04.2015* | | | |
| | At the End of the year | 01** | 0.002 | 01** | 0.002 |
| 7 | Shri S. K.Gupta, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

Ceased to be Directors w.e.f. 24.04.2015.

*Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of Transmission System associated with Gadawara STPS (2 x 800 MW) of NTPC (Part-B). Pursuant to such selection and in accordance with the provisions of Share Purchase Agreement dated 24.04.2015 executed amongst REC Transmission Projects Company Limited

(RECTPCL) [the bid process coordinator], the Company and POWERGRID,50,000 equity shares of Rs.10/- each held in the Company by POWERGRID & its nominees jointly with POWERGRID on 24.04.2015.

**Jointly with POWERGRID Corporation of India Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | 52,750,000 | | 52,750,000 |
| - Reduction | | - | | - |
| Net Change | - | 52,750,000 | - | 52,750,000 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | 52,750,000 | | 52,750,000 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | 21,778 | | 21,778 |
| Total (i+ii+iii) | - | 52,771,778 | - | 52,771,778 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|---|------------------------|---|---|---|--------------|
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, | - | - | - | - | - |

| | | | | | | |
|----|--|---|---|---|---|---|
| | 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary Under section 17(3) Income- tax Act, 1961 | | | | | |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as % of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors: (NOT APPLICABLE)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--|----------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD: (Not Applicable)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit - others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Parli Transmission Limited



(R.P. Sasmal)
Chairman
DIN: 02319702

Date: 30th September, 2016
Place: New Delhi

The Comments of the Statutory Auditors and Management's Reply thereto

| Auditor's Comments | Management's Reply |
|--|---|
| i) 'Consultancy fee' should have been treated as 'Advance to the holding company' instead of 'Capital Work in Progress'. This has resulted in increase in Capital work in progress by Rs. 51,696,750/- and decrease in Current Assets by Rs. 51,696,750/- as on 31 st March 2016 | Consultancy Fee is paid for construction of the project which is directly attributable cost and the treatment thereof in the books of Accounts is as per general accounting practice and similar pattern has been followed in other TBCB SPVs of POWERGRID as well. |
| ii) 'All expenses, including Administration expenses' should have been treated as 'Expense in the Statement of Profit and Loss' instead of 'Capital Work in Progress'. This has resulted in increase in Capital Work in progress by Rs. 23,35,830/- and increase of Profit before tax for the year by Rs. 23,35,830/-. | The company has not yet commenced commercial operation and all expenses including administrative expenses are specifically attributable to construction of the project as such the treatment thereof in the books of Accounts is as per general accounting practice and similar pattern has been followed in other TBCB SPVs of POWERGRID as well |

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF POWERGRID PARLI TRANSMISSION LIMITED FOR THE
YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of Powergrid Parli Transmission Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19 July 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Powergrid Parli Transmission Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Ritika Bhatia

**(Ritika Bhatia)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi**

Place: New Delhi

Dated: 30/9/2016

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the members of **POWERGRID Parli Transmission Limited**
(Formerly known as **GADARWARA(B) Transmission Limited**)

Report on the Financial Statements

We have audited the accompanying financial statements of **POWERGRID Parli Transmission Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

i) We draw attention to Note No. 1.2(d)(ii) and Note No.2.16, in respect of Consultancy fees Rs. 51,696,750 charged by the holding company, Power Grid Corporation Of India Limited. The Company has considered this expenditure of Rs.51,696,750 as "Expenditure during Construction" and shown the said expenditure of Rs. 51,696,750 under, "Capital Work in Progress".

The Company had entered into an agreement with the holding company Power Grid Corporation Of India Limited on 25th June 2015, by virtue of which the holding company would provide consultancy services to the company, on cost to cost basis and invoiced to the company on quarterly basis with effect from 24-4-2015. The holding company has not raised any invoices for consultancy fees, for the quarters ended 30-6-2015, 30-9-2015 and 31-12-2015, based on the aforesaid agreement.

Subsequently on 21-03-2016, the Company entered into a Supplementary Agreement with the holding company, to amend the aforesaid agreement dated 25-06-2015, by virtue of which the holding company would charge with retrospective effect from 24-04-2015, Consultancy fee @5% of the actual executed cost of the project and not on cost to cost basis as envisaged in the agreement dated 25-6-2015.

Based on the aforesaid supplementary agreement dated 21-03-2016, the holding company has raised an invoice on the company dated 28-03-2016, for initial advance payment of 15% of the estimated consultancy fee of 5% of the awarded cost of Rs. 602 Crores, being awards placed from 1-4-2015 to 28-03-2016. Together with Service tax (14%) and Swachh Bharat cess (0.5%) the invoice dated 28-03-2016 raised by Holding company on the company amounted to Rs. 51,696,750/.

The holding company made available to the Company an Inter Corporate Loan of Rs. 52,700,000 on 30-03-2016. The Company paid the holding company Rs. 47,181,750 (net of Income Tax deducted at source Rs.45,15,000) on 31-3-2016, towards payment of the aforesaid invoice.

In view of the above and based on the accrual concept of accounting that costs must be recognized as they are incurred, in our opinion, the said amount of Rs. 51,696,750 should not have been treated as Capital Work in progress and should have been treated as an Advance to the holding company. This has resulted in increase in Capital work in progress by Rs. 51,696,750 and decrease in Current Assets by Rs. 51,696,750 as on 31st March 2016.

ii) We draw attention to Note No.2.11 and Note No.2.12, in respect of all expenses, including Administration expense being charged to "Expenditure during construction" and shown under "Capital Work in Progress". We also draw attention to Note No. 1.2(b); Note No. 1.2(d)(i) and Note No. 2.16, wherein it is clearly stated that all expenses have been treated as Capital Work in Progress.

Accounting Standard AS 10 –Accounting for Fixed Assets, requires that, Administration and other general overhead expenses are usually excluded from cost of fixed assets because they do not relate to a specific fixed asset.

Accounting Standard AS 26-Accounting for intangible assets, requires that, all expenditure which does not result in future economic benefit be expensed out in the year in which it is incurred.

The aforesaid Accounting Standard AS 26 also requires that , in some cases ,expenditure is incurred to provide future economic benefit, but no intangible asset or other asset is acquired or created that can be recognized. In these cases, the expenditure is recognized as an expense when it is incurred.

The Company seems to be following the Guidance Note on expenditure construction ,issued by The Institute of Chartered Accountants of India ,which required all pre operative administrative expenditure during the construction period to be capitalised and apportioned to the fixed assets proportionately. This Guidance Note on expenditure during construction period was withdrawn by the Council of the ICAI in August 2008.

The company has treated Pre operative administration and other expenses amounting to Rs. 2,335,830 as Capital Work in Progress.

Based on the requirements of Accounting Standards , AS 10 and AS 26 , in our opinion, Administration and other Expenses Rs. 2,335,830 should not have been treated as Capital Work in progress and should have been treated as expense in the Statement of Profit and Loss for the year ended 31st March 2016.This has resulted in increase in Capital Work in progress by Rs. 2,335,830 and increase of Profit before tax for the year by Rs. 2,335,830.

iii)Furthermore , as a result of our qualification Nos.(i) and (ii) stated above, there are impact on various heads in the financial statements ,the aggregate impact of all the above is as under:

| S.No. | Particulars | Increase in Rs. | Decrease in Rs. |
|-------|--|--------------------|--------------------|
| 1. | Profit before Tax | 2,335,830 | - |
| 2. | Tax Expenses | - | - |
| 3. | Profit after Tax | 2,335,830 | |
| 4. | Reserves and Surplus and Shareholders' Funds | 2,335,830 | |
| 5. | Capital Work in Progress | 54,032,580 | |
| 6. | Current Assets | | 51,696,750 |

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet , of the state of affairs of the Company as at 31st March, 2016;
- b. in the case of the Statement of Profit and Loss, of the nil profit/loss for the year ended on that date ;
- c. in the case of the Cash Flow Statement , of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Act , we give in the **Annexure A** a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The reports on the accounts of the branch offices of the Company, which are required to be audited under Section 143(8) of the Act by branch auditors, are not applicable to the company
 - (d) The Balance Sheet , Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account .
 - (e) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts)Rules,2014.
 - (f) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion , may not have an adverse effect on the functioning of the Company.
 - (g) Being a Government Company, section 164(2) pertaining to disqualification of directors is not applicable to the Company;
 - (h) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - (i)With respect to the adequacy of the Internal financial controls over financial reporting of the company and the operating effectiveness of such controls, we give our separate report in **Annexure B**.
 - (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have pending litigations which would impact its financial position .

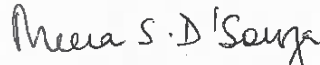
ii. The Company, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company .

3.As required in terms of sub section 5 of section 143 of the Act , we give in **Annexure C** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.

Place : Nagpur
Date : 19th July 2016

For E. J. D'SOUZA & Co.,
Chartered Accountants
(Firm Regn. No. 114163W)


(CA Meera Sandra Dsouza)
Partner
(Membership No.046971)

ANNEXURES TO THE INDEPENDENT AUDITORS' REPORT

Annexure A referred to in our Independent Auditors' Report, paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of POWERGRID Parli Transmission Limited for the year ended 31st March, 2016.

i. The company does not have any fixed assets .However there is Capital Work in Progress as at the year end, consisting of expenditure during construction period . Therefore , the provisions of clauses 3(i)(a), 3(i)(b) and 3(i)(c) of the Order are not applicable .

ii. The company does not have any inventory during the year. Therefore, the provisions of clause 3(ii) of the Order is not applicable.

iii. The company has not granted any loans ,secured or unsecured to Companies ,firms ,limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Therefore,the provisions of clause 3(iii)(a), 3(iii) (b) and 3(iii) (c) of the Order are not applicable .

iv. The company has not given any loans or guarantees or provided any security or made investments, as stipulated in the provisions of sections 185 and 186 of the Act . Therefore ,the provisions of clause 3(iv) of the Order is not applicable .

v. The Company has not accepted any deposits from the public. Hence the question of compliance with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder does not arise . No order was passed by Company Law Board /RBI or any other Court or Tribunal.Therefore ,the provisions of clause 3(v) of the Order is not applicable.

vi. According to the information and explanations given to us, the Central Government has prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of companies in power transmission sector . However since the company does not have any revenue from operations during the year and is yet to commence commercial operations ,the company does not require to maintain cost records. Therefore ,the provisions of clause 3(vi) of the Order is not applicable.

vii.(a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues with appropriate authorities including income tax ,service tax and other statutory dues applicable to the company and that there are no undisputed statutory dues outstanding as at 31st March 2016 ,for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited.

viii. The company has not taken any loan from financial institutions or banks and not issued any debentures .Therefore, the provisions of clause 3 (viii) of the Order is not applicable.

ix. The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) .However ,the company has during the year ,raised a inter corporate term loan of Rs. 52,750,000 from the holding company to meet capital expenditure, repayable in fifteen years, repayment commencing from the fifth year. According to the information and explanations given to us , the company has applied the term loan for the purpose for which it was raised.

x. Based upon the audit procedure performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

xi. According to the information and explanations given to us, no managerial remuneration has been paid or provided by the company during the year. Therefore, the provisions of clause 3 (xi) of the Order is not applicable.

xii. The company is not a Nidhi company .Therefore , the provisions of clause 3(xii) of the Order is not applicable.

xiii. All transactions with the related parties during the year ,are in compliance with sections 177 and 188 of the Act, where applicable. The details of transactions with the related parties during the year, have been disclosed in the financial statements , as required by Accounting Standard-18 ,“Related Party Disclosures”.

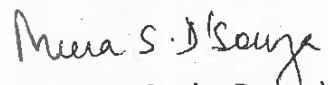
xiv. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, under section 42 of the Act, during the year under review. Therefore, the provisions of clause 3 (xiv) of the Order is not applicable.

xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions of nature mentioned in Section 192 of the Act, with directors or persons connected with them, during the year under review. Therefore, the provisions of clause 3 (xv) of the Order is not applicable.

xvi. According to the information and explanations given to us,the company is not engaged in any non banking finance business and therefore ,it is not required to be registered under section 45-IA of the Reserve Bank of India Act ,1934.

Place : Nagpur
Dated : 19th July 2016

For E. J. D'SOUZA & Co.,
Chartered Accountants
(Firm Regn. No. 114163W)


(CA Meera Sandra Dsouza)
Partner
(Membership No.046971)

Annexure B referred to in our Independent Auditors' Report, paragraph 2(i) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of POWERGRID Parli Transmission Limited for the year ended 31st March, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of POWERGRID PARLI Transmission Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

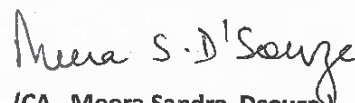
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Nagpur
Dated : 19th July 2016

For E. J. D'SOUZA & Co.,
Chartered Accountants
(Firm Regn. No. 114163W)


(CA Meera Sandra Dsouza)
Partner
(Membership No.046971)


Annexure C referred to in our Independent Auditors' Report, paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of POWERGRID Parli Transmission Limited for the year ended 31st March, 2016.

On the directions issued by the Comptroller and Auditor General of India under sub section (5) of section 143 of the Companies Act 2013, based on the verification of records of the Company and information and explanations given to us, we report that:

- a) The Company does not possess any land, as on the balance sheet date.
- b) There are no cases of waiver/write off of debts/loans/interest, during the year.
- c) There are no inventories lying with third parties. There are also no assets received as gift/ grant, from the government or other authorities.

Place : Nagpur
Dated : 19th July 2016

For E. J. D'SOUZA & Co.,
Chartered Accountants
(Firm Regn. No. 114163W)


Meera S. D'Souza
(CA Meera Sandra Dsouza)
Partner
(Membership No.046971)

Compliance Certificate

We have conducted the audit of annual accounts of POWERGRID Parli Transmission Limited (Formerly known as GADARWARA(B) Transmission Limited), for the year ended 31-3-2016 in accordance with the directions/sub-directions issued by the C & AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions/sub-directions issued to us.

Place : Nagpur
Date : 19th July 2016

For E. J. D'SOUZA & Co.,
(Firm Regn. No. 114163W)

Meera S. D'Souza
(CA Meera Sandra Dsouza)
Partner
(Membership No.046971)

POWERGRID Parli Transmission Limited
(Formerly known as Gadarwara (B) Transmission Limited)
CIN: U40109DL2014GOI269652
BALANCE SHEET AS AT 31st MARCH 2016

| PARTICULARS | Note No. | Amount in Rs. | |
|----------------------------------|----------|---------------|---------------------|
| | | 31.03.2016 | As at 31.03.2015 |
| I. EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| (a) Share Capital | 2.1 | 500,000 | 500,000 |
| (b) Reserves and Surplus | 2.2 | (33,329) | (33,329) |
| | | 466,671 | 466,671 |
| Non Current Liabilities | | | |
| (a) Long Term Borrowings | 2.3 | 52,750,000 | |
| Current Liabilities | | | |
| (a) Trade Payables | 2.4 | 18,000 | |
| (b) Other Current Liabilities | 2.5 | 193,281,779 | 186,183,074 |
| | | 193,299,779 | 186,183,074 |
| Total | | 246,516,450 | 186,649,745 |
| II. ASSETS | | | |
| Non Current Assets | | | |
| (a) Fixed Assets | | | |
| Capital Work in Progress | 2.6 | 240,933,675 | 186,630,195 |
| (b) Long Term Loans and Advances | 2.7 | 25,000 | - |
| | | 240,958,675 | 186,630,195 |
| Current assets | | | |
| (a) Cash and Cash Equivalents | 2.8 | 5,557,775 | 19,550 |
| | | 5,557,775 | 19,550 |
| Total | | 246,516,450 | 186,649,745 |

General Information and Accounting Policies 1

Notes on Accounts 2

Notes referred above are integral part of Balance Sheet.

As per our report of even date

For E.J.Dsouza & Co.

Chartered Accountants

Firm Regn No : 114163W

Meera S. D'Souza
CA Meera Sandra Dsouza

Partner

Membership No. 046971

Place : Nagpur

Date : 13-07-2016

For and on behalf of

Powergrid Parli Transmission Ltd

R.P. Sasmal
(R.P.Sasmal)

Chairman(Part-time)

DIN:02319702

S. Vaithilingam
(S.Vaithilingam)

Director

DIN:7107854

Place:

Date: 05-07-2016

POWERGRID Parli Transmission Limited
(Formerly known as Gadarwara (B) Transmission Limited)
CIN: U40109DL2014GOI269652
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2016

| PARTICULARS | Note No. | Amount in Rs. | |
|--|-------------|----------------------------------|---------------|
| | | For the year ended 31.03.2016 | 31.03.2015 |
| I. Revenue from Operations | | - | - |
| II. Other Income | 2.9 | - | - |
| III. Total Revenue | | - | - |
| IV. Expenses | | | |
| Finance Cost | 2.10 | - | - |
| Administration & Other Expenses and Provisions | 2.11 | - | 33,329 |
| Total Expenses | | - | 33,329 |
| V. Profit Before Tax | | - | (33,329) |
| VI. Tax expense | | - | - |
| VII. Profit / (Loss) for the year | | - | (33,329) |
| VIII. Basic & Diluted Earning per equity share of Rs 10 each | | - | (0.67) |

General Information and Accounting Policies 1
Notes on Accounts 2
Notes referred above are integral part of the Statement of Profit & Loss

As per our report of even date
For E.J.Dsouza & Co.
Chartered Accountants
Firm Regn No : 114163W

Meera S. J. Souza
CA Meera Sandra Dsouza
Partner
Membership No. 046971
Place : Nagpur
Date: 19-07-2016

For and on behalf of
Powergrid Parli Transmission Ltd

(R.P.Sasmal)
(R.P.Sasmal)
Chairman(Part-time)
DIN:02319702

(S.Vaithilingam)
(S.Vaithilingam)
Director
DIN:7107854

Place:

Date: 05-07-2016

POWERGRID Parli Transmission Limited
(Formerly known as Gadarwara (B) Transmission Limited)
CIN: U40109DL2014GOI269652
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

| Particulars | Amount in Rs. | |
|--|----------------------------------|----------------------|
| | For the year ended 31.03.2016 | 31.03.2015 |
| A. Cash Flow from Operating Activities: | | |
| Net Profit/(Loss) Before Tax | - | (33,329) |
| Operating Profit/(Loss) before Working Capital Changes | - | (33,329) |
| Adjustments for: | | |
| Increase/(Decrease) Trade Payables | 18,000 | - |
| Increase/(Decrease) Other Current Liabilities | 7,098,705 | 186,183,074 |
| (Increase)/Decrease in Loans and Advances | (25,000) | - |
| Net Cash from Operating activities | 7,091,705 | 186,149,745 |
| B. Cash Flow from Investing Activities: | | |
| Capital Work in Progress | (54,303,480) | (186,630,195) |
| Net Cash used in Investing Activities | (54,303,480) | (186,630,195) |
| C. Cash Flow from Financing Activities: | | |
| Issue of Shares | - | 500,000 |
| Loans raised during the year | 52,750,000 | - |
| Net Cash from Financing Activities | 52,750,000 | 500,000 |
| D. Net Change in Cash and Cash Equivalents(A+B+C) | 5,538,225 | 19,550 |
| E. Cash and Cash Equivalents (Opening Balance) | 19,550 | - |
| F. Cash and Cash Equivalents (Closing Balance) | 5,557,775 | 19,550 |

As per our report of even date
For E.J.Dsouza & Co.
Chartered Accountants
Firm Regn No : 114163W

Meera S. D'souza
CA Meera Sandra Dsouza
Partner
Membership No. 046971
Place : Nagpur
Date: 19-07-2016

For and on behalf of
Powergrid Parli Transmission Ltd

(R.P. Sasmal) *(S.Vaithilingam)*
(R.P.Sasmal) (S.Vaithilingam)
Chairman(Part-time) Director
DIN:02319702 DIN:7107854

Place:
Date: 05-07-2016

POWERGRID Pari Transmission Limited
(Formerly known as Gadarwara (B) Transmission Limited)

Note 2.1 / Share Capital

| | Amount in Rs. As at 31.03.2016 | Amount in Rs. As at 31.03.2015 |
|---|--------------------------------------|--------------------------------------|
| Authorised: | | |
| 2,00,00,000 (Previous Year 50,000) Equity shares of Rs 10/- each | 20,00,00,000 | 500,000 |
| Issued, Subscribed and Paid up | | |
| 50,000 (Previous Year 50,000) Equity shares of Rs 10/- each fully paid up. | 500,000 | 500,000 |
| Total | 500,000 | 500,000 |

Further Notes :

a.Shareholders holding more than 5% Equity Shares of the Company

| | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------------|-------------------------------|
| Particulars | No. of shares % of Holding | No. of shares % of Holding |
| Power Grid Corporation of India Limited - Holding Company | 49,994 99.99% | 49,994 99.99% |
| REC Transmission Projects Company Ltd | - | - |
| | 0.00% | 0.00% |

b. Reconciliation of number and amount of share capital outstanding at the beginning and at the end of the reporting period

| | As at March 31, 2016 | As at March 31, 2015 |
|---|--------------------------------|--------------------------------|
| Particulars | No. of shares Amount in Rs. | No. of shares Amount in Rs. |
| Shares outstanding at the beginning of the year | 50,000 500,000 | 50,000 500,000 |
| Add: Shares issued/bought back during the year | - | - |
| Shares outstanding at the end of the year | 50,000 500,000 | 50,000 500,000 |

c.The Holders of Equity Shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the shareholders.



| | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| Note 2.2 / Reserves and Surplus | | |
| Surplus (Balance in Statement of Profit and Loss) | | |
| As per last balance sheet | (33,329) | |
| Loss as per Statement of Profit and Loss | | (33,329) |
| Total | (33,329) | (33,329) |
| Note 2.3 / Long Term Borrowings | | |
| Loans and Advances from related parties: | | |
| Unsecured Loan from Holding Company M/s. Power Grid Corporation India Limited | 52,750,000 | - |
| Total | 52,750,000 | - |
| Further Notes: | | |
| Loan is provided by the holding company on Interest Rate @ 8.32% payable annually, principal is repayable in three equal annual instalments starting from the end of 5th year, 10th and 15th year from the date of disbursement. | | |
| Note 2.4 / Trade Payables | | |
| For Goods and Services | 18,000 | |
| Total | 18,000 | - |
| Note 2.5 / Other Current Liabilities | | |
| Interest Accrued but not due (Due to Holding company) ✓ | 21,778 | - |
| Other Payables: | | |
| Statutory Dues | 4,519,420 | 15,023,244 |
| Dues to M/s. Power Grid Corporation of India Ltd. (Holding company) | 188,740,581 | - |
| Dues to M/s.REC Transmission Projects Company Ltd | | 171,159,830 |
| Total | 193,281,779 | 186,183,074 |



Note 2.6 / Capital Work in Progress

| Particulars | As at 1st April 2015 | Addition during the Year | Capitalised during the year | As at 31st March 2016 |
|--|----------------------|--------------------------|-----------------------------|-----------------------|
| Land | - | 246,702 | - | 246,702 |
| Development of land | 186,630,195 | 54,056,778 | - | 240,686,973 |
| Expenditure pending allocation : | | | | |
| Expenditure during construction (net)(Note 2.12) | 186,630,195 | 54,303,480 | - | 240,933,675 |
| Total | - | 186,630,195 | - | 186,630,195 |
| Previous Year | | | | |

| Particulars | As at | As At |
|--|-------------------|--------------------|
| | 31.03.2016 | 31.03.2015 |
| Note 2.7 / Long Term Loans and Advances (Unsecured, Considered Good) | | |
| Security Deposit | 25,000 | - |
| Total | 25,000 | - |
| Note 2.8 / Cash and Cash Equivalents | | |
| Balance with Banks | | |
| In Current Accounts | 5,557,775 | 19,550 |
| Total | 5,557,775 | 19,550 |
| Note 2.9 / Other Income | | |
| Sale of Bid Documents | - | 3,500,000 |
| Total | - | 3,500,000 |
| Less: Transferred to Expenditure During Construction(net)(Note 2.12) | - | 3,500,000 |
| Total | - | - |
| Note 2.10 / Finance Cost | | |
| Interest on Loans from Holding Company(Refer Note 2.3) | 24,198 | - |
| Other Finance Charges | - | 450 |
| Total | 24,198 | 450 |
| Less: Transferred to Expenditure During Construction(net)(Note 2.12) | 24,198 | 450 |
| Total | - | - |
| Note 2.11 / Administration & Other Expenses and Provisions | | |
| Rates and Taxes | 1,945,675 | - |
| Payment to auditors : | | |
| Audit Fee | 20,000 | - |
| Consultancy Expenses | 51,696,750 | 168,540,000 |
| Professional Charges | 4,600 | - |
| Printing and Stationery | 2,155 | - |
| Tender Expenses | - | 21,589,745 |
| Licence Fee to CERC | 363,400 | - |
| Preliminary Expenses | - | 33,329 |
| Total | 54,032,580 | 190,163,074 |
| Less: Transferred to Expenditure During Construction(net)(Note 2.12) | 54,032,580 | 190,129,745 |
| Total | - | 33,329 |



| Particulars | Amount in Rs. | Amount in Rs. |
|---|---------------------|---------------------|
| | As at 31.03.2016 | As At 31.03.2015 |
| Note 2.12 / Expenditure During Construction(net) | | |
| A. Expenses | | |
| Rates and Taxes | 1,945,675 | - |
| Payment to auditors : | | |
| Audit Fee | 20,000 | - |
| Consultancy Expenses | 51,696,750 | 168,540,000 |
| Professional Charges | 4,600 | - |
| Printing and Stationery | 2,155 | - |
| Tender Expenses | - | 21,589,745 |
| Licence Fee to CERC | 363,400 | - |
| Preliminary Expenses | - | - |
| B.Finance Costs | | |
| Interest on Loan from Holding Company | 24,198 | - |
| Other Finance Charges | - | 450 |
| | 54,056,778 | 190,130,195 |
| C.Less Other Income(Note 2.9) | - | 3,500,000 |
| Total | 54,056,778 | 186,630,195 |

B. D'Souza

S. D'Souza

Mera S. D'Souza



Note 1 –GENERAL INFORMATION AND ACCOUNTING POLICIES FOR THE FINANCIAL YEAR 2015-16

1.1 General Information

POWERGRID Parli Transmission Limited (formerly known as Gadarwara (B) Transmission Limited) is engaged in the business of Development of Power Transmission Systems Network, construction, operation and maintenance of transmission lines and other related activities.

1.2 Accounting Policies:

a. Basis of preparation of financial statements

The financial statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with the generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013, including accounting standards notified there under.

b. Capital Work-in-Progress

All expenses incurred during construction on survey/consultancy/administration/interest on borrowings and other expenses, by the Company through its Registered/Corporate /Regional and other offices, has been treated as Capital Work in progress.

c. Revenue Recognition

There is no income during the year, as the company is yet to commence commercial operations.

d. Expenditure

i) All expenses are accounted for on accrual basis and charged to Capital Work in progress.

ii) In respect of Consultancy Contracts, with the Holding Company Ms/ Power Grid Corporation Of India Ltd., expenditure is accounted for (wherever initial advances paid) in phased manner as under:

- a. 10% on the issue of Notice inviting Tender for execution.
- b. 5% on the Award of Contracts for execution.
- c. Balance 85% on the basis of actual progress of work.

5% of actual project cost is being charged to the company by Power Grid Corporation Of India Ltd as Consultancy Charges, towards all inputs and services being availed by the Company. No separate re-imburement of man power and infrastructure expenses to Power Grid Corporation Of India Ltd is contemplated in addition to 5% consultancy charges.

OTHER NOTES

2.13 The company was transferred to M/s Power Grid Corporation of India Limited from REC Transmission Projects Company Limited, based on the Share Purchase Agreement dated 24th April 2015.

2.14 The Company is a wholly owned subsidiary of M/s Power Grid Corporation of India Limited. The Key Management Personnel of the Company are employees of holding company. No management remuneration is paid to such representatives by the company.



- 2.15 Wherever, payments relating to the company are made by the Holding Company, procedural and statutory requirements with regard to deduction of Tax at Source and deposit thereof as applicable, are also complied with by the Holding Company.
- 2.16 The company has not yet commenced commercial operations therefore, all expenses incurred during construction period by the Company, have been treated as Capital Work in progress.

Information in respect of consultancy contracts, expenditure is provided as under:

| Particulars | Current Year | Previous Year |
|---|-------------------------------|---------------|
| (i) The amount of expenditure on consultancy contract works. | 51,696,750 | 168,540,000 |
| (ii) The method used to determine the consultancy contract expenditure : 15% of total consultancy fees upto award stage to executing agencies. | Accounting Policy 1.2d(ii) | |

- 2.17 The company has complied with all the applicable Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

2.18 Cash and Cash Equivalents

In the financial statements, cash and cash equivalents include cash at banks only.

2.19 Disclosure as per AS-18-Related Party Disclosure:

a. List of Related Parties

i. Key Management Personnel

| S.No | Name | Designation | Date of Appointment | Date of Separation |
|------|----------------------|---------------------|---------------------|--------------------|
| 1 | Shri R.P. Sasmal | Director & Chairman | 24-04-2015 | Continuing |
| 2 | Shri D.K. Valecha | Director | 24-04-2015 | Continuing |
| 3 | Shri S. Vaithilingam | Director | 24-04-2015 | Continuing |
| 4 | Shri S.K. Gupta | Director | 24-04-2015 | Continuing |

ii. Holding Company

| S.No | Name of Related party | Nature of Relationship |
|------|---|------------------------|
| 1 | Power Grid Corporation Of India Limited | Holding company |



b. Transactions with Related Parties at 2.19 (a) above during the year are as follows:
(Amt in Rs)

| Description | Current year | Previous Year |
|---|-----------------------|---------------|
| 1. Transactions for services received by the Company: Power Grid Corporation of India Ltd., REC Transmission Projects Company Ltd. | 24,04,37,331 | 18,61,83,074 |
| 2. Amount payable at end of the year: Power Grid Corporation of India Ltd., REC Transmission Projects Company Ltd. | 18,87,40,581 | 18,61,83,074 |
| 3. Loans received : Power Grid Corporation of India Ltd., Interest on Loan from Power Grid Corporation of India Limited | 5,27,50,000 24,198 | -- -- |
| 4. Loan payable at end of year: Power Grid Corporation of India Ltd., Interest payable at end of year: Power Grid Corporation of India Ltd., | 5,27,50,000 21,778 | -- -- |

2.20 Contingent Liabilities

There are no contingent liabilities.

2.21 Capital and other commitments

Estimated Amount of contracts remaining to be executed on capital account and not provided for is Rs. 630.50 Crores (Including T&D) (previous year Nil)

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|---|--------------------------|--------------------------|
| 2.22 Value of Imports | Rs.Nil | Rs.Nil |
| 2.23 Expenditure in Foreign Currency | Rs.Nil | Rs.Nil |
| 2.24 Details of Consumption and Purchases | Rs.Nil | Rs.Nil |
| 2.25 Earnings in Foreign Currency | Rs.Nil | Rs.Nil |

2.26 Auditors Remuneration

| | | |
|----------------|-----------|-----------|
| Audit Fee | Rs.20,000 | Rs.30,000 |
| Other Services | Nil | Nil |
| Service Tax | Nil | Rs.3,708 |

2.27 Disclosure as per AS -17 - Segment Reporting

The Company has single reportable segment viz Development of Power Transmission Network for Transmission System for System Strengthening for Import of Power.

2.28 Taxation

The Company has not yet commenced its Commercial Operations, hence Provision for Taxation for the year ended March 31, 2016 has not been provided

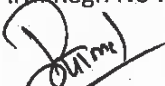
2.29 Trade Receivables


There are no Trade Receivables for the Company as at the date of balance sheet.

2.30 Previous Year Figures

The previous year figures have also been reclassified/re-grouped to confirm to current period's classification.

As per our report of even date For and on behalf of Powergrid Parli Transmission Ltd
For E.J.Dsouza & Co.,
Chartered Accountants
Firm Regn No : 114163W


(R.P.Sasmal)
Chairman(Part-time)
DIN: 02319702


(S.Vaithilingam)
Director
DIN: 07107854

Place:

Date: 05-07-2016


CA Meera Sandra Dsouza

Partner

Membership No. 046971

Place : Nagpur

Date : ~~23rd May 2016~~ 19-07-2016



**POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM
LIMITED**

DIRECTORS' REPORT

To,

Dear Members,

I on behalf of the Board of Directors present the First Annual Report of POWERGRID Southern Interconnector Transmission System Limited on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2016.

POWERGRID Southern Interconnector Transmission System Limited (PSITSL) was acquired by POWERGRID on 4th December, 2015 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for "Strengthening of Transmission System Beyond Vemagiri" Project. Consequent to such acquisition, PSITSL became wholly owned subsidiary of POWERGRID. The transmission project comprises of 765 kV & 400 kV, D/C transmission lines is to traverse the states of Andhra Pradesh, Telangana & Karnataka and include establishment of one 765/400 kV Substation as well as 400 kV bay extensions at two existing Substations in the State of Andhra Pradesh. As on 31.03.2016, PSITSL has Authorized Share Capital of ₹1 Crore and Paid-up Share Capital of ₹5 Lac. The Company has been granted transmission license by CERC in March, 2016. Awards for Transmission Lines have been placed in March 2016.

Financial Performance

For the year ended 31st March, 2016, the Company had a loss of ₹32,994/- on account of Finance Cost and Administration & other expenses.

Share Capital

As on 31st March, 2016, the Company had Authorized Capital of ₹1 Crore and Paid up Share Capital of ₹5 Lac divided into 50,000 equity shares of ₹10/- each.

Dividend and Transfer to Reserves

Your Company's Project is under implementation hence, there is no operating profit.

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40106DL2015GOI278746

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure- I** to the Directors' Report.

Fixed Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required under section 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements 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 loss of the company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the Annual Accounts on a going concern basis; and
- v. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at **Annexure –II** to this Report.

Board of Directors

At present Shri Ravi P. Singh, Shri D. K. Valecha, Shri R. K. Srivastava, and Shri V. Sekhar are on the Board of the Company.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

During the financial year ended 31st March, 2016, after date of Acquisition as on 04.12.2015, two (2) Board meetings were held on 04.01.2016, 19.03.2016. The detail of number of meetings attended by each Director during the financial year 2015-16 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2015-16 | No. of Board Meetings attendance during 2015-16 |
|-------------------------|--------------------|---|--|
| *Shri Ravi P. Singh | Chairman | 2 | 2 |
| *Shri D. K. Valecha | Director | 2 | 2 |
| *Shri R. K. Srivastava | Director | 2 | 2 |
| *Shri V. Sekhar | Director | 2 | 1 |

**Appointed w.e.f. 04.12.2015*

Corporate Social Responsibility (CSR)

Since no commercial activity was carried out by the Company, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, exempting the Government Companies to comply with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Statutory Auditors

M/s. Jhalani & Co., Chartered Accountants, New Delhi were appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2015-16.

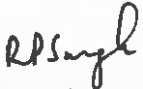
Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 9th August, 2016 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2016 and as such have no comments to make under Section 143(6) (b) of the Companies Act, 2013. Copy of letter dated 9th August, 2016 received from C&AG is placed at **Annexure-III** to this report.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
**POWERGRID Southern Interconnector
Transmission System Limited**


(Ravi P. Singh)
Chairman
DIN: 05240974

Date: 22nd August, 2016
Place: New Delhi


POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Form No. AOC: 2

| 1 | | Details of contracts or arrangements or transactions not at arm's length basis |
|----------|---|---|
| a) | Name(s) of the related party and nature of relationship | - |
| b) | Nature of contracts / arrangements / transactions | - |
| c) | Duration of the contracts / arrangements / transactions | - |
| d) | Salient terms of the contracts or arrangements or transactions including the value, if any | - |
| e) | Justifications for entering into such contracts or arrangements or transactions | - |
| f) | Date(s) of approval by the Board | - |
| g) | Amount paid as advances, if any : | - |
| h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | - |
| 2 | | Details of material contracts or arrangement or transactions at arm's length basis |
| a) | Name(s) of the related party and nature of relationship | Power Grid Corporation of India Limited Holding Company of POWERGRID Southern Interconnector Transmission System Limited |
| b) | Nature of contracts / arrangements / transactions | <u>Part (A)</u> POWERGRID to provide security (ies) / guarantee(s) in connection with loan (s) an / or any form of debt including ECBs and / or to provide inter corporate loan (s) on cost to cost basis and back to back servicing, or a combination thereof, upto an amount of Rs. 2924 Crore (Rupees Two Thousand nine hundred twenty four Crore only) to the Company |

| | | |
|---|------------------------------------|--|
| | | <u>Part (B)</u> POWERGRID to render all inputs and services as may be required by the Company @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus service tax as applicable. |
| c) Duration of the contracts / arrangements / transactions | <u>Part (A)</u> <u>Part (B)</u> | As mutually agreed Commissioning of the TBCB Project including associated reconciliation activities. |
| d) Salient terms of the contracts or arrangements or transactions including the value, if any | Refer (b) | |
| e) Date(s) of approval by the Board, if any | 27 th January 2016 | |
| f) Amount paid as advances, if any: | Rs. 15.64 Cr | |

For and on behalf of
POWERGRID Southern Interconnector
Transmission System Limited


(Ravi P. Singh)
Chairman
DIN: 05240974

Date: 22nd August, 2016
Place: New Delhi

**POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM
LIMITED**

**Annexure II to Directors' Report
FormNo.MGT-9**

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies(Management and Administration)Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|--|---|
| i. | CIN | U40300DL2011GOI217975 |
| ii. | Registration Date | 6 th April, 2015 |
| iii. | Name of the Company | POWERGRID Southern Interconnector Transmission System Limited |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | NA |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|---|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------------|-----------------|--------------------|
| 1. | POWER GRID CORPORATION OF INDIA LIMITED | L40101DL1989GOI038121 | HOLDING COMPNAY | 100% | 2(87) (ii) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Cl during the year |
|----------------------------------|---|----------|-------|-------------------|---|----------|-------|-------------------|----------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6 | 6 | 0.012 | - | 6* | 6 | 0.012 | 1 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp\$ | 0 | 49994 | 49994 | 99.988 | 0 | 49994* | 49994 | 99.988 | 1 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 50000 | 50000 | 100 | 0 | 50000* | 50000 | 100 | |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| (i) Indian | | | | | | | | | |
| (ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| (i) Individual | | | | | | | | | |

| | | | | | | | | | |
|---|---|-------|-------|-----|---|--------|-------|-----|------|
| shareholders holding nominal share capital upto Rs. 1 lakh | | | | | | | | | |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | | | | | | | | |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 50000 | 50000 | 100 | - | 50000* | 50000 | 100 | 100% |

Notes:

\$Power Grid Corporation of India Limited (POWERGRID)

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | REC Transmission Projects System Limited | 49994 | 99.988 | - | 0 | 0 | - | 100 |
| 2. | Shri Baburaj Polikavil | 01 | 0.002 | - | - | - | - | 100 |
| 3. | Shri Sanjay Shilendra kumar Kulshrestha | 01 | 0.002 | - | - | - | - | 100 |

| | | | | | | | | |
|-----|--|-------|-------|---|-------|--------|---|----|
| 4. | Shri Daljeet Singh Khatri | 01 | 0.002 | - | - | - | - | 10 |
| 5. | Shri Bhupendra Gupta | 01 | 0.002 | - | - | - | - | 10 |
| 6. | Shri Arun Kumar Tyagi | 01 | 0.002 | - | - | - | - | 10 |
| 7. | Smt. Swati Gupta | 01 | 0.002 | - | - | - | - | 10 |
| 8. | PowerGrid Corporation of India Limited | - | - | - | 49994 | 99.988 | - | - |
| 9. | Shri Ravi P. Singh, jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 10 |
| 10. | Shri D. K. Valecha jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 10 |
| 11. | Shri R. K. Srivastava jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 10 |
| 12. | Shri R. P. Sasmal jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 10 |
| 13. | Shri S. Vaithilingam jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 10 |
| 14. | Shri R. N. Singh jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 10 |
| | Total | 50000 | 100 | - | 50000 | 100 | 0 | 10 |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50000 | 100 | 50000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 50000 | 100 | 50000 | 100 |

iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1. | SHRI.P. BABURAJ, Director | | | | |

| | | | | | |
|-----------|---|----|-------|----|-------|
| | At the beginning of the year | 01 | 0.002 | 0 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 0 | 0 | 0 | 0 |
| 2 | Shri Ravi P. Singh, Director | | | | |
| | At the beginning of the year | 0 | 0 | 01 | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01 | 0.002 | 01 | 0.002 |
| 3 | SHRI.SANJAYSHILENDRA KUMAR KULSHRESTHA, Director | | | | |
| | At the beginning of the year | 01 | 0.002 | 0 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 0 | 0 | 0 | 0 |
| 4. | Shri D. K. Valecha, Director | | | | |
| | At the beginning of the year | 0 | 0 | 01 | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 0 | 0 | 01 | 0.002 |
| 5. | SHRI.DALJIT SINGH KHATRI, Director | | | | |
| | At the beginning of the year | 01 | 0.002 | 0 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the | | | | |

| | | | | | |
|-----------|---|---|---|----|-------|
| | reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 0 | 0 | 0 | 0 |
| 6 | Shri R. K. Srivastava, Director | | | | |
| | At the beginning of the year | 0 | 0 | 01 | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | - |
| | At the End of the year | 0 | 0 | 01 | 0.002 |
| 4. | Shri V. Sekhar, Director | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | - |
| | At the End of the year | 0 | 0 | 0 | 0 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not | | | | |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | - | 15,64,63,995 | - | 15,64,63,995 |
| - Addition | | | | |
| - Reduction | | | | |
| Net Change | - | 15,64,63,995 | - | 15,64,63,995 |
| Indebtedness at the | - | | - | |

| | | | | |
|-----------------------------------|---|--------------|---|--------------|
| end of the financial year | | | | |
| i) Principal Amount | | 156400000 | | 156400000 |
| ii) Interest due but not paid | | 63,995 | | 63,995 |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | - | 15,64,63,995 | - | 15,64,63,995 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :(Not Applicable)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--|-------------------------|---|---|---|--------------|
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--|-------------------------|---|---|---|--------------|
| | Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |

| | | | | | |
|--------------------------------|---|---|---|---|---|
| Overall Ceiling as per the Act | - | - | - | - | - |
|--------------------------------|---|---|---|---|---|

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:(Not Applicable)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|-----------|---|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as%of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/Compounding fees imposed | Authority[RD /NCLT/Court] | Appeal made. If any(give details) |
|------------------------------------|------------------------------|-------------------|---|---------------------------|-----------------------------------|
| A.Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B.Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C.Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

For and on behalf of
**POWERGRID Southern Interconnector
Transmission System Limited**


(Ravi P. Singh)
Chairman
DIN: 05240974

Date: 22nd August, 2016
Place: New Delhi

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF POWERGRID SOUTHERN INTERCONNECTOR
TRANSMISSION SYSTEM LIMITED FOR THE PERIOD FROM 06 APRIL 2015 TO
31 MARCH 2016**

The preparation of financial statements of Powergrid Southern Interconnector Transmission System Limited for the period from 06 April 2015 to 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(7) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Southern Interconnector Transmission System Limited for the period from 06 April 2015 to 31 March 2016 under Section 143(6)(a) of the Act.

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

Ritika Bhatia

(Ritika Bhatia)

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

Place: New Delhi

Dated: 09 August, 016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To The Members of

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LTD.
(Formerly known as Vemagiri II Transmission Ltd.)

Report on the Financial Statements

We have audited the accompanying financial statements of **POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LTD.**, which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period from 6th April, 2015 to 31st March, 2016, and a summary of significant accounting policies and other explanatory information for the period then ended.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("The Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provision of the Act, the accounting standards and the matters which are required to be included in the audit report under the provision of the act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India :-



- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- b) in the case of the Statement of Profit and Loss, of the Loss for the period from 6th April, 2015 to 31st March, 2016;
- c) in the case of Cash Flow Statement of the Cash flows, for the period from 6th April, 2015 to 31st March, 2016

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that :
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The reports on the accounts of the branch offices of the Company, which are required to be audited under Section 143(8) of the Act by branch auditors, are not applicable to the company.
 - d) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - e) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - f) In our opinion, the aforesaid financial statements have been prepared on a going concern basis and there is no matter which may have an adverse effect on the functioning of the Company;



- g) Being a Government Company, section 164(2) pertaining to disqualification of directors is not applicable to the Company;
- h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;
- i) with respect to the adequacy of the Internal financial controls over financial reporting of the company and the operating effectiveness of such controls, we give our separate report in **Annexure B**; and
- j) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- i) The Company does not have any pending litigations which would impact its financial position.
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required under the Section 143(5) of the Act, with respect to directions issued by the Comptroller & Auditor General of India, we report that:

| Sl. No. | Directions | Report |
|---------|---|--|
| 1. | Whether the Company has clear title/lease deeds for freehold and leasehold land, respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available. | The company does not have any free hold and leasehold land and hence, this clause is not applicable. |



| | | |
|----|---|---|
| 2. | Whether there are any cases of waiver/ write off of debts/loans/interest etc. If yes, the reason there for and amount involved. | There is no waiver/ write off of debts/ loans/ interest, etc. during the year. |
| 3. | Whether proper records are maintained for inventories lying with third parties and assets received as gift/grants) from the Government and other authorities. | The company neither has any inventory nor received any gift/ grants during the year and hence, this clause is not applicable. |

For Jhalani & Co.
Chartered Accountants
Firm Registration No: 003675N

Manish Gupta

(Manish Gupta)
Partner
M.No: 093524

Place: New Delhi
Date : 23.05.2016



ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 of our report to the members of Powergrid Southern Interconnector Transmission System Ltd. (the " Company") for the period ended 31st March, 2016. We report that:

- I. Except " Capital Work In Progress " consisting of expenditure during construction period, the company does not have any fixed assets and therefore, Clause (i)(a), Clause (i)(b) and Clause (i)(c) of the order are not applicable to the company.
- II. The company does not have any inventory. Therefore, the provisions of Clause ii of the said Order are not applicable to the Company.
- III. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in Register maintained u/s 189 of the Companies Act, 2013. Therefore the provisions of Clause(iii) (a), Clause(iii) (b) and Clause(iii) (c) of the said Order are not applicable to the Company.
- IV. The company has neither granted any loan nor made any investment nor issued any guarantee and security. Therefore, clause iv of the said Order is not applicable to the company.
- V. To the best of our knowledge and according to the information and explanations given to us, the company has not accepted any deposits covered under Section 73 to Section 76 or any other provisions of the Companies Act, 2013. No order was passed by Company Law Board /RBI or any other Court or Tribunal.
- VI. Maintenance of cost records under Section 148 (1) of the Companies Act, 2013 as prescribed by Central Government, is not applicable to the company.
- VII. According to the information and explanations given to us and the records of the company examined by us, in respect of statutory dues :
 - a) the company has been regular in depositing undisputed statutory dues of Income Tax and Service Tax and Cess with the appropriate authorities. There were no undisputed dues in arrears as at 31st March, 2016 for a period of more than six months from the date they become payable. Provisions of other Statute mentioned in the Order are not applicable to the company.
 - b) there are no dues outstanding of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax on account of any dispute.
- VIII. In our opinion, the Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.



- IX. No money has been raised by the company by way of initial public offer or further public offer (including debt instruments). Term loan obtained were applied for the purpose for which those were raised.
- X. Based upon the audit procedure performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.
- XI. The company has not paid any remuneration to any managerial person and therefore, clause xi of the said order is not applicable to the company.
- XII. The company is not a Nidhi company and therefore, clause xii of the said order is not applicable to the company.
- XIII. Transactions entered into with related parties are in compliance with Section 177 and Section 188 of the Companies Act, 2013 and their details have been duly disclosed in the Financial Statements as required by the Accounting Standard-18 "Related Party Disclosures".
- XIV. During the year under review the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures U/s 42 of the Companies Act, 2013 and therefore, clause xiv of the said order is not applicable to the company.
- XV. The company has not entered into any non cash transaction of nature mentioned in Section 192 with any director or persons connected with him. Therefore, clause xv of the said order is not applicable to the company.
- XVI. The company is not engaged in any non banking finance business and therefore, it is not required to be registered under Section 45-IA of the Reserve bank of India Act, 1934.

For Jhalani & Co.
Chartered Accountants
Firm Registration No: 003675N



(Manish Gupta)
Partner
M.No: 093524

Place: New Delhi
Date : 23.05.2016



"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of Powergrid Southern Interconnector Transmission System Ltd.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM Ltd. ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of



India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For JHALANI & CO.
Chartered Accountants
Firm Reg. No. 000756N

Manish Gupta

Manish Gupta
Partner
M.No. 093524

Place : New Delhi
Date : 23.05.2016



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED
(FORMERLY KNOWN AS VEMAGIRI II TRANSMISSION LIMITED)
BALANCE SHEET AS AT 31 MARCH 2016

Figures in Rupees

| Particulars | | Note No. | As at 31.03.2016 |
|-------------|-------------------------------------|----------|---------------------|
| I | I EQUITY AND LIABILITIES | | |
| | (1) Shareholders' Funds | | |
| | (a) Share Capital | 1 | 5,00,000 |
| | (b) Reserves & Surplus | 2 | (32,994) |
| | (2) Non-current Liabilities | | |
| | (a) Long Term Borrowings | 3 | 1564,00,000 |
| | (2) Current Liabilities | | |
| | (a) Other Current Liabilities | 4 | 2066,65,741 |
| | Total Equity and Liabilities | | 3635,32,747 |
| II | II ASSETS: | | |
| | (1) Non-current Assets | | |
| | (a) Fixed Assets | | |
| | (i) Capital work-in-progress | 5 | 3625,12,822 |
| | (2) Current Assets | | |
| | (a) Cash and Cash Equivalents | 6 | 10,19,925 |
| | Total Assets | | 36,35,32,747 |

The Significant Accounting Policies and Notes to Accounts 1 to 7 are an integral part of these financial statements.

In terms of our report of even date
For Jhalani & Co.

Chartered Accountants

ICAI Firm Registration No. : 003675N

Manish Gupta

Manish Gupta

Partner

Membership No: 093524

Place : New Delhi

Date : 23.05.16

For and on behalf of the Board of
Powergrid Southern Interconnector Transmission system Limited

JA
Ravi P Singh
Chairman (Part-time)
DIN : 05240974
Place : Gurgaon
Date : 23-05-16

R.K. Srivastava
R.K. Srivastava
Director
DIN : 07338796
Place : Gurgaon
Date : 23-05-16



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED
(FORMERLY KNOWN AS VEMAGIRI II TRANSMISSION LIMITED)
STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD 06-APRIL-2015 TO 31-MARCH-2016

Figures in Rupees

| Particulars | Note No. | For the period from 06.04.2015 to 31.03.2016 |
|---|----------|--|
| REVENUE: | | |
| I Revenue from Operations | | - |
| II Other Income | | - |
| III Total Revenue (I+II) | | - |
| EXPENSES: | | |
| Preliminary Expenses | | 32,994 |
| IV Total Expenses | | 32,994 |
| V Profit / (Loss) before exceptional and extraordinary items (III-IV) | | (32994) |
| VI Exceptional items | | - |
| VII Profit / (Loss) before extraordinary items and tax (V-VI) | | (32994) |
| VIII Extraordinary items | | - |
| IX Profit / (Loss) Before Tax (VII-VIII) | | (32994) |
| X Tax expense of continuing operations | | - |
| Current Tax: | | - |
| Deferred Tax: | | - |
| XI Profit/ (Loss) for the period from continuing operations (IX - X) | | (32994) |
| XII Profit / (Loss) from discontinuing operations | | - |
| XIII Tax Expense of discontinuing operations | | - |
| XIV Profit/(Loss) from discontinuing operations (after tax) (XII-XIII) | | - |
| XV Profit / (Loss) for the period (XI + XIV) | | (32994) |
| XVI Earnings per equity share of Rs. 10 each: | | |
| (1) Basic | | (0.66) |
| (2) Diluted | | (0.66) |

The Significant Accounting Policies and Notes to Accounts 1 to 7 are an integral part of these financial statements.

In terms of our report of even date
For Jhalani & Co.
Chartered Accountants
ICAI Firm Registration No. : 003675N

For and on behalf of the Board of
Powergrid Southern Interconnector Transmission system Limited

Manish Gupta
Partner
Membership No: 093524
Place : New Delhi
Date : 23.05.16

dH

Ravi P Singh
Chairman (Part-time)
DIN : 05240974
Place : Gurgaon
Date :

R.K. Srivastava
Director
DIN : 07338796
Place : Gurgaon
Date :



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED
(FORMERLY KNOWN AS VEMAGIRI II TRANSMISSION LIMITED)
CASH FLOW STATEMENT

FOR THE PERIOD 06-APRIL-2015 TO 31-MARCH-2016

| Particulars | Figures in Rupees For the period from 06.04.2015 to 31.03.2016 |
|--|---|
| A. Cash Flows from Operating Activities: | |
| Net profit/Loss as per Statement of Profit and Loss | (32994) |
| Operating Profit/Loss before Working Capital Changes | (32994) |
| Adjustments for Increase/Decrease in: | |
| - Other Current Liabilities | 2066,65,741 |
| - Short Term Provisions | - |
| Net Cash used in operating activities (A) | 2066,32,747 |
| B. Cash Flows from Investing Activities: | |
| - Purchase of Fixed Assets | (362512822) |
| Capital Work In Progress | (362512822) |
| Net Cash used in investing activities (B) | (362512822) |
| C. Cash Flows from Financing Activities: | |
| - Share capital | 5,00,000 |
| - Long Term Borrowings | 1564,00,000 |
| Net Cash from financing activities (C) | 1569,00,000 |
| Net Increase/ (Decrease) in cash and cash equivalents (A) + (B) + (C) | 10,19,925 |
| Cash and Cash Equivalents at the beginning of the period | - |
| Cash and Cash Equivalents at the end of the period | 10,19,925 |
| Net Increase/Decrease in Cash and cash Equivalents | 10,19,925 |

The Significant Accounting Policies and Notes to Accounts 1 to 7 are an integral part of these financial statements.

In terms of our report of even date
For Jhalani & Co.

Chartered Accountants

ICAI Firm Registration No. : 003675N

Manish Gupta

Manish Gupta

Partner

Membership No: 093524

Place : New Delhi

Date : 23.05.16

For and on behalf of the Board of

Powergrid Southern Interconnector Transmission system Limited

R.P. Singh

Ravi P Singh

Chairman (Part-time)

DIN : 05240974

Place : Gurgaon

Date :

R.K. Srivastava

R.K. Srivastava

Director

DIN : 07338796

Place : Gurgaon

Date :



| SIGNIFICANT ACCOUNTING POLICIES | |
|--|--|
| 1 | BASIS OF PREPARATION OF FINANCIAL STATEMENTS |
| | The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 . The financial statements adhere to the relevant presentation requirement of the Companies Act, 2013. The Company was incorporated on 06-04-2015 at New Delhi. The Company is a special purpose vehicle incorporated to develop Connectivity lines for "Strengthening of transmission system beyond Vemagiri " under tariff based competitive bidding (TBCB). On completion of the TBCB process, the SPV has been transferred to M/S PowerGrid Corporation of India Limited on 04.12.2015. The financial statements has been prepared for the period 06th April 2015 to 31st March 2016. |
| 2 | USE OF ESTIMATES |
| | The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized. |
| 3 | FIXED ASSETS |
| | Tangible assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost. Expenditure incurred during construction period / project implementation period are treated as Capital Work In Progress. |
| 4 | REVENUE RECOGNITION: |
| | Income and expenses are accounted for on accrual basis. |
| 5 | CASH FLOW STATEMENT |
| | Cash flows are reported using the indirect method, whereby profit/loss is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financial and investing activities of the Company are segregated. |
| 6 | TAXES ON INCOME |
| | Current tax is determined on the basis of taxable income in accordance with the provisions of Income Tax Act , 1961. Deferred tax liabilities/asset resulting from 'timing difference' between accounting income and taxable income is accounted for considering the tax rate & laws that have been enacted or substantively enacted as on the reporting date. Deferred tax asset is recognized and carried forward only to the extent that there is reasonable / virtual certainty that asset will be realized in future. Deferred taxes are reviewed at each reporting date. |
| 7 | BORROWING COSTS |
| | Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are included in the book value of the respective assets and other borrowing costs are charged to Statement of Profit and Loss. |
| 8 | PROVISIONS AND CONTINGENT LIABILITIES |
| | A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made based on technical valuation and past experience. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to its present value. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed on the basis of judgment of the management/independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate. |



J. J. Lalani

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED
(FORMERLY KNOWN AS VEMAGIRI II TRANSMISSION LIMITED)

Notes forming part of the financial statements
NOTE No. '1' - SHARE CAPITAL:

Figures In Rupees

| Particulars | As at 31.03.2016 |
|--|---------------------|
| Authorised Share Capital 10,00,000 Equity shares of Rs. 10 each | 100,00,000 |
| Issued, Subscribed and Paid up Share Capital 50,000 fully paid up Equity shares of Rs 10/- each (100% shares held by Holding Company " Powergrid corporation of India Limited"- Refer Note 7.1) | 500,000 |
| Total | 500,000 |

The company has only one class of equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. The holders of the equity shares of the Company are entitled to receive dividends, if any declared by the company. The shareholders have all such rights as may be available to a shareholder of a public company under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 (to the extent notified) and Memorandum of Association and Articles of Association of the Company.

The details of shareholders holding more than 5% shares :

| Name of the Shareholder | As on 31.03.2016 | |
|---|------------------|------------|
| | No. of Shares | % Held |
| Powergrid corporation of India Limited and its Nominees (Refer Note 8.1) | 50,000 | 100 |
| Total | 50,000 | 100 |

The reconciliation of the number of shares outstanding is set out below :

| Particulars | As at 31.03.2016 |
|--|------------------|
| | No. of Shares |
| Equity Shares at the beginning of the year | 50,000 |
| Add : Shares issued during the year | - |
| Less: Shares transferred during the year | 50,000 |
| Equity Shares at the end of the year | - |

NOTE No. '2' - RESERVES & SURPLUS:

Figures in Rupees

| Particulars | As at 31.03.2016 |
|--|---------------------|
| Surplus/(Deficit) in the Statement of Profit and Loss | |
| Opening Balance | - |
| Add: Net surplus/(deficit) for the current year | (32,994) |
| Total | (32994) |

NOTE No. '3' -LONG TERM BORROWINGS:

Figures in Rupees

| Particulars | As at 31.03.2016 |
|---|---------------------|
| UnSecured Loans | |
| Term Loans (from related party) | |
| Inter corporate Loans received from Holding company | 156,400,000 |
| Total | 156,400,000 |

The loan bears an annual interest rate of 8.32% and is repayable in three equal annual installments starting from end of 5th year, 10th year and 15th year from the date of PowerGrid Bond LII Issue.

NOTE No. '4' - OTHER CURRENT LIABILITIES:

Figures in Rupees

| Particulars | As at 31.03.2016 |
|--|---------------------|
| Powergrid Corporation of India Limited (Holding Company) | 191,841,760 |
| Statutory Dues | 10,111 |
| Interest accrued but not due (payable to holding company) | 63,995 |
| Creditors for capital expenditure* | 14,749,875 |
| Total | 206,665,741 |

* Rs.14,718,375 payable to holding company.



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NOTE No. '5' - CAPITAL WORK IN PROGRESS:

Figures in Rupees

| Particulars | As at 31.03.2016 |
|---|---------------------|
| Opening Balance (a) | |
| Add: Expenses | |
| (i) Consultancy Fees paid to Holding company-Powergrid corp of Ind Ltd | 170,118,375 ✓ |
| (ii) Professional fees charged by erstwhile holding company-M/s RECTPCL | 171,750,000 ✓ |
| (iii) Reimbursement of cost incurred by erst while holding company | 13,827,524 ✓ |
| (iv) Other Professional charges | 6,200 |
| (v) Statutory auditors Remuneration | 68,700 |
| (vi) Inland travelling expenses | 146,716 |
| (vii) Hiring of vehicles | 42,355 |
| (viii) Meeting expenses | 10,813 |
| (ix) Other Bank charges | 9,471,033 |
| Total (b) | 365,441,716 |
| Less : Other Income | 3,000,000 |
| Sale of Bid Documents (c) | 362,441,716 |
| Total d= (a+b-c) Incidental expenditure during construction | 71,106 |
| Finance cost-Interest during construction (e) | 362,512,822 |
| Closing CWIP (d) + (e) | 362,512,822 |

NOTE No. '6' - CASH AND CASH EQUIVALENTS:

Figures in Rupees

| Particulars | As at 31.03.2016 |
|---|---------------------|
| Cash and Bank Balances | |
| Balances with banks | 1,019,925 |
| a) In current account with Scheduled Bank | |
| b) Other bank balances | 1,019,925 |
| Total | 1,019,925 |



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AMOUNT IN

NOTE NO. 7 OTHER NOTES TO ACCOUNTS

| | | | | | |
|-----|---|---------------------------------------|--|---|------------------------|
| 7.1 | The Company was incorporated on 06-04-2015 at New Delhi as a subsidiary of REC Transmission Projects Company Ltd (RECTPCL). The Company is a special purpose vehicle incorporated to develop Connectivity lines for "Strengthening of transmission system beyond Vemagiri" under tariff based competitive bidding (TBCB). Pursuant to the bid process by the REC Transmission Projects Company Ltd. and on the completion of the TBCB process, entire shareholding of the company has been transferred to M/S PowerGrid Corporation of India Limited and its nominees on 04.12.2015 and accordingly, the company has become a wholly owned subsidiary of the PowerGrid Corporation of India Limited. After the acquisition of share by the Powergrid corporation of India Ltd, the name of the SPV was changed as M/s Powergrid Southern Interconnector Transmission System Limited. As this is the first year of incorporation, the accounts have been prepared for the period from 06-04-2015 to 31-03-2016. | | | | |
| 7.2 | The Company is a wholly owned subsidiary of M/s Powergrid Corporation of India Limited. The Key Management Personnel of the Company are employees of the holding company, deployed on part time basis. No management remuneration is paid to them by the company. The details of such Key Management Personnel are as follows:- | | | | |
| | S. No. | Name | Designation | Date of Appointment | Date of Cession |
| | 1 | Shri Ravi P Singh | Chairman Part-time | 04.12.2015 | - |
| | 2 | Shri D K Valecha | Director | 04.12.2015 | - |
| | 3 | Shri Ranjan Kumar srivastava | Director | 04.12.2015 | - |
| | 4 | Shri V Sekhar | Director | 04.12.2015 | - |
| | 5 | Name of related parties | CEO (Part-time) | 04.12.2015 | 04.12.2015 |
| | 6 | Shri Baburaj Poyilkavil | Chairman | 4/6/2015 | 04.12.2015 |
| | 7 | Shri Santay S. Kulshrestha | Director | 4/6/2015 | 04.12.2015 |
| | 8 | Shri Daljeet Singh Khatri | Director | 4/6/2015 | 04.12.2015 |
| 7.3 | The company doesnot have any employee of its own and personnel working for the Company are from the holding company M/s Powergrid corporation of India Ltd (PGCIL) . As on 19th March,2016, the company entered into an agreement with its holding company for providing all inputs and services as may be required by the company from concept to commissioning of the project Inter alia including support cum coordination activities with various departments/ agencies /satakeholders, arranging debt, engineering, procurement, supervision of erection, monitoring, quality assurance and inspection aspects, post award contract management, finance and human resource management , etc. All the direct expenses incurred by the holding company were directly booked to the project. Indirect and other common expenses incurred by the holding company on behalf of the company are being defrayed from the proceeds paid by the company to the holding company against the latter's invoices raised at periodical intervals as mentioned in the said agreement. | | | | |
| | All the direct expenses incurred by erstwhile holding company RECTPCL for the company has been directly booked in th books of accounts. Further all the indirect expenses were allocated among the ongoing projects on the time period basis from the month of incorporation of company till the month of transfer of the compant to the PowerGrid Corporation of India Ltd. Part of the month, if any, was considered as full month for cost allocation . Amount payable to RECTPCL at the time of acquisition of shareholding by the holding company (PGCIL)has been paid by the holding company and same has been considered as a current liability. | | | | |
| 7.4 | Wherever, payments relating to the company are made by the Holding Company (PGCIL) , procedural and statutory requirements with regard to deduction of Tax at Source and deposit thereof as applicable are also complied with by the Holding Company against payments released on their account. | | | | |
| 7.5 | The company'S operations are in project stage and , therefore incidental expenditures incurred during construction period by the company and the expenses allocated by the holding company have been treated as Capital Work in Progress. The sale proceed of Request for Proposal (RFP) received in favour of the company has been treated as income during construction period and reduced from Capital work-in-progress(CWIP). | | | | |
| 7.6 | Expenditure incurred on filing/legal fees regarding formation of the Company and all expenses incurred prior to the incorporation of the company have been treated as preliminary expenses and charged to the statement of profit and loss in the year in which such expenditure has been incurred as required by the AS 26. | | | | |
| 7.7 | The Company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and section 129 of the Companies Act,2013. | | | | |
| 7.8 | The disclosure as per AS18 - Related Party Disclosure : | | | | |
| | Name of related parties | Nature of relationship | | | |
| | a. PowerGrid Corporation of India Ltd. | Holding company from th December,2015 | | | |
| | b. REC Transmission Projects Co. Ltd. | Erstwhile Holding Company | | | |
| | c. Shri A Nagaraju | Key Management Personneel | | | |
| | All key decisions are taken by the Board of Directors of the Company . | | | | |
| | The related Party Transactions is as follows:- | | | | |
| | The details of transactions during the period 06-Apr-2015 to 31-Mar-2016: | | | | |
| | Name | Nature of Transaction | Total Amount of transaction during the year | Outstanding Balance as at 31.03.2016 | |
| | M/s REC Transmission Projects Company Ltd- Erst while Holding company | Consutancy fee & Expense Allocation | 182,164,718 | - | |
| | | Issue of Share Capital | 500,000 | - | |
| | M/s Powergrid corporation of India Limited- Holding company | Consutancy fee & Other Expense | 191,841,760 | 191,841,760 | |
| | | Intercorporate Loans (Liability) | 156,400,000 | 156,400,000 | |
| | | Interest on loan | 71,016 | 63,995 | |



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OTE NO. 7 OTHER NOTES TO ACCOUNTS

AMOUNT IN

1 The Company was incorporated on 06-04-2015 at New Delhi as a subsidiary of REC Transmission Projects Company Ltd (RECTPCL). The Company is a special purpose vehicle incorporated to develop Connectivity lines for "Strengthening of transmission system beyond Vemagiri" under tariff based competitive bidding (TBCB). Pursuant to the bid process by the REC Transmission Projects Company Ltd. and on the completion of the TBCB process, entire shareholding of the company has been transferred to M/S PowerGrid Corporation of India Limited and its nominees on 04.12.2015 and accordingly, the company has become a wholly owned subsidiary of the PowerGrid Corporation of India Limited. After the acquisition of shared by the Powergrid corporation of India Ltd, the name of the SPV was changed as M/s Powergrid Southern Interconnector Transmission System Limited. As this is the first year of incorporation, the accounts have been prepared for the period from 06-04-2015 to 31-03-2016.

7.2 The Company is a wholly owned subsidiary of M/s Powergrid Corporation of India Limited. The Key Management Personnel of the Company are employees of the holding company, deployed on part time basis. No management remuneration is paid to them by the company. The details of such Key Management Personnel are as follows:-

| S. No. | Name | Designation | Date of Appointment | Date of Cessation |
|--------|------------------------------|--------------------|---------------------|-------------------|
| 1 | Shri Ravi P Singh | Chairman Part-time | 04.12.2015 | - |
| 2 | Shri D K Valecha | Director | 04.12.2015 | - |
| 3 | Shri Ranjan Kumar srivastava | Director | 04.12.2015 | - |
| 4 | Shri V Sekhar | Director | 04.12.2015 | - |
| 5 | Shri Y Sekhar | CEO (Part-time) | 04.12.2015 | 04.12.2015 |
| 6 | Name of related parties | Chairman | 06-04-2015 | 04.12.2015 |
| 7 | Shri Baburaj Poyilikavil | Director | 06-04-2015 | 04.12.2015 |
| 8 | Shri Sanjay S.Kulshrestha | Director | 06-04-2015 | 04.12.2015 |
| 8 | Shri Daljeet Singh Khatri | Director | 06-04-2015 | 04.12.2015 |

7.3 The company doesnot have any employee of its own and personnel working for the Company are from the holding company M/s Powergrid corporation of India Ltd (PGCIL) . As on 19th March,2016, the company entered into an agreement with its holding company for providing all inputs and services as may be required by the company from concept to commissioning of the project inter-alla including support cum corodination activities with various departments/ agencies /satakeholders, arranging debt, engineering, procurement, supervision of erection, monitoring, quality assurance and inspection aspects, post award contract management, finance and human resource management , etc. All the direct expenses incurred by the holding company were directly booked to the project. Indirect and other common expenses incurred by the holding company on behalf of the company are being defrayed from the proceeds paid by the company to the holding company against the latter's invoices raised at periodical intervals as mentioned in the said agreement.

All the direct expenses incurred by erstwhile holding company RECTPCL for the company has been directly booked in th books of accounts. Further all the indirect expenses were allocated among the ongoing projects on the time period basis from the month of incorporation of company till the month of transfer of the compant to the PowerGrid Corporation of India Ltd. Part of the month, if any, was considered as full month for cost allocation . Amount payable to RECTPCL at the time of acquisition of shareholding by the holding company (PGCIL)has been paid by the holding company and same has been considered as a current liability.

7.4 Wherever, payments relating to the company are made by the Holding Company (PGCIL) , procedural and statutory requirements with regard to deduction of Tax at Source and deposit thereof as applicable are also complied with by the Holding Company against payments released on their account.

7.5 The company's operations are in project stage and , therefore incidental expenditures incurred during construction period by the company and the expenses allocated by the holding company have been treated as Capital Work in Progress. The sale proceed of Request for Proposal (RFP) received in favour of the company has been treated as income during construction period and reduced from Capital work-in-progress(CWIP).

7.6 Expenditure incurred on filing/legal fees regarding formation of the Company and all expenses incurred prior to the incorporation of the company have been treated as preliminary expenses and charged to the statement of profit and loss in the year in which such expenditure has been incurred as required by the AS 26.

7.7 The Company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and section 129 of the Companies Act,2013.

7.8 The disclosure as per AS18 - Related Party Disclosure :

| Name of related parties | Nature of relationship |
|--|---------------------------------------|
| a. PowerGrid Corporation of India Ltd. | Holding company from th December,2015 |
| b. REC Transmission Projects Co. Ltd. | Erstwhile Holding Company |
| c. Shri A Nagaraju | Key Management Personnel |

All key decisions are taken by the Board of Directors of the Company .

The related Party Transactions is as follows:-

The details of transactions during the period 06-Apr-2015 to 31-Mar-2016:

| Name | Nature of Transaction | Total Amount of transaction during the year | Outstanding Balance as at 31.03.2016 |
|---|-------------------------------------|---|--------------------------------------|
| M/s REC Transmission Projects Company Ltd- Erst while Holding company | Consutancy Fee & Expense Allocation | 1821,64,718 | - |
| | Issue of Share Capital | 5,00,000 | - |
| M/s Powergrid corporation of India Limited- Holding company | Consutancy Fee & Other Expense | 1918,41,760 | 1918,41,760 |
| | Intercompany Loans (Liability) | 1564,00,000 | 1564,00,000 |
| | Interest on loan | 71,016 | 63,995 |



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| | | |
|------|--|-------------------------|
| 7.9 | The Company has no outstanding liability towards any Micro, Small and Medium Enterprises. | |
| 7.10 | Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs 1981 crores. Contingent Liabilities of the Company and claims against the company not acknowledged as debt by the Company is Rs Nil. | |
| 7.11 | Expenditure in Foreign Currency - Nil Earning in Foreign Currency - Nil | |
| 7.12 | Auditors Remuneration | Period ended 31.03.2016 |
| | Audit Fee | 30,000 |
| | Other Services | 30,000 |
| | Service Tax* | 8,700 |
| | Reimbursement of expenses | - |
| | Total | 68,700 |
| 7.13 | EARNINGS PER SHARE (EPS) As at 31.03.2016 | |
| | Particulars | |
| | A. Net Profit after Tax as per Statement of Profit and Loss used as numerator (amount in rupees) | (32994) |
| | B. Weighted Average number of Equity Shares used as denominator | 50,000 |
| | C. Basic and Diluted Earnings per Share (in rupees) (A/B) | (0.66) |
| | D. Nominal Value per Equity Share (in Rs.) | 10 |
| 7.14 | Figures have been rounded off to the nearest rupee. | |

In terms of our report of even date
For Jhalani & Co.
Chartered Accountants
ICAI Firm Registration No.: 003675N

Manish Gupta

Manish Gupta
Partner
Membership No: 093524
Place: New Delhi
Date: 23.05.16

For and on behalf of the Board of
Powergrid Southern Interconnector Transmission System Limited

RA
Ravi P Singh
Chairman (Part-time)
DIN: 05240974
Place: Gurgaon
Date:

R.K. Srivastava
R.K. Srivastava
Director
DIN: 07338796
Place: Gurgaon
Date:



POWERGRID VEMAGIRI TRANSMISSION LIMITED

DIRECTORS' REPORT

To,

Dear Members,

I on behalf of the Board of Directors present the Fifth Annual Report of POWERGRID Vemagiri Transmission Limited on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2016.

POWERGRID Vemagiri Transmission Limited (PVTL) was acquired /taken over by POWERGRID on April 18, 2012 under Tariff Based Competitive bidding for establishing Transmission system associated with IPPs of Vemagiri Area (Package A) from REC Transmission Project Company Limited (the Bid Process Co-ordinate). Consequent to such acquisition, PVTL became wholly owned subsidiary of POWERGRID. The transmission system comprising 765kV D/C is to traverse the state of Andhra Pradesh. CERC vide orders dt. 09.05.2013 and 27.09.2013 inter alia stated that the project cannot be executed in its presented form and directed the CTU (POWERGRID) to return the bank guarantees of identified long term transmission customers and also directed the long term transmission customers to return the contract performance guarantee given by POWERGRID. As on 31.03.2016, POWERGRID VTL has Authorized and Paid-up share capital of ₹5 Lac. CERC vide Order dated 06.04.2015 stated that Vemagiri-Khammam-Hyderabad 765 kV D/C lines is neither required as an evacuation line nor as a system strengthening line and no useful purpose will be served by adopting the transmission charges and granting licence to the petitioner for the said transmission line. Further, the Order also detailed the methodology for refund of acquisition price and expenditure incurred. Presently, the matter on refund is being reviewed by CERC and also before the Appellate Tribunal.

Financial Performance

As on 31st March, 2016, the Company had a loss of ₹52,130/- on account of Finance Cost and Administration & other expenses.

Registered Office
B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121.Fax:011-26601081
CIN: U40300DL2011GOI217975

Share Capital

As on March 31, 2016, the Company had Authorized, Subscribed and Paid up Share Capital of ₹5 lac divided into 50,000 equity shares of ₹10/- each.

Dividend and Transfer to Reserves

Your Company's Project cannot be executed in its presented form vide CERC orders dt. 09.05.2013 and 27.09.2013, hence, there is no operating profit.

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure- I** to the Directors' Report.

Fixed Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required under section 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements 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 loss of the company for that period;

- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the Annual Accounts on a going concern basis; and
- v. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at **Annexure –II** to this Report.

Board of Directors

As on 31st March, 2016, the Board comprised of 3 Directors Shri Ranjan Kumar Srivastava, Shri B. Mishra and Shri V. Sekhar. At present, Shri Ranjan Kumar Srivastava, Shri Upendra Pande and Shri V. Sekhar are on the Board of the Company (as Shri B. Mishra ceased to be director of company w.e.f. 29th July, 2016).

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

During the financial year ended 31st March, 2016, four (4) Board meetings were held on 10.05.2016, 30.09.2016, 08.12.2016 and 19.03.2016. The detail of number of meetings attended by each Director during the financial year 2015-16 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2015-16 | No. of Board Meetings attendance during 2015-16 |
|-----------------------|-------------|--|---|
| Shri R. P. Sasmal# | Chairman | 3 | 3 |
| Shri B. Mishra | Chairman | 2 | 2 |
| Shri R. K. Srivastava | Director | 2 | 2 |
| Shri I.S, Jha* | Director | 2 | 2 |
| Shri V. Sekhar | Director | 4 | 4 |

*Resigned w.e.f. 01.10.2015

elected as Chairman w.e.f. 07.07.2014 & resigned w.e.f. 08.12.2015

Corporate Social Responsibility (CSR)

Since no commercial activity was carried out by the Company, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, exempting the Government Companies to comply with the provisions of Section 197 of the Companies Act, 2013 and corresponding rules of Chapter XIII. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Statutory Auditors

M/s. S. B. S. Murthy & Co., Chartered Accountants, Hyderabad were appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2015-16.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 25th July, 2016 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2016 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 25th July, 2016 received from C&AG is placed at **Annexure-III** to this report.

Registered Office

B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121.Fax:011-26601081

CIN: U40300DL2011GOI217975

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Vemagiri Transmission Limited


(Ranjan Kumar Srivastava)

Chairman
DIN: 07338796

Date: 22nd August, 2016
Place: New Delhi

POWERGRID VEMAGIRI TRANSMISSION LIMITED

Annexure-I to Directors' Report

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|---|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Date of approval by the Board | - |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Vemagiri Transmission Limited


(Ranjan Kumar Srivastava)

Chairman

DIN: 07338796

Date: 22nd August, 2016

Place: New Delhi

POWERGRID VEMAGIRI TRANSMISSION LIMITED

Annexure II to Directors' Report FormNo.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|---|---|
| i. | CIN | U40300DL20011GOI217975 |
| ii. | Registration Date | 21 st April, 2011 |
| iii. | Name of the Company | POWERGRID Vemagiri Transmission Limited |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | NA |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|---|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------------|-----------------|--------------------|
| 1. | POWER GRID CORPORATION OF INDIA LIMITED | L40101DL1989GOI038121 | HOLDING COMPNAY | 100% | 2(87) (ii) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Char during Theyea |
|----------------------------------|---|----------|-------|-------------------|---|----------|-------|-------------------|----------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6 | 6 | 0.012 | - | 6* | 6 | 0.012 | 100 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp\$ | 0 | 49994 | 49994 | 99.988 | 0 | 49994* | 49994 | 99.988 | 100 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 50000 | 50000 | 100 | 0 | 50000* | 50000 | 100 | 100 |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| (i) Indian | | | | | | | | | |
| (ii) Overseas | | | | | | | | | |

| | | | | | | | | | |
|---|---|-------|-------|-----|---|--------|-------|-----|-----|
| b) Individuals | - | - | - | - | - | - | - | - | - |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | | | | | | | | | |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | | | | | | | | |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 50000 | 50000 | 100 | - | 50000* | 50000 | 100 | 100 |

Notes:

\$ Power Grid Corporation of India Limited (POWERGRID)

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | 49994 | 99.988 | - | 49994 | 99.988 | - | |
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | |

| | | | | | | | |
|--------------|---|--------------|------------|----------|--------------|------------|----------|
| 3. | Shri D. K. Valecha jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - |
| 4. | Shri S. Vaithilingam jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - |
| 5. | Shri B. Mishra jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - |
| 6. | Ms. Seema Gupta jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - |
| 7. | Shri A. K. Singhal jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - |
| Total | | 50000 | 100 | - | 50000 | 100 | 0 |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50000 | 100 | 50000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 50000 | 100 | 50000 | 100 |

iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | Shareholding at the beginning of the year | Cumulative Shareholding during the year |
|--------|---|---|
|--------|---|---|

| For each of Top ten shareholders | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
|---|---------------|----------------------------------|---------------|----------------------------------|
| At the beginning of the year | - | - | - | - |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| At the End of the year | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. no | For each of Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors | | | | |
| 1 | Shri B. Mishra, Director | | | | |
| | At the beginning of the year | 01 | 0.002 | 01 | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | 01 | 0.002 | 01 | 0.002 |
| 2 | Shri R. K. Srivastava, Director | | | | |
| | At the beginning of the year | 0 | 0.000 | 0 | 0.000 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | 0 | 0.000 | 0 | 0.00 |
| 3 | Shri V. Sekhar, Director | | | | |
| | At the beginning of the year | 0 | 0.000 | 0 | 0.000 |

| | | | | |
|---|---|-------|---|-------|
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| At the End of the year | 0 | 0.000 | 0 | 0.000 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|------------------------|-----------------|---------------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not | | | | |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | - | - | - | - |
| - Addition | | | | |
| - Reduction | | | | |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:(Not Applicable)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--|-------------------------|---|---|---|--------------|
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as % of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total (A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|---|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> ·Fee for attending board committee meetings ·Commission ·Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> ·Fee for attending board committee meetings ·Commission ·Others, please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - | - |


C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:(Not Applicable)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES/PUNISHMENT/COMPOUNDING/OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/Punishment/Compounding fees imposed | Authority[RD/NCLT/Court] | Appeal made. If any(give details) |
|-------------------------------------|------------------------------|-------------------|--|--------------------------|-----------------------------------|
| A. Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

For and on behalf of
POWERGRID Vemagiri Transmission Limited


(Ranjan Kumar Srivastava)
Chairman
DIN: 07338796

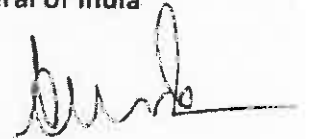
Date: 22nd August, 2016
Place: New Delhi

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF POWERGRID VEMAGIRI TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of Powergrid Vemagiri Transmission Limited for the year ended on 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 May 2016.

I, on the behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Vemagiri Transmission Limited for the year ended on 31 March 2016 under Section 143(6)(a) of the Act.

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



(Arabinda Das)

Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 25 July 2016

POWERGRID VEMAGIRI TRANSMISSION LIMITED
BALANCE SHEET AS AT 31 March, 2016

| Description | | Note No. | As at 31.03.2016 | As at 31.03.2015 |
|----------------------------------|-------------------------------|----------|----------------------|----------------------|
| | | | (Amount in Rs) | (Amount in Rs) |
| I. EQUITY AND LIABILITIES | | | | |
| (1) | Shareholder's Funds | | | |
| | (a) Share Capital | 1 | 5,00,000 | 5,00,000 |
| | (b) Reserves & Surplus | 2 | (1942,65,208) | (1942,13,078) |
| | | | <u>(1937,65,208)</u> | <u>(1937,13,078)</u> |
| (2) | Current Liabilities | | | |
| | Other Current Liabilities | 3 | 1937,83,873 | 1937,32,373 |
| | | | 1937,83,873 | 1937,32,373 |
| | Total | | 18,665 | 19,295 |
| II. ASSETS | | | | |
| (1) | CURRENT ASSETS | | | |
| | (a) Cash and cash equivalents | 4 | 18,665 | 19,295 |
| | | | 18,665 | 19,295 |
| | Total | | 18,665 | 19,295 |

Accounting policies
Notes to accounts

8
9

The accompanying notes are an integral part of the financial statements

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For and on behalf of Board of Directors

For **S.B.S. MURTHY & CO.,**
CHARTERED ACCOUNTANTS
ICAI Firm Reg. No:002213S

S. B. Srinivasa Murthy
(Partner)

Membership No. 026755

Place : **GURGAON**
Date : **23-05-2016**



(Signature)

B. Mishra
Chairman-part time
DIN : 06455252

(Signature)

R.K. Srivastava
Director
DIN : 07338796

POWERGRID VEMAGIRI TRANSMISSION LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 March, 2016

| | Description | Note No. | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
|-------|---|----------|----------------------------------|----------------------------------|
| | | | (Amount in Rs) | (Amount in Rs) |
| I. | Revenue from Operations | | | |
| | (a) Consultancy Income | | | |
| II. | Other Income | | | |
| | Other Income | | | |
| III. | Total (I+II) | | | |
| IV. | EXPENSES | | | |
| | Employee benefit Expenses | | | |
| | Finance costs | | 630 | 155 |
| | Administration & other expenses | | 51,500 | 1,49,585 |
| | Preliminary Expenses | | | |
| | Total | | 52,130 | 1,49,740 |
| V. | Profit before exceptional and extraordinary items and tax (III-IV) | | (52,130) | (1,49,740) |
| VI. | Exceptional itmes/ Prior Period Expense | | | |
| VII. | Profit before exceptional and extraordinary items and tax (V-VI) | | (52,130) | (1,49,740) |
| VIII. | Extraordinary itmes | | | |
| IX. | Profit Before Tax (VII-VIII) | | (52,130) | (1,49,740) |
| X. | Tax Expenses | | | |
| | (1) Current Tax | | | |
| | for current year | | | |
| | for earlier year | | | |
| | (2) Deferred Tax | | | |
| XI. | Profit (Loss) for the period (IX-X) | | (52,130) | (1,49,740) |
| XVI. | Earnings per equity shares: | | | |
| | (1) Basic | | (1.04) | (2.99) |
| | (2) Diluted | | (1.04) | (2.99) |

| | |
|--|---|
| Employee benefit Expenses | 5 |
| Finance costs | 6 |
| Administration and Other Expenses | 7 |
| Summary of significant Accounting Policies | 8 |
| Notes to accounts | 9 |

The accompanying notes are an integral part of the financial statements

Signed in terms of our report of even date

For and on behalf of the Board of Directors

For S.B.S. MURTHY & CO.,
 CHARTERED ACCOUNTANTS
 ICAI Firm Regn. No. 0022135

S B Srinivasa Murthy
 (Partner)

Membership No. 028755

Place: GURGAON

Date: 23.05.2016.



(Signature)

B. Mishra
 Chairman-part time
 DIN : 06455252

(Signature)

R.K. Srivastava
 Director
 DIN : 07338796

POWERGRID VEMAGIRI TRANSMISSION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March, 2016

| | PARTICULARS | (Amount in Rs) | (Amount in Rs) |
|-----------|--|----------------------------------|----------------------------------|
| | | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
| A. | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Net Profit/(Loss) as per Profit & Loss A/c | (52,130) | (1,49,740) |
| | Prior Period Expenses/ Preliminary expenses | | - |
| | Operating profit before working capital changes | | - |
| | Adjustment For Increase/Decrease in: | | |
| | Trade Payables | | - |
| | Other current Liabilities | 51,500 | 1,51,085 |
| | Short Term Provisions | | (1,500) |
| | TOTAL | (630) | (155) |
| B. | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Capital Work in Progress | | - |
| | TOTAL | | - |
| C. | CASH FLOW FROM FINANCIAL ACTIVITIES | | |
| | Issue of Share Capital | | |
| | TOTAL | | |
| | NET INCREASE/(DECREASE) IN CASH FLOW | (630.00) | (155) |
| | CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR | 19,295 | 19,450 |
| | CASH & CASH EQUIVALENT AT THE END OF THE YEAR | 18,665 | 19,295 |
| | Cash on hand and balance with banks | 18,665 | 19,295 |
| | Other Cash and Cash Equivalents | - | - |

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For S.B.S MURTHY & CO.,
CHARTERED ACCOUNTANTS
ICAI Firm Regn. No. 0022136

S.B.S

S.B.Srinivasa Murthy
(Partner)

Membership No. 026755

Place : GULGAON

Date : 23-05-2016.



For & On Behalf of Board of Directors

B. Mishra
B. Mishra
Chairman-part time
DIN : 06455252

R.K. Srivastava
R.K. Srivastava
Director
DIN : 07338796

POWERGRID VEMAGIRI TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2016

1 SHARE CAPITAL

| Description | (Amount in Rs) | |
|-------------|------------------|------------------|
| | As at 31.03.2016 | As at 31.03.2015 |

| | | |
|--|----------|----------|
| Authorised : | | |
| 50,000 Equity shares of ₹. 10/- each | 5,00,000 | 5,00,000 |
| Issued, subscribed and fully paid up shares : | | |
| 50,000 Equity shares of Rs. 10/- each fully paid-up | 5,00,000 | 5,00,000 |

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

| | 31-Mar-16 | | 31-Mar-15 | |
|--------------------------------------|---------------|--------------|---------------|--------------|
| | No. of Shares | Amount in Rs | No. of Shares | Amount in Rs |
| At the beginning of the period | 50000 | 5,00,000 | 50000 | 5,00,000 |
| Issued During the period | | | | |
| Outstanding at the end of the period | 50,000 | 5,00,000 | 50,000 | 5,00,000 |

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

| Power Grid Corporation Limited, the Holding Company | Amount in Rs | |
|---|--------------|-----------|
| | 31-Mar-16 | 31-Mar-15 |
| 50,000 equity shares of Rs 10 each fully paid | 5,00,000 | 5,00,000 |

d. Details of shareholders holding more than 5% shares in the company

| Equity Shares of Rs 10 each fully paid Power Grid Corporation Limited, the Holding Company | As on 31.03.2016 | | As on 31.03.2015 | |
|---|------------------|------------------------|------------------|------------------------|
| | No. of Shares | % holding in the class | No. of Shares | % holding in the class |
| | 50000 | 100% | 50000 | 100% |
| | 50000 | 100.00% | 50,000 | 100.00% |

* Out of 50,000 equity shares 6 shares are held by nominees of Power Grid Corporation of India limited on its behalf.



POWERGRID VEMAGIRI TRANSMISSION LIMITED
Notes to Financial Statements for the period ended 31 March 2016

2 RESERVES & SURPLUS

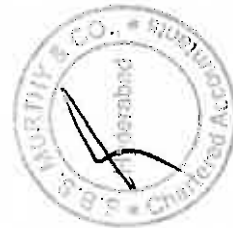
| Description | As at 31.03.2016 | As at 31.03.2015 |
|--|----------------------|----------------------|
| Opening Balance-Profit & Loss Account | (1942,13,078) | (1940,63,338) |
| Add: Transferred from Statement of Profit & Loss Account | (52,130) | (1,49,740) |
| TOTAL | (1942,65,208) | (1942,13,078) |



POWERGRID VEMAGIRI TRANSMISSION LIMITED
Notes to Financial Statements for the period ended 31 March 2016

3 OTHER CURRENT LIABILITIES

| Description | Amount in Rs | |
|---|--------------------|--------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Payable to PowerGrid Corporation of India Ltd-Holding company | 193736572 | 1936,85,929 |
| TDS Recovered | 4000 | 4,000 |
| Other Liabilities | 43300 | 42,444 |
| TOTAL | 1937,83,872 | 1937,32,373 |



POWERGRID VEMAGIRI TRANSMISSION LIMITED
Notes to Financial Statements for the period ended 31 March 2016

4 CASH AND CASH EQUIVALENTS

| Description | Amount in Rs | |
|---|------------------|------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Balances with banks: On current accounts | 18665 | 19,295 |
| TOTAL | 18,665 | 19,295 |



POWERGRID VEMAGIRI TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March, 2016

| 5 | Employee benefit Expenses | (Amount in Rs) | |
|----------|---|----------------------------------|----------------------------------|
| | | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
| | Description | | |
| | Manpower Charges | - | - |
| | Less: Transferred to Incidental Exp During Constuction TOTAL | - | - |
| 6 | Finance Cost | | |
| | Description | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
| | Finance charges | 630 | 155 |
| | Less: Transferred to Incidental Exp During Constuction TOTAL | 630 | 155 |
| 7 | Administration and Other Expenses | | |
| | Description | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
| | Audit Fees | 45,800 | 44,944 |
| | Professional Charges | 5,700 | 4,400 |
| | Printing & Stationary | - | - |
| | Vehicle Hiring | - | - |
| | Telephone charges | - | - |
| | Legal & Filing Charges | - | - |
| | Tour & Travelling | - | 1,00,000 |
| | Training Expenses | - | - |
| | Other Expenses | - | 240 |
| | Less: Transferred to Incidental Exp During Constuction | 51,500 | 1,49,585 |
| | ADD: CWIP charged off to Revenue TOTAL | 51,500 | 1,49,585 |



POWERGRID VEMAGIRI TRANSMISSION LIMITED

Note No:8-Significant Accounting Policies

1 Corporate Information

The Company was incorporated on 21/04/2011 under the Companies Act 1956 as a wholly owned subsidiary of RECC Transmission Projects Company Ltd (RECTPCL), (A wholly owned subsidiary of Rural Electrification Corporation Limited). Certificate for Commencement of Business was issued on 08/06/2011. The Company has been incorporated to develop power system network and Study, Investigate, collect information and data etc. for the purpose of transmission of electricity through the states of Andhrapradesh. The Company was taken over by Power Grid Corporation of India Ltd. on 18/04/2012.

2 Basis of Preparation

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 2013.

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

2.1 Summary of Significant Accounting Policies

a. Recognition of Income / Expenditure

Income and expenses (except otherwise stated) are accounted for on accrual basis.

b. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

c. Depreciation / Amortisation

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

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

Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.

Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule II of the Companies Act, 2013

Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing Rs.5,000/- or less, or where the written down value is Rs. 5,000/- or less as at the beginning of the year, are charged off to revenue.

Other fixed assets costing upto Rs. 5,000/- are fully depreciated in the year of acquisition

d. Capital Work in Progress

Expenditure incurred on Survey /Studies /Investigations /Consultancy /Administration /Interest /Manpower Charges etc. has been capitalized & treated as Capital Work In Progress.

e. Expenditure Incurred by Holding Company

Expenditure incurred by the company for the Project is financed by the Holding Company (Power Grid Corporation of India Ltd.) and considered as current liabilities .

f. Preliminary Expenses

Preliminary expenses has been charged to the Profit & Loss account in the year in which such expenditure has been Incurred.

g. Borrowing Costs

Borrowing cost is charged to the profit & loss account for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

h. Provisions, Contingent Liabilities and Assets



The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability are made without a provision in the books when there is an obligation that may, but probably will not (in the opinion of the Management), require outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.



POWERGRID VEMAGIRI TRANSMISSION LIMITED
Notes to Financial Statements for the period ended 31 March 2016

1 Consequent to the selection of Successful Bidder (M/s Power Grid Corporation of India Limited) as per Tariff based competitive bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/06 (as amended from time to time) and as per issued bidding documents, the company was transferred to M/s Power Grid Corporation of India Limited (Successful Bidder) vide Share purchase Agreement dated 18th April 2012 by the RECTPCL (transferor). After transfer, the company ceases to be a subsidiary of RECTPCL and became a subsidiary of Power Grid Corporation of India Ltd.. Thus the Balance Sheet, Profit & Loss Account and Cash Flow Statement along with notes reflect the financial position of the Company as at 31/03/2016.

2 The details of Key Management Personnel are as follows:

| S. No. | Name | Designation | DIN | Date of Appointment | Date of Resignation |
|--------|---------------------|----------------------|----------|---------------------|---------------------|
| 1 | Shri R T Agarwal | Chairman (Part-time) | 01937329 | 18-Apr-2012 | 01-Jul-2014 |
| 2 | Shri I S Jha | Director | 00015615 | 18-Apr-2012 | 01-Oct-2015 |
| 3 | Shri R P Sasmal | Director | 02319702 | 29-Nov-2012 | 08-Dec-2015 |
| 4 | Shri V. Sekhar | Director | 05246839 | 18-Apr-2012 | Continuing |
| 5 | Shri R K Srivastava | Director | 07338796 | 08-Dec-2015 | Continuing |
| 6 | Shri B Mishra | Chairman (Part-time) | 06455252 | 08-Dec-2015 | Continuing |

3 Prior to acquisition the related expenses are paid by the RECTPCL and charged to the Company. Original Supporting bills in respect of expenditure incurred by the RECTPCL are retained by them of which copies are available with the Company. After taking over, the related expenses are paid by POWERGRID and charged to the Company. Original supporting documents are retained by POWERGRID. The RECTPCL & POWERGRID will comply statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to these expenses.

4 The expenditure for taking over the Company were incurred by Power Grid Corporation of India Ltd. and liability in this regard has been shown under the head "Current Liabilities".

5 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs NIL

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹. Nil.

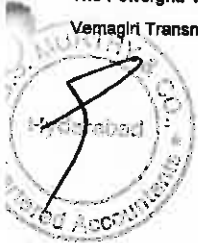
6 Auditors Remuneration

| S. No. | Particulars | 2015-2016 |
|--------|----------------------|-----------|
| | | (Rs) |
| 1 | Statutory Audit Fees | 45,800 |

7 The company has complied with all the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

8 The disclosure as per AS 18 – Related Party Disclosure :

The Powergrid Vemagiri Transmission Limited is a wholly owned subsidiary of Power Grid Corporation of India Ltd. All key decisions are taken by the Board of Powergrid Vemagiri Transmission Limited where the Power Grid nominees exercise control.



Details of Related parties and nature of relationship

| S. No. | Name of the Related Party | Nature of Relationship |
|--------|--|------------------------|
| 1 | POWERGRID CORPORATION OF INDIA LIMITED | Holding Company |

Details of Related party transactions

| S.No. | Particulars | POWERGRID |
|-------|--|-------------|
| 1 | Equity Contribution (Rs.) | 5,00,000 |
| 2 | Closing Balances: - | - |
| (a) | Payable to Power Grid Corporation of India Limited | 1937,36,572 |

9 GOING CONCERN ASSUMPTION

The company was formed as SPV for execution of Vemagiri Transmission system allocated on Tariff Based Competitive Bidding (TBCB).CERC vide order dated 09.05.2013 and 27.09.2013 interalia stated that Vemagiri Transmission system cannot be executed in its present form. In this scenario, the company may not be able to do further any activity and may cease to be a going concern in near future.

10 The CERC vide its order dated 06th April 2015, had withdrawn their earlier regulatory approval given vide its order dated 13-Dec-2011 since the transmission project is not required to be implemented as there was no enough gas in the KG Basin to supply to the beneficiaries M/s Samalkot Power Ltd., and M/s Spectrum Power generation Limited.

11 The Company owes no dues to small-scale units for the period ended and hence provision of Interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

12 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

13 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 2013, Earning per share (Basic & Diluted) is worked out as follows: -

| S. No. | Particulars | 2015-16 |
|--------|-------------------------------|----------|
| 1 | Nominal Value of share (Rs.) | 10 |
| 2 | Number of Equity shares (No.) | 50,000 |
| 3 | Net Profit after tax (Rs.) | (52,130) |
| 4 | Earning per share (Rs.) | (1.04) |

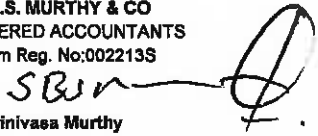
14 (a) Expenditure in foreign currency - Nil
(b) Income in foreign exchange - Nil

15 Figures have been rounded off to the nearest Rupee unless otherwise stated.

16 The previous year figures have also been reclassified/re-grouped to confirm the current period's classification.

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For S.B.S. MURTHY & CO
CHARTERED ACCOUNTANTS
ICAI Firm Reg. No:002213S



S. B. Srinivasa Murthy
(Partner)

Membership No. 026755

Place: GURGAON

Date: 23-05-2016.



For and on behalf of Board of Directors



B. Mishra
Chairman-part time
DIN : 06455252



R.K. Srivastava
Director
DIN : 07338796



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POWERGRID VEMAGIRI TRANSMISSION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **POWERGRID VEMAGIRI TRANSMISSION LIMITED** ('the Company'), which comprise the Balance sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with



ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016
- b) In the case of Statement of Profit and Loss, LOSS for the year ended on that date
- c) In the case of the Cash Flow Statement, of the Cash Flows of the year ended on that date.

Emphasis of Matters

There are no matters of emphasis to be reported.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, we give in the Annexure-1 a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. We hereby state that we have issued a report in Annexure-2 on the matters specified under Section 143 (5) of the Companies Act, 2013 as required by the C & AG of India.



Annexure 1 referred to in paragraph 1 of report on other legal and regulatory requirements:

1. In our opinion and according to information and explanations given to us, provision of Para 3 (i) (a), 3 (i) (b) & 3 (i) (c) of the Companies (Auditors Report) Order, 2016 relating to maintaining proper records of fixed assets, Physical verification of fixed assets & title deeds of immovable properties are not applicable to Company as it does not have fixed assets as on the date of Balance sheet.
2. Paragraph 3 (ii) on verification of inventories is not applicable since the company does not own any inventory during the current financial year.
3. As explained to us, the company has not granted any loans, secured or unsecured to Companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence Paragraph 3 (iii) (a), (b) & (c) are not applicable to the Company.
4. Provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security are not applicable to the company.
5. According to the information and explanation given to us, the Company has not accepted any deposits from the public.
6. The Company does not have any business activities during the year, the provisions of Para 3 (vi) of the Companies (Auditor's Report) Order, 2016 relating to maintaining of cost records under section 148 (1) of the Companies Act, 2013 is not applicable to the Company.
7. (a) According to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and protection Fund, Employees state insurance, income Tax, wealth Tax and other statutory dues with the appropriate Authorities through holding company i.e. Power Grid Corporation of India Limited. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31 March 2016 for a period of more than six months from the date they become payable.

(b) According to the information and explanation given to us, there are no dues of Income tax, wealth Tax, which have not been deposited on account of any dispute.
8. Para 3 (viii) is not applicable to the Company.
9. Based on the specified audit procedures followed by us and as per the information and explanations given by the management, Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). Also no loans were raised during the audit period.
10. Based on the specified audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no



fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year..

11. The company has not provided for any Managerial Remuneration for the year 2015-2016. Accordingly the Provisions of Section 197 of the Companies Act 2013 are not applicable. Accordingly, clause (xi) of the Order is not applicable to the Company.
12. Since the Company is not a Nidhi company, Nidhi Rules, 2014 are not applicable. Accordingly clause (xii) of the Order is not applicable to the Company.
13. Based on the specified audit procedures followed by us and as per the information and explanations given by the management, we report that all the transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 and the relevant/necessary particulars have been disclosed in the Financial Statements etc as required by the accounting standards and the Companies Act, 2013.
14. According to the information and explanations given to us and the records of the Company examined by us, the Company has not made any preferential allotment, a private placement of shares during the FY 2015-2016.
15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with them as per the Provisions of Section 192 of Companies Act, 2013. Accordingly clause (xv) of the Order is not applicable to the Company.
16. According to the information and explanations given to us and the records of the Company examined by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S.B.S MURTHY & Co.,

Chartered accountants
Firm Reg no. 002213S

S.B.S. MURTHY & CO.
F.. 22/05/2016.

S.B.SRINIVASA MURTHY

Partner

Membership No. 026755

Place: Hyderabad

Date: 22/05/2016.



Annexure 2

Annexure 2 referred to in paragraph 2 of report on other legal and regulatory requirements:

We have verified various documents and other relevant records and also on the basis of information and explanations provided to us, by the management of M/s. POWERGRID VEMAGIRI TRANSMISSION LIMITED to ascertain whether the company has complied with Section 143(5) of the Companies Act, 2013, we report that:

1. The Company does not have any freehold properties or lease hold land and reporting under this clause is therefore not applicable.
2. As we have not come across any such cases of waiver/write off of debts/loans/interests etc. report on the same may not be given.
3. The company does not have any Inventory lying with third parties and reporting under this clause is therefore not applicable, As per the information and explanations provided by the company, none of the assets have been received as gift from Govt. or other authorities

For S.B.S MURTHY & Co.,

Chartered accountants

Firm Reg no. 002213S

SBSM 
23/05/2016.

S.B.SRINIVASA MURTHY

Partner

Membership No. 026755

Place: Hyderabad

Date: 23-05-2016.





Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of POWERGRID VEMAGIRI TRANSMISSION Ltd. (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable



assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.B.S. MURTHY & CO.,

Chartered Accountants
Firm Reg no. 002213S

S.B.S. — [Signature]
23/05/2016

S.B.SRINIVASA MURTHY
Partner
Membership No: 026755

Place: HYDERABAD
Date: 23-05-2016

