



POWERGRID
SUBSIDIARY
ANNUAL REPORT | **2014-15**

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Directors' Report

To,

The Members,

I, on behalf of the Board of Directors' present the sixth 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 2014-15.

The responsibilities of RLDCs/NLDC under POSOCO have increased manifold over the years starting with the implementation of Availability Based Tariff (ABT), short term open access in inter-State transmission, integration of regional grids, operation of multiple Power Exchanges, demand for Ancillary Services, integration of renewable energy sources, etc. NLDC is the Nodal Agency for Renewable Energy Certificate (REC) Mechanism and its entire administration, Nodal Agency for Power System Development Fund (PSDF), Implementing Agency for the Point of Connection(POC) based transmission charges sharing mechanism, power supply regulation, etc. There is a continued thrust for strengthening of the manpower of the RLDCS & NLDC to take up these additional responsibilities.

The assets of POSOCO mainly comprise of SCADA-EMS system installed in the Control Centers of the RLDCs and NLDC. The Capital Expenditure (CAPEX) is incurred primarily for activities like replacement / augmentation of the existing SCADA-EMS system, 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 WAMS pilot schemes have been successfully implemented in all RLDC's and have proved to be path breaking for visualization in real time environment, fault analysis, etc.

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. Further, a Committee comprising representatives from MoP, POWERGRID and POSOCO had been constituted for working out the transfer scheme for transfer of employees from POWERGRID to POSOCO and transfer of equity from POWERGRID to Government of India.

The MoU for the F.Y. 2015-16 was signed on 31st March, 2015. The MoU includes various targets to be achieved by POSOCO during the F.Y. 2015-16 including financial parameters, dynamic parameters and enterprise specific and efficiency parameters. In compliance with the DPE Guidelines and the Companies Act, 2013, the mandatory non-financial parameters i.e. CSR and R&D have also been included in the MoU.

Revenue stream of POSOCO

The CERC (Fees and Charges of Regional Load Despatch Centres and other Related Matters) Regulations, 2009 have ensured an independent revenue stream and financial autonomy for the Company. The revenue is being realised by levying the Fees and Charges on the Users like Generating stations/Sellers, Distribution Licensees/ Buyers and the Transmission Licensees towards the services provided to them. Realisation of more than 99% was achieved against billed revenue of ₹ 212.65 Crore during the year. The CERC has on 18th May 2015 notified the Regulations on fees and charges for the period 2014-19.

Financial Highlights

₹ crore

Details	2014-15	2013-14
Total Income	250.02	252.18
Gross Margin	105.69	118.49
Profit before Interest and Taxes (PBIT)	102.88	110.09
Profit Before Tax (PBT)	79.71	90.90
Profit After Tax (PAT)	48.04	60.75
Gross Fixed Assets	299.18	286.35
Net Worth	72.48	84.72

Dividend Payout

Your Board of Directors have recommended a final dividend of ₹ 5.0 per share for the F.Y. 2014-15, in addition to an interim dividend of ₹ 1.5 per share paid in March, 2015. The final dividend shall be paid after your approval at the Annual General Meeting. The total dividend pay-out for the year would amount to ₹ 19.92 Crore.

Reserves

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

- a) General Reserve ₹ 5.00 Crore
- b) LDC Development Reserve ₹ 34.20 Crore

Power System Operation

Regional Load Despatch Centres (RLDCs) are apex bodies to ensure integrated operation of the power system in the concerned region. Further, vide Ministry of Power notification dated 2.3.2005, National Load Despatch Centre (NLDC) has been designated as apex body to ensure integrated operation of National Power System. The RLDCs are responsible for carrying out the real time operation of the grid and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the Grid Standards notified by CEA and the Grid Code notified by the Central Electricity Regulatory Commission (CERC). There are five regional grids, namely North, West, East, North- East and South which have been progressively synchronized from 1991 thereby establishing synchronized National Grid in India in 2013.

System Operation Highlights

- All India Energy Met 1031 BUs during F.Y. 2014-15 as against 972 BUs during F.Y. 2013-14
- All India Peak Demand Met 141 GW during F.Y. 2014-15, as against 128 GW during F.Y. 2013-14.
- All India Hydro Generation during F.Y. 2014-15 was 136 BUs as against 143 BUs during F.Y. 2013-14.
- Inter-Regional Exchange during F.Y. 2014-15 was 84 BUs as against 78 BUs during F.Y. 2013-14.

Power Market Operation

A vibrant electricity market is operating in the country. About 8% 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 where the drawal point is situated are the designated Nodal Agency for Bilateral Transactions and NLDC is the nodal agency for Collective Transactions.

The summary of transactions and energy approved during FY 2014-15 under Short Term Open Access (STOA) which has been facilitated by the RLDCs/NLDC is given below:

- Total number of Transactions approved during F.Y. 2014-15 under STOA were 38048 (12106 bilateral transactions and 25942 collective transactions).
- Total Energy approved under STOA was 80.93 BUs (52.55 BUs under bilateral transaction and 28.38 BUs under collective transactions)

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

NLDC has been designated as the Implementing Agency for Sharing of Inter State Transmission Charges and Losses (PoC Charges and Losses) in accordance 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 feedback on Transmission Constraints, requirement of Special Protection Schemes, Market and Operational Issues, Dedicated lines for Transmission systems and Synchro – phasor Initiatives in India. These are subsequently taken up by CTU / CEA in the Standing Committee on Transmission Planning and measures to alleviate the same are discussed with the stakeholders.

Forum of Load Despatchers (FOLD)

Three meetings of Forum of Load Despatchers (FOLD) have been organised during F.Y. 2014-2015 on 1st August, 2014 , 31st December 2014 and 12th March, 2015. A one day workshop on "Power System Operation and Electricity Market in India" was organised at NLDC by FOLD Secretariat on 1st August, 2014. In addition to these meetings, 3rd Conferment ceremony of System Operator Certification along with release of interactive Power Atlas of India took place on 12th March, 2015 under the aegis of FOLD.

Participation in Regulatory Reforms Process

The RLDCs and NLDC have been giving feedback and inputs at various stages of formulation of the regulations pertaining to the design and operational aspects. The RLDCs and NLDC make best efforts towards implementing these Regulations in letter and spirit through feedback and participation in the Regulatory process. The major regulations which came into force during F.Y. 2014-15 include:

- a) Central Electricity Regulatory Commission (Power Market) (First Amendment) Regulations, 2014
- b) Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2014
- c) Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Fourth Amendment) Regulations, 2014



- d) Central Electricity Regulatory Commission (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) (Third Amendment) Regulations, 2014
- e) Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (First Amendment) Regulations, 2014
- f) The Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) (Second Amendment) Regulations, 2014

Renewable Energy Certificate Mechanism

Renewable Energy Certificate (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 June, 2015 are as follows:

- RE Generators from a total of 21 States have been registered
- A total of 1087 projects with a cumulative capacity of 4790 MW have been registered
- Solar Renewable Energy (RE) Generators participation commenced from May, 2012 onwards with cumulative capacity of 286 projects and capacity of 582 MW
- More than 2.48 lakh RECs have been issued including about 2.22 lakh non-solar and 26 lakh solar
- 52 trading sessions have been held with the value of transactions crossing ₹ 1821 crore including ₹ 127.83 crore in the month of February, 2015 which is the highest trade in any month since the launch of REC mechanism
- More than 1 crore RECs have been redeemed i.e. extinguished
- A total of 3.05 lakh RECs have been self-retained by RE Generators
- 24,387 RECs have been procured by voluntary buyers
- Empanelment of Compliance Auditors has been made by CERC as per the REC Regulations. 1st round of audit wherein 48 projects were audited has been completed and 2nd round of compliance audit wherein 46 RE projects, including one State Nodal Agency, one SLDC and NLDC have been selected for Audit
- 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. NLDC has actively participated in the consultation process, revising detailed procedure, changing software, etc.
- 35 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, 21 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: 2005 – Information Security Management System

Leveraging Technology: System Logistics

System Operators rely on the real-time data for monitoring and decision making for Grid Operation. The real-time data is acquired through state of the art SCADA/EMS system. Regional SCADA/EMS system of Northern Region has been upgraded and rest of the regions is under up-gradation process which is expected to be completed in this calendar year except North-Eastern Region which is expected to complete next year.

To provide dynamic visibility of the grid, Wide Area Management Systems (WAMS) are being installed nationwide under the Unified Real Time Dynamic State Measurement (URTDMS) project being implemented by POWERGRID, our holding company.

For voice communicating with other utilities hotline voice links are being provided between Control Centres i.e NLDC, RLDCs and SLDCs. After completion of Hotline communication project, control centre operators would be able to talk with the other control centres / sub-station operator directly.

Up-gradation of SCADA-EMS system of National Load Despatch Centre is under process. Technical specifications have been finalized and the contract would be awarded by the end of the year 2015.

Your Company signed an MoU with Earth System Science Organisation - 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.

For enhancing the use of state estimation in Load Despatch Centres a working group was formed and workshops were organized in RLDCs and NLDC and various aspects of EMS applications were discussed. A report was submitted by the working group which was presented in the FOLD meeting at New Delhi. An Expert Audit Group of SCADA/EMS was formed to study the various best practices followed by RLDCs and NLDC in various fields of SCADA/EMS and suggest for improvement.

Power System Development Fund

NLDC has been designated as the Nodal Agency for the implementation of Power System Development Fund (PSDF) scheme in terms of the PSDF Regulations, 2014 notified by CERC in June'14. NLDC/ RLDCs have been assigned the function to maintain various Regulatory Fund accounts under the respective regulations issued by CERC. NLDC/RLDCs are to manage these funds as the custodian of these funds as nodal agents till some other identity is identified. The surplus / residual from these funds are to be transferred to the Power System Development Fund (PSDF) created under the CERC (PSDF) Regulations, 2010 on monthly basis.

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

As on 30.06.2015, NLDC has facilitated the sanction of 13 nos. of schemes under PSDF to 11 nos. of entities for ₹ 1625 crore and 40 nos. of schemes from different State and Central entities for ₹ 5251 crore were in the process of approval. Transfer from Regulatory Pool Accounts to PSDF as on 30.06.2015 was ₹ 9768 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 the Central Commission. Further, the Annual Report shall also be laid on table of both 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. 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.

Employees – our Assets

At POSOCO, people are the real assets. POSOCO prides itself in grooming its employees to become finest System Operators in the country. With a balanced mix of young and experienced executives, it is a vibrant, progressive and innovation oriented organization. POSOCO has consistently strived towards creating an employee value proposition by putting special focus on learning and development, and instituting best-in-industry practices. POSOCO has developed strong collaboration and Industry-Academia Partnerships for institutional and individual capability enhancement. As an organization, here the Value System is based on Integrity of purpose, Service to the nation and a commitment of excellence.

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. A team from POSOCO participated in the Times Ascent Engineering Mastermind and bagged the first prize for the Northern Region.

Participation in International Forums

POSOCO is an active participant and member of various international groups/bodies such as GO15, TSO- Comparison and CIGRE with the objective of sharing of experiences, best practices and benchmarking System Operation and Market Operation against the very best across the world. The executives of POSOCO have been actively participating in these forums. The Governing Board and Communication Group meeting of GO 15 were held in Sept'14 at Delhi. POSOCO is also member of North American Synchrophasor Initiative (NASPI) to build knowledge and share expertise on Synchrophasor technologies.

Senior officials accompanied Chairperson, CERC to interact with international organizations like Lawrence Berkley National Laboratory (LBNL), PJM and IPUC, USA and Energy Marketing Authority (EMA), Singapore. POSOCO officials also participated in high level delegation led by Secretary, Government of India to UK and Germany.

POSOCO has been actively associated with the activities pertaining to energy cooperation in the SAARC region and the development of a SAARC Electricity Market.



Capacity Building of System Operators

As part of capacity building, basic and specialist level training is being imparted to all the SLDCs, RLDC and NLDC through the National Power Training Institute (NPTI), an autonomous body under the Ministry of Power, Government of India. Specialist training in the area of Power System Reliability was also introduced during the year where the participants have been exposed to off-line simulations also which is useful for proper operational planning. NPTI has successfully conducted the certification examinations also and as on date, the total number of System Operators certified in the country is as under:

SI	Control Centre	Basic certified operators	Regulatory Specialist certified operators	Reliability specialist certified operators
1	SLDCs	381	48	46
2	RLDCs	205	33	25
3	NLDC	57	12	6
	Total	643	93	77

For furthering capability enhancement for System Operators and developing research capacity by promoting Industry-academia partnership, POSOCO signed an MoU with Indian Institute of Technology, Kanpur, Indian Institute of Technology, Kharagpur and Jamia Milia Islamia (JMI). In this context, a programme on "Power Market and Economics" was organized at IIT, Kanpur and a program on SCADA and EMS was organized at JMI.

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, your Company 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.

Your 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 2014', under the theme "Combating Corruption – Technology as an Enabler" 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

The performance of your Company has been recognized at various levels in the form of awards and accolades in various categories.

Your Company has been rated 'Excellent' for its performance as per MoU 2013-14 signed with POWERGRID, its Holding Company.

Power System Operation Corporation Limited has been conferred the 'Fastest Growing PSU' award by the India Today Group in August'14.

Central Board of Irrigation and Power (CBIP) has conferred the Award for 'Best System Operator' to your Company in Jan'15.

Welfare Activities

Several welfare Initiatives were organized by POSOCO throughout the year. These included family get-togethers, celebration of national festivals etc. *Swachhata Diwas* was celebrated on 2nd October, wherein all employees pledged to dedicate themselves to maintaining hygiene and cleanliness in the country and participated in the cleanliness drive as well as contests and activities on *Swachhata*.

GRIDTECH 2015

GRIDTECH 2015 was organized at Pragati Maidan by POWERGRID in April'15, wherein POSOCO participated by presenting papers on topics pertaining to new technologies and tools in Power Systems. POSOCO also organised its own pavilion at GRIDTECH, 2015 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.

Rajbhasha Related Activities

Your Company is committed to implementation of Government of India's Rajbhasha policy. *Hindi Pakhwara* was celebrated in all the RLDCs and NLDC wherein series of Inspirational Talks, seminars, symposia and competition for employees were organized. Several workshops were also organized throughout the year orienting employees to adopt the use of Hindi in their routine work and especially integrating Technology with encouraging Hindi usage. A '*Haasya Kavi Sammelan*' was organized for promotion of Hindi literature. The website of the Company contains an exclusive record of the work done in the Rajbhasha.

Research & Development

A Research & Development (R&D) Committee was constituted and three R&D activities were identified for the F.Y. 2014-15 at a budget of approx. ₹ 25 lakh. The activities undertaken are discussed under the head Conservation of Energy, technology absorption and Foreign Exchange Earnings and Outgo in Annex -III.

Right To Information

In order to promote transparency and accountability, an appropriate mechanism has been set up across your Company in line with 'Right to Information Act, 2005'. Your 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.

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 earning & 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 your company 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. 2.41 of the Financial Statements which sets out Related Party Disclosure.

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 (a) of this Report. The Management's Replies on the findings of Practising Company Secretary are enclosed at Annexure-VIII (b). 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

The Company had Voluntarily opted for Secretarial Audit for the FY 2014-15. The Report on Secretarial Audit by M/s Agarwal S & Associates, Practising Company Secretaries is given at Annexure-IX (a) of this Report. The Management's Replies to the Report of Secretarial Auditor are enclosed at Annexure-IX (b).

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, your Company has constituted Internal Complaints Committees (ICC). The Report contemplated under Section 22 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given at Annexure-X of this Report.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(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;



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- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 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 S.C. Ajmera & Co., Chartered Accountants and M/s S. K. Kapoor & Co., Chartered Accountants were appointed by C&AG as joint Statutory Auditors of the Company for the F.Y. 2014-2015.

POSOCO's Board and Key Managerial Personnel

In terms of Article 40 (d)(v) of the Company, consequent upon the completion of his tenure in POWERGRID on 26th December, 2014, Shri Santosh Saraf (who was nominated on the Board of POSOCO from amongst the independent Directors from the Board of POWERGRID) ceased to be the Director of the Company w.e.f. 26.12.2014. Dr. K. Ramalingam was nominated as a Director in place of Shri Santosh Saraf. He was appointed as a Director of our Company w.e.f. 29.01.2015.

Similarly, in view of his superannuation from Central Electricity Authority on 28.02.2015, Shri P. K. Pahwa, Member (GO&D), Central Electricity Authority, ceased to be a Director w.e.f. 01.03.2015. The Board placed on record the contributions made by Shri Santosh Saraf and Shri P.K. Pahwa as our Directors and wished them good luck in their future roles.

At present, Shri R. N. Nayak, Shri R. T. Agarwal, Shri I. S. Jha, Smt. Jyoti Arora and Dr. K. Ramalingam are on the Board of the Company.

In compliance with the requirements of Section 203 of the Companies Act, 2013 POSOCO's Board in its meeting held on 30.06.2014 had ratified the appointment of Shri S. K. Soonee as the Chief Executive Officer (CEO) of the Company and appointed Shri M. K. Gupta as the Chief Finance Officer(CFO).

At present, 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 22.05.2015.

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 Authority, Central Electricity Regulatory Commission, Regional Power Committees and other concerned agencies and stakeholders for extending their valuable support in operating the power system of the country 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 the Board of the Directors
Power System Operation Corporation Limited

(R. N. Nayak)
Chairman

Date : 17.08.2015

Place : New Delhi

Management Discussion and Analysis

Indian Power Sector

The Indian power sector is undergoing a significant change that is redefining the industry outlook. Sustained economic growth continues to drive power demand in India. The Government of India's focus to attain 'Power For All' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing on both market side as well as supply side.

Renewable energy is one of the cleanest sources of energy options with almost no pollution or carbon emissions and has the potential to significantly reduce reliance on coal and other fossil fuels. By expanding renewable energy, world can improve air quality, reduce global warming emissions, create new industries and jobs, and move world towards a cleaner, safer, and affordable energy future.

The Government of India has announced a massive renewable power production target of 175,000 MW by 2022, comprising 100,000 MW from solar power, 60,000 MW from wind energy, 10,000 MW from biomass and 5,000 MW from small hydro power projects.

At present, India is the third largest economy (in PPP terms)¹ as well as the third largest energy consumer² in the world. Reliable and Quality power is a key infrastructure element for the robust economic and sustainable growth of any nation. The challenge is to meet the energy needs of double digit economic growth & electricity consumption of the 1.26 billion people.

Today, the electricity 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 players, be it generators, consumers, power exchanges, power suppliers or technology providers is key to the optimization of the overall system. Transmission System Operators (TSOs) manage the backbone of the electricity supply for the benefit of the society.

The frequency of the All India grid remained within the band of 49.90 – 50.05 Hz for about 55 % of the time for the last six months. The frequency response characteristic (FRC) for All India Grid is about 6000-6500 MW/Hz. As the interconnections grow to subcontinent size and interchanges between areas increase, the primary control by governors has to be supplemented by secondary control (AGC) using tie-line bias. Direct primary and secondary control keep frequency and schedules within acceptable ranges for reliability.

There are limits to deviations from the schedule in all large electricity grids like that of India. A generating unit outage within a control area can lead to large deviation from schedule momentarily which should be brought down within a definite time period. This calls for generation reserves to be maintained in the system and operationalized through Ancillary Services. The long-term energy vision requires a paradigm shift that must be addressed at the national level. Uncertainties derive from large amount of Renewable Energy Sources (RES) to be integrated including new types of consumption, inclusion of Demand Side Response (DSR) and energy storage.

Resolving operational challenges

The Challenges posed by POSOCO and the measures for combating the same are enumerated below:

- POSOCO is handling challenges such as increasing penetration of Renewable Energy (RE) generation, 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, frequency fluctuations and also the expectations of stakeholders to get 24x7 power. More parallel AC corridors are required both in upstream and downstream directions of any inter – regional corridor.
- Southern Region Grid was synchronized with the rest of the Indian Grid on 31st December, 2013 through 765 kV Raichur-Sholapur S/C line to form one All India Grid operating at the same frequency. POSOCO has an onerous responsibility of operating the All India synchronous grid, which is one of the largest in the world meeting a peak demand of the order of 140 GW grid through its five (5) Regional Load Despatch Centres (RLDCs) and the National Load Despatch Centre (NLDC).
- The AC interconnection with Southern Region has been further strengthened with the commissioning of second circuit of 765 kV Raichur-Sholapur in June 2014 and intra-regional lines in Western and Southern Region. Based on a continuous evaluation of the power system and change in System Protection Scheme (SPS) settings, gradually the power transfer to Southern Region has increased. 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).
- Massive investments in generation and transmission in the grid implies that the country is on a 'high-build' phase. Needless to mention, this necessitates a large number of construction related outages on the transmission lines which is over and above the maintenance related outages. Nearly 50-60 transmission line/bay outages at 400 kV level and above are facilitated by RLDCs/NLDC after a careful study and coordination with several utilities. This is done to ensure that the grid continues to operate in a reliable fashion and economy transactions are curtailed to the minimum possible extent.

¹ http://databank.worldbank.org/data/download/GDP_PPP.pdf

² http://data.worldbank.org/indicator/EG.USE.COMM.KT.OE?order=wbapi_data_value_2012+wbapi_data_value+wbapi_data_value-last&sort=desc



- Maintaining frequency within the stipulated Indian Electricity Grid Code (IEGC) band without adequate primary response, secondary control and ancillary services has been challenging for POSOCO. The CERC, as part of its efforts to ensure that generating units provide primary response, directed to have a pilot project to test primary response done on selected coal, gas and hydro units. These tests were successfully completed through an international firm in March 2015. Recently, CERC has also issued draft regulation for implementation of an Ancillary Services framework in India by utilizing the Un Requisitioned Surpluses (URS) in Central Sector power stations and Ultra Mega Power Projects (UMPPs) which are under RLDC's jurisdiction. Notification of this would help in providing fast tertiary control. Meanwhile POSOCO is also engaging with other stakeholders on how secondary control through Automatic Generation Control (AGC) could be introduced in India.
- 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. The recent Earthquake in Nepal in April 2015 and Very Severe cyclone Hudhud in India was an alarm for the safety 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 uncontrolled may lead to cascade failure. The proactive and fast response from POSOCO has averted cascading failures in both 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.

Development of Power Atlas

POSOCO had taken up the development of Power Atlas of India, which was released on 17th February 2015. This is an activity of its kind for the first time in the power sector which is meant for use by load despatch centres in their online SCADA displays as well as off-line analysis through software applications and hardcopy circulation. The Atlas consists of Power maps of all states along with regional and all-India maps. An interactive flash application was also developed 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 the super cyclone Hudhud when the RLDCs/NLDC could update the trajectory of the cyclone as and when updated by the Indian Meteorological Department (IMD) and determine as to which substations or transmission lines are likely to be affected.

Risk Management

Doing the job of a grid operator could entail certain risks. The risks envisaged and the measures taken to alleviate the same are brought out hereunder:

- The first major risk that POSOCO faces is the threat to grid security and the possibility of grid disturbances and blackouts. Recognizing the fact that as one moves closer to the day of operation, the degree of control reduces, advance actions in the operational planning horizon are taken to mitigate these risks. This is mainly in the outage planning and scheduling phase. In the real time horizon also, the thrust continues to be on improved visualization and Situational Awareness. Despite this, equipment failures and weather related disturbances cannot be ruled out. Protective system mis-operations are an increasing source of grid failures. Quick detection of such mis-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. In some cases, the matter has also been brought to the notice of the Hon'ble CERC through petitions.
- The second major risk that POSOCO faces is on account of handling large quantum of Regulatory Pool funds as a custodian. Accounting errors, taxation related issues, payment defaults by some utilities towards these Pool Accounts etc. are some of the risks. Periodic audits and verification by the utilities as well as oversight of the Commercial sub-Committee of the RPCs helps in mitigating these risks. In many cases where a problem is foreseen, the matter is taken up in advance at the CERC level and actions taken to mitigate these risks.
- The third major risk to POSOCO is that notwithstanding the provisions in the Electricity Act 2003, various Regulations by the CERC and procedures approved by CERC, there are still certain grey areas when decisions have to be taken in real time involving two parties. Decisions taken either way affect one or the other party leading to subsequent litigation. While the RLDCs/NLDC are generally indemnified, it still leads to considerable resources deployed for handling these disputes at judicial level. Anticipating such problems and minimizing ambiguities in the Regulations or procedures through continuous feedback to the Regulator are the strategies adopted to mitigate the risks on this account.

Challenges

- Anticipating and Handling uncertainties in System Operation on account of geographical variations in demand growth, mismatch in commissioning new generation and transmission projects and fuel shortage.
- Climate change and the adverse natural phenomenon like cyclones, earthquakes etc. have a direct impact on the Power System operation.
- Integration of Renewables is a major challenge with Planning Criterion, Variability and Intermittency, Scheduling, SCADA / telemetry, Commercial mechanism implementation and Supply management issues.

- Further thrust in the areas of Reliability Standards, Transmission Planning Process, Ancillary Services, Primary & Secondary Control, Capacity Market and Communication system for power sector would facilitate reliable operation. A culture of compliance monitoring with respect to CEA standards and CERC Regulations across all utilities would go a long way in ensuring reliability of electricity grids in the country.
- 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.
- Allocation of resources, attracting and retaining talent, Training & re-training, Operator Certification, Domain knowledge, Analytical abilities, Mentoring and Knowledge Management are major challenges related to human-capital management.
- Forecasting is an essential pre-requisite 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.

Outlook

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.

Although there is no doubt that central and de central 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.

Reliable operation of large electricity grids like that of India necessitates that reserves in generation are available in the system all the time to handle contingencies in the grid. Generation reserves are further more relevant in the context of intermittent generation like wind / solar. Necessary incentives to the generator may be made for maintaining and deploying these reserves.

There is a need for robust intra-state Deviation Settlement mechanism in all the states to control inter-change by changing generation and load.

Large 660 MW, 800 MW and 1000 MW sets are being introduced in India. With changing load profile, 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. Pumped Storage Plants also play an important role as flexible generation resource in providing peaking power and maintaining system stability. 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.

The present power exchange provides only one opportunity for buying and selling on day-ahead basis. More frequent market clearing as well as new products such as real time markets (i.e the opportunity to buy and sell power about two hours ahead) may provide a platform for selling surplus power or buying power 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.

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

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. Human Resources and Operation & Maintenance expenses component of tariff are accounted based on the actual expenditure. Charges towards projected capital expenditure are restricted to charges based on actual capital expenditure. Any excess in collection of System Operation and Market Operation charges over the revenue recognized is transferred to the liability to be adjusted on truing up exercise by the CERC after the expiry of the control period.

As per CERC (Fees & Charges of RLDCs) Regulations, 2015, each RLDC shall refund the additional recovery of Fees & Charges (truing-up liability) to the users on yearly basis by September of the following year w.e.f. F.Y. 2014-15.

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

Comparison of Fiscal 2015 to Fiscal 2014

Revenue from Operations

The revenue earned from System Operation and Market Operation including STOA income and Registration Money for F.Y.2014-15 was ₹ 197.08 Crore as against ₹ 197.05 Crore in the F.Y.2013-14. Gross Billed Revenue for the Current Year remains same as ₹ 212.65 Crore as compared to revenue for F.Y. 2013-14, 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 2014 till further orders.



However, the truing up adjustment (De –recognized from income-As per the policy of revenue recognition) has increased to ₹ 56.94 Crore in the current Financial Year as compared to ₹ 54.45 Crore for the FY 2013-14. The current year Truing-up adjustment of ₹ 56.94 Crore includes ₹ 15.88 Crore pertaining to the previous control period 2009-14. Hence, Revenue from System and Market operation for the current year has decreased as compared to revenue for previous year due to higher de-recognition of income on account of truing up adjustment.

Depreciation

The depreciation has been provided on Straight Line Method at the rates and methodology specified in the norms notified by CERC for the purpose of recovery of RLDC Fees and Charges. With effect from 01/04/2009 (effective date of CERC Regulations, 2009), useful life has been worked out prospectively based on unamortized balance of such asset on the basis of the rate of Depreciation specified by CERC except for mobile phones which have been depreciated at 33.33%.

Depreciation charged in the FY 2014-15 is ₹ 7.94 crore (In F.Y 2013-14 it was ₹ 8.40 crore). Depreciation charge has reduced since majority of assets have already been depreciated to the extent of 90% of cost with residual value of 10% and 100% of cost with nil residual value as in the case of computer hardware and software.

Profit before Tax

Your company's profit before tax in F.Y. 2014-15 was ₹ 79.71 crore as against ₹ 90.90 crore in F.Y 2013-14 (including REC Gross Surplus of ₹ 3.30 Crore, previous year ₹ 6.49 crore).

Profit after Tax

Your company's Profit after Tax in F.Y. 2014- 2015 was ₹ 48.04 crore as against ₹ 60.75 crore in F.Y. 2013-14. (including REC Nett. Surplus of ₹ 2.18 Crore, previous year ₹ 4.29 crore).

LDC Development Fund

In line with CERC "RLDC Fee and Charges Regulation 2009", LDC Development Fund of ₹ 107.22 crore is accrued (gross) in LDC Development Fund out of Gross Income for the FY 2014-15. This includes Return on Equity (based on truing up adjustment), Interest on Loan and Depreciation amounting to ₹ 21.48 crore and Other Income amounting to ₹ 85.74 crore. The fund has been utilised towards Training for ₹ 0.56 Crores, Corporate Social Responsibility and Sustainable Development activities for ₹ 1.91 crore, income tax of ₹ 33.50 Crore, dividend of ₹ 23.89 Crore (including dividend tax) & CAPEX ₹ 13.15 Crore resulting in net accretion of ₹ 34.20 Crore to LDC Development Fund for FY 2014-15.

Selected Balance Sheet Items

Fixed Assets:

Your Company's Net fixed assets as on 31st March, 2015 were ₹ 36.43 Crore as against ₹ 31.41 Crore as on 31st March 2014. The fixed assets consist mainly of SCADA Hardware and Software.

Loans and Advances

Your Company's total loans and advances (short term and long term) as at 31st March, 2015 were ₹ 148.74 Crore against ₹ 154.55 Crore in the FY 2013-14. The decrease is mainly on account of normal transactions during the course of business.

Other Current Assets

Other current assets as on 31st March, 2015 were ₹ 21.24 Crore against ₹ 21.82 Crore as on 31st March 2014. It includes accrued interest on flexi deposits with banks and unbilled revenue related to March billing of RLDC Fees and Charges for the financial year.

Sundry Debtors

Sundry Debtors as on 31st March 2015 were ₹ 13.77 Crore against ₹ 5.35 crore as on 31st March 2014. The realization of Billed RLDC Fees & Charges is about 93%.

Unsecured loan

There is no significant amount of unsecured loan as on 31.03.2015.

Other Current liabilities

Your company's other current liabilities as at 31st March, 2015 were ₹ 746.33 Crore as against ₹ 444.63 Crore as on 31st March 2014. The increase is mainly on account of increased Truing up Liability, Increase in Advance from STOA Customers and PSDF Disbursement Account (Considered for the first time in line with amendment in PSDF Regulation).

Other Long term liabilities

Other long term liabilities as on 31st March 2015 is ₹ 1.80 crore mainly comprising of Retention Money/ Deposits on ongoing contracts.

Contingent liability

The contingent liability of ₹ 9.03 Crore is the demand of Rent for the office and staff quarters accommodation raised by the WREB, Mumbai for the period up to FY 2014-15 which is disputed by the Company and the Company has sought for the transfer of the ownership of office accommodation and residential quarters before the Ministry of Power, Govt. of India. However, no decision has come so far.

A demand of ₹ 486.26 Crore has been raised by the Assessing Officer under Section 143(3) of the Income Tax Act 1961 in respect of Assessment Year 2012-13. 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, relief was allowed by CIT (A) in Company's own case on the same issue. Hence no provision has been made for tax demand. There is NIL Impact on the financial statements of the pending litigation cases.

Cash Flows

(₹ in Crore)

	Year ended March 31	
	2015	2014
A) Net cash from operating activities	338.28	(398.37)
B) Net cash (used in) investment activities	4.11	27.25
C) Net Cash from Financing activities	(42.47)	(49.66)
D) Net change in Cash and Cash equivalents (A+B+C)	299.92	(420.78)
E) Cash and cash equivalents at the beginning of the year	468.52	889.31
F) Cash and cash equivalents at the end of the year (D+E)	738.44	468.52

Net Cash from Operating Activities

The operating profit before working capital changes was ₹ 64.05 crore. However, the net cash inflow from Operating activities of ₹ 338.28 crore is mainly on account of increased Truing up Liability, Increase in Advance from STOA Customers and PSDF Disbursement Account (Considered for the first time in line with amendment in PSDF Regulation).

Net Cash from Investing Activities

Net Cash from Investing activities of ₹ 4.11 Crore includes expenditure of ₹ 24.96 Crore in CWIP towards purchase of SCADA equipment & associated civil works for installation of new SCADA equipment and receipt of Interest on Bank Flexi Deposits amounting to ₹ 42.11 crore.

Net Cash from Financing Activities

A sum of ₹ 23.90 Crore has been utilized for payment of dividend and dividend tax (Interim Dividend plus Proposed Final Dividend). The finance charges on account of interest on truing up has increased by ₹ 23.16 Crore.

Internal Control

Internal control mechanism is in place in POSOCO to verify the Accounting and Financial Management System, adequacy of controls, material checks, financial propriety aspects and compliance implementation mechanism. Internal Audit and Physical Verification for the Financial Year 2014-15 had been carried out by experienced firms of Chartered Accountants. One independent Director from the Board of POWERGRID has been nominated on the Audit Committee of the Company in terms of the Company's Articles of Association and also in compliance with the DPE Guidelines of Corporate Governance.

Risk Management Procedure

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

Cautionary Statement

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

For and on behalf of the Board of the Directors
Power System Operation Corporation Limited



(R. N. Nayak)
Chairman

Date : 17.08.2015
Place : New Delhi



Annual Report on CSR Activities

1. Understanding the company's responsibility towards betterment of society and environment, POSOCO has taken up various CSR activities. To streamline the efforts in this direction, a CSR policy has also been envisaged. Activities taken up by POSOCO are in synchronism with the Schedule-VII of the Companies Act, 2013. The Company is constantly endeavoring to ensure that the activities being taken up under CSR are effective and would help in transforming the society as a better place to live for present and future generations.

CSR Activities taken up during FY 2014-15.

- (i) Awareness programs and capacity building for school children on energy efficiency, environment friendly technologies and non-conventional energy sources, Setting up of Toilets in the Govt. schools, etc.

➤ **Concept:** As human consumption of energy continues to increase, it has become necessary to foster consciousness amongst people on energy conservation and energy efficiency so that they realize the importance of utilizing limited resources and focus towards building a sustainable society.

➤ **Target Area:** Students of classes VI-VIII of two govt. schools in Delhi were targeted

➤ **Benefits provided under the scheme:**

Capacity building of students and teachers to make their school a "green school" in terms of energy efficiency, zero waste zone and water conservation.

Putting in place energy efficient fittings and other infrastructure in the targeted Govt. schools.

Creating a sustained group of citizens to ensure a sustained movement.

- (ii) **Providing solar lanterns including cooking stoves in the Ri-bhoi district of Meghalaya.**

➤ **Concept:** The project was envisaged to improve quality of life in rural areas by providing clean and affordable lighting and improved cooking solutions.

➤ **Target Area:** Un electrified villages of Ri-Bhoi district in Meghalaya.

➤ **Benefits provided under the scheme:** Rural households in remote unelectrified villages were provided with Integrated Domestic Energy System (IDES) system. The IDES system comprises a forced draft improved cook stove and a solar home lighting system (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 and battery backup for running the fan of the cook stove for 4 hours. For the purpose of mobility, the IDES also includes a solar lantern that the community can use to do chores outside their homes.

- (iii) **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. 1376 nos. of Non-Solar and 598 nos. of solar REC's were procured during the year.

- (iv) **Promoting research and studies related to Power Systems in the premier 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' Category and 25 candidates in Doctoral category were encouraged under this scheme through prize money for shortlisted research works. Research works were shortlisted by a seven member expert committee comprising of the members from Industry and Academia.

- (v) **Providing Scholarship to meritorious students in Govt. schools**

This activity was taken up considering the noble cause of helping the meritorious students which will lighten their financial burden on school education and sustain their efforts to support their families to complete school education.

690 Students who passed their Xth Standard Examination conducted by CBSE from Govt. Schools in Delhi in the year 2014 with a CGPA score of 9.6 and above and at present were students of Class XI in the Govt./Govt. aided School/institution were encouraged through scholarships under this scheme.

CSR Policy/activities taken up by POSOCO can be accessed at <http://posoco.in/csr>.

2. The Composition of the CSR Committee:

POSOCO Board had constituted the CSR and Sustainable Development Committee in its meeting held on 27th May, 2013 for implementation of Corporate Social Responsibility (CSR) and Sustainable Development (SD) activities in line with the requirement of Department of Public Enterprises (DPE) Guidelines on CSR and Sustainability for Central Public Sector Enterprises. Later, in compliance with the provisions of the Companies Act, 2013, this Committee was renamed as CSR Committee. The Committee comprised of the following members as on 31.03.2015:

- (i) Shri R. N. Nayak, Chairman – Chairman of the Committee
- (ii) Dr. K. Ramalingam, Independent Director– Member
- (iii) Shri R. T. Agarwal, Director – Member
- (iv) Shri I. S. Jha, Director – Member

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 percent of the average net profit of last three financial years)

₹ 1.92 Crore

5. Details of CSR spent during the FY 2014-15:

- (a) Total amount to be spent for the FY 2014-15: ₹ 1.92 Crore
- (b) Amount unspent, if any : ₹ 0.01 Crore (approx.)
- (c) Manner in which the amount spent during the FY 2014-15 : Enclosed in Annex 'A'
- (d) POSOCO has completed all the activities planned during FY 2014-15 and incurred the major expenditure. A minor amount of approx. ₹ 80,772/- has remained unutilized due to lower than estimated expenditure in some of the activities.

Responsibility Statement:

It is to state that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Sd/-
Chief Executive Officer

Sd/-
Chairman

Date : 17.08.2015

Place : New Delhi

Details of amount spent on CSR activities during 2014-15							
1	2	3	4	5	6	7	8
S. No	CSR Project or activity identified	Sector in which the Project is covered	Projects of programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) Project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads.	Cumulative Expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Awareness program and capacity building for school children on energy efficiency, environment friendly technologies and non-conventional energy sources E For Energy Efficiency	Promoting Education	Local Area Delhi Govt. Schools	20,00,000	Direct: 20,56,750 Overhead: 2,50,000+ S. Tax	23,06,750	23,06,750
2	Providing Solar Lantern including cooking stoves in the Ri-bhoi district of Meghalaya	Environmental Sustainability	Meghalaya, Ri-bhoi District	40,00,000	Direct: 36,00,000 Overhead: 3,60,000	39,60,000	39,60,000
3	Providing Scholarship to meritorious students in Govt. schools	Promoting Education	Local Area Delhi Govt. Schools	60,00,000	Direct: 55,20,000 Overhead: 4,96,800+ S. Tax	60,78,204	60,78,204
4	Promoting Research and Studies in the field related to Power Systems in the premier engineering institutions to encourage excellence in the area	Promoting Education	Pan India	40,00,000	Direct: 27,47,706 Overhead: 3,75,000	31,22,706	31,22,706
5	Procurement of RECs	Environmental Sustainability	Local Area	30,00,000	36,51,568	36,51,568	36,51,568
6	Other supporting activities like training, evaluation, etc.			2,00,000			
			Total	1,92,00,000		1,91,19,228	1,91,19,228
<p>Implementing Agencies: Activities at S. No. 1 and 2 above: The Energy and Resource Institute (TERI), Darbari Seth Block, IHC Complex, New Delhi S. No. 3: The Central Board of Irrigation and Power (CBIP), Malcha Marg, Chankya Puri, New Delhi S. No. 4: The Foundation for Innovation and Technology Transfer (FITT)- A unit of IIT Delhi</p>							

**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 42 million in F.Y. 2014-15. Conservation of energy is therefore an imperative for POSOCO. Most of POSOCO's facilities are housed in old buildings owned by the Govt. of India and changes in the basic structure of the building with a view to minimize the electricity consumption are limited. All RLDCs and NLDC had completed energy audit in 2012 and are implementing measures for energy savings.

The cooling requirements in all control centres have gradually gone up over the years due to various reasons ranging from continuous addition of servers & other facilities, increase of manpower sitting arrangement in temperature controlled areas, increase in Video Projection System (VPS) system size, to climatic drift in each of the control centre locations. The existing decade old central AC plants are progressively proving ineffectual in meeting the growing cooling requirements. These are under replacement.

NLDC as the Central Agency for Renewable Energy Certificates (RECs) is also looking towards encouraging voluntary buyers of RECs. During F.Y. 2014-15, POSOCO has purchased 598 nos. of solar RECs and 1376 nos. of non-solar RECs with a total value of INR 2.1 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 13,400 kWh in F.Y. 2014-15.

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 in consultation with the Task Force on MoU for the F.Y. 2014-15, following R&D schemes were taken up by POSOCO:

- Study of Gujarat, Rajasthan and Karnataka States having high penetration of Wind Energy Potential
- Study in Delhi and Punjab regarding inadequacy in their systems
- PMU Applications

In Gujarat, development of a wind generation forecast model was done in F.Y. 2014-15 with the help of Gujarat Energy Research & Management Institute (GERMI). In Karnataka, project titled "Integrating Pumped Hydro Storage with Wind and Solar Energy" was taken up and completed on time during F. Y. 2014-15. National Institute of Advanced Studies was engaged for the project in Karnataka.

Installation and commissioning of Phasor Measurement Units (PMUs) at three locations in Rajasthan and analysis of the data for the purpose of model validation, determination of equivalent inertia, behavior of Wind Turbine Generator (WTG) under faults etc. is likely to be completed in F.Y. 2015-16.

In Delhi and Punjab, study of power supply position and their transmission network capability to meet the projected demand in the F. Y. 2015-16 was made and completed on time during F.Y. 2014-15.

Foreign Exchange earnings and outgo:

(₹ in crore)

Foreign Exchange earning	NIL
Foreign Exchange outgo	
(i) Repair and Maintenance	0.89
(ii) Foreign Travel	0.50
(iii) Others	4.55

For and on behalf of the Board of the Directors
Power System Operation Corporation Limited

(R.N. Nayak)
Chairman

Date : 17.08.2015

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 th March, 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	1st Floor, B-9, Qutab Institutional Area, Katwaria Sara, New Delhi – 110 016
vi.	Whether listed company	Yes / No
vii.	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:-

Sr. 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

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 B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016	L40101DL1989GOI038121	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):-	-	-	-	-	-	-	-	-	-

	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	
2)	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	-	-	-	-	-	-	-	-	-
	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) Other (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 ₹ 1 lakh	-	-	-	-	-	-	-	-	-
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 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

Notes:



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	30639994	100%	NIL	30639994	100%	NIL	NIL
2.	Shri R. N. Nayak	01	-	NIL	01	-	NIL	NIL
3.	Shri I. S. Jha	01	-	NIL	01	-	NIL	NIL
4.	Shri R. T. Agarwal	01	-	NIL	01	-	NIL	NIL
5.	Shri S. K. Soonee	01	-	NIL	01	-	NIL	NIL
6.	Shri Oommen Chandy	01	-	NIL	01	-	NIL	NIL
7.	Smt. Divya Tandon	01	-	NIL	01	-	NIL	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)

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	No Change			
	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				

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.

Sr. no	For each of 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 / 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*

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
1.	Shri R. N. Nayak, Chairman	01	0.00	01	0.00
	At the End of the year	01	0.00	01	0.00
2.	Shri I. S. Jha, Director	01	0.00	01	0.00
	At the End of the year	01	0.00	01	0.00
3.	Shri R. T. Agarwal, Director	01	0.00	01	0.00
	At the End of the year	01	0.00	01	0.00

II. KMPs*

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
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	-	-	-	-
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.

* There has been no increase / decrease in shareholding of the Directors / KMP during the F.Y. 2014-15.

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	-	-	-	-
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)	-	-	-	-



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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	-	-	-	-	-
	Total (A)	-	-	-	-	-
	(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[^]	Shri Santosh Saraf	Dr. K. Ramalingam	
	• Fee for attending Board / Committee Meetings	2,40,000/-	80,000/-	3,20,000/-
	• Commission	-	-	-
4.	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	-	-	-

[^] 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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	40,88,226	13,03,556	38,84,610	92,76,392
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,97,748	1,13,567	4,29,717	10,41,032
	(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				
	Total	45,85,974	14,17,123	43,14,327	10,317,424

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 the Board of the Directors
Power System Operation Corporation Limited



(R. N. Nayak)
 Chairman

Date: 17.08.2015

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	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date of approval by the Board	NIL
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

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 -B
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
f)	Amount paid as advances, if any	39.31 lakh^

^ Capital Advance to POWERGRID for execution of construction contracts during F.Y. 2014-15.

For and on behalf of the Board of the Directors
Power System Operation Corporation Limited



(R.N. Nayak)
Chairman

Date : 17.08.2015

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

S I . 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 is 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 ofthe 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.	-

S I . 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
3	UI,RE payments received / paid to POWERGRID	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. These are ongoing and event based charges.		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	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. 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).		N.A	(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. 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.	N.A.	-



ANNEXURE – VI

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 2015

The preparation of financial statements of Power System Operation Corporation Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 22 May, 2015.

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 Statement of Power System Operation Corporation Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

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

Sd/-

(Tanuja S. Mittal)

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

Date : 27th July, 2015

Place: New Delhi

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 is not merely a matter of ensuring checks and balances – 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, F.Y 2013-14 and is poised for Excellent Rating F.Y. 2014-15 also. The compliance by the Company with the conditions of the Corporate Governance and the disclosure requirements in that regard for the F.Y. 2014-15 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, two Directors from the Board of POWERGRID have 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, 2015, Shri R. N. Nayak, Shri I. S. Jha, Shri R. T. Agarwal, Smt. Jyoti Arora, and Dr. K. Ramalingam 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 are in office as on 31st March, 2015 was as follows:

Name & Designation	Date of Joining on the Board
Shri R. N. Nayak, Non – executive Chairman	29.09.2009
Shri I.S. Jha, Part – time Director	01.09.2011
Shri R. T. Agarwal, Part – time Director	16.05.2011
Smt. Jyoti Arora, Govt. Nominee Director	20.03.2014
Dr. K. Ramalingam, Independent Director	29.01.2015

*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, 2015, eight Board meetings were held on 29th May, 30th June, 13th and 14th August (adjourned), 5th September, 29th October and 8th December of the year 2014 and 29th January and 18th March of the year 2015. The maximum interval between any two meetings during this period was 51 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 2014-15 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 05.09.2014)	No. of Other Directorship held on 31.03.15 *	No. of Committee Membership held on 31.03.15**	
					Chairman	Member
Non executive Directors						
Shri R. N. Nayak, Chairman	8	8	Yes	9	NIL	NIL
Shri I. S. Jha, Director	8	6	Yes	9	NIL	2
Shri R. T. Agarwal, Director	8	8	Yes	4	1	2
Smt. Jyoti Arora, Director	8	3	Yes	2	NIL	NIL
Dr. K. Ramalingam, Director	2	2	N.A. #	1	1	NIL
Shri Santosh Saraf, Director	6	6	Yes	N.A. #	N.A. #	N.A. #
Shri P.K. Pahwa, Director	7	7	Yes	N.A. #	N.A. #	N.A. #

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 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 Committee's of the Board.

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

**Audit Committee**

The composition of Audit Committee during the F. Y 2014-15 was as under:

I. From April, 2014 to 26th December, 2014 the composition of Audit Committee was as under:

- (i) Shri Santosh Saraf, Independent Director– Member & Chairman
- (ii) Shri R. T. Agarwal, Director – Member
- (iii) Shri I. S. Jha, Director – Member
- (iv) Shri P. K. Pahwa, Director – Member (from 05.09.2014 to 28.02.2015)

- Note:
1. Shri P. K. Pahwa, Government Nominee Director was co opted as a Member of the Audit Committee w.e.f. 05.09.2014. He ceased to be on the Board of the Company w.e.f. 01.03.2015 in view of his superannuation from CEA.
 2. On completion of tenure of as an Independent Director of POWERGRID on 26.12.2014, Shri Santosh Saraf ceased to be a Director of the Company w.e.f. 26.12.2014 and consequently ceased to be Member / Chairman of the Audit Committee

II. From 29th January'15 to March'15 the composition of the Audit Committee was as under:

- (i) Dr. K. Ramalingam, Independent Director– Member & Chairman
- (ii) Shri R. T. Agarwal, Director – Member
- (iii) Shri I. S. Jha, 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, 2014, 06 meetings of the Audit Committee were held on 28th May, 30th June, 13th August, 5th September and 8th December of the year 2014 and 18th March of the year 2015.

Attendance at the Audit Committee Meetings during the Financial Year 2014-15 was as under:

Name of the member	Audit Committee Meetings during the tenure	
	Held	Attended
Shri Santosh Saraf*	05	05
Dr. K. Ramalingam^	01	01
Shri R. T. Agarwal	06	05
Shri I. S. Jha	06	04
Shri P. K. Pahwa	02	02

* Chairman /Member from 01.04.2014- 26.12.2014

^ Chairman/Member from 29.01.2015 to till date

Corporate Social Responsibility Committee

POSOCO Board had constituted the CSR Committee in its meeting held on 27th May, 2013 for implementation of Corporate Social Responsibility (CSR) requirements as stipulated in the Companies Act, 2013.

The Committee comprised of the following members as on 31.03.2015:

Shri R. N. Nayak, Chairman – Chairman of the Committee

Dr. K. Ramalingam, Independent Director– Member*

Shri R. T. Agarwal, Director – Member

Shri I. S. Jha, Director – Member

* Shri Santosh Saraf was the member of the CSR Committee till 26.12.2014. Thereafter Dr. K. Ramalingam was appointed as a member of the CSR Committee w.e.f. 29.01.2015.

During the Financial Year 2014-15, two meetings of the CSR Committee were held – on 30th June, 2014 and 18th March, 2015. Attendance at the above meetings was as follows:

Name of the member	CSR Committee Meetings during the tenure	
	Held	Attended
Shri R. N. Nayak, Chairman	02	02
Dr. K. Ramalingam, Independent Director*	01	01
Shri R. T. Agarwal, Director	02	02
Shri I. S. Jha, Director	02	02
Shri Santosh Saraf, Independent Director*	01	01

* Shri Santosh Saraf was the member of the CSR Committee till 26.12.2014. Thereafter Dr. K. Ramalingam was appointed as a member of the CSR Committee w.e.f. 29.01.2015.

Nomination and Remuneration Committee

As some 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 31.03.2015:

Shri R. N. Nayak, Chairman – Chairman of the Committee

Dr. K. Ramalingam, Independent Director– Member

Shri R. T. Agarwal, Director – Member

Shri I. S. Jha, Director – Member

The Company Secretary is the Secretary of the Committee

No meeting of the Committee was held during the financial year 2014-15.

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 Meeting	CSR Committee Meeting	
Dr. K. Ramalingam	40,000	20,000	20,000	80,000
Shri Santosh Saraf	1,20,000	1,00,000	20,000	2,40,000

[^]Gross amount.



As on 31.03.2015, the Directors' Shareholding was as under:

Name of Director(s)	No. of Equity Shares Held	
	As a Nominee of POWERGRID	Individual Capacity
Shri R. N. Nayak,	01	-
Shri R. T. Agarwal	01	-
Shri I. S. Jha	01	-

5. General Body Meetings:

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

Year	Date	Time	Venue	Special Resolution
2011-2012	06th September, 2012	3.00 p.m.	1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2012-2013	26th August, 2013	4.30 p.m.	1st Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2013-2014	5th September, 2014	12.30 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. 2014-15 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 website. 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, 2015
Time : 4.30 p.m.
Venue : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016.

(ii) Financial Year

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

(iii) Payment of dividend

The Board of Directors of the Company have recommended payment of a final Dividend of 50% (₹ 5.0 per share) for the financial year ended 31st March, 2015. In addition, an Interim Dividend of 15% (₹ 1.5 per share) was paid on 18th March, 2015. Total dividend paid in the Previous Year was ₹ 8.5 per share.

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

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

(v) Dividend History

(₹ in Crore)

Year	Total Paid-up Capital	Total Amount of Dividend Paid for the Financial Year	Date of AGM in which dividend was declared	Date of Payment of Final Dividend
2010-11	30.64	3.06	24.08.2011	13.09.2011
2011-12	30.64	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	4.59*	18.03.2015@	18.03.2015#

* Amount of interim Dividend for F.Y. 2014-15

@ Date of the Board Meeting at which the interim dividend was declared.

Date of Payment of Interim Dividend for F.Y. 2014-15

(vi) Location of POSOCO Plants

POSOCO has no plants.

(vii) Shareholding Pattern

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

(viii) Address for correspondence:

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

	Telephone No.	Fax No.
Registered Office	011-26536832, 26524522	011-26524525, 26536901
website	http://posoco.in	
Company Secretary - CS Priti Chaturvedi	011-26561309	011 -26524525
Email ID	priti@posoco.in	

For and on behalf of the Board of the Directors
Power System Operation Corporation Limited



(R.N. Nayak)
Chairman

Date: 17.08.2015

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 had 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. 2014-15 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 Programmes in POSOCO.
 - Presentation on the Companies Act, 2013 and the various Regulations notified thereunder
 - Presentation on Corporate Social Responsibility (CSR)
 - Presentation on Secretarial Standards
 - Presentation on MoU Performance score
 - Presentation on activities assigned to POSOCO by MoP and CERC through new Regulations, inter alia including anticipated fee and charges of POSOCO.
 - Presentation on Half – yearly Review (H-1 Review).
 - Presentation on truing up of RLDC Fees and Charges for the Control Period 2009-14.
 - Presentation on CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2015
- 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.

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 2015 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 of the total number of directors, 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)

Annex – VIII(b)

Management's Replies to the Corporate Governance Report (2014-15)

Practicing Company Secretary's Comments	Management's Response
<p>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, 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.</p>	<p>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.</p>

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015**

{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, 2015 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, 2015 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, 1992; **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. (Not mandatory for the Audit period).
- (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:

There is only one Independent Director against the requirement of two Independent Directors on the Board of the Company in terms of Section 149 (4) of the Companies Act, 2013 read with Para 3.1.2 & 3.1.4 of the Guidelines on Corporate Governance for Central Public Sector Enterprises. Accordingly, the composition of Audit Committee and Nomination & Remuneration Committee w.r.t. independent Directors forming a majority needs to be aligned in line with provisions of Section 177(2) & 178(1) of the Companies Act, 2013. In view of presence of only one Independent Director on the Board, a Separate Meeting of Independent Directors could not held as per the provisions of the Schedule IV (VII).

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, there is only one Independent Director on the Board of the Company. 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 Section 149 (8) read with Schedule IV and Section 178 (2) of the Companies Act, 2013 provides for evaluation of directors performance. Further, MCA vide its notification dated 5th June, 2015 provides exemption from compliance of Sub-Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration to Directors of Government Companies. The Company has explained that the appointment of Directors on the Board of the Company is made by Holding Company/ Government of India (GOI).

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,

Sd/-

Sachin Agarwal

FCS No. : 5774

C.P No. : 5910

Date : August 12, 2015

Place: New Delhi

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.



पावरग्रिड

"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,

Sd/-

Sachin Agarwal

FCS No. : 5774

C. P No. : 5910

Annex – IX (b)

Date : August 12, 2015

Place: New Delhi

Secretarial Auditors' Comments	Management's Response
There is only one Independent Director against the requirement of two Independent Directors on the Board of the Company in terms of Section 149 (4) of the Companies Act, 2013 read with Para 3.1.2 & 3.1.4 of the Guidelines on Corporate Governance for Central Public Sector Enterprises. Accordingly, the composition of Audit Committee and Nomination & Remuneration Committee w.r.t. independent Directors forming a majority needs to be aligned in line with provisions of Section 177(2) & 178(1) of the Companies Act, 2013. In view of presence of only one Independent Director on the Board, a Separate Meeting of Independent Directors could not held as per the provisions of the Schedule IV (VII).	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, 2015 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 would also be aligned in terms of the provisions of the Companies Act as well as the DPE Guidelines.

For and on behalf of the Board of the Directors
Power System Operation Corporation Limited

(R. N. Nayak)

Chairman

Date : 17.08.2015

Place: New Delhi



पावरग्रिड

Annex -X

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

ANNUAL RETURN		
Public Authority	Power System Operation Corporation Ltd (National Load Despatch Centre & POSOCO Corporate Centre (A wholly owned subsidiary of Power Grid Corporation of India Ltd.)	
Year	2014	
	Item	No.
1	No. of Complaints received during the year	0
2	Number of Complaints disposed off in the year	0
3	No. of cases pending for more than 90 days	0
4	No. of Workshops or awareness programmes against Sexual Harassment Carried out during the year	2
5	Nature of action taken by District Officer	N/A

For and on behalf of the Board of the Directors
Power System Operation Corporation Limited

(R.N. Nayak)
Chairman

Date : 17.08.2015

Place: New Delhi



पावरग्रिड

Balance Sheet As At 31st March 2015

(₹ in Crore)

Description	Note No.	As at 31-Mar-2015	As at 31-Mar-2014
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share capital	2.1	30.64	30.64
(b) Reserves and surplus	2.2	211.44	187.30
		242.08	217.94
2) Non-current liabilities			
(a) Long-term borrowings	2.3	-	-
(b) Deferred Revenue	2.4	1.30	1.21
(c) Other Long term liabilities	2.5	1.80	0.09
(d) Long-term provisions	2.6	29.28	29.83
		32.38	31.13
3) Current liabilities			
(a) Short-term borrowings	2.7	-	-
(b) Trade payables	2.8	-	-
(c) Other current liabilities	2.9	746.33	444.63
(d) Short-term provisions	2.10	35.33	27.56
		781.66	472.19
Total		1,056.12	721.26
II. ASSETS			
1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.11	29.48	26.58
(ii) Intangible assets	2.12	6.95	4.83
(iii) Capital work in progress	2.13	48.89	23.95
(iv) Construction stores	2.14	-	-
		85.32	55.36
(b) Deferred tax Assets (Net)	2.15	18.61	15.66
(c) Long-term loans and advances	2.16	135.75	141.08
2) Current assets			
(a) Trade receivables	2.17	13.77	5.35
(b) Cash and Cash Equivalent	2.18	768.44	468.52
(c) Short-term loans and advances	2.19	12.99	13.47
(d) Other current assets	2.20	21.24	21.82
		816.44	509.16
Total		1,056.12	721.26
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

Sd/-
(M. K. Gupta)
Chief Financial OfficerSd/-
(S. K. Soonee)
Chief Executive OfficerSd/-
(Priti Chaturvedi)
Company Secretary
ACS 17639Sd/-
(R. T. Agarwal)
Director
DIN 01937329Sd/-
(R. N. Nayak)
Chairman
DIN 02658070

As per our report of even date

For **S. C. Ajmera & Co**
Chartered Accountants
Firm No. -002908CFor **S. K. Kapoor & Co**
Chartered Accountants
Firm No. 000745CSd/-
(Arun Sarupria)
Partner
M No:078398Sd/-
(V. B. Singh)
Partner
M No:073124Place : New Delhi
Date : 22-May-2015

Statement of Profit and Loss for the year ended 31st March 2015

(₹ in Crore)

Description	Note No.	For the year ended 31-Mar-2015	For the year ended 31-Mar-2014
I. Revenue from operations	2.21	197.08	197.05
II. Other income	2.22	52.94	55.13
III. Total Revenue (I + II)		250.02	252.18
IV. Expenses:			
Employee benefits expense	2.23	93.25	86.02
Finance costs	2.24	23.17	19.19
Depreciation and amortization expense	2.25	7.94	8.40
Other Expenses	2.26	51.08	47.67
Total expenses		175.44	161.28
V. Profit before exceptional and Extraordinary Items and tax (III-IV)		74.58	90.90
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V- VI)		74.58	90.90
VIII. Extraordinary Items		(5.13)	-
IX. Profit before tax (VII - VIII)		79.71	90.90
X. Tax expense:			
(1) Current tax		34.62	43.21
(2) Deferred tax		(2.95)	(13.06)
		31.67	30.15
XI. Profit after tax (IX - X)		48.04	60.75
XII. Earnings per equity share: (In ₹ per share) (Face Value of ₹ 10/- each)	2.43		
(1) Basic		14.97	18.45
(2) Diluted		14.97	18.45

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

Sd/-
(M. K. Gupta)
Chief Financial Officer

Sd/-
(S. K. Soonee)
Chief Executive Officer

Sd/-
(Priti Chaturvedi)
Company Secretary
ACS 17639

Sd/-
(R. T. Agarwal)
Director
DIN 01937329

Sd/-
(R. N. Nayak)
Chairman
DIN 02658070

As per our report of even date

For S. C. Ajmera & Co
Chartered Accountants
Firm No. -002908C

For S. K. Kapoor & Co
Chartered Accountants
Firm No. 000745C

Sd/-
(Arun Sarupria)
Partner
M No:078398

Sd/-
(V. B. Singh)
Partner
M No:073124

Place : New Delhi
Date : 22-May-2015



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(₹ in crore)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax (Excluding REC Surplus)	76.41	84.47
Add: Gross Surplus of REC	3.30	6.49
Profit Before Tax	79.71	90.96
Adjustment for :		
Depreciation	7.94	8.40
Transfer from Grants in Aid	0.09	0.71
Net Loss on Disposal / Write off of Fixed Assets	0.08	0.96
Interest and Finance Charges	23.17	19.19
Interest on Bank Flexi Deposits	(46.94)	(43.14)
Provisions made	-	0.02
Operating profit before Working Capital Changes	64.05	77.10
Adjustment for :		
Increase/(Decrease) in Other Long Term Liabilities	1.71	99.66
Increase/(Decrease) in Long Term Provisions	(0.54)	3.16
Increase/(Decrease) in Other Long Term Borrowings	-	-
(Increase)/Decrease in Trade and other Receivables	(8.42)	(0.74)
Increase/(Decrease) in Trade Payables & current liabilities	301.64	(505.66)
Increase/(Decrease) in Short Term Provisions (Excluding REC Tax Provision)	2.09	8.36
Increase/(Decrease) in Short Term Provisions (REC Tax Provision)	1.12	2.20
(Increase)/Decrease in Other current assets	5.41	(2.45)
(Increase)/Decrease in Long Term Loans and Advances	11.66	(39.99)
(Increase)/Decrease in Trade Receivables	-	-
(Increase)/Decrease in Short Term Loans and Advances	0.50	31.76
(Increase)/Decrease in Loans and Advances	-	-
	315.17	(403.70)
Direct taxes paid	(40.94)	(71.77)
Net Cash from operating activities	338.28	(398.37)
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Tangible and Intangible Assets	(13.04)	(4.22)
(Increase)/Decrease in Work in Progress	(24.96)	(20.33)
(Increase)/Decrease in Construction Stores	-	-
Interest on Bank Flexi Deposits	42.11	51.80
Net cash used in investing activities	4.11	27.25
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(15.32)	(26.04)
Dividend tax paid	(3.98)	(4.43)
Interest and Finance Charges Paid	(23.17)	(19.19)
Net Cash from Financing Activities	(42.47)	(49.66)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015 (Contd.)

(₹ in crore)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
D. Net change in Cash and Cash equivalents(A+B+C)	299.92	(420.78)
E. Cash and Cash equivalents(Opening balance)	468.52	889.30
F. Cash and Cash equivalents(Closing balance) (D+E)	768.44	468.52

Note:

1. Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note 2.18.

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Cash and cash equivalents	707.99	377.70
Other Bank balances (*)	60.45	90.82
	768.44	468.52

(*) Amounts available for specific use only

In designated current accounts / flexi deposit accounts operated and maintained in terms of CERC regulations (refer note 2.29)

48.33 77.37

In Flexi Deposit accounts -REC (refer note 2.35)

12.12 13.45

60.44 90.82

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

For and on behalf of the Board of Directors

Sd/-
(M. K. Gupta)
Chief Financial Officer

Sd/-
(S. K. Soonee)
Chief Executive Officer

Sd/-
(Priti Chaturvedi)
Company Secretary
ACS 17639

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As per our report of even date

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Sd/-
(Arun Sarupria)
Partner
M No:078398

Sd/-
(V. B. Singh)
Partner
M No:073124

Place : New Delhi
Date : 22-May-2015



NOTE NO: 1 – 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 and the relevant provisions of the Companies Act, 2013 including Accounting Standards notified there under.

1.2 USE OF ESTIMATES

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

1.3 RESERVES AND SURPLUS

Load Despatch Centre Development fund is created in terms of Central Electricity Regulatory Commission (fees and charges of the Regional Load Despatch Centre and other related matters) Regulations 2009. In terms of clause 9(2) of the regulations, the charges on account of return on equity, interest on loan, depreciation and other income of the Regional Load Despatch Centres and National Load Despatch Centre (NLDC) such as registration fee, application fee, short term open access charges etc. shall be deposited to the LDC development fund. The funds shall be utilised for loan repayment, servicing the interest and dividend payment on capital raised, meeting stipulated equity portion in asset creation and margin money for raising loan from financial institutions and funding of expenditure towards Corporate Social Responsibility (CSR), Sustainable Development (SD) activities and Research & Development (R&D) Projects and Income Tax payable, if any. Any asset created out of the money deposited to the LDC development fund shall not be considered for computation of the return on equity and interest on loan.

1.4 GRANTS IN AID

- 1.4.1 Grants in aid received from Central Govt or other authorities towards capital expenditure for projects, betterment of system operation and specific depreciable assets are shown as "Grants-in-aid" till the utilisation of grant.
- 1.4.2 On capitalisation of related assets, grant received for specific depreciable assets are treated as deferred income and recognised in the 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 capitalisation.
- 1.6.2 Interest during construction is apportioned to Capital Work In Progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP

1.7 INTANGIBLE ASSETS

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

1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

1.9 BORROWING COST

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

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

1.10 TRANSACTIONS IN FOREIGN CURRENCY

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

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

1.11 REVENUE RECOGNITION

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

Any excess in collection of System Operation and Market Operation charges over the revenue recognised is transferred to the liability to be adjusted on Truing up exercise by the CERC after the expiry of the control period

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

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

1.11.4 Transmission charges collected for the disbursement to STUs/CTUs/SEBs from the Short Term Open Access (STOA) are passed on to the respective STUs/CTUs/SEBs. The unpaid amount as at balance sheet date is depicted as liability.

1.11.5 SUPERVISION CHARGES

Overhead charges on account of supervision of SCADA Annual Maintenance Charges are accounted on accrual basis.

1.11.6 REGISTRATION FEES

One time registration fees of new users and power exchanges is accounted for on receipt basis.

1.11.7 Liquidated damages/warranty claims and interest on advances to suppliers are accounted for on certainty.

1.11.8 Bank Interest earned on the fixed deposits lying in unscheduled Interchange Pool Account Fund, Congestion Charge Account, Reactive Energy Charges Account ,Deviation pool Account fund and Inter regional exchange account are credited directly to respective Fund accounts.

1.11.9 Surcharge is being accounted for when no significant uncertainty as to measurability and collectability exists.

1.11.10 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 specified in the norms notified by CERC for the purpose of recovery of RLDC fees and charges. With effect from 01/04/2009 (effective date of CERC Regulations, 2009), useful life has been considered/worked out prospectively based on unamortized balance of such asset on the basis of the rate of depreciation specified by CERC except for mobile phones which have been depreciated at 33.33%.

1.12.2 Depreciation on addition to/deductions from fixed assets during the year is charged on pro-rata basis.

1.12.3 Assets costing ₹ 5,000/- or less or where the written down value is ₹ 5,000/- or less at the beginning of the year, are charged to revenue.

1.13 EXPENDITURE

1.13.1 Pre-paid /prior period expenses / income of items of ₹ 1,00,000/- and below are charged to natural heads of accounts.

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



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

1.14 IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on "Impairment of Assets" are defined at the balance sheet date with respect to carrying amount vis-à-vis recoverable amount thereof and impairment loss, if any, is recognised in the 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 INCOME TAX

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

1.18 CASH FLOW

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.

Note No. 2.1/Share capital

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
Equity Share Capital		
Authorised Capital		
20,00,00,000 (Previous Year 20,00,00,000) equity shares of ₹ 10/- each	200.00	200.00
Issued Subscribed and paid up		
3,06,40,000 (Previous Year 3,06,40,000) equity shares of ₹ 10/-each fully paid up	30.64	30.64
Total	30.64	30.64

Further Notes:

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

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	(₹ in Crores)	No. of Shares	(₹ in Crores)
Shares outstanding at the beginning of the year	3,06,40,000	30.64	3,06,40,000	30.64
Shares Issued during the year	NIL	NIL	NIL	NIL
Shares bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	3,06,40,000	30.64	3,06,40,000	30.64

- 2) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.
- 3) 3,06,40,000 (Previous Year 3,06,40,000) equity shares are held by Powergrid Corporation of India Limited - Holding Company and its nominees.
- 4) Out of above 3,05,90,000 (Previous Year 3,05,90,000) equity shares of ₹ 10 /- each have been allocated as fully paid shares, in pursuant to agreement to sell assets without consideration being received in cash.

Note No. 2.2/Reserves and surplus

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
General Reserve		
As per last balance sheet	19.90	13.80
Additions during the year	5.00	6.10
Deductions during the year	-	-
Closing Balance	24.90	19.90
REC Fund		
As per last balance sheet	8.46	4.17
Additions during the year	2.18	4.29
Deductions during the year	-	-
Closing Balance	10.64	8.46
Load Despatch Centre Development (LDC) Fund		
As per Last Balance Sheet	124.76	102.28
Additions during the year	107.22	100.66
Deductions during the year	73.02	78.18
Closing Balance	158.96	124.76
Surplus in Statement of Profit and Loss		
As per last balance sheet	34.18	36.77

**Note No. 2.2/Reserves and surplus (Contd.)**

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
Add: Profit After tax as per Statement of Profit and Loss	48.04	60.75
Less: Appropriations		
LDC Development Fund	34.20	22.48
General Reserve	5.00	6.10
REC Fund	2.18	4.29
Interim dividend paid	4.60	15.32
Dividend tax on Interim Dividend	0.92	2.61
Proposed Final Dividend	15.32	10.72
Dividend tax on Proposed Dividend	3.06	1.82
Closing Balance	16.94	34.18
TOTAL	211.44	187.30

Note No. 2.3/Long-term borrowings

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
	-	-
Total	-	-

Note No. 2.4/Deferred Revenue

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
Grants in aid		
As per Last Balance Sheet	1.21	0.50
Additions during the year	0.33	0.80
Deductions during the year	0.24	0.09
Closing Balance	1.30	1.21
Total	1.30	1.21

Note No. 2.5/Other Long term liabilities

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
i) Deposits/ Retention money from contractors and others.	1.24	0.09
ii) Dues for Capital Expenditure	-	-
iii) Others	0.56	-
Total	1.80	0.09

Note No. 2.6/Long-term provisions

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
Employee Benefits		
As per last balance sheet	29.83	26.67
Additions during the year	8.42	6.17
Amounts utilised/paid during the year	8.97	3.01
Closing Balance	29.28	29.83
Total	29.28	29.83

Note No. 2.7/Short-term borrowings

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
	-	-
Total	-	-

Note No. 2.8/Trade payables

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
For goods and services	-	-
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 2015 and as on 31st March 2014.

Note No. 2.9/Other current liabilities

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
i) Employee related liability	0.27	0.83
ii) Deposits/Retention money from contractors and others.	10.63	5.62
iii) Advances from Customers	167.52	121.61
iv) Liability on account of Truing up (refer Note No.2.37 of Other Notes on Accounts)	180.31	107.03
v) Others	11.22	8.37
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 Other Notes to Account)	55.94	84.63
vii) Liabilities in respect of Third Parties		
a) Short Term Open Access Regulation		
i) CTU	47.52	49.96
ii) STU	38.13	26.44
b) PSDF Disbursement Account	185.46	-
viii) Other Liabilities- REC	-	-
ix) Statutory Dues	2.21	1.91
x) Related parties -Holding Company	47.12	38.23
Total	746.33	444.63

Note No. 2.10/Short-term provisions

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
A) Provision for Employee Benefits		
i) Transmission incentive / special incentive		
As per last balance sheet	12.06	7.65
Addition during the year	10.67	10.48
Amount paid/adjusted during the year	8.47	6.07
Closing Balance	14.26	12.06



Note No. 2.10/Short-term provisions (Contd.)

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
ii) Other Employee Benefits (Leave Encashment, Settlement Allowance, Post retirement medical benefits etc.)		
As per last balance sheet	2.90	2.12
Additions during the year	0.77	1.01
Amounts utilised/paid during the year	0.99	0.23
Closing Balance	2.68	2.90
Total (A)		16.94
		14.96
B) Others		
i) Taxation		
As per last balance sheet	135.08	91.87
Additions during the year	34.62	43.21
Amount adjusted during the year	56.09	-
Balance transferred to Note No. 2.16	113.61	135.08
Closing Balance	-	-
ii) Proposed Dividend		
As per last balance sheet	10.72	6.13
Additions during the year	19.92	26.04
Amounts paid during the year	15.32	21.45
Closing Balance	15.32	10.72
iii) Dividend Tax		
As per last balance sheet	1.82	1.04
Additions during the year	3.98	4.43
Amounts paid during the year	2.74	3.65
Closing Balance	3.06	1.82
iv) Corporate Social Responsibility (CSR)		
As per last balance sheet	0.06	-
Additions during the year	0.01	0.06
Amounts paid during the year	0.06	-
Closing Balance	0.01	0.06
Total (B)		18.39
		12.60
Total (A+B)		35.33
		27.56

Note No. 2.11/Tangible assets

(₹ in Crore)

Description	Gross Block				Depreciation/Amortisation					Net Block		
	As at 01-Apr-2014	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31-Mar-2015	Upto 31-Mar-2014	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31-Mar-2015	As at 31-Mar-2015	As at 31-Mar-2014
Civil Works												
a) RLDCs	9.88	3.40	-	-	13.28	2.26	0.39	-	(0.01)	2.66	10.62	7.62
b) Township	-	-	-	-	-	-	-	-	-	-	-	-
Temporary Erection	0.06	-	-	-	0.06	0.06	-	-	-	0.06	-	-
Water Supply Drainage & Sewerage	0.07	-	-	-	0.07	0.01	-	-	-	0.01	0.06	0.06
Plant & Machinery												
a) RLDCs	2.86	0.14	0.11	-	2.89	1.10	0.14	0.06	-	1.18	1.71	1.76
b) ULDC	50.41	2.33	-	-	52.74	44.36	2.72	-	-	47.08	5.66	6.05
c) Communication	0.52	-	-	-	0.52	0.25	0.03	-	-	0.28	0.24	0.27
Furniture Fixtures ***	7.81	0.06	0.01	0.02	7.84	3.94	0.46	0.01	0.01	4.38	3.46	3.87
Office equipment	2.95	0.38	0.07	0.05	3.21	1.28	0.20	0.05	0.03	1.40	1.81	1.67
Electronic Data Processing & Word Processing Machines	10.17	2.07	0.03	0.04	12.17	5.77	1.32	0.01	-	7.08	5.09	4.40
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	-	-	-	0.95	0.10	0.05	-	-	0.15	0.80	0.85
Miscellaneous Assets/ Equipments	0.11	0.01	-	-	0.12	0.09	-	-	(0.01)	0.10	0.02	0.02
Grand Total	85.81	8.39	0.22	0.11	93.87	59.23	5.31	0.13	0.02	64.39	29.48	26.58
Previous Year	92.67	2.18	0.47	8.57	85.81	61.02	6.31	0.43	7.67	59.23	26.58	31.65

Note 1:

No Land is owned by POSOCO.

*** Note 2:

The Adjustments in Gross Block & Depreciation in above Data includes Amount Relating to REC -

- 1) Gross Block 0.01
- 2) Accumulated Depreciation -
- 3) Net Block 0.01

Note No. 2.12/Intangible assets

(₹ in Crore)

Description	Gross Block				Depreciation/Amortisation					Net Block		
	As at 01-Apr-2014	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31-Mar-2015	Upto 31-Mar-2014	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31-Mar-2015	As at 31-Mar-2015	As at 31-Mar-2014
SCADA Software	193.39	0.06	-	(0.01)	193.46	192.05	0.57	-	0.01	192.61	0.85	1.34
Electronic Data Processing Software ***	7.15	4.70	-	-	11.85	3.66	2.05	-	(0.04)	5.75	6.10	3.49
Grand Total	200.54	4.76	-	(0.01)	205.31	195.71	2.62	-	(0.03)	198.36	6.95	4.83
Previous Year	198.43	2.11	-	-	200.54	193.53	2.09	-	(0.09)	195.71	4.83	4.90

*** Note:

The Adjustments in Gross Block & Depreciation in above Data includes Amount Relating to REC -

- 1) Gross Block 0.32
- 2) Accumulated Depreciation 0.31
- 3) Net Block 0.01



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Note No. 2.13/Capital work in progress

(₹ in Crore)

Description	As at 01-Apr-2014	Additions during the year	Adjustments during the year	capitalised during the year	As at 31-Mar-2015
Civil Works					
Regional Load Despatch Centre & Office (Incl. civil work)	0.12	2.34	(1.24)	-	3.70
Township	1.24	-	1.24	-	-
Plant & Equipments (including associated civil works)					
ULDC	22.05	25.04	0.10	2.34	44.65
Other office equipments	0.54	-	-	-	0.54
Incidental Expenditure during Construction	-	-	-	-	-
TOTAL	23.95	27.38	0.10	2.34	48.89

Note No. 2.14/Construction stores

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
Construction Stores	-	-
Total	-	-

Note No. 2.15/Deferred tax Assets (Net)

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
Deferred Tax Asset		
Employee Benefits-Leave encashment, Incentive u/s 43B Including Wage Revision Provision	15.70	15.26
Provisions	0.07	-
Interest on Truing up	7.69	6.11
Sub-total (A)	23.46	21.37
Deferred Tax Liability		
Less: Towards Fixed Assets (Net)	4.85	5.71
Sub-total (B)	4.85	5.71
Net Deferred Tax Assets	18.61	15.66

Note No. 2.16/Long-term loans and advances

(Unsecured Considered Good unless otherwise stated)

(₹ in Crore)

Description	As at 31-Mar-2015	As at 31-Mar-2014
Other loans and advances		
i) Employees (including Interest Accrued)		
a) Secured Considered good	7.95	7.57
b) Unsecured - Considered good	0.31	0.32
- Considered doubtful	0.07	0.07
	<u>8.33</u>	<u>7.96</u>
Less: Provision for Bad & Doubtful Advances	0.07	0.07
		<u>7.89</u>
ii) Advances recoverable in cash or in kind or for value to be received (Unsecured considered good)		
a) Contractors & Suppliers		
- Considered good	45.03	44.60
- Considered Doubtful	0.13	0.04
	<u>45.16</u>	<u>44.64</u>

Note No. 2.16/Long-term loans and advances (Contd.)

(Unsecured Considered Good unless otherwise stated)

Description	(₹ in Crore)	
	As at 31-Mar-2015	As at 31-Mar-2014
b) Employees	0.56	0.42
c) Capital Advance -Holding Company	-	-
d) Others	1.24	1.40
e) Others-Third Party	-	-
f) Balance with Customs Port Trust and other authorities	0.31	0.10
	<u>47.27</u>	<u>46.56</u>
Less: Provision for Bad & Doubtful Advances	0.13	0.04
	<u>47.14</u>	<u>46.52</u>
Advance Tax & TDS	193.96	221.75
Less : Provision for Taxation (Refer Note no. 2.10)	<u>113.61</u>	<u>135.08</u>
	<u>80.35</u>	<u>86.67</u>
TOTAL	<u>135.75</u>	<u>141.08</u>
Due from Directors	-	-
Officers	0.41	1.22

Note No. 2.17/Trade receivables

Description	(₹ in Crore)	
	As at 31-Mar-2015	As at 31-Mar-2014
i) Debts Outstanding for a period exceeding Six Months (Unsecured)		
Considered Good	0.01	-
Considered Doubtful	-	-
ii) Other Debts (Unsecured)		
Considered Good	13.76	5.35
Considered Doubtful	-	-
	<u>13.77</u>	<u>5.35</u>
Less: Provision for bad & doubtful debts	-	-
TOTAL	<u>13.77</u>	<u>5.35</u>

Note No. 2.18/Cash and Cash Equivalents

Description	(₹ in Crore)	
	As at 31-Mar-2015	As at 31-Mar-2014
1) Cash and Cash Equivalents		
Balance with Banks		
- In Current Accounts / Flexi deposit Accounts	322.19	184.46
- In LDC Development Account	114.69	116.83
Cash on hand	-	0.01
Drafts/Cheques in Hand	-	-
Remittances in transit	-	-
Stamps and Imprest	-	-
	<u>436.88</u>	<u>301.30</u>
2) Other Bank Balances		
- In Designated Current Accounts / Flexi Deposit accounts operated & maintained in terms of CERC regulations (Refer Note no. 2.29 of Other Notes to Account)	48.33	77.37



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Note No. 2.18/Cash and Cash Equivalents (Contd.)

Description	(₹ in Crore)	
	As at 31-Mar-2015	As at 31-Mar-2014
-In Current Accounts/Flexi Deposit Accounts (held on account of Third Parties under)		
a) Short Term Open Access Regulation		
i) CTU	47.52	49.96
ii) STU	38.13	26.44
b) PSDF Disbursement Account	185.46	-
-In Flexi Deposit accounts -REC (Refer Note no. 2.35 of Other Notes to Account)	12.12	13.45
TOTAL	331.56	167.22
	768.44	468.52

Note No. 2.19/Short-term loans and advances

Description	(₹ in Crore)	
	As at 31-Mar-2015	As at 31-Mar-2014
A) Loans		
a) Employees including interest accrued		
Secured considered good	1.33	1.24
Unsecured considered good	0.27	0.25
Total (A)	1.60	1.49
B) Related Party Advance -Holding Company	3.76	8.18
C) Advances recoverable in cash or in kind or for value to be received		
a) Employees	0.92	0.86
b) Others		
1) Contractors & Suppliers	5.94	2.13
2) In Designated A/c	0.63	0.54
3) Contractors & Suppliers- REC (Refer Note no. 2.35 of Other Notes to Accounts)	0.10	0.09
4) Others	0.04	0.18
Total (C)	6.71	2.94
Total(A+B+C)	7.63	3.80
Total(A+B+C)	12.99	13.47
Directors	-	-
Officers	0.30	0.45

Note No. 2.20/Other current assets

Description	(₹ in Crore)	
	As at 31-Mar-2015	As at 31-Mar-2014
a) Interest accrued but not due		
Interest accrued on Flexi Deposits with Bank	7.93	3.10
Interest accrued on Flexi Deposit with Deposits-In Designated A/c	0.06	0.13
Interest accrued on Flexi Deposits-REC (Refer Note no.2.35 of Other Notes to Account)	0.24	0.21
b) Others (Unbilled Revenue)	13.01	18.38
TOTAL	21.24	21.82

Note No. 2.21/Revenue from operations

Description	(₹ in Crore)	
	As at 31-Mar-2015	As at 31-Mar-2014
Sales of services		
1) Revenue from System and Market Operation (Gross)	212.65	212.65
Less: Truing up Adjustment (Net)	56.94	54.46
Net Revenue	155.71	158.19
2) Short Term Open Access-Other Charges	39.57	36.86
3) Registration Money	1.80	2.00
TOTAL	197.08	197.05

Note No. 2.22/Other income

Description	(₹ in Crore)	
	For the Year ended 31-Mar-2015	For the Year ended 31-Mar-2014
A) Interest from		
Indian Banks	46.95	43.14
Employees Loans and Others	0.59	0.44
Total (A)	47.54	43.58
B) Others		
Consultancy Project Management and Supervision Fees	0.85	1.33
REC Surplus	3.30	6.49
Deferred Income (Transferred from Grants-in-aid)	0.24	0.09
Surcharge	0.04	0.06
Interest From Others**	0.58	1.94
Provision written back	0.02	1.23
Miscellaneous income ***	0.37	0.41
Total (B)	5.40	11.55
TOTAL	52.94	55.13

** The amount Includes Priod Period items -₹ Nil in Current Year(₹ 1.86 Cr in Previous Year)

*** The amount Includes Priod Period items -₹ 0.18 Cr in Current Year(₹ 0.03 Cr in Previous Year)

Note No. 2.23/Employee benefits expense

Description	(₹ in Crore)	
	For the Year ended 31-Mar-2015	For the Year ended 31-Mar-2014
Salaries wages allowances & benefits	76.49	71.99
Contribution to Provident and other funds	8.74	8.84
Staff Welfare expenses	8.02	5.19
Total	93.25	86.02



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Note No. 2.24/Finance costs

(₹ in Crore)

Description	For the Year ended 31-Mar-2015	For the Year ended 31-Mar-2014
A) Interest on Loan from		
Foreign Banks and Financial Institutions	-	-
Secured/Unsecured redeemable Bonds	-	-
Interest on Truing Up ***	22.62	19.18
Others	0.54	-
	23.16	19.18
B) Other Borrowing Cost		
Guarantee Fee	-	-
Other finance charges	0.01	0.01
	0.01	0.01
C) Foreign Exchange Rate Variation	6.27	3.96
Less: Recoverable from Beneficiaries at the time of Truing Up (Refer Note No. 2.37 (iii) of Other Notes to Account).	6.27	3.96
	-	-
TOTAL	23.17	19.19

*** The amount Includes Period items - ₹ Nil in Current Year (₹ 12.42 Cr in Previous Year)

Note No. 2.25/Depreciation and amortization expense

(₹ in Crore)

Description	For the Year ended 31-Mar-2015	For the Year ended 31-Mar-2014
Depreciation/Amortization-Tangible Assets	5.31	6.31
Amortization-Intangible Assets	2.63	2.09
Total	7.94	8.40

Note No. 2.26/Other Expenses

(₹ in Crore)

Description	For the Year ended 31-Mar-2015	For the Year ended 31-Mar-2014
Repair & Maintenance		
Buildings	0.72	0.80
Plant & Machinery		
RLDCs	16.98	19.87
Others **	3.66	2.14
	20.64	22.01
System and Market Operation Charges	4.17	-
Power charges	4.22	3.10
Training & Recruitment Expenses	2.22	1.58
Communication expenses	1.07	1.11
Travelling & Conv.exp.(excluding foreign travel)	3.86	3.42
Foreign travel	0.44	0.36
	4.30	3.78
Statutory Audit Fees	0.10	0.07
Tax Audit Fees	0.02	0.02
Miscellaneous expenses ***	5.92	5.46
Security Expenses	3.36	3.09
Expenditure on Corporate Social Responsibility (CSR)	1.55	2.34
Expenditure on Sustainable Development	0.37	0.10
Rebate to Customers	2.34	3.25
	51.00	46.71
Loss on Disposal/Write off of Fixed Assets	0.08	0.96
Total	51.08	47.67

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

*** The amount Includes Priod Period items - ₹ 0.25 Cr in Current Year (₹ 0.10 Cr in Previous Year)

NOTE NO: 2 - Notes to Account

2.27 Nature of Operations:-

The company (POSOCO) was incorporated on 20th March 2009 as a wholly owned subsidiary of the Power Grid Corporation of India Limited, 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. 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 CERC. NLDC/RLDC's are to manage these funds as the custodian of these funds as nodal agents till some other entity is identified. The surplus/residual from these funds are to be transferred to Power System Development Fund (PSDF) created under Central Electricity Regulatory Commission (PSDF) Regulations, 2010.

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.

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.

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 for the period upto 16.2.2014

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 and fixed deposit accounts except for difference due to interest accrued and TDS on interest, which are funded on the receipt of the interest and TDS Certificates.

As on 31/03/2015, the total balance in these designated bank accounts was amounting to ₹ 48.33 Crores as against the liability in these funds amounting to ₹ 55.93 Crores. The net difference in the Liability and the designated bank accounts amounting to ₹ 7.60 Crores on account of the Interest accrued and TDS on interest.

2.30 LDC Development Fund

During the year revenue on account of Depreciation, Interest on Loan, Return on Equity (based on truing-up adjustment)



amounting to ₹ 21.48 Crores and other income amounting to ₹ 85.74 Crores comprising mainly of STOA and interest income is required to be deposited in LDC Development Fund in terms of CERC Regulation. The fund has been utilized towards Training (₹ 0.56 Crores), Corporate Social Responsibility Exp. & Sustainable Development Exp. of ₹ 1.91 Crores, income tax of ₹ 33.50 Crores, dividend of ₹ 23.89 Crores (including dividend tax), & Capex ₹ 13.15 Crores resulting in net accretion of ₹ 34.20 Crores to fund.

A sum of ₹ 114.69 Crores is lying in the designated bank account against LDC Development Fund of ₹ 158.96 Crores as on 31.03.2015. The amount required to be contributed during the FY 2015-16 is ₹ 44.27 Crores.

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 2009 for the RLDCs charges has noted that at present the System Operation is not subject to service tax.

2.32 In the Current year unspent expenditure of ₹ 0.01 Crores due to "actual cost of CSR activity (Training) less than the estimate" (previous year ₹ 0.06 Crores) out of the budget for the year towards Corporate Social Responsibility (CSR) and Sustainable Development(SD) has been transferred to short term provisions under the head Current Liabilities.

2.33 No Capital expenditure was incurred on assets not owned by the company during FY 2014-15.

2.34 (i) Other income includes ₹ 0.24 Crores (Previous Year ₹ 0.09 Crores) being the amount transferred from Grants-in-aid received (as per accounting policy note no: 1.4) and also includes prior period income amounting to ₹ 0.18 Crores. (Previous Year ₹ 1.89 Crores)

(ii) Other expenses includes prior period expenditure amounting to ₹ 0.26 crores (Previous Year ₹ 12.52 Crores)

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).

Gross Surplus of REC Mechanism to the tune of ₹ 3.30 Crores (Previous Year ₹ 6.49 Crores) has been accounted for in the books of accounts of the company during the year. Income Tax provisions of ₹ 1.12 Crores (Previous Year ₹ 2.20 Crores) has been made against the above surplus. Net surplus after provisions of Income Tax amounting to ₹ 2.18 Crores (Previous Year ₹ 4.29 Crores) is transferred to REC fund, which shall be utilized only for the expenses allowed under REC Regulation, 2010

2.36 a) TDS receivables, Trade receivables/recoverable, STOA Advance from customers, Trade Payables, Advances from Customers for designated accounts, third party accounts 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 i) In exercise of powers u/s178 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 ₹ 56.94 Crores (Previous Year ₹ 54.46Crores) without FERV, has been de-recognized from income during the year and the same is transferred to the liability, to be adjusted on truing up exercise by the CERC as per accounting policy note no 1.11.1 regarding revenue recognition.

Above Truing up liability includes ₹ 15.88 Crores pertaining to the previous control period 2009-14 (01-10-2010 to 31-03-2014).This differential amount is based on petitions filed by RLDCs/NLDC in the FY 2014-15 and truing up liability already provided in the books of accounts till 31st March 2014. These calculations are subject to further adjustments on final orders after truing up exercise is carried out by CERC as per Regulations.

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. 2009-14. On the petition filed by the company, CERC vide order dated 28th September 2012 has directed that "Any additional legitimate HR expenses over and above that approved by the Commission in 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." Accounting of these expenditures are in accordance with the opinion given by the Expert Advisory Committee of the ICAI.

- iii) During the year old unclaimed advances from customers amounting to ₹ 5.13 Crores lying since more than 3 Years have been transferred to extraordinary income.
- iv) Total FERV allocated by POWERGRID on IBRD II & III till 31.03.2015 is ₹ 6.32 Crores (upto Previous year ₹ 51.90 Crore). During the current F.Y 2014-15 out of ₹ 6.32 Crores of total FERV the Company has considered FERV of ₹ 6.27 Crores 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.
- v) 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 upto 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 Development fund as per CERC Regulation 2009 .The Company has 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.

2.38 Provisions for Performance Related Pay (PRP) amount ₹ 10.68 Crores has been created vide Circular No.K/HR/IE08/0301 Dated 16.03.2010 for Executives, Circular No.K/HR/IE08/0563 Dated 04.05.2013 for Supervisors & Workmen.

2.39 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. 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 ₹ 6.48 Crores (Previous Year ₹ 2.99 Crores) up to 31st March 2015 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 separate Trust. Amount of contribution paid/payable for the year is ₹ 3.65 Crores (Previous year ₹ 3.38 Crores) 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	1.24	1.15	0.41	0.36	0.04	0.04	1.10	1.16
Interest cost on benefit obligation	2.03	1.83	1.01	0.88	0.07	0.07	1.65	1.35
Expected return on plan assets	(2.03)	(1.98)	-	-	-	-	-	-
Net actuarial (gain)/loss recognized in the year	(1.26)	(0.51)	1.24	(0.33)	(0.07)	(0.07)	3.72	3.82
Expenses recognized in the Profit and Loss a/c.	(0.02)	0.49	2.66	0.91	0.04	0.04	6.47	6.33

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 31/03/2015	23.73	23.9	14.02	11.96	0.86	0.85	17.08	19.92
(ii) Fair value of plan assets as at 31/03/2015 (*)	27.14	25.39	-	-	-	-	-	-
Difference	(3.41)	(1.49)	(14.02)	(11.96)	(0.86)	(0.85)	(17.08)	(19.92)
Net Asset(Liability) recognized in Balance Sheet	3.41	1.49	(14.02)	(11.96)	(0.86)	(0.85)	(17.08)	(19.92)

(*)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 31/03/2014	23.9	22.9	11.96	11.05	0.85	0.81	19.92	16.93
Interest cost	2.03	1.83	1.01	0.88	0.07	0.06	1.65	1.35
Current Service Cost	1.24	1.15	0.41	0.36	0.04	0.04	1.10	1.16
Benefits paid	(2.33)	(1.55)	(0.60)	0	(0.03)	-	(9.33)	(3.34)
Net actuarial (gain)/loss on obligation	(1.11)	(0.43)	1.24	(0.33)	(0.07)	(0.06)	3.72	3.82
Present Value of obligation as at 31/03/2015	23.73	23.9	14.02	11.96	0.86	0.85	17.06	19.92

Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected Unit Credit (PUC)
- Discount rate – 8% (Previous period 8.5%)

- iii. Expected rate of return on assets (Gratuity only) – 8% (Previous period 8.5%)
- iv. 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, 2015 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.

2.40. Segment Reporting

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

2.41. 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

B) Subsidiaries of Holding Company:-

- i) Power System Operation Corporation Limited (POSOCO)
- ii) Powergrid NM Transmission Limited
- iii) Powergrid Vemagiri Transmission Limited
- iv) Powergrid Vizag Transmission Limited
- v) Powergrid Unchahar Transmission Limited
- vi) Kala Amb Transmission Limited (w.e.f

- vii) Vindhyachal Jabalpur Transmission Limited (w.e.f 26 Feb 2015)

C) Holding Company:-

Power Grid Corporation of India Limited

D) Power System Development Fund (PSDF)

During the F.Y 2014-15. ₹ 2959.79 Crores (Previous year ₹ 1693.69 Crores) surplus/residual have been transferred from Regulatory Pool accounts to PSDF.

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 ₹ 0.85 Crore and amount outstanding to the company as on 31st March, 2015 are nil.

Board of Directors comprises of following-

- i) Shri R. N. Nayak Chairman
- ii) Shri R. T. Agarwal Director
- iii) Shri I. S. Jha Director
- iv) Smt. Jyoti Arora Director
- v) Dr. K. Ramalingam Director (from 29/01/15)
- vi) Shri Santosh Saraf Director (upto 26/12/14)
- vii) Shri P. K. Pahwa Director (upto 28/02/15)

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

(₹ in Crore)

Particulars	Current Year	Previous Year
RLDC Fee and charges billed to POWERGRID	17.17	17.55
Transmission Charges paid/payable to POWERGRID STOA-POC	2158.31	2143.27
UI, RE, IRE Payments received paid to POWERGRID	3.49	3.49
Other payments/ transactions with the Company	1.81	29.25
Dividend	15.32	21.45

G) Director's sitting fee ₹ 3,59,552 (Previous Year ₹ 3,14,608) for independent directors.



2.42 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 ₹ 4.56 Crores (Previous Year ₹ 4.39 Crores) towards lease payments net of recoveries in respect of premises for residential use of employees.

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

	As at 31.03.2015 (FY 2014-15)	As at 31.03.2014 (FY 2013-14)
Numerator		
Profit after tax as per Profit and Loss Account (Used as Numerator (₹ In Crore) excluding net surplus of REC).	45.86	56.52
Denominator		
- Number of Equity Shares (Face value of. ₹ 10/- each)	30640000	30640000
- Number of Shares allotted during the year	-	-
- Weighted Average number of equity shares for calculating Basic Earning Per Share	30640000	30640000
- Weighted Average number of equity shares for calculating Diluted Earning Per Share	30640000	30640000
Basic Earning Per Share (₹ / per share) (Face value of ₹ 10/- each)	14.97	18.45
Diluted Earning Per Share (₹ / per share) (Face value of ₹ 10/- each)	14.97	18.45

2.44 During the year company has ₹ 18.61 Crores (Previous Year ₹ 15.66 Crores) as net deferred tax assets.

Major components of deferred tax assets are given as under:-

Particulars	(₹ in Crore)	
	Balance as at 31.03.2015	Balance as at 31.03.2014
Deferred Tax Liability		
Towards Depreciation(Diff. of WDV as per Income Tax and Books) (A)	4.85	5.71
Deferred Tax Asset		
Liabilities towards 43B incl. Wage Revision Provision	15.70	15.26
Other Provisions	0.07	-
Towards Interest on Truing-up of income	7.69	6.11
Sub Total (B)	23.46	21.37
Net Deferred Tax Assets (B-A)	18.61	15.66

2.45 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.

2.46 DPE has directed to include Corporate Social Responsibility (CSR), Sustainable Development (SD) and R&D Expenditure out of the profit of the company as a percentage of profit after tax. These expenses have been allowed by CERC against the petition filed by the company.

2.47 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 21.30 Crores (Previous Year ₹ 33.77 Crores).

2.48 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 WREB, Mumbai till date is ₹ 9.03 Crores (Previous Year ₹ 7.03 Crores), 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 2012-13 a demand of ₹ 486.26 Crores 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 in company's own case on same issue relief was allowed by CIT (A). Hence no provision has been made for tax demand.
- (iii) Impact of pending litigation cases on the financial statements – nil.
- (iv) Material foreseeable losses on long term contracts – nil.

2.49 a) VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in Crore)

	Current Year	Previous Year	2.50
i) Capital Goods	Nil	Nil	
ii) Spare Parts	Nil	Nil	

b) EXPENDITURE IN FOREIGN CURRENCY :

(₹ in Crore)

	Current Year	Previous Year
i) Repair & Maintenance	0.89	4.29
ii) Foreign Travel	0.50	0.36
iii) Others	4.55	Nil

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

(₹ in Crore)

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

d) EARNINGS IN FOREIGN EXCHANGE :

(₹ in Crore)

	Current Year	Previous Year
Income	Nil	Nil

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

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

For and on behalf of the Board of Directors

Sd/-
(M. K. Gupta)
Chief Financial Officer

Sd/-
(S. K. Soonee)
Chief Executive Officer

Sd/-
(Priti Chaturvedi)
Company Secretary
ACS 17639

Sd/-
(R. T. Agarwal)
Director
DIN 01937329

Sd/-
(R. N. Nayak)
Chairman
DIN 02658070

As per our report of even date

For S. C. Ajmera & Co
Chartered Accountants
Firm No. -002908C

For S. K. Kapoor & Co
Chartered Accountants
Firm No. 000745C

Sd/-
(Arun Sarupria)
Partner
M No:078398

Sd/-
(V. B. Singh)
Partner
M No:073124

Place : New Delhi
Date : 22-May-2015



INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF POWER SYSTEM OPERATION CORPORATION LTD

1. 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 31st March, 2015, 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.

2. Management's Responsibility for the Financial Statement

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 preparation 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.

3. 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control 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.

4. 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, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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, to the extent applicable.
2. In terms of section 143 (5) of Companies Act 2013, we give in Annexure "2" a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.

INDEPENDENT AUDITORS' REPORT (contd...)

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.
- (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) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 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 does not have any pending litigations which would impact its financial position materially. (Refer para no 2.48 (iii) of Note no.2 "Notes to Accounts")
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer para no 2.48(iv) of Note no.2 "Notes to Accounts")
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S C Ajmera & Co
Chartered Accountants
FRN:002908C

Sd/-

(Arun Sarupria)
Partner
M No:078398

Dated:22/05/2015

For S K Kapoor & Co
Chartered Accountants
FRN:000745C

Sd/-

(V. B. Singh)
Partner
M No:073124



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ANNEXURE - 1 TO THE INDEPENDENT AUDITORS' REPORT

(Annexure Referred to in paragraph 5(1) of the Independent Auditors' Report of even date to the members of the Power System Operation Corporation of India Ltd. on the financial statements for the year ended on March 31st 2015.)

- i. (a) The Company has generally maintained records of Fixed Assets showing full particulars, including quantitative details and situation of its fixed assets.
(b) The fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year except certain assets found short /excess in some of Load Dispatch Centers. As explained by the management efforts are in process to incorporate / adjust these assets in the books of the company.
- ii) As the company is not having any Inventory in its books, this Para is not applicable.
- iii) According to information and explanation given to us the Company has neither granted any loan nor taken any loans , secured or unsecured loans to / from companies , firms or other parties covered in the register maintained under section 189 of the Companies Act,2013 hence other para of this clause is not applicable.
- iv) In our opinion and according to the information and explanation given to us there are adequate internal control systems commensurate with the size of the company and the nature of its business, with regard to fixed assets and income from system operation and market operation. During the course of our audit we have neither come across nor have been informed of any continuing failure to major weaknesses in the underlying internal control systems.
- v) The Company has not accepted any deposit during the year within the meaning of Section 73 to Section 76 of the Companies Act, 2013 read with the Rules framed there under.
- vi) The Central Govt. has not prescribed the maintenance of cost records as section 148 (1) of the Companies Act 2013.
- vii) a) According to the information and explanation 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 applicable statutory dues , including provident fund , investor education and protection fund , employee state insurance , value added tax , wealth tax. Service tax excise duty , custom duty , cess and any other statutory dues applicable to it. According to the information and explanation given to us there are no material undisputed amounts payable in respect of statutory dues which have remained outstanding as on March 31st ,2015 for a period of more than six months from the date from which they became payable.
As informed, the provisions of Employee State Insurance Act are not applicable to the company.
b) According to the records of the company and information and explanation given to us there is no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which has not been deposited on the account of dispute with appropriate authorities.
c) According to the information and explanations given to us, there are no amounts that are required to be transferred to Investors Education and Protection Fund during the year in accordance with the relevant provisions of the Companies Act, 1956.
- viii) The company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit and also in the immediately preceding financial year.
- ix) The company has not taken any loan from Financial Institution or Banks or Debenture holders since inception. Hence this para is not applicable.
- x) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) No Term loans has been taken by the company hence this para of the order is not applicable.
- xii) Based on the audit procedures 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.

For S C Ajmera & Co
Chartered Accountants
FRN:002908C

Sd/-
(Arun Sarupria)
Partner
M No:078398

Dated:22/05/2015

For S K Kapoor & Co
Chartered Accountants
FRN:000745C

Sd/-
(V. B. Singh)
Partner
M No:073124

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, 2015

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.	Not applicable
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.	NIL
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	Not applicable, Since company does not carry any inventory due to nature of its business.
4.	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	<p>The Pending legal/arbitration cases are mainly filed as per CERC regulations and pertains to non compliance of grid operation related issues by the users of RLDC'S having no financial impact of such Cases. (list enclosed as ANNEXURE – A)</p> <p>Payment of professional fees and expenses are guided by the approved schedule of fees dated 16.7.2000. However in the case of senior advocates including AGI/SGI/ASGI rate of fees not covered in the aforesaid schedule are engaged by special approval of the competent authority of the Company.</p>

YEAR WISE SUMMARY OF LEGAL CASES
ANNEXURE - A

Year	Total
2004-2005 (2004)	01
2005-2006 (2005)	-
2006-2007 (2006)	-
2007-2008 (2007)	01
2008-2009 (2008)	01
2009-2010 (2009)	04
2010-2011 (2010)	02
2011-2012 (2011)	05
2012-2013 (2012)	07
2013-2014 (2013)	18
2014-2015 (2014)	75
Total	114

Subsidiary Company
POWERGRID NM Transmission Limited
(CIN : U40106DL2011GOI219542)

DIRECTORS' REPORT

To,

Dear Shareholders,

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

The company has been granted transmission license by CERC in June, 2013. The transmission charges has been adopted by CERC in May, 2013. Construction of the Project is in progress.

Financial Results

(in ₹)

Description	2014-15	2013-14
Revenue from Operations	-	-
Other income	-	-
Total Income	-	-
Expenses	-	4124
Profit /(Loss) before Exceptional and Extraordinary items and Tax	-	(4124)
Profit/(Loss)	-	(4124)
Earnings per Equity Share		
- Basic	-	(0.08)
- Diluted	-	(0.08)

Share Capital

As on 31.03.2015 the Authorized Share Capital of the Company is ₹ 65,00,00,000 divided into 6,50,00,000 equity shares of ₹ 10 each.

The issued and paid-up Share Capital of the Company is ₹ 24,00,00,000 divided into 2,40,00,000 equity shares of ₹ 10 each as on 31.03.2015.

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 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:

- in the preparation of the Annual Accounts for the financial year 2014-15, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- 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.
- 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.
- the Directors had prepared the Annual Accounts for the financial year 2014-15 on a going concern basis.
- 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 Outgo

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and outgo under section 134(3) of the Companies Act, 1956 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 2014-15. Shri V. Sekhar, Shri S. Vaithilingam and Shri D. K. Valecha were appointed as Additional Directors of the Company w.e.f. 4th March, 2015. As on 31st March, 2015, the Board comprised of 6 Non Executive Directors namely Shri I. S. Jha, Shri R. T. Agarwal, 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, Shri I. S. Jha shall retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offers himself for re-appointment.



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Number of Board Meeting held during the year

During the financial year ended 31st March, 2015 ten (10) Board meetings were held on 03.07.2014, 10.07.2014, 11.07.2014, 14.08.2014, 27.10.2014, 01.12.2014, 13.2.2015, 04.03.2015 and 05.03.2015.

Name of Director	Designation	Board Meeting attendance during 2014-15
Shri I. S. Jha	Chairman	10
Shri R. T. Agarwal	Director	10
Shri Ravi P. Singh	Director	08
Shri Bharat Bhusan#	Director	0
Shri N. Ravi Kumar*	Director	01
Shri V. Sekhar**	Director	0
Shri D. K. Valecha**	Director	01
Shri S. Vaithilingam**	Director	01

Resigned w.e.f. 14.08.2014

*Appointed as Additional Director on 14.08.2014 and resigned on 31.12.2014

**Appointed as Additional Director w.e.f. 04.03.2015

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 R. N. Singh as the Chief Executive Officer (CEO), Shri D. Sudarshan as the Chief Finance Officer (CFO) and Shri Mrinal Srivastava as Company Secretary.

Committees of the Board of Directors

The Board has constituted the following Committees:

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

In 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

ii) Committee of Directors for Bonds:

The Board of Directors has constituted a Committee of Directors for Bonds on 4th March, 2015 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 I. S. Jha Chairman
- ii) Shri S. Vaithilingam Member
- iii) Shri D. K. Valecha Member

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 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 Nainengli & Co., Chartered Accountants were appointed for the Financial Year 2014-15.

Comptroller and Auditors General's Comments

Nil comments received from Comptroller and Auditors General on the Accounts are attached as **Annexure –III** 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 the Directors
POWERGRID NM Transmission Limited

Sd/-
(I. S. Jha)
Chairman
DIN: 00015615

Date :28th September, 2015

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 Ltd / Holding Company
b)	Nature of contracts/ arrangements/transaction	Part (A) 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. The agreement entered into, are presently with; POWERGRID NM Transmission Limited... ₹ 800 Cr Part (B) POWERGRID to render all inputs and services as may be required by the aforementioned Projects SPV on cost to cost basis.
c)	Duration of the contracts/ arrangements/transaction	Part (A) As mutually agreed Part (B) Commissioning of the TBCB 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	-
f)	Amount paid as advances, if any	Nil

For and on behalf of the Board of the Directors
POWERGRID NM Transmission LimitedSd/-
(I. S. Jha)
Chairman
DIN: 00015615Date :28th September, 2015

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	U40106DL2011GOI219542
ii.	Registration Date	20 th May, 2011
iii.	Name of the Company	POWERGRID NM 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: 011-26560112 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.	POWERGRID 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	-	600*	600	1.20	-	600*	600	0.00	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	49400	49400	98.80	-	23999400	23999400	100	48481.78
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	-	50000	50000	100	-	24000000	24000000	100	47900.00
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-

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	
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 ₹ 1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹ 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)	-	50000	50000	100	-	24000000	24000000	100	47900.00

* 600 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	49400	98.80	-	23999400	100	-	48481.78
2.	Indusekhar Jha jointly with POWERGRID	100	0.2	-	100	-	-	-
3.	Ram Tirath Agarwal jointly with POWER GRID	100	0.2	-	100	-	-	-
4.	Biswaranjan Mishra jointly with POWER GRID	100	0.2	-	100	-	-	-
5.	D. K. Valecha jointly with POWER GRID	100	0.2	-	100	-	-	-
6.	S. Vaithilingam jointly POWER GRID	100	0.2	-	100	-	-	-
7.	Seema Gupta Jointly with POWERGRID	100	0.2	-	100	-	-	-
	Total	500000	100	-	24000000	100	-	47900

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
1.	At the beginning of the year	49400	98.80	49400	98.80
2.	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):	i. Allotment of 10950000 Equity shares of ₹ 10 each on 14.07.2014	99.54	10999400	99.99
		ii. Allotment of 1,30,00,000 Equity Shares of ₹ 10 each on 11.11.2014	54.16	23999400	99.99
3.	At the End of the year			23999400	99.99

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
	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):	-	-	-	-
		-	-	-	-
	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 I. S. Jha, Chairman				
	At the beginning of the year	100*	0.2	100*	0.2
	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	100*	0.2	100*	0.2
2	Shri R.T. Agarwal, Director				
	At the beginning of the year	100*	0.2	100*	0.2
	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	100*	0.2	100*	0.2
3	Shri D. K. Valecha, Director (appointed as Additional Director on 04.03.2015)				
	At the beginning of the year	0	0	100*	0.2
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			100 Equity Shares held jointly with POWERGRID were transferred on 03.07.2014	
	At the End of the year	0	0	100*	0.2
4	Shri S. Vaithilingam, Director (appointed as Additional Director on 04.03.2015)				
	At the beginning of the year	100*	0.2	100*	0.2
	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	100*	0.2	100*	0.2

*Equity share held jointly with POWERGRID

V. INDEBTEDNESS

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

(₹ in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2014	-	-	-	-
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		91.34		
- Addition				
- Reduction				
Net Change	-	91.34	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	91.34	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1.17	-	-
Total (i+ii+iii)	-	92.51	-	-



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 (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

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 the Board of the Directors
POWERGRID NM Transmission Limited

Sd/-
(I. S. Jha)
 Chairman
 DIN: 00015615

Date :28th September, 2015
 Place : New Delhi

Annexure-III
COMMENTS OF THE COMPTROLLER AND AUDITORS GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID NM TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH, 2015

The preparation of financial statements of Powergrid NM Transmission Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditors 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 15 May, 2015.

I, on behalf of the Comptroller and Auditors General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Powergrid NM Transmission Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquires 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 the behalf of the
 Comptroller & Auditor General of India

Place : New Delhi
 Dated : 11th September, 2015

Sd/-
(Tanuja S. Mittal)
 Principal Director of Commercial Audit &
 Ex-officio Member, Audit Board - III,
 New Delhi



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BALANCE SHEET AS AT 31.03.2015

(Amount in ₹)

Description	Note No.	As at 31.03.2015	As at 31.03.2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	24,00,00,000	5,00,000
(b) Reserves and surplus	4	(38,158)	(38,158)
		<u>23,99,61,842</u>	<u>4,61,842</u>
(2) Non-current liabilities			
(a) Long Term Borrowings	5	91,34,00,000	-
		<u>91,34,00,000</u>	<u>-</u>
(3) Current Liabilities			
(a) Trade Payables	6	1,02,324	58,180
(b) Other Current Liabilities	7	82,21,35,972	20,74,69,589
		<u>82,22,38,296</u>	<u>20,75,27,769</u>
Total		<u>1,97,56,00,138</u>	<u>20,79,89,611</u>
II ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	1,16,483	-
(ii) Capital Work in Progress	9	87,64,71,209	20,79,80,049
		<u>87,65,87,692</u>	<u>20,79,80,049</u>
(b) Construction Stores	10	87,70,73,232	-
(c) Long-term loans and advances	11	22,13,31,288	-
		<u>1,09,84,04,520</u>	<u>20,79,80,049</u>
(2) CURRENT ASSETS			
(a) Cash and Bank Balances	12	10,640	9,562
(b) Other current assets	13	5,97,286	-
		<u>6,07,926</u>	<u>9,562</u>
Total		<u>1,97,56,00,138</u>	<u>20,79,89,611</u>
Significant Accounting Policies and Notes on Financial Statements	1 to 30		

As per our report of even date

For **NAINEGLI & CO**
Chartered Accountants
Firm Reg No. 002297S

For and on behalf of Board of Directors

(**R. T. Agarwal**)
Director

(**I. S. JHA**)
Chairman-part time

Place : Gurgaon
Date : 13/05/2015

Mallinath Nainegli
Proprietor
Mem No. 025894

Place : Bangalore
Date : 15/05/2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2015

Description	Note No.	(Amount in ₹)	
		For the year ended 31.03.2015	For the year ended 31.03.2014
I. Revenue from Operations			
II. Other Income			
Other Income	14	-	-
III. Total Revenue (I+II)		-	-
IV. EXPENSES			
Employee benefit Expenses	15	-	-
Finance costs	16	-	-
Depreciation and amortization expense	17	-	4,124
Administration & other expenses and provisions	18	-	-
Total Expenses		-	4,124
V. Profit before exceptional and extraordinary items and tax (III-IV)		-	(4,124)
VI. Exceptional itmes/ Prior Period Expense		-	-
VII. Profit before exceptional and extraordinary items and tax (V-VI)		-	(4,124)
VIII. Extraordinary itmes		-	-
IX. Profit Before Tax (VII-VIII)		-	(4,124)
X. Tax Expenses			
(1) Current Tax			
for current year		-	-
for earlier year		-	-
(2) Deferred Tax		-	-
XI. Profit (Loss) for the period (IX-X)		-	(4,124)
XII. Earnings per equity shares:	29		
(1) Basic		-	(0.08)
(2) Diluted		-	(0.08)
Significant Accounting Policies and Notes on Financial Statements	1 to 30		

As per our report of even date

For **NAINEGLI & CO**
Chartered Accountants
Firm Reg No. 002297S

For and on behalf of Board of Directors

(R. T. Agarwal)
Director

(I. S. JHA)
Chairman-part time

Place : Gurgaon
Date : 13/05/2015

Mallinath Nainegli
Proprietor
Mem No. 025894

Place : Bangalore
Date : 15/05/2015



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2015

(Amount in ₹)

Particulars	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) as per Profit & Loss A/c	-	(4,124)
Prior Period Expenses/ Preliminary expenses	-	-
Operating profit before working capital changes	-	(4,124)
Adjustment For Increase/Decrease in:		
Other Current Assets	(5,97,286)	-
Short Term Loans & Advances	-	-
Current Liabilities & Provisions	61,47,10,527	19,49,562
TOTAL	61,41,13,241	19,45,438
B. CASH FLOW FROM INVESTING ACTIVITIES		
Tangible assets	(1,16,483)	-
Capital Work in Progress	(66,84,91,160)	(19,45,438)
Construction Stores	(87,70,73,232)	-
Long-term loans and advances	(22,13,31,288)	-
TOTAL	(1,76,70,12,163)	(19,45,438)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Issue of Share Capital	23,95,00,000	-
Long Term Borrowings from Holding Company	91,34,00,000	-
TOTAL	1,15,29,00,000	-
NET INCREASE/(DECREASE) IN CASH FLOW	1,078	-
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	9,562	9,562
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	10,640	9,562
Cash on hand and balance with banks	10,640	9,562
Other Cash and Cash Equivalents	-	-

As per our report of even date

For **NAINEGLI & CO**
Chartered Accountants
Firm Reg No. 002297S

For and on behalf of Board of Directors

(**R. T. Agarwal**)
Director

(**I. S. JHA**)
Chairman-part time

Place : Gurgaon
Date : 13/05/2015

Mallinath Nainegli
Proprietor
Mem No. 025894

Place : Bangalore
Date : 15/05/2015

Notes to Financial Statements for the Year ended 31 March 2015

1. Corporate Information

The Company was incorporated on 20/05/2011 under the Companies Act 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking.). Certificate for Commencement of Business was issued on 19/08/2011. The Company has been incorporated to develop power system network and Study, Investigate, collect information and data etc. for the purpose of transmission of electricity through the states of Tamil Nadu and Karnataka (Project).

The company was transferred to Power Grid Corporation of India Limited vide Share purchase Agreement dated 29th March 2012 by the PFCL. After transfer, the company became a subsidiary of Power Grid Corporation of India Ltd. Name of the company has since been changed from NAGAPATTINAM-MADHUGIRI TRANSMISSION COMPANY LIMITED to POWERGRID NM TRANSMISSION LIMITED during 2012-13. Project implementation work is underway. As such, the commercial operations were yet to commence as at 31 March 2015.

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.

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.

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.



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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:

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.

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.

3 SHARE CAPITAL

Particulars	(Amount in ₹)	
	As at 31.03.2015	As at 31.03.2014
Authorised :		
6,50,00,000 Equity shares (March 2014:50,000 shares) of ₹10/- each	65,00,00,000	5,00,000
Total	65,00,00,000	5,00,000
Issued, subscribed and fully paid up shares :		
2,40,00,000 Equity shares (March 2014:50,000 shares) of ₹10/- each fully paid-up	24,00,00,000	5,00,000
Total Issued, subscribed and fully paid up share capital	24,00,00,000	5,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31-Mar-15		31-Mar-14	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the period	50,000	5,00,000	50,000	5,00,000
Issued During the period	2,39,50,000	23,95,00,000	-	-
Outstanding at the end of the period	2,40,00,000	24,00,00,000	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 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:

Holding Company	31-Mar-15		31-Mar-14	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
Power Grid Corporation of India Ltd., the Holding Company	2,40,00,000	24,00,00,000	50,000	5,00,000
Outstanding at the end of the period	2,40,00,000	24,00,00,000	50,000	5,00,000

d. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31-Mar-15		31-Mar-14	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
1. Power Grid Corporation of India Ltd., the Holding Company	2,40,00,000	100%	50,000	100%
	2,40,00,000	100%	50,000	100%

* Out of 24,00,00,000 equity shares 600 shares are held by nominees of Power Grid Corporation of India limited on its behalf.

4 RESERVES & SURPLUS

(Amount in ₹)

Particulars	As at 31.03.2015	As at 31.03.2014
Surplus(Deficit) in the statement of Profit and Loss Account		
As per Last balance sheet	(38,158)	(34,034)
Add: Additions	-	(4,124)
Closing balance	(38,158)	(38,158)

5 LONG TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31.03.2015	As at 31.03.2014
Unsecured		
Inter corporate Loan from Holding company	91,34,00,000	-
TOTAL	91,34,00,000	-

The Inter Corporate Loan is provided by the Holding Company on cost to cost basis [Interest rate ranging from 8.15% to 8.93%] and back to back servicing [repayable generally over a period of 10 to 20 years after the moratorium period of 3 to 5 years]

6 Trade Payable

(Amount in ₹)

Particulars	As at 31.03.2015	As at 31.03.2014
Audit fee Payable	1,01,124	56,180
Others	1,200	2,000
TOTAL	1,02,324	58,180

7 OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at 31.03.2015	As at 31.03.2014
Payable to Holding company	23,26,22,684	20,74,69,589
Deposits Retention money from contractors and others.	18,76,48,420	-
Dues for Capital Expenditure	37,69,05,784	-
Statutory Dues Payable	1,44,48,976	-
Interest accrued on Inter Corporate Loan from Holding company	1,05,10,108	-
TOTAL	82,21,35,972	20,74,69,589

8 TANGIBLE ASSETS

(Amount in ₹)

Description	Rate of depreciation	As at 31-Mar-2014	Additions	Depreciation during the year	As at 31-Mar-2015	Net block as on 31.03.2015	Net block as on 31.03.2014
(i) Electronic Data Processing Processing Machines	31.67%	0	1,21,545	5,062	0	1,16,483	
Grand total		0	1,21,545	5,062	0	1,16,483	0
Previous year		0	0	0	0	0	0



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9 CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31-Mar-2014	Additions	Adjustments	capitalised during the year	As at 31-Mar-2015
i) Survey Investigation Consultancy Charges	3,39,716	47,32,065		0	50,71,781
ii) Expenditure during Construction (*)	20,76,40,333	1,60,72,303	0	0	22,37,12,636
iii) Transmission		64,76,86,792			64,76,86,792
iv) Substation		0			0
Grand total	20,79,80,049	66,84,91,160	0	0	87,64,71,209
Previous Year	20,60,34,611	19,45,524	86	0	20,79,80,049

*Details of Additions to Expenditure During Construction

(Amount in ₹)

Particulars	As at 31.03.2015	As at 31.03.2014
i. Employee benefit Expenses	62,44,169	10,89,540
ii. Interest & Finance Cost	1,16,77,898	0.00
iii. Depreciation and amortisation expenses	5,062	0.00
iv. Administration and Other Expenses	1,31,25,285	8,55,984
Sub Total	3,10,52,414	19,45,524
Less:		
v. Income during construction	(1,49,80,111)	-
Total	1,60,72,303	19,45,524

10 CONSTRUCTION STORES

(Amount in ₹)

Description	As at 31.03.2015	As at 31.03.2014
Construction Stores		
Towers	27,84,30,953	-
Conductors		
Other Line Materials	59,86,42,279	-
Grand total	87,70,73,232	-

Construction Stores include:

Material with Contractors

(Amount in ₹)

Description	As at 31.03.2015	As at 31.03.2014
Towers	27,84,30,953	-
Conductors		
Other Line Materials	59,86,42,279	-
Grand total	87,70,73,232	-

11 LONG TERM LOANS AND ADVANCES

(Amount in ₹)

Description	As at 31.03.2015	As at 31.03.2014
Unsecured, Considered Good		
Advances for Capital Expenditure	-	-
Against Bank guarantees	22,13,31,288	-
Grand total	22,13,31,288	-

12 CASH AND BANK BALANCES

(Amount in ₹)

Description	As at 31.03.2015	As at 31.03.2014
Balances with banks:		
On current accounts	10,640	9,562
Grand total	10,640	9,562

13 OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2015	As at 31.03.2014
Others	5,97,286	-
TOTAL	5,97,286	-

14 Other Income

(Amount in ₹)

Description	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest Income from Holding company	674,673	-
Interest from Advances to contractors	1,43,05,438	-
	1,49,80,111	-
Less: Adjusted in Incidental Exp During Constuction (CWIP) Note 9 Line (v)	1,49,80,111	-
Total	-	-

15 Employee benefit Expenses

(Amount in ₹)

Description	For the year ended 31.03.2015	For the year ended 31.03.2014
Manpower Charges	62,44,169	10,89,540
	62,44,169	10,89,540
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 9 Line (i)	62,44,169	10,89,540
Total	-	-

16 Finance Cost

(Amount in ₹)

Description	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest & Finance charges payable to Holding company on longterm loans	1,16,77,898	-
	1,16,77,898	-
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 9 Line (ii)	1,16,77,898	-
TOTAL	-	-

17 Depreciation and amortization expense

(Amount in ₹)

Description	For the year ended 31.03.2015	For the year ended 31.03.2014
Depreciation	5,062	-
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 9 Line (iii)	5,062	-
	-	-



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18 Administration and Other Expenses

(Amount in ₹)

Description	For the year ended 31.03.2015	For the year ended 31.03.2014
Audit Fees	1,01,124	56,180
Training Expenses	1,070	-
Legal expenses	12,53,007	-
Communication expenses	8,544	-
Vehicle Hiring	11,68,256	51,040
Rates & Taxes	59,74,725	4,124
Tour & Travelling	10,77,546	55,862
Tender Expenses	23,28,151	5,57,008
CERC Application fee and Other Charges	9,47,248	1,00,000
Printing and stationery	38,324	8,431
Other Administrative Expenses	2,27,290	27,463
	1,31,25,285	8,60,108
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 9 Line (iv)	1,31,25,285	8,55,984
Total	-	4,124

19. Power Project

Transmission License for this Transmission Project was issued by CERC vide letter dated 15th July 2013 and letter for Grant of Authorisation u/s 164 of Electricity Act, 2003 by Ministry of Power on 09.12.2013. All procurement activities viz., bidding document, qualification requirements, packaging etc. have been initiated as per the approved procedure. The signing of contract agreements for execution of works has taken place and actual work is under execution as at the end of current financial year 2014-15. Due to long gestation period of infrastructure project, the associated and incidental project related costs have been taken under incidental expenses during construction to be allocated to assets on completion of the project.

20. Current Liabilities and Expenses Incurred by PGCIL on behalf of Company:

The Current liabilities include a sum of ₹23,26,22,684 arising mainly due to acquisition price of the company and expenses incurred by Holding company on behalf of the Company. Holding company has confirmed that no interest has been charged or is chargeable to the Company on the same. However, since the said amount is repayable on demand, the same is shown as current liability. Original Supporting bills in respect of expenditure incurred by holding company are retained by holding company of which copies are available with the Company. Holding company has confirmed that it has complied with statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to respective expenses.

21. The disclosure as per AS 18 – Related Party Disclosure:

The POWERGRID NM Transmission Limited is a wholly owned subsidiary of Power Grid Corporation of India Ltd (PGCIL) which is a Govt. of India enterprise. All key decisions are taken by the Board of the Company where the PGCIL nominees exercise control.

a) Holding Company Details:

Sl. No.	Nature of Relationship	Name of the Related Party
1	Holding Company (after share purchase agreement dated 29.03.2012)	Power Grid Corporation of India Limited (PGCIL)

b) Transactions with Holding Company and Outstanding balance:

Sl.no	Particulars	31st March 2015	31st March 2014
A	In the Ordinary course of Business		
1	Contracts for Works/services		
a)	For Services Received by the Company		
(i)	Amount Payable		
	Opening Balance		
	Add: Transactions during the year		
	Less: Amount paid during the year		
	Closing Balance		

Sl.no	Particulars	31st March 2015	31st March 2014
(ii)	Advance Recoverable		
	Opening Balance		
	Add: addition during the year		
	Less: Adjusted during the year		
	Closing Balance		
b)	For Services Provided by the Company		
(i)	Amount Recoverable		
	Opening Balance		
	Add: Transactions during the year		
	Less: Amount received during the year		
	Closing Balance		
2	Deputation of Employees		
	Opening Balance[Amount Recoverable/(payable)]	0	
	Add: Transaction during the year	(52,48,942)	
	Less : Amount received during the year		
	Closing Balance[Amount Recoverable/(payable)]	(52,48,942)	
3	Others		
	Opening Balance[Amount Recoverable/(payable)]	(20,74,69,589)	(20,54,35,581)
	Add: Transaction during the year	(1,99,04,153)	(20,34,008)
	Less : Amount received during the year		
	Closing Balance[Amount Recoverable/(payable)]	(22,73,73,742)	(20,74,69,589)
4	Contracts awarded during the year		
a)	For services received by the company		
b)	For services provided by the company		
5	Outstanding balance of provision for Bad & doubtful debts		
6	Amount written off durinn the year		
7	Amount written back durinn the year		
8	Ourstanding value of Bank Gurantee& collaterals received		
9	Dividend received during the year		
10	Finance including loans and equity contributions	1,15,34,00,000	5,00,000
B	Material individual transactions which are not in the normal course of Business		
C	Material individual transactions which are not on an Arm's Length Basis		

a. During the year, the Company has issued 2.395 Crores Equity Shares of ₹ 10/- each amounting to ₹ 23.95 Crores at face value to its parent Company M/s Power Grid Corporation of India Limited.

b. An amount of ₹91.34 Crores 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. During the year, the accrued interest was ₹1.16 crores.

c. Key Management Personnel and related Disclosure:

The key management personnel of the company are directors/employees of PGCIL deployed on time share 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 I. S. Jha	Chairman (Part-time)	29.03.2012	Continuing
2	Shri R. T. Agarwal	Director	29.03.2012	Continuing
3	Shri Bharat Bhushan	Director	29.03.2012	14.08.2014
4	Shri. N. Ravi Kumar	Director	14.08.2014	31.12.2014
5	Shri Ravi P Singh	Director	29.11.2012	Continuing
6	Shri V. Sekhar	Director	04.03.2015	Continuing
7	Shri. S. Vaithilingam	Director	04.03.2015	Continuing
8	Shri. D. K. Valecha	Director	04.03.2015	Continuing
9	Shri R. N. Singh*	CEO (Part-time)	29.03.2012	Continuing

*In case of CEO (part-time), 10% of his employee cost is allocated to the company by PGCIL which amounts to ₹ 7,11,467 (Previous Year ₹ 2,45,325).



There is no outstanding balance payable or receivable from any of the key management personnel as at the beginning or at the end of the year.

(Amount in ₹)

i. Contingent liabilities	2014-15	2013-14
a. Claims against the company not acknowledged as debt	-	-
b. Guarantees given by the company to third parties including banks	-	-
c. Guarantees given by third parties including banks on behalf of the company (* See Note below)	45,00,00,000	45,00,00,000
d. Other money for which the company is contingently liable	-	-
ii. Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	4,36,98,00,000	1,46,41,20,500
b. Uncalled liability on shares and other investments partly paid	-	-
c. Other commitments	-	-

- A Bank Guarantee of ₹ 45,00,00,000/- has been given by PGCIL on behalf of the company towards performance of the company on 29/03/2012 to IL&FS Tamil Nadu Power Company Ltd (Generator) valid up to 30/06/2015 as per requirements under CERC Regulations.

23. Exceptional and Extraordinary items

There are no exceptional and extraordinary items as at the Balance Sheet date.

(Amount in ₹)

	Year Ended 31.03.2015	Year Ended 31.03.2014
24. Value of Imports	₹Nil	₹Nil
25. Earnings & Expenditure in Foreign Currency	₹Nil	₹Nil
26. Details of Consumption and Purchases	₹Nil	₹Nil
27. Auditors Remuneration		

(Amount in ₹)

S. No.	Particulars	2014-15	2013-14
1	Statutory Audit Fees	90,000	50,000
2	Service Tax	11,124	6,180
	Total	1,01,124	56,180

28. Earnings Per Share

In terms of AS 20 on "Earnings per Share" Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2014-15	2013-14
i	Nominal Value of share ₹	10	10
ii	Number of Equity shares (No.)	2,40,00,000	50,000
Iii	Net Profit after tax ₹	-	(4,124)
iv	Earning per share ₹	-	(0.08)

29. Recoverability of Excess Acquisition Price paid to PFCCCL

Acquisition price originally paid by Holding Company included in the 'Incidental Expenditure During Construction' being part of CWIP and also included in the amount payable to the Holding Company comprises of an amount of ₹ 0.83 Lakhs, which is observed by the CAG in their IR dated 25-02-2014 as an excess money paid to PFCCCL. The Company is pursuing the matter with PFCCCL for recovery of the said excess amount and the management is of the opinion that the same is recoverable.

30. Other Disclosures

a. Segment Reporting

The Company's activities during the period revolve around project implementation activities, and accordingly there are no separate reportable segments in accordance with the requirements of Accounting Standard 17 - 'Segment Reporting' notified in the Company's (Accounting Standards) Rules 2006.

b. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company and are working on time share basis and deputation. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and allocated to the company on the basis of time spent by the employees on the basis of cost to holding company. The manpower charges ₹62,44,169/- (previous year ₹10,89,540/-) for employees are charged by holding company on the basis of cost to holding company based on actual time utilised by the employees for the Company and the cost of deputed employees. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

c. Taxation

The Company has not yet commenced its Commercial Operations, hence Provision for Taxation for the year ended March 31, 2015 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. Previous Year Figures

The previous year figures have also been reclassified/re-grouped to confirm the current period's classification.

As per our report of even date

For **NAINEGLI & CO**
Chartered Accountants
Firm Reg No. 002297S

For and on behalf of Board of Directors

(R T Agarwal)
Director

(I S JHA)
Chairman-part time

Place : Gurgaon
Date : 13/05/2015

Mallinath Nainegli
Proprietor
Mem No. 025894

Place : Bangalore
Date : 15/05/2015



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INDEPENDENT AUDITOR'S REPORT

To

**The Members,
POWER GRID NM TRANSMISSION LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of the POWER GRID NM TRANSMISSION LIMITED ("the Company"), which comprise Balance Sheet as at March 31, 2015, the statement of Profit and Loss Account and Cash Flow Statement for the year ended on that date 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 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 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.

Emphasis of Matter

There are no matters of emphasis to be reported here.

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 March 31, 2015;
- b) In the case of the Statement of Profit and Loss, of the **NIL** Profit or Loss of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT (contd...)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the Order) issued by the Central Government of India in terms of Section 143(11) 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 Section 143 (5) of the Companies Act 2013, we give in the Annexure '2' a statement on the directions issued 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;
 - d) In our opinion, the aforesaid standalone financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) Management has represented that none of the Directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act and is currently in the process of obtaining requisite declaration from Directors to take on record by the Board.
 - 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) There is no pending litigation on its financial position requiring disclosure;
 - (ii) There are no material foreseeable losses, if any, on long term contracts requiring Company to make provision, as required under the applicable law or accounting standards; and
 - (iii) There are no due amounts to be transferred to the Investor Education and Protection Fund by the Company.

For Nainegli & Co

Chartered Accountants
Firm Registration No. 002297S

Nainegli Mallinath S.

Proprietor
Membership No. 025894
Bangalore, May 15, 2015

Re: Power Grid NM Transmission limited

The Annexure '1' referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015

Based on the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable. No material discrepancies were noticed on such verification.
- (ii) As the company has not purchased /sold goods during the year nor are there any stock, reporting on Paragraph 3(ii)(a), 3(ii)(b) and 3(ii)(c) of the Order are not applicable.
- (iii) 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. Accordingly Paragraph 3(iii) (a) and (b) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. There are no commercial activities during the year and as such the other part of the Paragraph 3(iv) relating to inventory, sale of goods and services is not applicable to the company.
- (v) The company has not accepted any deposits from the public.
- (vi) The Company has not commenced its commercial activities and as such the Paragraph 3 (vi) of the Order relating to the maintaining cost records is not applicable to the company.
- (vii) (a) According to the information and explanation given to us, the company does not have permanent employees. The personnel working for the company are from the holding company and are working on deputation and time share basis. It is represented that 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 its holding company i.e. Power Grid Corporation of India Limited. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March 2015 for a period of more than six months from the date they become payable.
(b) As such, 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.
(c) That there is no amount due which is required to be transferred to Investor Education and Protection Fund and paragraph 3 (vii)(c) of the Order is not applicable.
- (viii) The Company is in its inception stage and has been registered for less than 5 years, and hence reporting on paragraph (viii) of the Order regarding accumulated loss or cash loss is not applicable to the Company.
- (ix) According to the information and explanations given to us, the Company has not availed any loans from financial institutions and banks or by way of debentures, accordingly, the paragraph (ix) of the Order are not applicable to the Company.
- (x) The company has not given any guarantee for loans taken by others from bank or financial institution. Hence paragraph (x) of the Order is not applicable to the company.
- (xi) The company has not availed any term loans from the Banks and financial institutions and hence paragraph (xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, no fraud on or by the company, has been noticed or reported during the year.

for Nainegli & Co
Chartered Accountants
Firm Registration No. 002297S

Nainegli Mallinath S.
Proprietor
Membership No. 025894
Bangalore, May 15, 2015

DIRECTIONS FOR THE FINANCIAL YEAR 2014-15

Sl.	Direction	Auditor's Report
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 Reserve) may be examined including the mode and present stage of disinvestment process.	The Company has not been selected for disinvestment and hence this Direction is not applicable to the Company.
2	Please report whether there are any cases of waiver/ write off of debts / loans / interest etc. report, if yes, the reason therefor and the amount involved.	We have not come across any such cases of 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 from Govt. or other authorities.	In respect of Inventories lying with third parties, the Company has maintained proper records and we have verified the same. As per information and explanation provided by the Company, none of the assets have been received as gift from Govt. or other authorities.
4	A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	As per information and explanations provided by the Company, there are no such pending legal / arbitration cases.

For NAINGLI & CO
Chartered Accountants
FRN No.002297S

Nainegli Mallinath S.
Proprietor
Membership No. 025894
Bangalore, May 15, 2015

Subsidiary Company
POWERGRID Vemagiri Transmission Limited
(CIN : U40300DL20011GOI217975)

DIRECTORS' REPORT

To,
Dear Members,

I on behalf of the Board of Directors present the Fourth 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, 2015.

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-ordinator). 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 31.03.2014, PVTL has Authorized and Paid-up share capital of ₹ 5 Lac.

Financial Performance

As on 31st March, 2015, the Company had a loss of ₹ 1,49,740/- on account of Finance Cost and Administration & other expenses.

Share Capital

As on March 31, 2015, the Company had Authorised, 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.



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Board of Directors

At present Shri I. S. Jha, Shri R. P. Sasmal 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, 2015, five(5) Board meetings were held on 31.05.2014, 07.07.2014, 13.08.2014, 20.11.2014 and 05.03.2015. The detail of number of meetings attended by each Director during the financial year 2014-15 are as under:

Name of Director	Designation	No. of Board Meetings which were entitled to attend during 2014-15	No. of Board Meetings attendance during 2014-15
Shri R. T Agarwal*	Chairman	1	1
Shri R. P. Sasmal#	Chairman	5	4
Shri I. S. Jha	Director	5	5
Shri V. Sekhar	Director	5	1

*Resigned w.e.f. 01.07.2014

elected as Chairman w.e.f. 07.07.2014

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 2014-15.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 7th August, 2015 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2015 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 7th August, 2015 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 the Board of the Directors
POWERGRID Vemagiri Transmission Limited

Sd/-
(R. P. Sasmal)
Chairman
DIN: 02319702

Date : 30th September, 2015

Place : New Delhi

**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 the Board of the Directors
POWERGRID Vemagiri Transmission Limited

Sd/-
(R. P. Sasmal)
Chairman
DIN: 02319702

Date : 30th September, 2015

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	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 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	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):-	-	-	-	-	-	-	-	-	-

	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	
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 ₹ 1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹ 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)	-	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 (MAY PLEASE BE FILLED UP AT YOUR END)

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	49994	99.988	-	49994	99.988	-	100
2.	Shri I. S. Jha, jointly with POWERGRID	01	0.002	-	01	0.002	-	100
3.	Shri D. K. Valecha jointly with POWERGRID	01	0.002	-	01	0.002	-	100
4.	Shri S. Vaithilingam jointly with POWERGRID	01	0.002	-	01	0.002	-	100
5.	Shri B. Mishra jointly with POWERGRID	01	0.002	-	01	0.002	-	100
6.	Ms. Seema Gupta jointly with POWERGRID	01	0.002	-	01	0.002	-	100
7.	Shri A. K. Singhal jointly with POWERGRID	01	0.002	-	01	0.002	-	100
	Total	50000	100	-	50000	100	0	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 I. S. Jha, 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

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				
- 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					
	(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
	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 the Board of the Directors
POWERGRID Vemagiri Transmission Limited

Sd/-
(R. P. Sasmal)
Chairman
DIN: 02319702

Date : 30th September, 2015
Place : New Delhi



COMMENTS OF THE COMPTROLLER AND AUDITORS GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID VEMAGIRI TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH, 2015

The preparation of financial statements of Powergrid Vemagiri Transmission Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditors 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 10 May 2015.

I, on behalf of the comptroller and Auditors General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Vemagiri Transmission Limited for the year ended 31 March 2015 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

Sd/-
(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - III,
New Delhi

Place : New Delhi
Dated : 07 August, 2015



पावरग्रिड

BALANCE SHEET AS AT 31 March, 2015

(Amount in ₹)

Description	Note No.	As at 31.03.2015	As at 31.03.2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1	5,00,000	5,00,000
(b) Reserves & Surplus	2	(19,42,13,078)	(19,40,63,338)
		(19,37,13,078)	(19,35,63,338)
(2) Current Liabilities			
(a) Other Current Liabilities	3	19,37,32,373	19,35,81,288
(b) Short Term Provisions	4	-	1,500
		19,37,32,373	19,35,82,788
Total		19,295	19,450
II. ASSETS			
(1) CURRENT ASSETS			
(a) Cash and cash equivalents	5	19,295	19,450
		19,295	19,450
Total		19,295	19,450
Accounting policies	10		
Notes to accounts	11		

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**(R. P. Sasmal)**
Chairman-part time**(V. Sekhar)**
DirectorPlace : Hyderabad
Date : 10/05/2015Place : Gurgaon
Date : 10/05/2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

					(Amount in ₹)	
Description		Note No.	For the year ended 31.03.2015	For the year ended 31.03.2014		
I.	Revenue from Operations					
	Consultancy Income		-	-		
II.	Other Income					
	Other Income		-	-		
III.	Total (I+II)		<u>-</u>	<u>-</u>		
IV.	EXPENSES					
	Employee benefit Expenses		-	-		
	Finance costs		155	-		
	Administration & other expenses		1,49,585	19,40,35,305		
	Preliminary Expenses		-	-		
	Total		<u>1,49,740</u>	<u>19,40,35,305</u>		
V.	Profit before exceptional and extraordinary items and tax (III-IV)		<u>(1,49,740)</u>	<u>(19,40,35,305)</u>		
VI.	Exceptional itmes/ Prior Period Expense		-	-		
VII.	Profit before exceptional and extraordinary items and tax (V-VI)		<u>(1,49,740)</u>	<u>(19,40,35,305)</u>		
VIII.	Extraordinary itmes		-	-		
IX.	Profit Before Tax (VII-VIII)		<u>(1,49,740)</u>	<u>(19,40,35,305)</u>		
X.	Tax Expenses					
	(1) Current Tax					
	for current year		-	-		
	for earlier year		-	-		
	(2) Deferred Tax		-	-		
XI.	Profit (Loss) for the period (IX-X)		<u>(1,49,740)</u>	<u>(19,40,35,305)</u>		
XII.	Earnings per equity shares:					
	(1) Basic		(2.99)	(3,880.71)		
	(2) Diluted		(2.99)	(3,880.71)		
	Employee benefit Expenses	6				
	Finance costs	7				
	Administration and Other Expenses	8				
	Incidental Expenditure during construction	9				
	Summary of significant Accounting Policies	10				
	Notes to accounts	11				

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

(R. P. Sasmal)
Chairman-part time

(V. Sekhar)
Director

Place : Hyderabad
Date : 10/05/2015

Place : Gurgaon
Date : 10/05/2015



पावरग्रिड

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Amount in ₹

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) as per Profit & Loss A/c	(1,49,740)	(19,40,35,305)
Prior Period Expenses/ Preliminary expenses	-	-
Operating profit before working capital changes	-	-
Adjustment For Increase/Decrease in:		
Trade Payables	-	-
Other current Liabilities	1,51,085	14,93,417
Short Term Provisions	(1,500)	-
TOTAL	(155)	(19,25,41,888)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital Work in Progress	-	19,25,41,888
TOTAL	-	19,25,41,888
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Issue of Share Capital	-	-
TOTAL	-	-
NET INCREASE/(DECREASE) IN CASH FLOW	(155)	0
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	19,450	19,450
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	19,295	19,450
Cash on hand and balance with banks	19,295	19,450
Other Cash and Cash Equivalents	-	-

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

(R. P. Sasmal)
Chairman-part time

(V. Sekhar)
Director

Place : Hyderabad
Date : 10/05/2015

Place : Gurgaon
Date : 10/05/2015

1 SHARE CAPITAL

Description	Amount in ₹	
	As at 31.03.2015	As At 31.03.2014
Authorised :		
50,000 Equity shares of ₹ 10/- each	500,000	500,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹ 10/- each fully paid-up	500,000	500,000
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
Equity Shares		

	31-Mar-15		31-Mar-14	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
At the beginning of the period	50000	5,00,000	50,000	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 ₹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 ₹	
	31-Mar-15	31-Mar-14
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

	As on 31.03.2015		As on 31.03.2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	50,000	100%	50,000	100%
Power Grid Corporation Limited, the Holding Company *	50,000	100%	50,000	100%

* Out of 50,000 equity shares 6 shares are held by nominees of Power Grid Corporation of India limited on its behalf.

2. RESERVES & SURPLUS

Description	Amount in ₹	
	As at 31.03.2015	As at 31.03.2014
Opening Balance-Profit & Loss Account	(19,40,63,338)	(28,033)
Add: Transferred from Statement of Profit & Loss Account	(1,49,740)	(19,40,35,305)
Total	(19,42,13,078)	(19,40,63,338)

3. OTHER CURRENT LIABILITIES

Description	Amount in ₹	
	As at 31.03.2015	As at 31.03.2014
Payable to PowerGrid Corporation of India Ltd-Holding company	19,36,85,929	19,35,36,344
TDS Recovered	4,000	-
Statutory Auditor's fee	40,944	44,944
Other Liabilities	1,500	-
Total	19,37,32,373	19,35,81,288

4. SHORT TERM PROVISIONS

Description	Amount in ₹	
	As at 31.03.2015	As at 31.03.2014
Provision for ROC Filing fees	-	1,500
Total	-	1,500



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5. CASH AND CASH EQUIVALENTS

Description	Amount in ₹	
	As at 31.03.2015	As at 31.03.2014
Balances with banks:		
On current accounts	19,295	19,450
Total	19,295	19,450

6. Employee benefit Expenses

Description	Amount in ₹	
	As at 31.03.2015	As at 31.03.2014
Manpower Charges	-	1,259,502
	-	12,59,502
Less: Transferred to Incidental Exp During Constuction	-	12,59,502
TOTAL	-	-

7. Finance Cost

Description	Amount in ₹	
	As at 31.03.2015	As at 31.03.2014
Finance charges	155	-
	155	-
Less: Transferred to Incidental Exp During Constuction	-	-
TOTAL	155	-

8. Administration and Other Expenses

Description	Amount in ₹	
	As at 31.03.2015	As at 31.03.2014
Audit Fees	44,944	44,944
Professional Charges	4,400	-
Printing & Stationary	-	1,740
Vehicle Hiring	-	1,146
Telephone charges	-	13,199
Legal & Filing Charges	1,00,000	-
Tour & Travelling	-	1,85,073
Training Expenses	-	3,666
Other Expenses	240	12,238
	149,585	2,62,006
Less: Transferred to Incidental Exp During Constuction	-	2,62,006
TOTAL	1,49,585	-
Add: CWIP charged off to Revenue	-	19,40,35,305
TOTAL	1,49,585	19,40,35,305

9. INCIDENTAL EXPENDITURE DURING CONSTRUCTION

Description	Amount in ₹	
	As at 31.03.2015	As at 31.03.2014
Employee benefit Expenses	-	1,259,502
Finance Cost	-	-
Administration and Other Expenses	-	2,62,006
Other Income	-	-
Total	-	15,21,508

Note No:10-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 Andhra Pradesh. 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	30%
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 ₹ 5,000/- or less, or where the written down value is ₹ 5,000/- or less as at the beginning of the year, are charged off to revenue.

Other fixed assets costing upto ₹ 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.

i. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

**Note No:11-Notes to Accounts**

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 13/09/2006 (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 31/03/2015.

2 The details of Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Shri R. T. Agarwal	Chairman (Part-time)	18-Apr-2012	01-Jul-2014
2	Shri I. S. Jha	Director	18-Apr-2012	Continuing
3	Shri R. P. Sasmal	Chairman (Part-time)	07-Jul-2014	Appointed as director on 29-Nov-2012 & w.e.f 07-Jul-2014 he has been elected as chairman
4	Shri V. Sekhar	Director	18-Apr-2012	Continuing
5	Shri R. Y. Rao	CEO (Part-time)	18-Apr-2012	Expired on 24-Nov-2014

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 RECPTL are retained by them of which copies are available with the Company. After taking over, the related expenses are paid by POWERGRID and charged to the Company. Original supporting documents are retained by POWERGRID. The RECTPCL & POWERGRID will comply statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to these expenses.

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 ₹ 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	2014-2015 (₹)
1	Statutory Audit Fees	44,944

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 Relation ship
1	POWERGRID CORPORATION OF INDIA LIMITED	Holding Company

Details of Related party transactions

S. No.	Particulars	POWERGRID
1	Equity Contribution (₹)	5,00,000
2	Closing Balances: -	-
	(a) Payable to Power Grid Corporation of India Limited	19,36,85,929

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 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".

11 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

12 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 2013, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2014-15
1	Nominal Value of share (₹)	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax (₹)	(1,49,740)
4	Earning per share (₹)	(2.99)

13 (a) Expenditure in foreign currency – Nil

(b) Income in foreign exchange – Nil

14 Figures have been rounded off to the nearest Rupee unless otherwise stated.

15 The 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 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

(R. P. Sasmal)
Chairman-part time

(V. Sekhar)
Director

Place : Hyderabad
Date : 10/05/2015

Place : Gurgaon
Date : 10/05/2015



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 2015, 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 2015
- 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, 2015 ("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 statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. In terms of subsection (5) of section 143 of the Companies Act, 2013, we give in the Annexure - I, 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:

- (i) 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.
- (ii) In our opinion, proper book of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance sheet and statement of profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of accounts.
- (iv) 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.
- (v) On the basis of written representations received from the Directors as on 31 March 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

For S.B.S MURTHY & Co.,

Chartered Accountants
Firm Reg no. 002213S

S.B. SRINIVASA MURTHY

Partner
Membership Number: 026755

Place: Hyderabad

Date: 10/05/2015



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ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

1. (a) In our opinion and according to information and explanations given to us, provision of Para 3 (i) (a) of the Companies (Auditors Report) Order, 2015 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to Company as it does not have fixed assets.
(b) In our opinion and according to information and explanations given to us, provision of para 3 (i) (b) of the Companies (Auditors Report) Order, 2015 relating to physical verification of its fixed assets by the management is not applicable to Company as it does not have fixed assets.
2. (a) Paragraph 3 (ii) (a), 3 (ii) (b), 3 (ii) (c) of the Order are not applicable.
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. In our opinion and according to the information and explanations given to us, the Company does not have fixed assets and inventories and has no commercial activities during the year, the provision of Para 3 (iv) of the Companies (Auditor's Report) Order, 2015 relating to adequate internal control procedure commensurate with the size of company and nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services are not applicable to Company.
5. According to the information and explanation given to us, 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, 2015 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 2015 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.
(c) At present para 3 (vii) (c) is not applicable to the Company.
8. 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 has not taken any loan, from any financial institutions or bank or debenture holder, hence clause (ix) of paragraph 3 of the order is not applicable to the Company.
10. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. The company has not raised any term loans during the year from banks or financial institutions.
12. 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 S.B.S MURTHY & Co.,

Chartered Accountants

Firm Reg no. 002213S

S.B. SRINIVASA MURTHY

Partner

Membership Number: 026755

Place: Hyderabad

Date: 10/05/2015

Annexure - I

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**, (herein referred as "Company") to ascertain whether the Company has complied with Notification No. MAB-III/RM-I/Vemagiri/1-19/2014-15 on dated 18-03-2015 issued under Section 143(5) of the Companies Act, 2013, we report that:

1. The Company has not been selected for disinvestment, so complete report in terms of valuation of Assets (including intangible assets and land) and liabilities (including Committed & General Reserve) may not be examined including the mode and present stage of disinvestment process for the year ended March 31, 2015.
2. As we have not come across any such cases of waiver/write off of debts/loans/interest etc. report on the same may not be given.
3. As the company is not having any Inventories laying with third parties, hence this part of clause in 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.
4. As there are no pending legal/arbitration cases (foreign and local) and report on the same may not be given.

For S.B.S MURTHY & Co.,

Chartered Accountants

Firm Reg no. 002213S

S.B. SRINIVASA MURTHY

Partner

Membership Number: 026755

Place: Hyderabad

Date: 10/05/2015

Subsidiary Company
POWERGRID Vizag Transmission Limited
(CIN : U40300DL2011GOI228136)

DIRECTORS' REPORT

To,

Dear Shareholders,

POWERGRID Vizag Transmission Limited (formerly VIZAG Transmission Limited) was acquired /taken over 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 Project Company Limited (the Bid Process Co-ordinator). Consequent to such acquisition, VTL became wholly owned subsidiary of POWERGRID. The name of the Company was changed to POWERGRID Vizag Transmission Limited w.e.f. 19.02.2015. The transmission system comprising 765KV D/C and 400 KV D/C is to traverse the state of Andhra Pradesh & Telengana.

The company has been granted transmission license by CERC in January, 2014. The transmission charges have also been adopted by CERC in January, 2014. Construction of the Project is in Progress.

Financial Results

Description	2014-15	2013-14
Revenue from Operations	-	-
Other income	-	-
Total Income	-	-
Expenses	-	-
Profit before Exceptional and Extraordinary items and Tax	-	-
Profit/(Loss)	-	-
Earnings per Equity Share		
- Basic	-	-
- Diluted	-	-

Share Capital

As on 31.03.2015 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 as on 31.03.2015.

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 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:

- in the preparation of the Annual Accounts for the financial year 2014-15, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- 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.
- 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.
- the Directors had prepared the Annual Accounts for the financial year 2014-15 on a going concern basis.
- 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 2014-15. Shri S. Vaithilingam and Shri D. K. Valecha were appointed as Additional Directors of the Company w.e.f. 4th March, 2015. As on 31st March, 2015, the Board comprised of 6 Non Executive Directors namely Shri R. P. Sasmal, Shri I. S. Jha, 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, Shri I. S. Jha shall retire by rotation at the ensuing 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 held during the year

During the financial year ended 31st March, 2015 twelve (12) Board meetings were held on 01.04.2014, 31.05.2014, 09.06.2014, 17.06.2014, 10.07.2014, 07.08.2014, 26.09.2014, 09.10.2014, 07.11.2014, 23.12.2014, 04.03.2015 and 05.03.2015.

Name of Director	Designation	Board Meeting attendance during 2014-15
Shri R. P. Sasmal	Chairman	11
Shri I.S. Jha	Director	12
Shri Ravi P. Singh	Director	10
Shri V. Sekhar	Director	02
Shri D. K. Valecha*	Director	01
Shri S. Vaithilingam*	Director	01

*Appointed as Additional Director w.e.f. 04.03.2015

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.

Committees of the Board of Directors

The Board has constituted the following Committees:

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

In 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
- ii) Committee of Directors for Bonds:

The Board of Directors has constituted a Committee of Directors for Bonds on 4th March, 2015 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

Secretarial Audit

M/s Naveen Chabra & Associates, Practising Company Secretaries has conducted Secretarial Audit of the Company for the financial year ended 31st March, 2015. The Secretarial Auditor in his Report has no observations. The Report is attached as **Annexure –III** to this Report.

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 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 2014-15.

Comptroller and Auditors General's Comments

Comptroller and Auditor General vide letter dated 11th August, 2015 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2015 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 11th August, 2015 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 the Directors
POWERGRID Vizag Transmission Limited

Sd/-
(R. P. Sasmal)
Chairman
DIN: 02319702

Date : 28th September, 2015
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 Replishment 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 the Directors
POWERGRID Vizag Transmission LimitedSd/-
(R. P. Sasmal)
Chairman
DIN: 02319702Date : 28th September, 2015

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	U40300DL2011GOI228136
ii.	Registration Date	30 th November, 2011
iii.	Name of the Company	POWERGRID VIZAG TRANSMISSION LIMITED (formerly Vizag 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: 011-26560112; 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.	POWERGRID 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*	0.001	0	6*	6*	0.001	-
	b) Central Govt	-	-	-	-	-	-	-	-	-
	c) State Govt(s)	-	-	-	-	-	-	-	-	-
	d) Bodies Corp	-	49994	49994	99.999	-	54729994	54729994	99.999	109373.12
	e) Banks / FI	-	-	-	-	-	-	-	-	-
	f) Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1):-	-	50000	50000	100	0	54730000	54730000	100	109360
2)	Foreign									
	g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
	h) Other-Individuals	-	-	-	-	-	-	-	-	-
	i) Bodies Corp.	-	-	-	-	-	-	-	-	-
	j) Banks / FI	-	-	-	-	-	-	-	-	-
	k) Any Other...	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-



	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	
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 ₹ 1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹ 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)	-	50000	50000	100	0	54730000	54730000	100	109360

* 6 Equity shares held by POWERGRID's nominees (individuals) jointly with POWERGRID.

ii. Shareholding of Promoters (MAY PLEASE BE FILLED UP AT YOUR END)

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.	POWERGRID Corporation of India Limited	49994	99.988	-	54729994	100	-	109373.12
2.	Indusekhar Jha Jointly With Powergrid Corporation of India Limited	01	0.002	-	01	-	-	-
3.	Ram Tirath Agarwal jointly with Power Grid Corporation of India Limited	01	0.002	-	01	-	-	-

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	
4.	Ravi P. Singh jointly with Power Grid Corporation of India Limited	01	0.002	-	01	-	-	-
5.	Rajendra Prasad Sasmal jointly with Power Grid Corporation of India Limited	01	0.002	-	01	-	-	-
6.	Biswaranjan Mishra jointly with Power Grid Corporation of India Limited	01	0.002	-	01	-	-	-
7.	S. Vaithilingam jointly Power Grid Corporation of India Limited	01	0.002	-	01	-	-	-
	Total	50000	100	-	54730000	100	-	109360

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
1.	At the beginning of the year	49994	99.988	49994	99.988
	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):				
	i. Allotment of 69,50,000 Equity shares of ₹ 10 each on 10.07.2014		99.28	6999994	100.00
	ii. Allotment of 3,47,30,000 Equity Shares of ₹ 10 each on 07.08.2014		83.22	41729994	100.00
	iii. Allotment of 1,30,00,000 Equity Shares of ₹ 10 each on 26.09.2014		23.75	54729994	100.00
	At the End of the year			54729994	100.00

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	-	-	-	-



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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, 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 I. S. Jha, 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 Ravi P. Singh				
	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 (appointed as Additional Director on 04.03.2015)				
	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

*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	-	16,14,02,929	-	16,14,02,929
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	16,14,02,929	-	16,14,02,929
Change in Indebtedness during the financial year				
- Addition	-	239,80,10,176	-	239,80,10,176
- Reduction	-	-	-	-
Net Change	-	239,80,10,176	-	239,80,10,176
Indebtedness at the end of the financial year				
i) Principal Amount	-	253,69,72,666	-	253,69,72,666
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2,24,40,439	-	2,24,40,439
Total (i+ii+iii)	-	255,94,13,105	-	255,94,13,105

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 (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
1.	Independent Directors ● Fee for attending board committee meetings ● Commission ● Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2.	Other Non-Executive Directors ● Fee for attending board committee meetings ● Commission ● Others, please specify	-	-	-	-	-
3.	Total (2)	-	-	-	-	-
4.	Total (B)=(1+2)	-	-	-	-	-
5.	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 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	-NA-				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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

Sd/-
(R. P. Sasmal)
Chairman
DIN: 02319702

Date : 28th September, 2015

Place : New Delhi



Secretarial Audit Report

To,
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 fact 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

Sd/-
Naveen Kumar Chhabra
Membership No. A 26495
C. P No. 9555

Place : Ghaziabad
Date : 03.09.2015



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**Secretarial Audit Report
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

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, 2015 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, 2015 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 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 not applicable for financial year 2014-2015.
- 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.

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. 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.

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 out unanimously as recorded in the minutes of the meeting of the Board of Directors or Committee of the Board, as the case may be.

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.

I further report that during the audit period the Company has increased Paid up capital from ₹ 5, 00,000 to ₹ 547,300,000.00 during the financial year 2014-2015.

For **Naveen Chhabra & Associates**
Company Secretaries

Sd/-
Naveen Kumar Chhabra
Membership No. A 26495
C. P No. 9555

Place: Ghaziabad
Date: 03.09.2015

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.



Annexure IV

COMMENTS OF THE COMPTROLLER AND AUDITORS GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID VIZAG TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH, 2015

The preparation of financial statements of Powergrid Vizag Transmission Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditors 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 10 May 2015.

I, on behalf of the comptroller and Auditors General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Vizag Transmission Limited for the year ended 31 March 2015 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

Place : New Delhi
Dated : 11th August, 2015

Sd/-
(Tanuja S. Mittal)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - III,
New Delhi



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BALANCE SHEET AS AT MARCH 31, 2015

(Amount in ₹)

Description	Note No.	As at 31.03.2015	As at 31.03.2014
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	3	54,73,00,000	5,00,000
(b) Reserves and Surplus	4	(28,543)	(28,543)
		<u>54,72,71,457</u>	<u>4,71,457</u>
Non Current Liabilities			
(a) Long Term Borrowings	5	1,38,36,00,000	-
(b) Long Term Liabilities	6	-	16,13,52,367
		<u>1,38,36,00,000</u>	<u>16,13,52,367</u>
Current Liabilities			
(a) Trade Payables	7	1,42,67,502	-
(b) Other Current Liabilities	8	1,16,15,45,603	50,562
		<u>1,17,58,13,105</u>	<u>50,562</u>
Total		<u>3,10,66,84,562</u>	<u>16,18,74,386</u>
II. ASSETS			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	3,86,895	-
(iii) Capital Work in Progress	10	1,99,29,89,230	16,18,55,786
(b) Construction Stores	11	70,49,36,119	-
(c) Long Term Loans and Advances	12	39,09,21,907	-
		<u>3,08,92,34,151</u>	<u>16,18,55,786</u>
Current assets			
(a) Cash and Bank Balances	13	1,71,77,691	18,600
(b) Short Term Loans and Advances	14	66,182	-
(c) Other Current Assets	15	2,06,538	-
		<u>1,74,50,411</u>	<u>18,600</u>
Total		<u>3,10,66,84,562</u>	<u>16,18,74,386</u>

Notes 1 & 2 relate to General Information and Summary of Significant Accounting Policies respectively.
The Notes 3 to 15 are an integral part of these financial statements.

As per our Report of even date attached

For **Ramu & Ravi**

FRN: 006610S

Chartered Accountants

For and on behalf of Board of Directors

(K V R Murthy)

Partner

Membership No. 200021

(V. Shekhar)

Director

(R. P. Sasmal)

Director

Place : Gurgaon

Date : 10th May 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(Amount in ₹)			
Description	Note No.	For the year ended 31.03.2015	For the year ended 31.03.2014
I. REVENUE			
Revenue from Operations [Refer Note No. 24]		-	-
Other Income	16	-	-
Total Revenue		-	-
II. EXPENSES			
Employee Benefit Expenses	17	-	-
Finance Cost	18	-	-
Depreciation and Amortisation Expenses	19	-	-
Administration & Other Expenses and Provisions	20	-	-
Total Expenses		-	-
Profit before exceptional and extraordinary items		-	-
Exceptional Items		-	-
Profit before extraordinary items and tax		-	-
Extraordinary Items		-	-
Profit Before Tax		-	-
Tax Expense of continuing operations		-	-
Profit/(Loss) for the period from continuing operations		-	-
Profit/(Loss) from discontinuing operations		-	-
Tax Expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit/ (Loss) for the period		-	-
Basic & Diluted Earning per share of ₹ 10 each		-	-

Notes 1 & 2 relate to General Information and Summary of Significant Accounting Policies respectively.

The Notes 16 to 20 are an integral part of these financial statements.

As per our Report of even date attached

For **Ramu & Ravi**
FRN: 006610S
Chartered Accountants

For and on behalf of Board of Directors

(K V R Murthy)
Partner
Membership No. 200021

(V. Shekhar)
Director

(R. P. Sasnal)
Director

Place : Gurgaon
Date : 10th May 2015



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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Amount in ₹

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Cash Flow from Operating Activities:		
Net profit/Loss as per Statement of Profit & Loss	-	-
Operating Profit/Loss before Working Capital Changes	-	-
A. Adjustments for Increase/Decrease in:		
- Trade Payables	1,42,67,502	(1,39,30,769)
- Other Current Liabilities	1,00,01,42,674	16,13,52,367
- Short Term Provisions	-	(49,624)
- Other current Assets	(2,72,720)	-
Total	1,01,41,37,456	14,73,71,974
B. Cash Flow from Investing Activities:		
- Purchase of Fixed Assets	(3,86,895)	-
- Capital Work in Progress	(1,83,11,33,444)	(15,08,72,524)
- Construction Stores & Advances for Capital Expenditure	(1,09,58,58,026)	-
Total	(2,92,73,78,365)	(15,08,72,524)
C. Cash Flow from Financing Activities:		
- Share Capital	54,68,00,000	-
- Loans obtained during the year	1,38,36,00,000	-
Total	1,93,04,00,000	-
Net Increase/ Decrease in Cash Flow (A+B+C)	1,71,59,091	(35,00,550)
Cash and Cash Equivalents at the beginning of the period	18,600	35,19,150
Cash and Cash Equivalents at the end of the period	1,71,77,691	186,00
Net Increase/Decrease in Cash and cash Equivalents	1,71,59,091	(35,00,550)

As per our Report of even date attached

For **Ramu & Ravi**

FRN: 006610S

Chartered Accountants

(K V R Murthy)

Partner

Membership No. 200021

Place : Gurgaon

Date : 10th May 2015

For and on behalf of Board of Directors

(V. Shekhar)

Director

(R. P. Sasmal)

Director

NOTE TO THE FINANCIAL STATEMENTS

1. General Information

POWERGRID VIZAG TRANSMISSION LIMITED (formerly known as VIZAG TRANSMISSION LIMITED) (referred to as the "Company" or "Powergrid VTL") is engaged in the business of Development of Power Transmission Systems Network, construction, operation and maintenance of transmission lines and other related activities.

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:

Items of Asset	Rate of Dep.	Resi. Value	Exp.Life
a) Computers & Peripherals	31.67%	5%	3 years
b) Mobile Phones	33.33%	Nil	3 years
c) Software	33.33%	Nil	3 years

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 ₹10/- per equity share.

Notes relating to Balance Sheet

3. Share Capital

Amount in ₹

Particulars	As at 31.03.2015	As At 31.03.2014
Authorised:		
9,00,00,000(March 31,2014 : 50,000) Equity shares of ₹10/- each	90,00,00,000	5,00,000
Issued:		
5,47,30,000(March 31,2014 : 50,000) Equity shares of ₹10/- each	54,73,00,000	5,00,000
Total	54,73,00,000	5,00,000
Subscribed and Paidup:		
5,47,30,000 (March 31,2014 : 50,000) Equity shares of ₹10/- each	54,73,00,000	5,00,000
Total	54,73,00,000	5,00,000

	As at March 31, 2015		As at March 31, 2014	
	No. of shares	% Held	No. of shares	% Held

(a) The details of shareholders holding more than 5% shares

Name of the Shareholder	No. of shares	% Held	No. of shares	% Held
Power Grid Corporation Limited - Holding Company	5,47,30,000	100%	50,000	100%

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares:	As at March 31, 2015		As at March 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Shares issued during the year	5,46,80,000	54,68,00,000	-	-
Balance at the end of the year	5,47,30,000	54,73,00,000	50,000	5,00,000

(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 ₹ 10/- per share.

4. Reserves and Surplus

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
a) Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	(28,543)	(28,543)
Add: Profit/(Loss) for the Year	-	-
Total	(28,543)	(28,543)

5. Long Term Borrowings

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Inter Corporate Loan from Holding Company (Refer Note below and Note No. 26)	1,38,36,00,000	-
Total	1,38,36,00,000	-

The Inter Corporate Loan is provided by the Holding Company on cost to cost basis [Interest rate ranging from 8.15% to 9.30%] and back to back servicing [repayable generally over a period of 10 to 20 years after the moratorium period of 3 to 5 years]

6. Other Long Term Liabilities

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Holding Company - PowerGrid Corporation of India Limited	-	16,13,52,367
Total	-	16,13,52,367



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7. Trade Payables

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
For Goods and Services	1,42,67,502	-
Total	1,42,67,502	-

8. Other Current Liabilities

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Due for Capital Expenditure	36,41,13,743	-
Security Deposits/Retention Money - Contractors	24,97,83,310	-
Statutory Dues	2,55,30,322	-
Due to Holding Company - PowerGrid Corporation of India Limited (Refer Note No. 26)		-
- For Expenses	50,19,15,100	
- For Interest Accrued on Inter Corporate Loan	2,01,96,395	
Other Payables	6,733	50,562
Total	1,16,15,45,603	-

9. Tangible assets

Amount in ₹

Description	Rate of Depreciation	Gross Block			Depreciation			Net Block		
		As at 31-Mar- 2014	Additons during the year	Sale / Disposal	As at 31-Mar- 2015	As at 31-Mar- 2014	For the Year	As at 31-Mar- 2015	As at 31-Mar- 2015	As at 31-Mar- 2014
Survey Equipments	3.80	-	23,550	-	23,550	-	378	378	23,172	-
Electronic Data Processing Machines	33.33	-	4,17,194	-	4,17,194	-	53,472	53,472	3,63,722	-
Total		-	4,40,744	-	4,40,744	-	53,849	53,849	3,86,895	-
Previous Year		-	-	-	-	-	-	-	-	-

10. Capital Work in Progress (CWIP)

Description	Adjustments
Opening Balance	16,18,55,786
Plant (including associated civil works)	
a) Transmission	1,81,21,35,708
Add: Expenditure during Construction	
a) Other Income	(3,56,76,919)
b) Employee Benefits	1,73,44,147
c) Finance Costs	2,24,52,829
d) Depreciation and Amortization Expenses	53,849
e) Administration & Other Expenses and Provisions	1,48,23,830
Total	1,99,29,89,230

11. Construction Stores

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Towers	37,10,39,390	-
Conductors	14,18,15,703	-
Other Line Materials	19,20,81,026	-
Total	70,49,36,119	-

Construction Stores include:
Material with Contractors

Towers	37,10,39,390	-
Conductors	14,18,15,703	-
Other Line Materials	19,20,81,026	-
Total	70,49,36,119	-

12. Long Term Loans and Advances

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
(Unsecured, Considered Good)		
Advances for Capital Expenditure		
Against Bank guarantees	38,75,41,126	-
Others	33,80,781	-
Total	39,09,21,907	-

13. Cash and Bank Balances

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Cash and Cash Equivalents	10,000	-
Balance with Banks-		
- In Current Accounts	1,71,67,691	18,600
Total	1,71,77,691	18,600

14. Short Term Loans and Advances

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
(Unsecured, Considered Good)		
Advance to Contractors	66,182	-
Total	66,182	-

15. Other Current Assets

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Accrued Income	2,06,538	-
Total	2,06,538	-

16. Other Income [Refer Note No. 35(g)]

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Interest Income from Holding Company [Refer Note Below]	10,14,361	-
Interest from Advances to Contractors	3,46,44,580	-
Miscellaneous Income	17,978	-
	3,56,76,919	-
Less: Amount transferred to Expenditure during Construction Account (Net)	3,56,76,919	-
Total	-	-

Note: Interest income received on behalf of PowerGrid Vizag Transmission Limited by Holding Company (Power Grid Corporation of India Limited) from banks has been passed on to the Company and shown as income from Holding Company.



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17. Employee Benefits

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Salaries, Wages, Allowances	1,67,86,499	2,35,345
Contribution to Provident and Other Funds	3,52,658	35,429
Staff Welfare Expenses	2,04,990	-
	1,73,44,147	2,70,774
Less: Amount transferred to Expenditure during Construction Account (Net)	1,73,44,147	2,70,774
Total	-	-

18. Finance Costs

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Interest on Loans (Refer Note No. 18(b))	2,24,40,439	-
Other Finance Charges	12,390	27,32,305
	2,24,52,829	27,32,305
Less: Amount transferred to Expenditure during Construction Account (Net)	2,24,52,829	27,32,305
Total	-	-

19. Depreciation and Amortization Expenses

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Depreciation/Amortisation on Tangible Assets	53,849	-
	53,849	-
Less: Amount transferred to Expenditure during Construction Account (Net)	53,849	-
Total	-	-

20. Administration & Other Expenses and Provisions

Amount in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Rent	16,500	-
Rates and Taxes	87,58,330	-
Freight Charges	16,39,894	-
Payment to Auditors		
- Audit Fee	56,180	32,584
- Out of Pocket Expenses	-	22,046
Communication Expenses	27,893	1483
Consultancy Expenses	10,000	-
Professional Charges	35,718	-
Printing and Stationery	69,734	43,131
Travelling Expenses	9,92,057	4,653
Tender Expenses	23,73,453	19,80,650
Training Expenses	1,978	-
Office Expenses	13,048	-
Miscellaneous Expenses	8,29,045	26,00,000
	1,48,23,830	46,84,547
Less: Amount transferred to Expenditure during Construction Account (Net)	1,48,23,830	46,84,547
Total	-	-

Sub schedule

Initial Expenditure During Construction/Intrest During Construction

Amount in ₹

Description	As at 31.03.2015	As at 31.03.2014
A. Employees Remuneration		
Salaries,Wages, Allowances and Benefits	1,67,86,499	2,35,345
Contribution to Provident and Other Funds	3,52,658	35,429
Staff Welfare Expenses	2,04,990	-
Total(A)	1,73,44,147	2,70,774
B. Other Expenses		
Training Expenses	1,978	-
Professional Charges	35,718	-
Office Expenses	13,048	-
Consultancy Expenses	10,000	-
Communication Expenses	27,893	1,483
Travelling Expenses(Including Foreign Travel)	9,92,057	4,653
Tender Expenses	23,73,453	19,80,650
Payment to Auditors	56,180	54,630
Printing and Stationery	69,734	43,131
Rent	16,500	-
Miscellaneous Expenses	8,29,045	26,00,000
Hiring of Vehicle	16,39,894	-
Rates and Taxes	87,58,330	-
Total(B)	1,48,23,830	46,84,547
C. Depreciation/Amortisation	53,849	-
D. Finance Costs		
Interest on Loans	2,24,40,439	-
Other Finance Charges	12,390	27,32,305
Total(D)	2,24,52,829	27,32,305
E. Less:Other Income		
Interest from Indian Bank	10,14,361	-
Interest from Contractors	3,46,44,580	-
Miscellaneous Income	17,978	-
Total (E)	3,56,76,919	-
GRAND TOTAL(A+B+C+D-E)	1,89,97,736	76,87,626

21. 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. Consequently, the Company became a wholly owned Subsidiary Company of M/s Power Grid Corporation of India Limited.

22. As the Company is a wholly owned Subsidiary Company of M/s Power Grid Corporation of India Limited, the Key Management Personnel (CEO) of the Company are employees of holding company, who have been working on a part time basis. No management remuneration is paid to such personnel by the Subsidiary 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	Continuing
3	Shri Ravi P Singh	Director	30.08.2013	Continuing
4	Shri V Sekhar	Director	30.08.2013	Continuing
5	Shri S Vaithilingam	Director	30.08.2013	Continuing
6	Shri D K Valecha	Director	30.08.2013	Continuing
7	Shri S Ravi	CEO (Part-time)	30.08.2013	Continuing



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23. 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.
24. 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.
25. 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.
26. The disclosure as per AS-18-Related Party Disclosure:

The Company is a wholly owned subsidiary of Power Grid 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

(Amount in ₹)

S.No	Particulars	As on 31-Mar-2015	As on 31-Mar-2014
		POWER GRID	
1	Equity Share Capital	54,73,00,000/-	5,00,000/-
2	Closing Credit Balances: -		
(a)	Due to Holding Company - PowerGrid Corporation of India Limited		
	- For Expenses	50,19,15,100/-	16,13,52,367/-
	- For Interest Accrued on Inter Corporate Loan	2,01,96,395/-	Nil
(b)	Inter Corporate Loan	1,38,36,00,000/-	Nil

- a. During the year, the Company has issued 5.468 Crores Equity Shares of ₹10/- each amounting to ₹ 54.68 Crores at face value to its parent Company M/s Power Grid Corporation of India Limited. The said shares are pari-passu with the existing shares of ₹ 10/- each.
- b. An amount of ₹ 138.36 Crores 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 on cost to cost basis [Interest rate ranging from 8.15% to 9.30%] and back to back servicing [repayable generally over a period of 10 to 20 years after the moratorium period of 3 to 5 years].
- c. The amount of ₹ 50.19 Crores payable to Parent Company M/s Power Grid Corporation of India Limited includes an amount of ₹ 31.97 Crore on account of Construction material received on replenishment basis.

27. Contingent Liabilities

There are no contingent liabilities.

28. Capital and other commitments

Capital Commitments are amounting to ₹ 5,98,12,35,587/- as on the date of Balance Sheet.

29. Exceptional and Extraordinary items

There are no exceptional and extraordinary items as at the Balance Sheet date.

	Year Ended 31.03.2015	Year Ended 31.03.2014
30. Value of Imports	₹ Nil	₹ Nil
31. Expenditure in Foreign Currency	₹ Nil	₹ Nil
32. Details of Consumption and Purchases	₹ Nil	₹ Nil
33. Earnings in Foreign Currency	₹ Nil	₹ Nil
34. Auditors Remuneration		
Audit Fee	₹ 50,000	₹ 45,000
Other Services	Nil	Nil
Service Tax	₹ 6,180	₹ 5,562

35. 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 from Eastern Regions, thereof for the purpose of Accounting Standard 17 on Segment Reporting.

b. Employee Benefits

- (i) Provision for Leave Encashment (including compensated leave) amounting to ₹ 69,939/- (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 ₹ 18,178/- (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, 2015 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. Other Income

Other income includes ₹ 10,14,361/- towards Interest income received by Holding Company from banks has been passed on to this Company and ₹ 3,46,44,580/- towards Interest from Advances to Contractors.

h. Previous Year Figures

The previous year figures have also been reclassified/re-grouped to confirm the current period's classification.

As per our Report of even date attached

For and on behalf of Board of Directors

For **Ramu & Ravi**

FRN: 006610S

Chartered Accountants

(K V R Murthy)

Partner

Membership No. 200021

(V. Shekhar)

Director

(R. P. Sasmal)

Director

Place : Gurgaon

Date : 10th May 2015



पावरग्रिड

INDEPENDENT AUDITOR'S REPORT

To the Members of **POWERGRID VIZAG TRANSMISSION LIMITED** (formerly known as VIZAG TRANSMISSION LIMITED)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of POWERGRID VIZAG TRANSMISSION LIMITED (formerly known as VIZAG TRANSMISSION LIMITED) ('the Company') which comprise the Balance Sheet as at March 31, 2015 and 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 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 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 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, 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 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) In the case of the Statement of Profit and Loss, NIL 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

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, 2015 ("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 said order.

2. We hereby state that we have issued a report on the matters specified in Notification No. MAB-III/RM-I/Vizag/1-20/2014/2014-15 dated, 18.03.2015 issued under Section 143(5) of the Companies Act, 2013 as required by the C & AG of India.

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:
- 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.
 - 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.
 - 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.
 - 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.
 - On the basis of written representations received from the Directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

For and on behalf of

RAMU & RAVI.,

Chartered Accountants
FRN No.006610S

K.V.R. Murthy

Partner
Membership Number: 200021

Place : Gurgaon
Date : 10th May 2015



पारदर्शिता

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.
- ii. In respect of its inventories:
 - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of accounts.
- iii. According to the information and explanations given to us, during the year the Company has not granted any loans to companies covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clauses 3 (iii) (a) to 3 (iii) (b) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. According to the information and explanations given to us, the Company has not 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. Since the company has not started its commercial activities, the requirement relating to maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013 are not applicable.
- vii. In respect of Statutory dues:
 - (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Cess and other material 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, Excise Duty and Cess on account of dispute.
 - (c) As the company not declared any dividend outstanding for previous years, so the provisions relating to transfer of amounts to Investor Education and Protection Fund of the Companies Act, 2013 and rules are not applicable.
- viii. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the current financial year covered by the audit and in the immediately preceding financial year. Accordingly, the clause 3(viii) of the Order is not applicable to the company.
- ix. Based on our audit procedures 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 dues to banks and financial institutions. The Company did not have any debentures outstanding as at the year end. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.
- x. The company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are not prejudicial to the interests of the company.
- xi. The company has not raised any term loans during the year from banks or financial institutions, but inter corporate loan has been taken from the holding company and it has been applied for the purpose for which it is raised.
- xii. Based upon the 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 on or by the Company has been noticed or reported during the year.

For and on behalf of

RAMU & RAVI.,
Chartered Accountants
FRN No.006610S

K.V.R. Murthy
Partner
Membership Number: 200021

Place : Gurgaon
Date : 10th May 2015

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 (formerly known as VIZAG TRANSMISSION LIMITED)**, (herein referred as "Company") to ascertain whether the Company has complied with Notification No. MAB-III/RM-I/Vizag/1-20/2014/2014-15 dated, 18.03.2015 issued under Section 143(5) of the Companies Act, 2013, we report that:

1. The Company has not been selected for disinvestment, so complete report in terms of valuation of Assets (including intangible assets and land) and liabilities (including Committed & General Reserve) may not be examined including the mode and present stage of disinvestment process for the year ended March 31, 2015.
2. As we have not come across any such cases of waiver/write off of debts/loans/interest 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 assets have been received as gift from Govt. or other authorities.
4. As there are no pending legal/arbitration cases (foreign and local) and report on the same may not be given.

For and on behalf of

RAMU & RAVI.,

Chartered Accountants

FRN No.006610S

K.V.R. Murthy

Partner

Membership Number: 200021

Place : HYDERABAD

Date : 9th May 2015

Compliance Certificate

We have conducted the audit of accounts of **M/s. POWERGRID VIZAG TRANSMISSION LIMITED (formerly known as VIZAG TRANSMISSION LIMITED)** for the year ended March 31, 2015 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.

For and on behalf of

RAMU & RAVI.,

Chartered Accountants

FRN No.006610S

K.V.R. Murthy

Partner

Membership Number: 200021

Place : Gurgaon

Date : 10th May 2015

Subsidiary Company
POWERGRID Unchahar Transmission Limited
(CIN : U40300DL2012GOI246341)

DIRECTORS' REPORT

To,
The Members,

I am delighted to present on behalf of the Board of Directors, present the Third Annual Report of POWERGRID Unchahar Transmission Limited {formerly Unchahar Transmission Limited}, together with Audited Financial Statements, Auditors Report for the financial year ended 31st March, 2015.

Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under tariff based competitive bidding for establishment of Transmission System for ATS of Unchahar TPS. Pursuant to such selection and in accordance with the guidelines for competitive bidding, POWERGRID Unchahar Transmission Limited, the Special Purpose Vehicle incorporated to establish the transmission system on build, own, operate and maintain (BOOM) basis, was acquired on 24th March, 2014 by POWERGRID from REC Transmission Projects Company Limited (RECTPCL), the Bid Process Coordinator. The transmission system comprising 400kV D/c transmission 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. Awards for Tower supply & erection and conductors have been placed and construction of the Project is under progress.

Financial Performance

As on 31st March, 2015, the Company has not yet started commercial operations. The expenditure of ₹ 19,57,968/- incurred during the year has been included under Capital Work in progress.

Share Capital

As on March 31, 2015, the Company had Authorised share capital of ₹ 5 crore. The subscribed and Paid up share capital of the Company stood at ₹ 5 lac, divided into 50,000 equity shares of ₹ 10/- each, as on March 31, 2015.

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.



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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, 2015, the Board comprised four Directors. Consequent upon nomination received from POWERGRID, Shri S.Vaithilingam, Executive Director (Finance), POWERGRID was appointed as an Additional Director(part time) in the Company w.e.f. 11.03.2015 to hold the office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri S. Vaithilingam as Director, liable to retire by rotation in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013, Shri Ravi P Singh shall retire by rotation at the 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, 2015, six (6) Board meetings were held on 31.05.2014, 13.08.2014, 22.10.2014, 19.12.2014, 23.12.2014 and 11.03.2015.

The detail of number of meetings attended by each Director during the financial year 2014-15 are as under:

Name of Director	Designation	Board Meeting attendance during 2014-15
Shri Ravi P Singh	Chairman	6
Shri D K Valecha	Director	5
Shri S Vaithilingam*	Director	1
Shri Prabhakar Singh	Director	5

*Appointed as Additional Director w.e.f. 11.03.2015

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 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, were appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2014-15.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 11th August, 2015 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2015 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 11th August, 2015 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 the Board of the Directors
POWERGRID Unchahar Transmission Limited

Sd/-
(Ravi P. Singh)
Chairman
DIN:05240974

Date: 28th September, 2015

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	Power Grid Corporation of India Limited (POWERGRID) [holding company]
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 on cost to cost basis.
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) above
e)	Date of approval by the Board	13.08.2014
f)	Amount paid as advances, if any	-

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 ATS of Unchahar TPS'. Pursuant to such selection and in accordance with the guidelines for competitive bidding, Unchahar Transmission Limited [now known as POWERGRIDUnchahar Transmission Limited], the Special Purpose Vehicle incorporated to establish the transmission system on build, own, operate and maintain (BOOM) basis, was acquired on 24th March, 2014 by POWERGRID from REC Transmission Projects Company Limited (RECTPCL), the Bid Process Coordinator. Consequently, the Company became the wholly owned subsidiary of POWERGRID. The Company has not yet commenced commercial operations. Expenditure incurred during construction period by the company and expenses allocated by POWERGRID (the holding company) of ₹ 2,99,73,164/- (including Acquisition Price of ₹ 2,44,91,957/- paid by POWERGRID to RECTPCL) have been depicted as CWIP and ₹ 2,94,59,985/- is payable by the Company to POWERGRID as on 31.03.2015.

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

Sd/-
(Ravi P. Singh)
Chairman
DIN:05240974

Date: 28th September, 2015

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	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, KatwariaSarai, 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	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	0	50000	50000	100	0	50000	50000	100	0
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-

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	
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 ₹ 1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹ 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

* 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 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	-	-

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 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	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 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

*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 due				
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 (Not Applicable):

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 the Board of the Directors
POWERGRID Unchahar Transmission Limited

Sd/-
(Ravi P. Singh)
 Chairman
 DIN: 05240974

Place: New Delhi
 Date: 28th September, 2015

ANNEXURE III
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, 2015

The preparation of financial statements of Powergrid Unchahar Transmission Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 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 21 May 2015.

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 ended 31 March 2015 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

Place : New Delhi
 Dated : 11th August, 2015

Sd/-
(Tanuja S. Mittal)
 Principal Director of Commercial Audit &
 Ex-officio Member, Audit Board - III,
 New Delhi



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BALANCE SHEET AS ON 31st MARCH 2015

Figure in ₹

Particulars		Note No.	As at 31.03.2015	As at 31.03.2014
I	EQUITY AND LIABILITIES:			
	(1) Shareholder's Funds:			
	(a) Share Capital	1	5,00,000	5,00,000
	(b) Reserves & Surplus	2	(23,851)	(23,851)
	(2) Current Liabilities :			
	(a) Other Current Liabilities	3	2,95,16,165	2,75,58,197
	Total		2,99,92,314	2,80,34,346
II	ASSETS:			
	(1) Non-current Assets:			
	(a) Fixed Assets		.	.
	(i) Capital work-in-progress	4	2,99,73,164	2,80,15,196
	(2) Current Assets:			
	(a) Cash and bank balances	5	19,150	19,150
	Total		2,99,92,314	2,80,34,346
	Expenditure During Construction Period	6		
	Significant accounting policies	7		
	Notes to accounts	8		

Note Nos. 1 to 8 form an integral part of these Financial Statements

In terms of our report of even date

For and on behalf of the BoardFor **Raj K Sri & Co**

Chartered Accountants

ICAI Firm Registration No. 014141N

Partner: Rohit Vaswani
Membership No. 095991**(Ravi P Singh)**
Director & Chairman (Part-time)
DIN:- 05240974**(S Vaithilingam)**
Director
DIN:- 07107854Place: New Delhi
Date : 21/05/2015

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2015

Figure in ₹

Particulars		Note No.	For the Year ended 31.03.2015	For the Year ended 31.03.2014
	REVENUE:			
I	Revenue from Operations:		-	-
II	Other Income		-	-
III	Total Revenue (1+11)		-	-
	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 ₹ 10 each		-	-

Expenditure During Construction Period

6

Significant accounting policies

7

Notes to accounts

8

Note Nos. 1 to 8 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 Vaswani
Membership No. 095991

(Ravi P Singh)
Director & Chairman (Part-time)
DIN:- 05240974

(S Vaithilingam)
Director
DIN:- 07107854

Place: New Delhi
Date : 21/05/2015



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CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST APRIL 2014 TO 31st MARCH, 2015

Particulars	For the Year ended 31.03.2015	For the Year ended 31.03.2014
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	19,57,968	2,33,29,257
Total	19,57,968	2,33,29,257
B. Cash Flow from Investing Activities:		
- Capital Work in Progress	(19,57,968)	2,33,29,557
Total	(19,57,968)	2,33,29,557
C. Cash Flow from Financing Activities:		
Net Increase/ Decrease in Cash Flow	-	(300)
Cash and Cash Equivalents at the beginning of the period	19,150	19,450
Cash and Cash Equivalents at the end of the period	19,150	19,150
Net Increase/Decrease in Cash and cash Equivalents	-	(300)
Expenditure During Construction Period	6	
Significant accounting policies	7	
Notes to accounts	8	
Note Nos. 1 to 8 form an integral part of these Financial Statements		

Note Nos. 1 to 8 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

Partner: Rohit Vaswani
Membership No. 095991

Place: New Delhi
Date : 21/05/2015

For and on behalf of the Board

(Ravi P. Singh)
Director & Chairman (Part-time)
DIN:- 05240974

(S. Vaithilingam)
Director
DIN:- 07107854

NOTE. '1' - SHARE CAPITAL

Particulars	Figure in ₹	
	As at 31.03.2015	As at 31.03.2014
Authorised Share Capital		
50,00,000 Equity shares of ₹ 10 each	5,00,00,000	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 31.03.2015		As at 31.03.2014	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the period	50,000	5,00,000	50,000	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 ₹ 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:

Equity Shares	(Amount in ₹)	
	As at 31-Mar-15	As at 31-Mar-14
Power Grid Corporation 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

Particulars	As at 31-Mar-15		As at 31-Mar-14	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid Power Grid Corporation Limited, the Holding Company*	50,000	100%	50,000	100%
	50,000	100%	50,000	100%

* 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 31.03.2015	As at 31.03.2014
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)

NOTE No. '3' - OTHER CURRENT LIABILITIES:

Particulars	Figures in ₹	
	As at 31.03.2015	As at 31.03.2014
Power Grid Corporation of India Limited (Holding Company)	2,94,59,985	2,75,46,961
Audit Fee Payable	56,180	11,236
Total	2,95,16,165	2,75,58,197



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NOTE No. '4' - CAPITAL WORK IN PROGRESS:

Figures in ₹

Particulars	As at 31.03.2014	Additions during the year	Adjustment during the year	Capitalised during the year	As at 31.03.2015
CWIP trfd from Statement of Expenditure during Construction Period (Note No. 6)	2,80,15,196	19,57,968	-	-	2,99,73,164

NOTE No. '5' - CASH AND BANK BALANCES:

Figures in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
a) Cash and Balance with Banks		
In current account with Scheduled Bank	-	19,150
Drafts / Cheques in hand	19,150	-
b) Other bank balances	-	-
Total	19,150	19,150

NOTE No. '6' - EXPENDITURE DURING CONSTRUCTION PERIOD

Figures in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
a) Expenses		
Expenses Allocated by REC TPCL	-	2,12,63,017
Finance Exp.	-	3,55,304
Auditors Remuneration	56,180	11,236
Misc Exp.	3,47,900	26,00,000
Bidding Documents	2,77,751	6,00,000
Employee Benefit Exp.	3,48,532	-
Rates & Taxes	5,62,250	-
Travelling Exp.	3,65,355	-
Total (a)	19,57,968	2,48,29,557
b) Other Income		
Sale of Bid Documents	-	15,00,000
Total (b)	-	15,00,000
Balance (a-b) carried to CWIP (Note No. 4)	19,57,968	2,33,29,557

NOTE NO. 7 - 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 prorate basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under 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. 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	30.00%	5%	3 years
b) Mobile Phones	33.33%	Nil	3 years
c) Software	33.33%	Nil	3 years

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.

5. CURRENT LIABILITIES

Expenditure incurred by the company for the Project is financed by POWERGRID (Holding Company) and considered as Current Liabilities.

6. REVENUE RECOGNITION

Income and expenses (except as stated below) are accounted for on accrual basis.

NOTE NO. '8' - NOTES TO ACCOUNTS

- 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 13/04/06 (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 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.
- 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. Valecha	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



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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:-

Amount in ₹					
Sr. No.	Name	2014-15		2013-14	
		Outstanding Balance at the year end	Maximum Balance during the period	Outstanding Balance at the period end	Maximum Balance during the period
1	Power Grid Corporation of India Limited (Holding Company) - Current Liabilities	2,94,59,985	2,94,59,985	2,75,46,961	2,75,46,961

4. The company has not yet commenced its commercial operation. Incidental Expenditures incurred during construction period by the company and the expenses allocated by POWERGRID (holding company) have been treated as Capital Work in Progress.
5. Service of some employees of the holding company - M/S Power Grid Corporation of India Limited were utilized during the year 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.
6. 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.
7. The Company has no outstanding liability towards micro, small and medium undertakings.
8. Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 48.59 Crore. Contingent Liabilities of the Company and claims against the company not acknowledged as debt by the Company is Rs Nil.
9. Expenditure in Foreign Currency - Nil (Previous Year – Nil)
Earning in Foreign Currency - Nil (Previous Year – Nil)

10. Auditors Remuneration

	2014-15	2013-14
Audit Fee	56,180	44,944

11. Figures have been rounded off to the nearest rupees.

12. Figures have been regrouped / reclassified wherever necessary.

In terms of our report of even date

For **Raj K Sri & Co**

Chartered Accountants

ICAI Firm Registration No. 014141N

Partner: Rohit Vaswani
Membership No. 095991

Place: New Delhi
Date : 21/05/2015

For and on behalf of the Board

(Ravi P. Singh)
Director & Chairman (Part-time)
DIN:- 05240974

(S. Vaithilingam)
Director
DIN:- 07107854

INDEPENDENT AUDITOR'S REPORT

To

**The Members,
POWERGRID UNCHAHAH TRANSMISSION LIMITED
(previously UNCHAHAH TRANSMISSION LIMITED)**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **POWERGRID UNCHAHAH TRANSMISSION LIMITED (previously UNCHAHAH TRANSMISSION LIMITED)** (the Company), which comprise the Balance sheet as at 31 March 2015, 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 2015
- b) In the case of Statement of Profit and Loss, NIL 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.



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INDEPENDENT AUDITORS' REPORT (contd...)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 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 "I", 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:
 - (i) 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.
 - (ii) In our opinion, proper book of accounts as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The Balance sheet and statement of profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of accounts.
 - (iv) 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.
 - (v) On the basis of written representations received from the Directors as on 31 March 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

For Raj K Sri & Co

Chartered Accountants

ICAI Firm Registration No. 014141N

Partner : Rohit Vaswani

Membership No: 095991

Place: Delhi

Date: 21.05.2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

1. (a) In our opinion and according to information and explanations given to us, provision of Para 3 (i) (a) of the Companies (Auditors Report) Order, 2015 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to Company as it does not have fixed assets.
(b) In our opinion and according to information and explanations given to us, provision of para 3 (i) (b) of the Companies (Auditors Report) Order, 2015 relating to physical verification of its fixed assets by the management is not applicable to Company as it does not have fixed assets.
2. (a) Paragraph 3 (ii) (a), 3 (ii) (b), 3 (ii) (c) of the Order are not applicable.
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. In our opinion and according to the information and explanations given to us, the Company does not have fixed assets and inventories and has no commercial activities during the year, the provision of Para 3 (iv) of the Companies (Auditor's Report) Order, 2015 relating to adequate internal control procedure commensurate with the size of company and nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services are not applicable to Company.
5. According to the information and explanation given to us, 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, 2015 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 2015 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.
(c) At present para 3 (vii) (c) is not applicable to the Company.
8. 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 has not taken any loan, from any financial institutions or bank or debenture holder, hence clause (ix) of paragraph 3 of the order is not applicable to the Company.
10. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
11. The company has not raised any term loans during the year from banks or financial institutions.
12. 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 Raj K Sri & Co

Chartered Accountants
ICAI Firm Registration No. 014141N

Partner : Rohit Vaswani
Membership No: 095991
Place: Delhi
Date: 21.05.2015

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 2014-15 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

S No	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.	The Company does not have any inventories as the Company is yet to start the operations.
4	A report on age-wise analysis of pending legal/ arbitration cases including the reasons 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 pending against the Company.

Subsidiary Company
POWERGRID Jabalpur Transmission Limited
(CIN : U40300DL2014GOI270433)



पावरग्रिड

DIRECTORS' REPORT

To,
Dear Members,

I am delighted to present on behalf of the Board of Directors, the First Annual Report of POWERGRID Jabalpur Transmission Limited {formerly Vindhychal Jabalpur Transmission Limited} on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2015.

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 Vindhychal-V'. Pursuant to such selection and in accordance with the guidelines for competitive bidding, POWERGRID Jabalpur Transmission Limited {formerly Vindhychal Jabalpur Transmission Limited}, the Special Purpose Vehicle incorporated to establish the transmission system on build, own operate and maintain (BOOM) basis, was acquired on 26th February, 2015 by POWERGRID from REC Transmission Projects Company Limited (RECTPCL), the Bid Process Coordinator.

The transmission system comprising 765kV 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.

Financial Performance

As on 31st March, 2015, the Company had a loss of ₹ 33,194/- on account of preliminary expenses.

Share Capital

As on March 31, 2015, the Company had Authorised, Subscribed and Paid up Share Capital of ₹ 5 lac divided into 50,000 equity shares of ₹ 10/- each. The Authorised Share Capital has been increased from ₹ 5 lac to ₹ 20 Crore in April, 2015.

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 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 outgo 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

On acquisition of the Company by POWERGRID from RECTPCL on 26th February, 2015, Shri I.S.Jha, Director (Projects), POWERGRID, Shri D. K. Valecha, Executive Director (Engg-TL, S/S,Civil & TBCB), POWERGRID, Shri S. Vaithilingam, Executive Director(Finance), POWERGRID and Shri D. K. Singh, Executive Director (WR-II), POWERGRID have been appointed as Additional Directors(part time) in the Company w.e.f. 26th February, 2015 to hold the office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri I. S. Jha, Shri D. K. Valecha, Shri S.Vaithilingam and Shri D. K. Singh as Directors, liable to retire by rotation in the ensuing Annual General Meeting.

Shri Dinesh Kumar, Shri Bhupender Gupta and Shri A. K. Tyagi, who were the Directors of the Company till 26th February, 2015, tendered their resignation on acquisition of the Company by POWERGRID in terms of 'Share Purchase Agreement' dated 26th February, 2015.

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, 2015, five(5) Board meetings were held on 12.09.2014, 13.10.2014, 10.11.2014, 24.02.2015 and 26.02.2015. The detail of number of meetings attended by each Director during the financial year 2014-15 are as under.

Name of Director	Designation	Board Meeting attendance during 2014-15
Shri Dinesh Kumar	Chairman	5
Shri Bhupender Gupta	Director	5
Shri A. K. Tyagi	Director	5
Shri I S Jha*	Chairman	1
Shri D K Valecha*	Director	1
Shri S Vaithilingam*	Director	1
Shri D K Singh*	Director	-

*Appointed as Additional Directors w.e.f. 26.02.2015.

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

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 Bansal Agarwal & Co., Chartered Accounts, New Delhi, were appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2014-15.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General vide letter dated 7th August, 2015 has decided not to conduct the supplementary audit of the financial statements of the Company for the period from 14th August, 2014 to 31st March, 2015 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 7th August, 2015 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 the Board of the Directors
POWERGRID Jabalpur Transmission Limited

Sd/-
(I. S. Jha)
Chairman
DIN: 00015615

Date : 28th September, 2015

Place : New Delhi



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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	1) REC Transmission Projects Company Limited (RECTPCL) [holding company upto 26.02.2015] 2) Power Grid Corporation of India Limited (POWERGRID) [holding company on and from 26.02.2015]
b)	Nature of contracts/arrangements/transaction	1) With respect to RECTPCL - Professional fee (₹ 16,85,40,000/-) and expenses incurred(₹ 1,34,25,507/-)* 2) With respect to POWERGRID- Acquisition Price (₹ 17,90,56,575/-) and expenses incurred (₹ 49,36,859/-)**
c)	Duration of the contracts/arrangements/transaction	1) Till handover of Company to POWERGRID by RECTPCL i.e. upto 26.02.2015 2) As mutually agreed.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Please refer (b) above).
e)	Date of approval by the Board	1) With respect to RECTPCL-24.02.2015 2) With respect to POWERGRID-26.02.2015
f)	Amount paid as advances, if any	-

Notes:

*GOI has appointed RECTPCL as Bid Process Co-ordinator (BPC) for selection of bidder to develop Transmission Strengthening associated with Vindhyachal-V (the said project) under Tariff Based Competitive Bidding(TBCB). For this purpose, project specific vehicle- SPV namely Vindhyachal Jabalpur Transmission Limited (now known as POWERGRID Jabalpur Transmission Limited) was incorporated as wholly owned subsidiary of RECTPCL. RECTPCL has charged ₹ 16,85,40,000/- as professional fee to the Company and incurred net expenditure (after reducing proceeds for sale of bid documents) of ₹ 1,04,96,725/-. Acquisition price of Rs ₹ 17,90,56,575/- (including ₹ 5 lac towards sale of 50000 equity shares @ ₹ 10/- per share of the company) has been charged to the company to be payable by the successful bidder.

**Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of the said project. Pursuant to such selection and in accordance with provisions of Share Purchase Agreement dated 26.02.2015 executed amongst REC Transmission Projects Company Limited (RECTPCL), the Company and POWERGRID, POWERGRID had acquired the Company with its assets & liabilities on 26.02.2015 and had paid total acquisition price of ₹ 17,90,56,575/-(including ₹ 5lac towards purchase of 50000 equity shares @ ₹10/- per share of the company) to REC TPCL. Consequently, the Company became the wholly owned subsidiary of POWERGRID. Further, POWERGRID has incurred expenses in relation to the said project from acquisition date till the year end on behalf of the company which has been accounted for in the financial statements under current liabilities. As on 31st March, 2015, ₹ 18,34,93,434/- is payable by the Company to POWERGRID.

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

Sd/-
(I. S. Jha)
Chairman
DIN: 00015615

Date : 28th September, 2015

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	U40300DL2014GOI270433
ii.	Registration Date	14 th August, 2014
iii.	Name of the Company	Powergrid Jabalpur Transmission Limited [formerly Vindhyaachal 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.	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 26.02.2015

**Holding Company on & from 26.02.2015

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\$



	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	
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 ₹ 1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹ 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) 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 ₹ 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.	REC Transmission Projects Company Limited (RECTPCL)	49994	99.988	-	-	-	-	100
2.	Shri Dinesh Kumar, Nominee-RECTPCL	01	0.002	-	-	-	-	100
3.	Smt. ValliNatarajan, Nominee-RECTPCL	01	0.002	-	-	-	-	100
4.	Daljeet Singh Khatri, Nominee-RECTPCL	01	0.002	-	-	-	-	100
5.	Shri Bhupender Gupta, Nominee-RECTPCL	01	0.002	-	-	-	-	100
6.	Shri Arun Kumar Tyagi, Nominee-RECTPCL	01	0.002	-	-	-	-	100
7.	Shri 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	50000	100	0	50000	100	0	100

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
	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):	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 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 ₹ 10/- each held in the Company by RECTPCL & its nominees were transferred to POWERGRID & POWERGRID's nominees jointly with POWERGRID on 26.02.2015.



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 Dinesh Kumar, Chairman [Nominee-RECTPCL]				
	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 26.02.2015*			
	At the End of the year	-	-	-	-
2	Shri Bhupender Gupta, Director [Nominee-RECTPCL]				
	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. P. Sasmal, jointly with POWERGRID on 26.02.2015*			
	At the End of the year	-	-	-	-
3	Shri A. K. Tyagi, Director [Nominee-RECTPCL]				
	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 D. K. Valecha, jointly with POWERGRID on 26.02.2015*			
	At the End of the year	-	-	-	-
4	Shri I S Jha, 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 Dinesh Kumar on 26.02.2015*			
	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 A. K. Tyagi on 26.02.2015*			
	At the End of the year	01**	0.002	01**	0.002

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
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 26.02.2015*			
	At the End of the year	01**	0.002	01**	0.002

*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 Vindhya-Chal-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 ₹ 10/- each held in the Company by RECTPCL & its nominees were transferred to POWERGRID & POWERGRID's nominees jointly with POWERGRID on 26.02.2015.

**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 due				
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 (Not Applicable):

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 the Board of the Directors
POWERGRID Jabalpur Transmission Limited

Sd/-
(I. S. Jha)
 Chairman
 DIN: 00015615

Date : 28th September, 2015

Place : New Delhi

ANNEXURE III
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 PERIOD 14 AUGUST, 2014 TO 31 MARCH, 2015

The preparation of financial statements of Powergrid Jabalpur Transmission Limited for the period 14 August, 2014 to 31 March, 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors 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 21 July, 2015.

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 period 14 August, 2014 to 31 March, 2015 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

Sd/-
(Tanuja S. Mittal)
 Principal Director of Commercial Audit &
 Ex-officio Member, Audit Board - III,
 New Delhi

Place : New Delhi
 Dated : 07th August, 2015



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BALANCE SHEET AS ON 31st MARCH 2015

Figure in ₹

Particulars		Note No.	As at 31.03.2015
I	EQUITY AND LIABILITIES:		
	(1) Shareholder's Funds:		
	(a) Share Capital	1	5,00,000
	(b) Reserves & Surplus	2	(33,194)
	(2) Current Liabilities :		
	(a) Other Current Liabilities	3	18,34,93,434
	(b) Short Term Provisions	4	34,200
	Total		18,39,94,440
II	ASSETS:		
	(1) Non-current Assets:		
	(a) Fixed Assets		.
	(i) Capital work-in-progress	5	18,39,74,890
	(2) Current Assets:		
	(a) Cash and bank balances	6	19,550
	Total		18,39,94,440
	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 **Bansal Agarwal & Co.**

Chartered Accountants

ICAI Firm Registration No. 006674N

For and on behalf of the Board
Powergrid Jabalpur Transmission Limited**(Ramesh Chandra Bansal)**

Partner

Membership No. 85557

(I S Jha)

Chairman (Part-time)

DIN : 00015615

(S Vaithilingam)

Director

DIN:- 07107854

Place : New Delhi

Date : 21.07.2015

Place : Gurgaon

Date : 21.07.2015

STATEMENT OF PROFIT & LOSS FOR THE PERIOD FROM 14TH AUGUST 2014 TO 31ST MARCH 2015

Figure in ₹

Particulars		Note No.	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		-
VII	Profit / (Loss) After Tax (V-VI)		(33,194)
IX	Basic & Diluted Earning per share of ₹ 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 **Bansal Agarwal & Co.**
Chartered Accountants
ICAI Firm Registration No. 006674N

For and on behalf of the Board
Powergrid Jabalpur Transmission Limited

(Ramesh Chandra Bansal)
Partner
Membership No. 85557

(I S Jha)
Chairman (Part-time)
DIN : 00015615

(S Vaithilingam)
Director
DIN:- 07107854

Place : New Delhi
Date : 21.07.2015

Place : Gurgaon
Date : 21.07.2015



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CASH FLOW STATEMENT FOR THE PERIOD FROM 14th AUGUST 2014 TO 31st MARCH 2015

Particulars	For the Year 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	18,35,27,634
Net Cash from Operating Activities	18,34,94,440
B. Cash Flow from Investing Activities:	
- Capital Work in Progress	(18,39,74,890)
Net Cash used in Investing Activities	(18,39,74,890)
C. Cash Flow from Financing Activities:	
- Issue of Share capital	5,00,000
Net Cash from Financing Activities	5,00,000
Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)	19,550
Cash and Bank Balances at the beginning of the period	-
Cash and Bank Balances at the end of the period	19,550
Cash In hand	-
Balance with Banks	19,550
Total Cash and Bank Balances	19,550

Notes:

- 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 **Bansal Agarwal & Co.**

Chartered Accountants

ICAI Firm Registration No. 006674N

For and on behalf of the Board
Powergrid Jabalpur Transmission Limited

(Ramesh Chandra Bansal)

Partner

Membership No. 85557

(I S Jha)

Chairman (Part-time)

DIN : 00015615

(S Vaithilingam)

Director

DIN:- 07107854

Place : New Delhi

Date : 21.07.2015

Place : Gurgaon

Date : 21.07.2015

NOTE. '1' - SHARE CAPITAL

Particulars	Figure in ₹ As at 31.03.2015
Authorised Share Capital	
50,000 Equity shares of ₹ 10 each	5,00,000
Issued, Subscribed and Fully Paid up Share Capital	
50,000 fully paid up Equity shares of ₹ 10 each	5,00,000
Total Issued, Subscribed and fully paid up share capital	5,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at 31.03.2015	
	No. of Shares	(Amount in ₹)
At the beginning of the period	-	-
Issued During the period	50,000	5,00,000
Outstanding at the end of the period	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 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:

Equity Shares	(Amount in ₹) As at 31-Mar-15
Power Grid Corporation Limited, the Holding Company	5,00,000
50,000/- equity shares of ₹ 10 each fully paid	

d. Details of shareholders holding more than 5% shares in the company

Equity Shares	As at 31-Mar-15	
	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid Power Grid Corporation Limited, the Holding Company*	50,000	100%
	50,000	100%

* 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 31.03.2015
Surplus/(Deficit)	
Opening Balance	-
Addition for the period	(33,194)
Closing Balance	(33,194)

NOTE No. '3' - OTHER CURRENT LIABILITIES:

Particulars	Figures in ₹ As at 31.03.2015
Advance from Related Party (Power Grid Corporation of India Limited - Holding Company) Refer Note no. 9 (iv)	18,34,93,434
Total	18,34,93,434



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NOTE No. '4' - SHORT TERM PROVISIONS:

Figures in ₹

Particulars	As at 31.03.2015
Provision for Audit Fee	34,200
Total	34,200

NOTE No. '5' - CAPITAL WORK IN PROGRESS:

Figures in ₹

Particulars	As at 31.03.2015
Opening Balance	-
Additions during the Period : Amount trfd from Statement of Expenditure during Construction Period (Note No. 7)	18,39,74,890
Adjustments during the period	-
Capitalised during the period	-
Closing Balance	18,39,74,890

NOTE No. '6' - CASH AND BANK BALANCES:

Figures in ₹

Particulars	As at 31.03.2015
1. Cash and Cash Equivalents	
a) Balance with Banks	
In current account with Scheduled Bank	19,550
b) Other bank balances	-
Total	19,550

NOTE No. '7' - EXPENDITURE DURING CONSTRUCTION PERIOD

Figures in ₹

Particulars	For the Period from 14.08.2014 to 31.03.2015	
Expenses		
Consultancy Fee	16,95,23,150	
Legal & Professional Charges	26,25,228	
Manpower Charges	67,33,817	
Interest	4,76,307	
Rent & Electricity	15,01,340	
Survey Charges	4,44,384	
Advertisement expenses	21,85,640	
Bank Guarantee Commission	23,10,000	
Meeting & Conference Expenses	1,79,776	
SBD modification	1,28,043	
Audit fees	72,074	
Security	1,82,740	
Taxi, Tour, Travel & Hospitality	2,29,900	
Repair, Maintenance & housekeeping	1,85,816	
Misc Expenditure	1,96,675	18,69,74,890
Less : Income from Sale of RFP Bid documents		30,00,000
Total		18,39,74,890

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%	3 years
b) Mobile Phones	33.33%	Nil	3 years
c) Software	33.33%	Nil	3 years

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) The Company was incorporated on 14-08-2014 under the Companies Act, 2013 by the name of Vindhychal Jabalpur Transmission Limited as a wholly owned subsidiary of REC Transmission Projects Company Limited (REC TPCL), which is again a wholly owned subsidiary of Rural Electrification Corporation Ltd (REC), both Govt. of India Undertakings. The Certificate of Commencement of Business was issued on 4-12-2014. The Company was incorporated as a special purpose vehicle to develop Transmission System for system strengthening associated with Vindhychal –V (Transmission Project). Pursuant to the bidding process, entire shareholding of the Company has been transferred from REC TPCL to the successful bidder i.e. M/s Power Grid Corporation of India Ltd (POWERGRID) in terms of Share Purchase Agreement dated February 26, 2015. As such POWERGRID has taken over the company on 26 February, 2015 from REC TPCL and the Company became the wholly owned subsidiary of POWERGRID on & from 26 February, 2015. The name of the company has since been changed to POWERGRID Jabalpur Transmission Limited vide fresh Certificate of Incorporation issued on 19th May 2015.
- (ii) 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.

(iii) Acquisition Price :

Expenditure aggregating to ₹ 1790.37 lakhs incurred by the company for the project upto the date of transfer on 26th Feb./2015 were financed by REC TPCL (erstwhile Holding Company). On taking over the company by POWERGRID (Holding Company), it has paid a consideration of ₹ 1790.57 lakhs being the acquisition price to REC TPCL towards purchase of shares at par alongwith assets and liabilities of the company as on the date of transfer of the company.

The Manpower cost of ₹ 67.12 lakhs included in Manpower Charges of ₹ 67.34 lakhs under the heading "Expenditure during Construction Period " represents salary & other establishment cost on account of employees provided by erstwhile Ultimate Holding company-Rural Electrification Corporation Ltd. (REC Ltd) till the date of transfer of the company i.e. 26th February 2015.

The cost allocation till the date of transfer of the company i.e. 26th February 2015 had been done by RECTPCL among its "Ongoing projects" on the time period basis from the month of incorporation of SPV till the month of transfer of the SPV (after considering the part of the month, if any, as the full month for cost allocation). The total time period involved in the instant case works out to 7 months commencing from August'14 to February'15. However, the computation of interest was done by REC TPCL considering average mean of 12 months irrespective of the no. of months for which the SPV remained with the REC TPCL. The same principle has been uniformly and consistently followed by REC TPCL for all the SPVs with REC TPCL.

Interest of ₹ 4,76,307 included under the head "Expenditure during Construction Period " (Note 7) represents interest paid to REC TPCL on the expenditure incurred by them as well as salary & other establishment cost incurred by REC and in turn charged by them to REC TPCL, as mentioned above, before the date of transfer on 26th February 2015. The rate of interest charged / paid on the utilized amount of funds was as applicable in erstwhile Ultimate Holding company for the Project Loan/Schemes (Transmission) for Borrowers under category "Non Graded Organisation" as determined from time to time.

(iv) Current Liabilities

₹1785.56 lakhs paid by POWERGRID (Holding Company) to RECTPCL (erstwhile Holding Company) as part of the Acquisition Price in terms of Share Purchase Agreement dated 26th February 2015 together with expenditure incurred by POWERGRID (Holding Company) for & on behalf of the company after the acquisition date till the year end amounting to ₹ 49.37 lakhs, aggregating to ₹ 1834.93 lakhs has been considered as Other Current Liabilities and shown under Current Liabilities in the financial statements.

(v) Bank Guarantee Commission

POWERGRID (Holding Company) has charged the Bank Guarantee Commission incurred by it amounting to ₹ 23.10 lakhs to the company towards furnishing Contract Performance Guarantee to the Long Term Transmission Customers (LTTCS) as the same is pertaining to the project to be executed by the Company.

- (vi) There were expenses which were paid by the erstwhile Holding Company to the concerned Vendors before the date of transfer on 26.02.2015 and later on charged to the company for which original supporting bills were retained by them of which copies are available with the company. All the procedural and statutory requirements with regard to deduction of Tax at Source and deposit thereof as applicable upto the date of transfer i.e. 26th February 2015 were complied with by REC TPCL (erstwhile Holding company) and thereafter by POWERGRID (holding company).
- (vii) The Key Management Personnel of the Company till 26th February 2015 were employees of REC Ltd, deployed on part time basis. The Key Management Personnel of the Company with effect from 26th February 2015 are employees of POWERGRID, deployed on part time basis. No management remuneration was/is paid to such representatives by the company.

(viii) **The disclosure as per AS18 – Related Party Disclosure :**

The Company was wholly owned subsidiary of REC Transmission Projects Company Limited (REC TPCL) until 26 February, 2015. Thereafter it became wholly owned subsidiary of Power Grid Corporation of India Limited (POWERGRID) on & from the same date. All key decisions were/are taken by the Board of Vindhyachal Jabalpur Transmission Limited (now POWERGRID Jabalpur Transmission Limited) where the REC TPCL nominees exercised their control till 26 February, 2015 and thereafter POWERGRID nominees.

Deatails Related Parties and Necture of Relationship:

S. No.	Name of the Related Party	Nature of Relationship
1	Rural Electrification Corporation Limited (REC)	Ultimate Holding Company upto 26.02.2015
2	REC Transmission Projects Company Limited(RECTPCL)	Holding Company upto 26.02.2015
3	Gadarwara (A) Transco Limited	Fellow Subsidiary upto 26.02.2015
4	Gadarwara (B) Transmission Limited	Fellow Subsidiary upto 26.02.2015
5	Maheshwaram Transmission Limited	Fellow Subsidiary upto 26.02.2015
6	Nellore Transmission Limited	Fellow Subsidiary upto 26.02.2015
7	Baira Siul Sarna Transmission Limited	Fellow Subsidiary upto 26.02.2015
8	Power Grid Corporation of India Limited	Holding Company on & from 26.02.2015
9	Power System Operation Corporation Limited (POSOCO)	Fellow Subsidiary on & from 26.02.2015
10	POWERGRID NM Transmission Limited	Fellow Subsidiary on & from 26.02.2015
11	POWERGRID Vemagiri Transmission Limited	Fellow Subsidiary on & from 26.02.2015
12	POWERGRID Vizag Transmission Limited	Fellow Subsidiary on & from 26.02.2015
13	POWERGRID Unchahar Transmission Limited	Fellow Subsidiary on & from 26.02.2015
14	POWERGRID Kala Amb Transmission Limited (w.e.f. 12 May 2014)	Fellow Subsidiary on & from 26.02.2015

Key Management Personnel (KMP) :

S. No.	Name	Designation	Remarks
1	Shri Dinesh Kumar	Chairman & Director	Upto 26.02.2015
2	Shri Arun Kumar Tyagi	Director	Upto 26.02.2015
3	Shri Bhupender Gupta	Director	Upto 26.02.2015
4	Shri I. S. Jha	Director & Chairman (Part-time)	On & from 26.02.2015
5	Shri D. K. Singh	Director	On & from 26.02.2015
6	Shri S. Vaithilingam	Director	On & from 26.02.2015
7	Shri D. K. Valecha	Director	On & from 26.02.2015
8	Shri P. C. Garg	Chief Executive Officer (Part-time)	On & from 26.02.2015

Details of related Party Transactions - With Holding Company for the period 14.08.2014 to 31.03.2015:-

S. No.	Party	Nature of transaction	Amount (₹)
1	REC Transmission Projects Company Limited (Holding company upto 26.02.2015)	Professional Fee	16,85,40,000
2	REC Transmission Projects Company Limited (Holding company upto 26.02.2015)	Expenses incurred	13,42,507
3	Power Grid Corporation of India Limited (Holding company on & from 26.02.2015)	Acquistion Price	17,90,56,575
4	Power Grid Corporation of India Limited (Holding company on & from 26.02.2015)	Expenses incurred	49,36,859
	Closing Balances :		
5	Power Grid Corporation of India Limited	Other Current Liabilities	18,34,93,434

(ix) **Preliminary Expenses**

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 & loss in the year in which such expenditure has been incurred as required by AS 26.



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(x) 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	14.08.2014 to 31.03.2015
1	Nominal Value of share (₹)	10
2	Number of Equity shares (Nos.)	50,000
3	Net Profit after tax (₹)	(33,194)
4	Earning per share (₹)	(0.66)

(xi) 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.

(xii) The Company owes no dues to small-scale units as at period ended on 31.03.2015 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".

(xiii) Since there are no employees on the payroll of the company, the obligation as per Accounting Standard-15 (Revised) does not arise.

(xiv) 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:

- Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil.
- 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.
- Expenditure in foreign currency – Nil
- Income in foreign exchange – Nil

(xv) Auditors' Remuneration:

S. No.	Particulars	Amount (₹)
1	Audit Fee-Interim Financial Statements for the period ended on 26.02.2015	37,874
2	Audit Fee-Complete Financial Statements for the financial year ended on 31.03.2015	34,200
Total		72,074

(xvi) Previous Year Comparatives

The Company was incorporated on 14 August, 2014 and accordingly these financial statements have been prepared for the first accounting year ended on 31st March, 2015. As such previous year figures are not available.

(xvii) Figures have been rounded off to the nearest rupee unless otherwise stated.

In terms of our report of even date

For **Bansal Agarwal & Co.**

Chartered Accountants

ICAI Firm Registration No. 006674N

For and on behalf of the Board

Powergrid Jabalpur Transmission Limited

(Ramesh Chandra Bansal)

Partner

Membership No. 85557

(I S Jha)

Chairman (Part-time)

DIN : 00015615

(S Vaithilingam)

Director

DIN:- 07107854

Place : New Delhi

Date : 21.07.2015

Place : Gurgaon

Date : 21.07.2015

INDEPENDENT AUDITOR'S REPORT

To
The Members of
POWERGRID JABALPUR TRANSMISSION LIMITED
(formerly VINDHYACHAL JABALPUR TRANSMISSION LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of Powergrid Jabalpur Transmission Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the period 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 and presentation 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 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 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 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, 2015, and its loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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, to the extent applicable.
2. In terms of sub section (5) of Section 143 of the Act, we give in the Annexure-II, 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:



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INDEPENDENT AUDITORS' REPORT (contd...)

- 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;
- 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) On the basis of the written representations received from the directors as on 31st March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 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 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 **Bansal Agarwal & Co.**
Chartered Accountants
ICAI Firm Registration Number: 006674N

Place : New Delhi
Dated : 21.07.2015

(Ramesh Chandra Bansal)
Partner
Membership Number: 085557

Annexure – I to the Independent Auditor’s Report to the Members of POWERGRID JABALPUR TRANSMISSION LIMITED (formerly VINDHYACHAL JABALPUR TRANSMISSION LIMITED) for the period ended 31st March’2015

With reference to the Annexure-I referred to in Paragraph 1 under “Report on Other Legal and Regulatory Requirements” Section of our Report of even date, we report that :

1. The company does not have any fixed asset as it is in the initial stage of set up. However, there is Capital work in progress of ₹ 18.40 Crores. Therefore, paragraph 3 (i) of the Order is not applicable to the company.
2. The Company does not hold any inventory. Therefore, paragraph 3 (ii) of the Order is not applicable to the company.
3. According to the information and explanation given to us the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 189 of the Act. Therefore, paragraph 3 (iii) of the Order is not applicable to the company.
4. The Company does not have any purchase of inventories and fixed assets or sale of goods and services. Therefore, paragraph 3 (iv) of the Order is not applicable to the company.
5. The company has not accepted any deposits from the public. Therefore, paragraph 3 (v) of the Order is not applicable to the company.
6. We have been informed by the management that the Central Govt. has not prescribed the maintenance of cost records u/s 148(1) of the Act for the Company. Therefore, paragraph 3 (vi) of the Order is not applicable to the company.
7. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has been regular in depositing undisputed applicable statutory dues including Income Tax, Service Tax, Cess and any other material statutory dues with the appropriate authorities during the year. Wherever payments relating to the company are made by the Holding Company, statutory dues with regard to those payments were deposited by the Holding Company. As explained to us, the Company did not have any dues on account of Provident Fund, Employees State Insurance, Custom Duty, Excise Duty, Sales tax, Wealth Tax and Value Added Tax. According to the information and explanation given to us , no undisputed amounts payable in respect of above Statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us, there are no pending dues as at 31st March, 2015 which have not been deposited with the appropriate authorities on account of any dispute.
(c) According to the information and explanation given to us there are no amounts which are required to be transferred to the Investor Education and Protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder.
8. The Company was incorporated on 14 August, 2014. Since a period of five years has not elapsed since the date of its 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 years.
9. The Company did not have any dues payable to any Financial Institution, Bank or Debenture holder during the period. Therefore, paragraph 3 (ix) of the Order is not applicable to the company.
10. According to the information and explanations given to us, the company has not given any guarantee for any loan taken by others from banks or financial institutions. Therefore, paragraph 3 (x) of the Order is not applicable to the company.
11. According to the information and explanations given to us, the Company has not taken any term loan during the period. Therefore, paragraph 3 (xi) of the Order is not applicable to the company.
12. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Bansal Agarwal & Co.**
Chartered Accountants
ICAI Firm Registration Number: 006674N

(Ramesh Chandra Bansal)
Partner
Membership Number: 085557

Place : New Delhi
Dated : 21.07.2015



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Annexure – II to the Independent Auditor’s Report to the Members of POWERGRID JABALPUR TRANSMISSION LIMITED (formerly VINDHYACHAL JABALPUR TRANSMISSION LIMITED) for the period ended 31st March’2015

With reference to the Annexure-II referred to in Paragraph 2 under “**Report on Other Legal and Regulatory Requirements**” Section of our Report of even date, we report that :

Direction	Reply
1 If the company has been selected for disinvestment, a complete status report in terms 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 reasons there for and the amount involved.	There are no such cases.
3 Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	There is no inventory in the Company and there are no assets received as gift from Government or other authorities. Hence not applicable.
4 A report on age-wise analysis of pending legal/arbitration cases including the reasons 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 according to the explanations given to us, no action is required to be taken thereon and there is no impact on the accounts and financial statement of the Company.

For **Bansal Agarwal & Co.**
Chartered Accountants
ICAI Firm Registration Number: 006674N

Place : New Delhi
Dated : 21.07.2015

(Ramesh Chandra Bansal)
Partner
Membership Number: 085557

Subsidiary Company
POWERGRID Kala Amb Transmission Limited
(CIN : U40106DL2013GOI256048)



DIRECTORS' REPORT

To,

The Members,

I am delighted to present on behalf of the Board of Directors, the Second Annual Report of POWERGRID Kala AMB Transmission Limited {formerly NRSS XXXI (A) Transmission Limited}, together with Audited Financial Statements, Auditors Report for the financial year ended 31st March, 2015.

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, NRSS - XXXI (Part-A)'. Pursuant to such selection and in accordance with the guidelines for competitive bidding, POWERGRID Kala Amb Transmission Limited, the Special Purpose Vehicle incorporated to establish the transmission system on build, own, operate and maintain (BOOM) basis, was acquired on 12th May, 2014 by POWERGRID from REC Transmission Projects Company Limited (RECTPCL), the Bid Process Coordinator. The transmission system to be set up comprise GIS substation 7X105 MVA (1-ph), 400/220 KV at Kala Amb (Himachal Pradesh); LILO of Karcham Wangtoo - Abdullapur 400 KV D/C; and 40% Series Compensation on 400KV Karcham Wangtoo D/C line at Kala Amb.

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 for sub-station packages have been placed and construction of the Project is under progress.

Financial Performance

As on 31st March, 2015, the Company has not yet started commercial operations. The expenditure of ₹ 3,13,61,452/- incurred during the year has been included under Capital Work in progress.

Share Capital

As on March 31, 2015, the Company had Authorised share capital of ₹ 5 crore. The subscribed and Paid up share capital of the Company stood at ₹5 lac, divided into 50,000 equity shares of ₹ 10/- each, as on March 31, 2015.

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, 2015, the Board comprised Four Directors. Shri S. Vaithilingam, Executive Director(Finance), POWERGRID was appointed as Additional Directors (part time) in the Company w.e.f. 11.03.2015 to hold the office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri S. Vaithilingam as Director, liable to retire by rotation in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013, Shri R. P. Sasmal 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, 2015, six (6) Board meetings were held on 12.05.2014, 19.05.2014, 31.07.2014, 04.09.2014, 01.01.2015 and 11.03.2015. The detail of number of meetings attended by each Director during the financial year 2014-15 are as under:

Name of Director	Designation	Board Meeting attendance during 2014-15
Shri Dinesh Kumar*	Chairman	1
Shri Vijay Kumar Singh*	Director	1
Shri Ajoy Choudhury*	Director	1
Shri R. P. Sasmal	Chairman	6
Shri D. K. Valecha	Director	6
Shri S .Vaithilingam**	Director	1
Shri S. K. Sharma	Director	1

*Resigned w.e.f. 12.05.2014

**Appointed as Additional Director w.e.f. 11.03.2015

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.

Statutory Auditors

M/s K. S. Choudhary & Co., Chartered Accountants, New Delhi, were appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2014-15.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General vide letter dated 7th August, 2015 has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended 31st March, 2015 and as such have no comments to make under Section 143(6)(b) of the Companies Act, 2013. Copy of letter dated 7th August, 2015 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 the Board of the Directors
POWERGRID Kala Amb Transmission Limited

Sd/-
(R. P. Sasmal)
Chairman
DIN:02319702

Date: 28th September, 2015

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	1. REC Transmission Projects Company Limited (RECTPCL) [holding company upto 12.05.2014] 2. Power Grid Corporation of India Limited (POWERGRID) [holding company on and from 12.05.2014]
b)	Nature of contracts/arrangements/transaction	1. With respect to RECTPCL –Expenses incurred including professional fee (₹ 35959408/-)* 2. With respect to POWERGRID: Part (A) : Acquisition Price (₹ 3,64,59,408/-) and expenses incurred (₹ 43,70,751/-)** Part (B): 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 Rs300crore from POWERGRID. Part (C): to avail all inputs and services as may be required by the Company from POWERGRID on cost to cost basis.
c)	Duration of the contracts/arrangements/transaction	1. Till handover of Company to POWERGRID by RECTPCL i.e. upto 12.05.2014 2. Part (A) & (B): As mutually agreed. Part (C): 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	1. With respect to RECTPCL-11.03.2014 With respect to POWERGRID-12.05.2014 [for Part (A)] and 31.07.2014 [for Part (B) & (C)]
f)	Amount paid as advances, if any	-

Notes:

*GOI had appointed RECTPCL as Bid Process Co-ordinator (BPC) for selection of bidder to develop Transmission System for Northern Region System Strengthening Scheme, NRSS - XXXI (Part-A). (the said project) under Tariff Based Competitive Bidding (TBCB). For this purpose, project specific vehicle- SPV namely NRSS XXXI(A) Transmission Limited (now known as POWERGRID Kala Amb Transmission Limited) was incorporated as wholly owned subsidiary of RECTPCL. expenses allocated by RECTPCL (erstwhile holding company) till 12.05.2014 have been depicted as CWIP.

**Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of the said project. Pursuant to such selection and in accordance with provisions of Share Purchase Agreement dated 12.05.2014 executed amongst REC Transmission Projects Company Limited (RECTPCL), the Company and POWERGRID, POWERGRID had acquired the Company with its assets & liabilities on 12.05.2014 and had paid total acquisition price of ₹ 3,64,59,408/- (including ₹ 5 lac towards purchase of 50000 equity shares @ ₹10/- per share of the company) to REC TPCL. Consequently, the Company became the wholly owned subsidiary of POWERGRID. The Company has not yet commenced commercial operations. Expenditure incurred during construction period by the company and expenses allocated by POWERGRID (the holding company) of ₹ 4,13,17,620/- (including Acquisition Price of Rs3,64,59,408/- paid by POWERGRID to RECTPCL) have been depicted as CWIP and ₹ 4,08,30,159/- is payable by the Company to POWERGRID as on 31.03.2015.

For and on behalf of the Board of the Directors
POWERGRID Kala Amb Transmission Limited

Sd/-
(R. P. Sasmal)
Chairman
DIN:02319702

Date: 28th September, 2015
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	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. 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 12.05.2014

**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	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 ₹ 1 lakh	-	-	-	-	-	-	-	-	-

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	
(ii) Individual shareholders holding nominal share capital in excess of ₹ 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) had emerged as the successful bidder under tariff based competitive bidding for establishment of Transmission Strengthening associated with establishment of Transmission System for Northern Region System Strengthening Scheme, NRSS - XXXI (Part-A). 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 (RECTPCL) [the bid process coordinator], the Company and POWERGRID, 50,000 equity shares of ₹ 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 / encumbe red 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 Sunil Kumar, Nominee-RECTPCL	01	0.002	-	-	-	-	100
3.	Shri Vijay Kumar Singh, Nominee-RECTPCL	01	0.002	-	-	-	-	100
4.	Shri Sanjay Shilendra Kumar, Nominee-RECTPCL	01	0.002	-	-	-	-	100
5.	Shri Ajoy Choudhury, Nominee-RECTPCL	01	0.002	-	-	-	-	100
6.	Smt. ValliNatarajan, Nominee-RECTPCL	01	0.002	-	-	-	-	100
7.	Smt. Swati Gupta, Nominee-RECTPCL	01	0.002	-	-	-	-	100
8.	Power Grid Corporation of India Limited (POWERGRID)	-	-	-	49994	99.988	-	100

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	
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	0	50000	100	0	100

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
	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):	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 tariff based competitive bidding for establishment of 'Transmission System for Northern Region System Strengthening Scheme, NRSS - XXXI (Part-A)'. 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 (RECTPCL) [the bid process coordinator], the Company and POWERGRID, 50,000 equity shares of ₹ 10/- each held in the Company by RECTPCL & its nominees were transferred to POWERGRID & POWERGRID's nominees jointly with POWERGRID on 12.05.2014.

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 Vijay Kumar Singh, 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 12.05.2014*			
	At the End of the year	-	-	-	-
3	Shri Ajoy Choudhary, 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. P. Sasmal, jointly with POWERGRID on 12.05.2014*			
	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 Smt. ValliNatarajan on 12.05.2015*			
	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 Smt. Valli Natarajan on 12.05.2015*			
	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 Smt. Swati Gupta on 12.05.2014*			
	At the End of the year	01**	0.002	01**	0.002

*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, NRSS - XXXI (Part-A). 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 ₹ 10/- each held in the Company by RECTPCL & its nominees were transferred to POWERGRID & POWERGRID’s nominees jointly with POWERGRID on 12.05.2014.

**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 due				
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	-	-	-	-	-



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B. Remuneration to other directors: (NOT APPLICABLE)

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

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
SCompounding		Nil	Nil	NA	NA

For and on behalf of the Board of the Directors
POWERGRID Kala Amb Transmission Limited

Sd/-
(R. P. Sasmal)
 Chairman
 DIN:02319702

Date: 28th September, 2015
 Place: New Delhi



ANNEXURE III

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, 2015

The preparation of financial statements of Powergrid Kala Amb Transmission Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 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 20 May 2015.

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 2015 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

Sd/-

(Tanuja S. Mittal)

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

Place : New Delhi

Dated : 07th August, 2015



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BALANCE SHEET AS ON 31st MARCH 2015

Figure in ₹

Particulars		Note No.	As at 31.03.2015	As at 31.03.2014
I	EQUITY AND LIABILITIES:			
	(1) Shareholder's Funds:			
	(a) Share Capital	1	5,00,000	5,00,000
	(b) Reserves & Surplus	2	(28,177)	(28,177)
	(2) Current Liabilities :			
	(a) Short Term Provision	3	33,708	22,472
	(b) Other Current Liabilities	4	4,08,30,159	94,81,273
	Total		4,13,35,690	99,75,568
II	ASSETS:			
	(1) Non-current Assets:			
	(a) Fixed Assets			
	(i) Capital work-in-progress	5	4,13,17,620	99,56,168
	(2) Current Assets:			
	(a) Cash and bank balances	6	18,070	19,400
	Total		4,13,35,690	99,75,568

Expenditure During Construction Period

7

Significant accounting policies

8

Notes to accounts

9

Note Nos. 1 to 9 form an integral part of these Financial Statements

In terms of our report of even date

For and on behalf of the Board

For **K S Choudhary & Co.**

Chartered Accountants

ICAI Firm Registration No. 508095C

(H. K. Choudhary)

Partner

Membership No. 093027

(R. P. Sasmal)

Director & Chairman

(Part-time)

(S. Vaithilingam)

Director

Place : New Delhi

Date : 20/05/2015

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2015

Figure in ₹

Particulars		Note No.	For the Year ended 31.03.2015	For the Year ended 31.03.2014
I	REVENUE:			
	Revenue from Operations:		-	-
II	Other Income		-	-
III	Total Revenue (I-II)		-	-
	EXPENSES:			
	Preliminary Expenses		-	28,177
IV	Total Expenses		-	28,177
V	Profit before exceptional and extraordinary items and tax (III - IV)		-	(28,177)
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V-VI)		-	(28,177)
VIII	Extraordinary Items		-	-
IX	Profit Before Tax (VII-VIII)		-	(28,177)
X	Tax Expense		-	-
XI	Profit/(Loss) for the period from continuing operations (IX - X)		-	(28,177)
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)		-	(28,177)
XVI	Basic & Diluted Earning per share of ₹ 10 each		-	(0.564)

Expenditure During Construction Period

7

Significant accounting policies

8

Notes to accounts

9

Note Nos. 1 to 9 form an integral part of these Financial Statements

In terms of our report of even date

For and on behalf of the Board

For **K S Choudhary & Co.**

Chartered Accountants

ICAI Firm Registration No. 508095C

(H. K. Choudhary)

Partner

Membership No. 093027

(R. P. Sasnal)

Director & Chairman

(Part-time)

(S. Vaithilingam)

Director

Place : New Delhi

Date : 20/05/2015



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CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST APRIL, 2014 TO 31ST MARCH, 2015

Figure in ₹

Particulars		For the Year ended 31.03.2015	For the Year ended 31.03.2014
A. Cash Flow from Operating Activities:			
Net profit/Loss as per Statement of Profit & Loss		-	(28,177)
Operating Profit/Loss before Working Capital Changes		-	(28,177)
Adjustments for Increase/Decrease in:			
- Short Term Provisions		11,236	22,472
- Other Current Liabilities		3,13,48,886	94,81,273
Total		3,13,60,122	94,75,568
B. Cash Flow from Investing Activities:			
- Capital Work in Progress		(3,13,61,452)	(99,56,168)
Total		(3,13,61,452)	(99,56,168)
C. Cash Flow from Financing Activities:			
- Share capital		-	500,000
Total		-	500,000
Net Increase/ Decrease in Cash Flow		(1,330)	19,400
Cash and Cash Equivalents at the beginning of the period		19,400	-
Cash and Cash Equivalents at the end of the period		18,070	19,400
Net Increase/Decrease in Cash and cash Equivalents		(1,330)	19,400
Expenditure During Construction Period	7		
Significant accounting policies	8		
Notes to accounts	9		

Note Nos. 1 to 9 form an integral part of these Financial Statements

In terms of our report of even date

For and on behalf of the Board

For **K S Choudhary & Co.**

Chartered Accountants

ICAI Firm Registration No. 508095C

(H. K. Choudhary)

Partner

Membership No. 093027

(R P Sasmal)

Director & Chairman

(Part-time)

(S Vaithilingam)

Director

Place : New Delhi

Date : 20/05/2015

NOTE. '1' - SHARE CAPITAL

Figure in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Authorised Share Capital		
50,00,000 Equity shares of ₹ 10 each	5,00,00,000	5,00,00,000
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 31.03.2015		As at 31.03.2014	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the period	50,000	5,00,000	50,000	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 ₹ 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:

(Amount in ₹)

	As at 31.03.2015	As at 31.03.2014
REC Transmission Projects Company Limited, the erstwhile Holding Company		
50,000/- Equity shares of ₹ 10 each fully paid	-	5,00,000
Power Grid Corporation Limited, the Holding Company		
50,000/- Equity shares of ₹ 10 each fully paid	5,00,000	-

d. Details of shareholders holding more than 5% shares in the company

(Amount in ₹)

Equity Shares	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
REC Transmission Projects Company Limited, the erstwhile Holding Company				
50,000/- Equity shares of ₹ 10 each fully paid	-	-	50,000	100%
Power Grid Corporation Limited, the Holding Company*				
50,000/- Equity shares of ₹10 each fully paid	50,000	100%	-	-

* 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 ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Opening Balance - Profit & Loss Account	(28,177)	-
Add: Transferred from Statement of Profit & Loss for the year	-	(28,177)
Total	(28,177)	(28,177)

NOTE No. '3' - SHORT TERM PROVISIONS:

Figures in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
Provision for expenses (Audit Fee)	33,708	22,472
Total (A)	33,708	22,472

NOTE No. '4' - OTHER CURRENT LIABILITIES:

Figures in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
TDS Payable	-	15,250
REC Transmission Projects Company Limited (erstwhile Holding Company)	-	9,466,023
Power Grid Corporation of India Limited (Holding Company)	4,08,30,159	-
Total (B)	4,08,30,159	94,81,273

NOTE No. '5' - CAPITAL WORK IN PROGRESS:

Figures in ₹

Particulars	As at 31.03.2014	Additions during the year	Adjustment during the year	Capitalised during the year	As at 31.03.2015
Sub-Station Survey Investigation Consult. & Supervision Chrgs	-	82,883	-	-	82,883
Expenditure during Construction Period (Note No. 7)	99,56,168	3,12,78,569	-	-	4,12,34,737
Total	99,56,168	3,13,61,452	-	-	4,13,17,620

NOTE No. '6' - CASH AND BANK BALANCES:

Figures in ₹

Particulars	As at 31.03.2015	As at 31.03.2014
a) Cash and cash equivalents		
In current account with Scheduled Bank	18,070	19,400
b) Other bank balances	-	-
Total (A)	18,070	19,400

NOTE No. '7' - EXPENDITURE DURING CONSTRUCTION PERIOD

Figures in ₹

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
a) Expenses		
Expenses Allocated by REC TPCL	2,64,55,663	12,456,168
Employee Benefit Exp.	2,75,321	
Bank charges	4,33,663	
Transmission Licence Fee	2,86,300	
Rates & Taxes	5,59,250	
Advt. of Tenders-Indian Currency	6,17,553	
Advt. Others	17,111	
License Application Fee	1,00,000	

NOTE No. '7' - EXPENDITURE DURING CONSTRUCTION PERIOD (CONTD.)

Particulars	Figures in ₹	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Adoption Application Fee	25,00,000	-
Auditors Remuneration	33,708	-
Total (a)	3,12,78,569	1,24,56,168
b) Other Income		
Sale of Bid Documents	-	25,00,000
Total (b)	-	25,00,000
Balance (a-b) carried to CWIP (Note No. 5)	3,12,78,569	99,56,168

NOTE NO. '8' - 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. 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%	3 years
b) Mobile Phones	33.33%	Nil	3 years
c) Software	33.33%	Nil	3 years

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.

5. CURRENT LIABILITIES

Expenditure incurred by the company for the Project upto the Share Purchase Agreement date i.e. 12th May 2014 is financed by REC Transmission Projects Company Limited (erstwhile Holding Company) and Rural Electrification Corporation Limited (holding Company of REC Transmission Projects Company Limited) and expenditure incurred after 12th May 2014 are financed by POWERGRID (Holding Company) and considered as Current Liabilities.

6. REVENUE RECOGNITION

Income and expenses (except as stated below) are accounted for on accrual basis.

**NOTE NO. '9' - NOTES TO ACCOUNTS**

- 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.
- 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 12th May 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 till 12th May 2014 are employees of REC, deployed on part time basis. 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 Dinesh Kumar	Chairman & Director	29/07/2013	12/05/2014
2	Shri V. K. Singh	Director	29/07/2013	12/05/2014
3	Shri Ajoy Choudhury	Director	29/07/2013	12/05/2014
4	Shri R. P. Sasmal	Chairman (Part-time) & Director	12/05/2014	Continuing
5	Shri D. K. Valecha	Director	12/05/2014	Continuing
6	Shri S. K. Sharma	Director	12/05/2014	Continuing
7	Shri S. Vaithilingam	Director	11/03/2015	Continuing
8	Shri. Anil Sharma	CEO (Part-time)	12/05/2014	Continuing

The other personnel working for the Company till 12th May 2014 were also from REC. The related expenses in respect of personnel working for the Company till 12th May 2014 are paid by REC and allocated to RECTPCL (erstwhile Holding Company) as part of administration expenses of Holding Company, which is further allocated by RECTPCL to its subsidiaries on per project per month basis according to the estimated time spent by these employees on the basis of cost ratio details provided by REC. Gratuity provision, if any, till 12th May 2014 is handled by REC (the Ultimate holding company). With effect from 12th May 2014 the Employee Cost and related expenses (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel, if any, working for the company are paid by POWERGRID and allocated to the subsidiary company on the basis of time spent by the employees on the basis of cost to POWERGRID.

- Wherever, payments relating to the company are made by the REC TPCL (erstwhile Holding Company) and the REC (erstwhile Ultimate 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 erstwhile Holding Company and the erstwhile Ultimate Holding Company against payments released on their account.
- The disclosure as per AS18 – Related Party Disclosure :

The Company was incorporated as a wholly owned subsidiary of REC Transmission Projects Company Limited (RECTPCL), which is further a wholly owned subsidiary of Rural Electrification Corporation Limited (REC). Pursuant to the bid process, Power Grid Corporation of India Limited has been selected as the successful bidder and has acquired on 12th May 2014 one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities. All key decisions till 12th May 2014 were taken by the Board of REC Transmission Projects Company Limited where the REC nominees exercise the control and all key decisions with effect from 12th May 2014 are taken by Power Grid Corporation of India Limited.

Current Liabilities payable to the present and erstwhile Holding Companies are as follows:

Amount in ₹

Sr. No.	Name	2014-15		2013-14	
		Outstanding Balance at the period end	Maximum Balance during the period	Outstanding Balance at the period end	Maximum Balance during the period
1	REC Transmission Projects Company Ltd. (erstwhile Holding Company)	-	3,59,59,408	94,66,023	1,24,46,023
2	Power Grid Corporation of India Limited (Holding Company)	4,08,30,159	4,08,30,159	-	-

- The company has not yet commenced its commercial operation as the project is under execution. Incidental Expenditures incurred during construction period by the company and the expenses allocated by REC TPCL (erstwhile holding company) till 12th May 2014 and expenses allocated by POWERGRID with effect from 12th May 2014 have been treated as Capital Work in Progress. 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 profit & loss account in the year in which such expenditure has been incurred as required by the AS 26.
- 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.
- The Company has no outstanding liability towards micro, small and medium undertakings.
- Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 227.10 Crores. Contingent Liabilities of the Company and claims against the company not acknowledged as debt by the Company is ₹ Nil.
- Expenditure in Foreign Currency - Nil (Previous Year – Nil)
Earning in Foreign Currency - Nil (Previous Year – Nil)

10. Auditors Remuneration

	2014-15	2013-14
Audit Fee	33,708	22,472

- Figures have been rounded off to the nearest rupees.
- Previous year's figures have been regrouped/reclassified, wherever necessary.

In terms of our report of even date
For **K S Choudhary & Co.**
Chartered Accountants
ICAI Firm Registration No. 508095C

For and on behalf of the Board

(H. K. Choudhary)
Partner
Membership No. 093027

(R P Sasmal)
Director & Chairman
(Part-time)

(S Vaithilingam)
Director

Place: New Delhi
Date : 20.05.2015



INDEPENDENT AUDITOR'S REPORT

To

**The Members,
POWERGRID KALA AMB TRANSMISSION LIMITED
(Formerly Known as NRSS XXXI (A) Transmission Limited)**

Report on the Financial Statements

1. We have audited the accompanying financial statements of POWERGRID KALA AMB TRANSMISSION LIMITED (Formerly Known as NRSS XXXI(A) Transmission Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 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 Companies (Accounts) Rules, 2014.

This responsibility 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; 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 a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. 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.
4. 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. 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 of the state of affairs of the Company as at 31st March 2015, its profit/loss and its cash flows for the year ended on that date Report on Other Legal and Regulatory Requirements.

Report on other Legal and Regulatory Requirements

7. a) As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
b) In term of sub section (5) of section 143 of the Companies Act, 2013, we give in the "Annexure - I" a statement on the directions issued under the aforesaid Section by the controller and Auditor General of India.

INDEPENDENT AUDITORS' REPORT (contd...)

8. 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) Except for the effect of the matter described in Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e) The matter described in the Basis of Qualified Opinion paragraph above, in our opinion may not have an adverse effect on the functioning of the Company.
 - f) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - g) The qualification relating to the maintenance of accounts and other matter connected therewith are as situated in the basis for qualified opinion paragraph above.
 - h) 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) Rules, 2014:
 - 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; 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.

For **K S CHOUDHARY & CO.,**
CHARTERED ACCOUNTANTS
FRN: 508095C

(H K CHOUDHARY)
PARTNER
M. No. 093027

Place: Delhi
Date: 20.05.2015



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Annexure referred to in paragraph 7 Our Report of even date to the members of POWERGRID KALA AMB TRANSMISSION LIMITED (Formerly Known as NRSS XXXI (A) Transmission Limited) on the accounts of the company for the year ended 31st March, 2015.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
(b) As explained to us, No fixed assets are with the company so material discrepancies were not applicable;
- ii. The nature of business of the Company does not require it to have any inventory. Hence, the requirement of clause (ii) of paragraph 3 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 Act.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has not been noticed or reported.
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013
- vi. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act
- 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, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;
(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, Service Tax, Sales 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. As at 31st March, 2015, the Company has been registered for less than 5 years; hence, clause 4(x) of the Order is not applicable to it.
- viii whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year. As at 31st March, 2015, the Company has been registered for less than 5 years; and there is no accumulated losses occurred during the year, hence, clause of the Order is not applicable to it.
- ix. According to the records of the company examined by us and as per the information and explanations given to us, the company has not availed of any loans from any financial institution or banks and has not issued debentures.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.
- xi. In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year
- xii. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For **K S CHOUDHARY & CO.,**
CHARTERED ACCOUNTANTS
FRN: 508095C

(H K CHOUDHARY)
PARTNER
M. No. 093027

Place: Delhi
Date: 20.05.2015

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Powergrid Kala Amb Transmission Limited (Formerly known as NRSS XXXI(A) Transmission Limited) for the year 2014-15 issued by Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

1. If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets & land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.

Reply : 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.

Reply : There are no cases of waiver/ write off of debts/loans/interest etc. during the year.

3. Whether proper records are maintained for inventories laying with third parties and assets received as gift from Govt. or other authorities.

Reply : The Company does not have inventories laying with third parties. The Company does not have assets received as gift from Govt. or other authorities.

4. A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existences/ effectiveness of monitoring mechanism for expenditure on all legal cases (foreign & local) may be given.

Reply : There are no legal/ arbitration cases pending against the Company.



पावरग्रिड

POWER GRID CORPORATION OF INDIA LTD.

(A Government of India Enterprise)

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Corporate Office : "Saudamini", Plot No. 2, Sector 29, Gurgaon, Haryana - 122 001

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