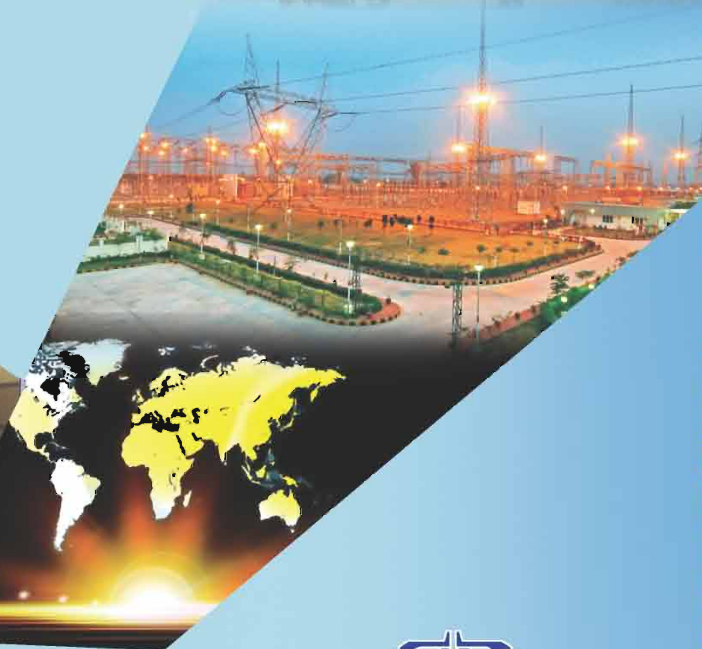




# ANNUAL REPORT 2013-14



## Vision

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

## Values

- Zeal to excel and zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments
- Ensure speed of response
- Foster learning, creativity and team-work
- Loyalty and pride in POWERGRID

## Mission

"We will become a Global Transmission Company with Dominant Leadership in Emerging Power Markets with World Class Capabilities by:

- World Class: Setting superior standards in capital project management and operations for the industry and ourselves
- Global: Leveraging capabilities to consistently generate maximum value for all stakeholders in India and in emerging and growing economies
- Inspiring, nurturing and empowering the next generation of professionals
- Achieving continuous improvements through innovation and state-of-the-art technology
- Committing to highest standards in health, safety, security and environment"

## Objectives

The Corporation has set following objectives in line with its Vision, Mission and its status as "Central Transmission Utility" to:

- Undertake transmission of electric power through Inter-State Transmission System.
- Discharge all functions of planning and coordination relating to Inter-State transmission system with-
  - i. State Transmission Utilities;
  - ii. Central Government;
  - iii. State Governments;
  - iv. Generating Companies;
  - v. Regional Power Committees;
  - vi. Authority;
  - vii. Licensees;
  - viii. Any other person notified by the Central Government in this behalf.
- To ensure development of an efficient, co-ordinated and economical system of Inter-State Transmission lines for smooth flow of electricity from generating stations to the load centres.
- Efficient Operation and Maintenance of Transmission Systems.
- Restoring power in quickest possible time in the event of any natural disasters like super-cyclone, flood etc. through deployment of Emergency Restoration Systems.
- Provide consultancy services at national and international level in transmission sector based on the in-house expertise developed by the organisation.
- Participate in long distance telecommunication business ventures.
- Ensure principles of Reliability, Security and Economy matched with the rising / desirable expectation of a cleaner, safer, healthier Environment of people, both affected and benefited by its activities.

## PowerTel

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

- Established Broadband Telecom Network of about 30,000 kms connecting over 317 POPs on extensively spread Transmission Infrastructure.
- Only utility in the Country having overhead optic fibre on its Extra High Voltage Transmission Network.
- POWERGRID Telecom Network
  - Sturdy & Secure
  - Free from rodent menace and vandalism.
- Network has multiple self resilient rings for complete redundancy in backbone as well as intra-city access networks.
- To offer Total Solutions and to meet specific needs of the customers.
- Reliability of Telecom Network 99.9%
- Bandwidth capacity available on all the metros & major cities.
- Extend telecom network to serve uneconomic and backward areas for the benefit of the common man.
- Plan to extend network to neighbouring countries for terrestrial SAARC Telecom Grid.
- Possesses National Long Distance (NLD), Internet Service Provider (ISP) Category-A and Infrastructure Provider Category-I (IP-I) Licenses to provide Telecom services in the Country.
- One of the executing agency for major prestigious projects of Govt. of India, like-National Knowledge Network (NKN), National Optical Fibre Network (NOFN) etc.
- Plan to Introduce other Value Added Services;
  - Video Conferencing
  - Virtual Local Area Network (VLANs)
  - Multi Protocol Label Switching (MPLS) based on VPNs
  - Voice Over Internet Protocol (VOIP)

## Power Grid Corporation of India Limited

(A Government of India Enterprise)

CIN: L40101DL1989GOI038121

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110016.

Phone No.: 011-26560112, Fax: 011-26601081

Corp. Off.: "Saudamini", Plot No. 2, Sector-29, Gurgaon-122001 (Haryana)

Phone No.: 0124-2571700-719, Fax: 0124-2571762

Website: www.powergridindia.com, Email ID: powergrid@powergrid.in

### NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of Power Grid Corporation of India Limited will be held on **Thursday, the 18<sup>th</sup> September, 2014 at 11.00 a.m. at "Air Force Auditorium, Subroto Park, New Delhi - 110 010"** to transact the following businesses:

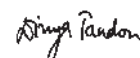
#### ORDINARY BUSINESS:

- To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the financial year ended on that date together with Reports of the Board of Directors and Auditors thereon.
- To note the payment of interim dividend and declare final dividend for the Financial Year 2013-14.
- To appoint a Director in place of Shri I. S. Jha (DIN: 00015615), who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri R. T. Agarwal (DIN: 01937329), who retires by rotation and being eligible, offers himself for re-appointment.
- To fix the remuneration of M/s S. K. Mehta & Co., M/s Chatterjee & Co., and M/s Sagar & Associates, the Statutory Auditors for the Financial Year 2014-15.

#### SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:  
"Resolved that pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013, Rules made thereunder, Dr. Pradeep Kumar (DIN: 05125269), who was appointed as a Government Nominee Director, by the President of India vide letter no. 1/16/1991-PG dated 10<sup>th</sup> September, 2013 & appointed as an Additional Director by the Board with effect from 19<sup>th</sup> September, 2013 to hold office upto the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Dr. Pradeep Kumar as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company, liable to retire by rotation."
- To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:  
"Resolved that pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013, Rules made thereunder, Smt. Jyoti Arora (DIN: 00353071), who was appointed as a Government Nominee Director, by the President of India vide letter no. 1/16/1991-PG dated 20<sup>th</sup> March, 2014 & appointed as an Additional Director by the Board with effect from 20<sup>th</sup> March, 2014 to hold office upto the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Smt. Jyoti Arora as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company, liable to retire by rotation."
- To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:  
"Resolved that Pursuant to section 148 of the Companies Act, 2013 the remuneration of M/s. K. G. Goyal & Associates, Cost Accountants and M/s. R. M. Bansal & Co., Cost Accountants as the joint Cost Auditors of the Company (for Transmission and Telecom business) as approved by the Board for the Financial Year 2014-15 at ₹2,00,000/- (Rupees Two Lakh only) to be shared equally by both the firms; Taxes as applicable to be paid extra, travelling and out of pocket expenses to be reimbursed at actuals as per policy of the Company and M/s. K. G. Goyal & Associates, the Lead Cost Auditor to be also paid for the work of consolidation and filing of consolidated cost audit report for the Financial Year 2014-15 for the Company as a whole at an additional fee of ₹10,000/- (Rupees Ten Thousand only) being 10% of its Cost Audit Fee be and is hereby ratified."
- To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION:  
"Resolved that further to approval obtained from the shareholders under Sections 23(1)(b), 42 of Companies Act, 2013 read with Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 & other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, regarding raising of Bonds upto ₹ 13,500 crore through postal ballot vide notice dated 03.06.2014, the results of which were declared on 21<sup>st</sup> July, 2014, approval be and is hereby granted that the said amount of upto ₹ 13,500 crore of bonds approved to be raised during the Financial Year 2014-15 from domestic sources, to also include raising of Foreign Currency Bonds (FCB), if any, in an acceptable foreign currency as permitted by RBI, for i) capital expenditure of POWERGRID; or ii) extending inter corporate loan(s) to the project SPVs acquired by POWERGRID under Tariff Based Competitive Bidding viz. Vizag Transmission Limited, POWERGRID NM Transmission Limited, Unchahar Transmission Limited and NRSS XXXI (A) Transmission Limited on cost to cost basis and back to back servicing."

By order of the Board of Directors



(Divya Tandon)

Company Secretary

Regd. Office: B-9, Qutab Institutional Area,  
Katwaria Sarai,  
New Delhi-110 016.  
Date: 16.08.2014



## NOTES:

### 1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting, i.e. latest by 11.00 a.m. on Tuesday 16<sup>th</sup> September, 2014. Blank proxy form is enclosed.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. As required under clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri I. S. Jha (DIN: 00015615) and Shri R. T. Agarwal (DIN:01937329), Directors retiring by rotation and seeking re-appointment under aforesaid Item No. 3 and 4, respectively in accordance with applicable provisions of the Articles of Association of the Company. The tenure of Shri I. S. Jha as per GoI Order is upto 31<sup>st</sup> August, 2014 & his appointment will be subject to extension of his tenure by GoI. The details of these directors are annexed.
3. None of the Directors of the Company is in any way related with each other.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to:-
  - (i) Note that copies of Annual Report will not be distributed at the venue Annual General Meeting.
  - (ii) Bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.
  - (iii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counter at the venue to be exchanged with the Attendance Slip. Photocopies of Attendance Slip will not be entertained for issuing entry slip for attending Annual General Meeting.
  - (iv) Quote their Folio/Client ID & DP ID Nos. in all correspondence.
  - (v) Note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.
  - (vi) Note that no gifts/coupons will be distributed at the Annual General Meeting.
6. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting. Alternatively, such an authority duly certified should be brought by the representative attending on behalf of the corporate body, at the meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 6<sup>th</sup> September, 2014 to 18<sup>th</sup> September, 2014 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 126 of the Companies Act, 2013, if declared at the Annual General Meeting, will be paid on 9<sup>th</sup> October, 2014 to those members whose names appear in the Register of Members on 5<sup>th</sup> September 2014.
8. The Board of directors, in its meeting held on 26<sup>th</sup> February, 2014, had declared an interim dividend @ 12.70% on the paid-up equity share capital of the Company (i.e. ₹ 1.27 per share) which was paid on 19<sup>th</sup> March, 2014. Members who have not received or not encashed their dividend warrant may approach Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company, for revalidating the warrant or for obtaining duplicate warrant. The Board had further recommended a Final Dividend @13.10% on the paid-up equity share capital of the Company (i.e. ₹1.31 per share) at its meeting held on 29<sup>th</sup> May, 2014. The dividend, if declared at the Annual General Meeting will be paid on 9<sup>th</sup> October, 2014 to those Members, whose names appear on the Register of Members of the Company as on 18<sup>th</sup> September, 2014 in respect of physical shares. However, in respect of shares held in dematerialized form, the dividend will be payable to those persons whose names appear as beneficial owners as at the closure of the business hours on 5<sup>th</sup> September, 2014 as per details to be furnished by the depositories.
9. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/ unclaimed for a period of seven years, are required to be transferred to the Investor Education and Protection Fund of the Central Government. Members are advised to encash their Dividend warrants immediately on receipt. Unclaimed Interim dividend for 2007-08 will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') on or before 4<sup>th</sup> April, 2015 pursuant to the provisions of Section 205A of the Companies Act, 1956 (or Section 124 of the Companies Act, 2013, once notified).
10. Members are advised to submit their Electronic Clearing System (ECS) mandates to enable the Company to make remittance by means of ECS. Those holding shares in Dematerialized form may send the ECS Mandate in the enclosed Form directly to their Depository Participants (DP). Those holding shares in Physical form may send the ECS Mandate Form to Karvy Computershare Private Limited, the Registrar & Share Transfer Agent of the Company. Those who have already furnished the ECS Mandate Form to the Company/ Depository Participant/ Registrar & Transfer Agent with complete details need not send it again.  
 The shareholders who hold shares in Physical form and who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
11. Members holding shares in multiple folios in physical mode are requested to apply for consolidation of shares to the Company or its Registrar & Share Transfer Agent along with relevant Share Certificates.



12. Pursuant to Section 139 (5) of the Companies Act, 2013 the auditors of the Government company are appointed by the Comptroller & Auditor General of India (C&AG) and in terms of Section 142 of the Companies Act, 2013, the remuneration has to be fixed by the company in the Annual General Meeting or in such manner as the company in General Meeting may determine. The Members of the Company, in 24<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> September, 2013, authorised the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2013-14. Accordingly, the Board of Directors has fixed audit fee of ₹167.53 Lakh (₹56.63 Lakh towards audit fee; ₹75.51 Lakh towards work done in other capacities; and ₹ 35.39 Lakh towards FPO Certification Fee) for the Statutory Auditors for the financial year 2013-14 in addition to reimbursement of actual travelling and out-of-pocket expenses for visits to accounting units. M/s. S. K. Mehta & Co.; M/s. Sagar & Associates; and M/s. Chatterjee & Co. have been appointed by the C&AG as Statutory Auditors of the Company for the year 2014-15. The Members may authorise the Board to fix an appropriate remuneration of Statutory Auditors as may be deemed fit by the Board for the year 2014-15.
13. All the documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days (excluding Saturday and Sunday), between 11.00 AM to 1.00 PM up to Wednesday, the 17<sup>th</sup> September, 2014.
14. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit to the Registrar & Share Transfer Agent of the Company the prescribed Form (Form No. SH-13) of the Companies (Share Capital and Debentures) Rules, 2014. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
15. Annual Listing fee for the year 2014-15 has been paid to the Stock Exchanges wherein shares of the Company are listed.
16. Members are requested to send all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other shares related matter and bank account to Company's Registrar & Share Transfer Agent.
17. Members are requested to notify immediately any change in their address:
  - (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
  - (ii) to the Company at its Registered Office or its Registrar & Share Transfer Agent, i.e Karvy Computershare Private Limited in respect of their physical shares, if any, quoting their folio number.
18. Members desirous of getting any information on any items of business of this meeting are requested to address their queries to the Company Secretary at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.
19. Members are required to bring their Attendance slips to the AGM. Duplicate Attendance slips and / or copies of the Report and Accounts will not be provided at the AGM venue.
20. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and in compliance with the provisions of Clause 35B of the Listing Agreement, the Company is offering E- voting facility to all the Shareholders of the Company in respect of items to be transacted at this Annual General Meeting and in this regard, the Company has engaged the services of Karvy Computershare Private Limited (KARVY) to provide the facility of electronic voting ('e-voting').
21. (I) **Instructions and other information relating to e-voting are as under:**
  - A. The e-voting facility will be available during the following voting period:
    - **Commencement of e-voting** : From 10.00 a.m. (IST) on **9<sup>th</sup> September, 2014**.
    - **End of e-voting** : Up to 6:00 p.m. (IST) on **11<sup>th</sup> September, 2014**.
  - B. In case a Member receives an email from KARVY [for Members whose email IDs are registered with the Company/ Depository Participant(s)]:
    - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>
    - (ii) Enter the login credentials (i.e. User ID and password mentioned at Attendance Slip). Your Folio No./DP ID- Client ID will be your User ID. However, if you are already registered with KARVY for e-voting, you can use your existing User ID and password for casting your vote.

<b>User-ID</b>	For Members holding shares in Demat Form:- a) For NSDL : 8 Character DP ID followed by 8 Digits Client ID b) For CDSL : 16 digits beneficiary ID For Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the company.
<b>Password</b>	Your Unique password is printed on the Attendance Slip.
<b>Captcha</b>	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- (iii) After entering these details appropriately, click on "LOGIN".
- (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (v) You need to login again with the new credentials.



- (vi) On successful login, the system will prompt you to select the E-Voting Event Number for Power Grid Corporation of India Limited.
- (vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned overleaf. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- (viii) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- (xii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: pkmittal171@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."
- C. In case a Member receives physical copy of the Annual General Meeting Notice by Post [for Members whose email IDs are not registered with the Company / Depository Participant(s)]:
  - (i) Use 'user ID' and 'initial password' as provided at Attendance Slip.
  - (ii) Please follow all steps from Sr.No.(i) to (xii) as mentioned in (B) above, to cast your vote.
- (II) Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Meeting.
- (III) In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.
- (IV) The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date (i.e. the record date), being **Friday, 8<sup>th</sup> August, 2014**.
- (V) The Board of Directors has appointed Shri Pradeep K. Mittal, (FCS No. 2216) Advocate, M/s PKMG Law Chambers, as a Scrutinizer to scrutinize the e-voting process (including voting through ballot form at the venue of AGM) in a fair and transparent manner.
- (VI) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the meeting.
- (VII) The Results on resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.
- (VIII) The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.powergridindia.com](http://www.powergridindia.com)) and on Karvy's website (<https://evoting.karvy.com>) within two (2) days of passing of the resolutions and communication of the same shall be made to National Stock Exchange of India Limited and BSE Limited.

## 22. Important Communication to Members:-

As per the provisions of the Companies Act, 2013 the service of notice/documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialized shares with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the E-Communication Mandate Form and hand over the same along with Attendance Slip at the Registration Counter of venue of Annual General Meeting for registration of Email address for receiving notice/documents including Annual Report.

## EXPLANATORY STATEMENT

### Item No. 6

Dr. Pradeep Kumar (DIN: 05125269) was appointed as an Additional Director on the Board of POWERGRID, w.e.f. 19.09.2013 to hold office upto the date of this Annual General Meeting. In terms of Clause 31A of the Articles of Association inserted w.e.f. 25.04.2013 the Board is empowered to appoint the directors appointed/recommended for appointment by the President of India as an Additional Director under Section 161 (1) of the Companies Act, 2013 and they will be appointed by the Shareholders at the succeeding Annual General Meeting. Accordingly, the Board in its meeting held on 19.09.2013, co-opted Dr. Pradeep Kumar as an Additional Director under Section 161 (1) of the Companies Act, 2013 and Dr. Pradeep Kumar holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying his intention to propose the appointment of Dr. Pradeep Kumar as a Director on the Board of POWERGRID.

The above appointment of Dr. Pradeep Kumar as Director on the Board of the Company, being liable to retire by rotation in terms of Section 152 of the Companies Act, 2013 read with Article 31A of the Articles of Association of the Company requires approval of the Members in the General Meeting. Brief resume of Dr. Pradeep Kumar is annexed.

Dr. Pradeep Kumar holds NIL shares in POWERGRID.

None of the Directors and Key Managerial Personnel of the Company or their relatives except Dr. Pradeep Kumar is interested or concerned in this resolution.

The Board recommends the resolution for your approval.

### Item No. 7

Smt. Jyoti Arora (DIN: 00353071) was appointed as an Additional Director on the Board of POWERGRID, w.e.f. 20.03.2014 by the President of India vide Letter No. 1/16/91-PG dated 20.03.2014 issued by Ministry of Power. In terms of Clause 31A in the Articles of Association inserted w.e.f. 25.04.2013 the Board is empowered to appoint the directors appointed/recommended for appointment by the President of India as an Additional Director under Section 161 (1) of the Companies Act, 2013 and they will be appointed by the Shareholders at the succeeding Annual General Meeting. Accordingly, the Board in its meeting held on 27.03.2014, co-opted Smt. Jyoti Arora as an Additional Director under Section 161 (1) of the Companies Act, 2013 and Smt. Jyoti Arora holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying his intention to propose the appointment of Smt. Jyoti Arora as a Director on the Board of POWERGRID.

The above appointment of Smt. Jyoti Arora as Director on the Board of the Company, being liable to retire by rotation in terms of Section 152 of the Companies Act, 2013 read with Article 31A of the Articles of Association of the Company requires approval of the Members in the General Meeting. Brief resume of Smt. Jyoti Arora is annexed.

Smt. Jyoti Arora holds NIL shares in POWERGRID.

None of the Directors and Key Managerial Personnel of the Company or their relatives except Smt. Jyoti Arora is interested or concerned in this resolution.

The Board recommends the resolution for your approval.

### Item No. 8

Cost Audit for transmission business of POWERGRID is being conducted since Financial Year 2005-06. For Telecom business, Cost Audit has been made compulsory since Financial Year 2011-12. As per Section 148 (3) of the Companies Act, 2013, the appointment of Cost Auditor shall be made by the Board of Directors on such remuneration as may be determined by the members. The Board has appointed M/s K. G. Goyal & Associates and M/s R. M. Bansal & Co. as joint Cost Auditors of the Company for the F. Y. 2014-15. M/s. K. G. Goyal & Associates, Cost Accountants, has also been appointed as the Lead Cost Auditor for the work of consolidation of Cost Audit Report for the Company as a whole for the FY 2014-15.

Based on the recommendation of the Audit Committee, the Board considered and approved fee of ₹2,00,000/- plus applicable taxes to M/s K. G. Goyal & Associates and M/s R. M. Bansal & Co. joint Cost Auditors of the Company for the FY 2014-15. The fee shall be shared equally by the two joint Cost Auditors. The above quoted fees are exclusive of Travelling and out of pocket expenses, which shall be reimbursed by POWERGRID at actual on submission of claim along with documentary proofs. The appointment of Cost Auditors for F.Y. 2014-15 shall be initially for one year which can be further extended on annual basis for a maximum period of two years on same fees, terms and conditions, based on the experience gained by POWERGRID. The Board has also approved an additional fee of ₹10,000/- (Rupees Ten Thousand only) being 10% of its Cost Audit Fee to M/s. K. G. Goyal & Associates, Cost Accountants, the Lead Cost Auditor for the work of consolidation of Cost Audit Report for the Company as a whole.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution except to the extent that he or she is a Director or Key Managerial Personnel of the Company.

The Board recommends the resolution for your approval.

### Item No. 9

POWERGRID Board of Directors, in their 300<sup>th</sup> meeting held on 27.03.2014, approved the raising of secured/unsecured, non-convertible, non-cumulative, redeemable, taxable/tax-free Bonds under private/public placement /Term Loans/Term loan in the form of Line of Credit/ECB/Foreign Currency bonds (FCB)/ Multilateral funding /Suppliers credit worth ₹ 16,500 Crore in one or more tranches depending upon the requirement of funds during the Financial Year (F.Y.) 2014-15 to meet capital expenditure.



The aforesaid amount of ₹ 16,500 crore includes a proposed drawl of ₹ 3,000 crore from Foreign Currency Committed Loans (FCCL) and ₹ 2,000 crore from SBI term loan during the F.Y. 2014-15, leaving untied debt of ₹ 11,500 crore. However, the actual drawl from SBI and FCCL can be ascertained only in due course of time and any shortfall in drawl from SBI and FCCL will be compensated through raising of additional debt fund through issue of Bonds on Private Placement basis in one or more tranches. Further to that, approval was obtained from the shareholders under Sections 23(1)(b), 42 of Companies Act, 2013 read with Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 & other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, regarding raising of Bonds from domestic sources upto ₹ 13,500 crore during the Financial Year 2014-15, through postal ballot vide notice dated 03.06.2014, the results of which were declared on 21<sup>st</sup> July, 2014.

It is proposed that the abovesaid amount upto ₹ 13,500 crore of bonds approved to be raised by the shareholders, during the Financial Year 2014-15 from domestic sources, to also include raising of Foreign Currency Bonds (FCB), if any, at a competitive rate of interest in an acceptable foreign currency as permitted by RBI, i) for capital expenditure of POWERGRID; or ii) extending inter corporate loan(s) to the project SPVs acquired by POWERGRID under Tariff Based Competitive Bidding viz. Vizag Transmission Limited, POWERGRID NM Transmission Limited, Unchahar Transmission Limited and NRSS XXXI (A) Transmission Limited on cost to cost basis and back to back servicing.

The proposed borrowing is within the overall borrowing limits of ₹ 1,30,000 crore approved by the Shareholders by way of Special Resolution u/s 180(1)(c) of Companies Act, 2013.

For private placement of Securities through FCB during the Financial Year 2014-15, approval of the Shareholders by way of a Special Resolution has been sought.

Your Company's International Credit Rating by Standard & Poor's (S&P) is BBB- (Outlook Negative) and Fitch Ratings Ltd. (Fitch) is BBB- (Outlook Stable). The Company continues to have its rating as 'AAA/stable' (triple A with stable outlook) by CRISIL, ICRA and CARE ratings domestically. Your company will endeavor to raise FCB at competitive rates of interest prevailing at the time of FCB issue.

None of the Directors and Key Managerial Personnel of the company are concerned or interested in the resolution except to the extent that he or she is a Director or Key Managerial Personnel of the Company.

The Board recommends the resolution for your approval.

By order of the Board of Directors

(Divya Tandon)

Company Secretary

Regd. Office:  
B-9, Qutab Institutional Area,  
Katwaria Sarai,  
New Delhi - 110 016.  
Date: 16.08.2014



## BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND DIRECTORS BEING APPOINTED AT THIS ANNUAL GENERAL MEETING

### Directors seeking re-election at the 25<sup>th</sup> AGM:

1.

Name	<b>Shri I. S. Jha</b>
DIN	00015615
Date of Birth and Age	30.06.1959/ 55 years
Date of Appointment	01.09.2009
Qualification	B.Sc (Engg) in Electrical
Expertise in specific functional area	Shri I.S. Jha is Director (Projects) of our Company. He is an Electrical Engineer from NIT, Jamshedpur and is a well known Electrical Power System Professional. Prior to this assignment, he has successfully served as Executive Director (Engineering) in the company. He has also worked as Executive Director - Corporate Monitoring Group and held the position of Executive Director of North Eastern Region of the company. Apart from these functions, he was a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He has published numerous articles, technical papers in the field of power system in various international and National Conferences/ Symposia.
Directorship held in other Companies (Part-time)	1. Power System Operation Corporation Limited 2. Powerlinks Transmission Limited 3. Haryana Vidyut Prasaran Nigam Limited 4. Bihar Grid Company Limited 5. Kalinga Bidyut Prasaran Nigam Private Limited 6. M. P. Power Transmission Company Limited 7. POWERGRID NM Transmission Limited 8. POWERGRID Vemagiri Transmission Limited 9. Vizag Transmission Limited
Membership / Chairmanship of Committees in other Companies	Audit Committee – 1. Power System Operation Corporation Limited - Member 2. M. P. Power Transmission Company Limited - Member
No. of Shares held	2998

2.

Name	<b>Shri R. T. Agarwal</b>
DIN	01937329
Date of Birth and Age	12.08.1956 / 58 years
Date of Appointment	29.07.2011
Qualification	B.Com., Chartered Accountant
Expertise in specific functional area	Shri R.T. Agarwal is Director (Finance) of our Company. Prior to taking up this assignment, he was working as Executive Director (Finance). A chartered accountant by profession, Shri Agarwal has more than 33 years of experience in multifarious Finance & Accounts functions like finalization of Accounts, coordination with Auditors, Taxation, Treasury Functions, Internal Audit, Budgeting, Pay Roll, Concurrence, MIS & Commercial aspects etc. both at the Corporate Centre and at Regional Headquarters of POWERGRID. He has played a pivotal role in the two successful Follow-on Public Offers of POWERGRID. Before joining POWERGRID in 1991, he had worked in power major NTPC Ltd. project sites for around 10 years.
Directorship held in other Companies (Part-time)	1. Powerlinks Transmission Limited 2. Power System Operation Corporation Limited 3. Prabati Koldam Transmission Company Limited 4. POWERGRID NM Transmission Limited
Membership / Chairmanship of Committees in other Companies	Audit Committee – 1. Prabati Koldam Transmission Company Limited. - Chairman 2. Powerlinks Transmission Limited. - Member 3. Power System Operation Corporation Limited - Member
No. of Shares held	3056



## Directors being appointed at this Annual General Meeting

1.

Name	<b>Dr. Pradeep Kumar</b>
DIN	05125269
Date of Birth and Age	01.01.1961/ 53 Years
Date of Appointment	10.09.2013
Qualification	B.Tech (Electronics), MBA, Master Diploma in Public Administration and Governance, M. Phil in Social Sciences
Expertise in specific functional area	Dr. Pradeep Kumar an Indian Administrative Service Officer of Kerala Cadre, is B. Tech in Electronics, MBA, Master Diploma in Public Administration and Governance and M. Phil in Social Sciences. During his illustrious career of 27 years as IAS officer, he has held various administrative positions in the areas of Revenue, Finance, Transport, Shipping, Inland Water Transportation, Water Resources, Irrigation, Food and Civil Supplies, Consumer Affairs, Environment and Forests. Prior to joining as Joint Secretary & Financial Adviser, Ministry of Power, he was Principal Secretary, Environment and Forest Department, Government of Kerala.
Directorship held in other Companies	NTPC Limited
Membership / Chairmanship of Committees in other Companies	NTPC Limited: 1. Audit Committee – Member 2. Shareholders'/Investors' Grievance Committee- Member
No. of Shares held	NIL

2.

Name	<b>Smt. Jyoti Arora</b>
DIN	00353071
Date of Birth and Age	15.10.1961/ 52 Years
Date of Appointment	20.03.2014
Qualification	Post Graduate (Economics)
Expertise in specific functional area	Smt. Jyoti Arora a first class post graduate in Economics from Punjab University, is an Indian Administrative Service officer of 1987 batch from Haryana Cadre. She is an eminent energy professional in India and is presently working as Joint Secretary in Ministry of Power, looking after Transmission, Operation & Monitoring, Reforms & Restructuring Divisions. Before joining the Ministry, she was Managing Director of electricity utilities dealing in distribution, transmission and generation, for over a decade. During her tenure as Chief of Bureau of Energy Efficiency (BEE) in India, she was closely involved in setting up technical standards for the Perform Achieve Trade (PAT) scheme and the Super Efficient Equipment Programme. She has represented the country in United Nations Framework Convention on Climate Change (UNFCCC) negotiations.
Directorship held in other Companies	1. Power System Operation Corporation Limited 2. PTC India Limited
Membership / Chairmanship of Committees in other Companies	NIL
No. of Shares held	NIL

# Power Grid Corporation of India Limited

(A Government of India Enterprise)

CIN: L40101DL1989GOI038121

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110016, Phone No.: 011-26560112, Fax: 011-26601081

Corp. Off.: "Saudamini", Plot No. 2, Sector-29, Gurgaon-122001 (Haryana), Phone No.: 0124-2571700-719, Fax: 0124-2571762

Website: www.powergridindia.com, Email ID: powergrid@powergrid.in

## PROXY FORM

Name of the member (s):

Registered address:

E-mail Id:

Folio no/ Client Id:

DP ID:

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

1. Name of the member (s):

Address:

E-mail Id:

Signature:....., or failing him

2. Name of the member (s):

Address:

E-mail Id:

Signature:....., or failing him

3. Name of the member (s):

Address:

E-mail Id:

Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the company, to be held on **18<sup>th</sup> September, 2014 at 11.00 a.m. at "Air Force Auditorium, Subroto Park, New Delhi - 110 010"** and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	For	Against
<b>Ordinary Business</b>			
1.	To receive, consider and adopt the audited Balance Sheet as at 31 <sup>st</sup> March, 2014 and the Statement of Profit and Loss for the financial year ended on that date together with Reports of the Board of Directors and Auditors thereon.		
2.	To note the payment of interim dividend and declare final dividend for the Financial Year 2013-14.		
3.	To appoint a Director in place of Shri I. S. Jha, who retires by rotation and being eligible, offers himself for re-appointment		
4.	To appoint a Director in place of Shri R. T. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.		
5.	To fix the remuneration of M/s S. K. Mehta & Co., M/s Chatterjee & Co., and M/s Sagar & Associates, the Statutory Auditors for the Financial Year 2014-15.		
<b>Special Business</b>			
6.	To appoint Dr. Pradeep Kumar (DIN: 05125269) as Director liable to retire by rotation.		
7.	To appoint Smt. Jyoti Arora (DIN: 00353071) as Director liable to retire by rotation.		
8.	Rectification of remuneration of the Cost Auditors for the Financial Year 2014-15.		
9.	To include raising of Foreign Currency Bonds (FCB) during the Financial Year 2014-15 within the limit of ₹13,500 crore for which approval of shareholders was obtained through postal ballot vide notice dated 03.06.2014, the results of which were declared on 21 <sup>st</sup> July, 2014.		

Signed this.....day of....., 2014.

Signature of shareholder

Signature of Proxy holder(s)

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- For the resolutions, explanatory statements and Notes, please refer to the Notice of 25<sup>th</sup> Annual General Meeting.
- Please complete all details including details of member (s) in the above box before submission.

affix Revenue Stamp





**Power Grid Corporation of India Limited**

(A Government of India Enterprise)

CIN: L40101DL1989GOI038121

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110016, Phone No.: 011-26560112, Fax: 011-26601081

Corp. Off.: "Saudamini", Plot No. 2, Sector-29, Gurgaon-122001 (Haryana), Phone No.: 0124-2571700-719, Fax: 0124-2571762

Website: www.powergridindia.com, Email ID: powergrid@powergrid.in

**E-COMMUNICATION REGISTRATION FORM**

(In terms of circular no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID : .....  
 Name of 1<sup>st</sup> Registered Holder : .....  
 Name of Joint Holder(s) : .....

Registered Address : .....  
 E-mail ID (to be registered) : .....

I/we shareholder(s) of Power Grid Corporation of India Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail in your records for sending communication through e-mail.

Signature:.....

Date: .....

(First Holder)

**Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.**

**Power Grid Corporation of India Limited**

(A Government of India Enterprise)

CIN: L40101DL1989GOI038121

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110016, Phone No.: 011-26560112, Fax: 011-26601081

Corp. Off.: "Saudamini", Plot No. 2, Sector-29, Gurgaon-122001 (Haryana), Phone No.: 0124-2571700-719, Fax: 0124-2571762

Website: www.powergridindia.com, Email ID: powergrid@powergrid.in

**ECS MANDATE FORM**

**[APPLICABLE FOR SHARES HELD IN PHYSICAL FORM ONLY]**

To

**Karvy Computershare Private Limited**

Unit: Power Grid Corporation of India Limited,

Plot No. 17-24, Vittal Rao Nagar,

Madhapur, Hyderabad, Pin - 500 081.

Name of the First/Sole Share holder	
Folio No.	

**PAN / Email information**

Income Tax Permanent Account Number (PAN) <b>(Please attach a photocopy of PAN Card)</b>	
Email ID	

**ECS Mandate Form (for shares held in Physical mode)**

Bank Name						
Branch Name & Address						
Bank Account Type (tick)	SB		Current		Others	
Bank Account Number						
9 Digit Code Number of the Bank and Branch appearing on the MICR Cheque issued by the Bank. <b>(Please attach a photo copy of the Cheque)</b>						

I hereby declare that the particulars given above are correct and complete and also express my concurrence to receive information through e-mail towards dividend paid by the Company under the ECS mode.

**Signature of the 1st Registered Holder/Sole Holder**



## Contents

Notice .....	i-xii
Reference Information .....	2
Letter to Shareholders .....	3
Directors' Profile.....	5
List of Senior Executives .....	9
POWERGRID'S Performance .....	11
Five Years' Summary .....	12
Directors'3 Report .....	14
Annexure I - Management Discussion and Analysis .....	26
Annexure II - Business Responsibility Report .....	42
Annexure III - Particulars of Employees u/s 217(2A) of The Companies Act, 1956.....	53
Annexure IV - Particulars of required u/s 217(1)(e) of The Companies Act, 1956 .....	54
Annexure V - Comments of C&AG u/s 619(4) of the Companies Act, 1956 .....	57
Annexure VI - Report on Corporate Governance .....	58
Annexure VII - Certificate on Corporate Governance .....	75
Annexure VIII - Secretarial Audit Report .....	76
Annexure-IX - Statement Pursuant to Section 212 of The Companies Act, 1956 Relating to Subsidiary Companies .....	78
Balance Sheet .....	79
Statement of Profit and Loss .....	80
Cash Flow Statement.....	81
Notes .....	83
Independent Auditors' Report.....	119
Annexure to Independent Auditors' Report .....	120
Annual Reports of Subsidiary Companies.....	123
Power System Operation Corporation Limited	
Directors' Report .....	124
Annual Accounts.....	143
Powergrid NM Transmission Limited	
Directors' Report .....	170
Annual Accounts.....	172
Powergrid Vemagiri Transmission Limited	
Directors' Report .....	186
Annual Accounts.....	188
Vizag Transmission Limited	
Directors' Report .....	202
Annual Accounts.....	203
Unchahar Transmission Limited	
Directors' Report .....	216
Annual Accounts.....	218
Consolidated Financial Statements.....	229



## Reference Information

POWER GRID CORPORATION OF INDIA LIMITED	
CIN: L40101DL1989GOI038121	
<b>Registered Office</b> B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi - 110 016 Phone No. - 011-26560112, Fax – 011-26601081	<b>Company Secretary &amp; Compliance Officer</b> Ms. Divya Tandon
<b>Corporate Office</b> “Saudamini”, Plot No. 2, Sector 29, Gurgaon - 122 001 (Haryana) Phone No. – 0124-2571700-719, Fax – 0124-2571762	<b>Website:</b> www.powergridindia.com <b>E-mail ID:</b> powergrid@powergrid.in
For the Financial year under review i.e. 2013-14	
<b>Statutory Auditors</b>  <b>1. M/s S. K. Mehta &amp; Co.,</b> Chartered Accountants 504, Kirti Mahal, 19, Rajendra Place, New Delhi – 110 008. Email : rohitmehta@skmehta.co.in  <b>2. M/s Chatterjee &amp; Co.,</b> Chartered Accountants 153, Rash Behari Avenue, 3 <sup>rd</sup> Floor, Kolkata – 700 029. Email : chatterjee.ca@rediffmail.com  <b>3. M/s Sagar &amp; Associates,</b> Chartered Accountants H. No. 6-3-244/5, Sarada Devi Street, Prem Nagar, Hyderabad – 500 004. Email : vvidyasagarbabu@yahoo.co.in	<b>Cost Auditors</b>  <b>1. M/s S. C. Mohanty &amp; Associates,</b> Cost Accountants, 511, Sahid Nagar, Bhubaneswar – 751 007. Email : mohantysc@gmail.com  <b>2. M/s K. G. Goyal &amp; Associates,</b> Cost Accountants, 289, Mahaveer Nagar – II, Maharani Farms, Durgapura, Jaipur - 302018. Email : rajeshgoyaljaipur@yahoo.co.in
<b>Registrar &amp; Share Transfer Agent</b>  Karvy Computershare Private Limited Plot No.: 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081 Ph. : 040-44655000, Fax : 040-23420814 Email : einward.ris@karvy.com Website: www.karvycomputershare.com	<b>Bankers</b>  Indian Overseas Bank Bank of Baroda State Bank of Patiala Canara Bank State Bank of India Punjab National Bank Union Bank of India State Bank of Hyderabad HDFC Bank Ltd ICICI Bank Ltd IDBI Bank Andhra Bank Corporation Bank Axis Bank Ltd Kotak Mahindra Bank Yes Bank Dena Bank
<b>Shares Listed at:</b>  National Stock Exchange of India Limited BSE Limited	
<b>Depositories:</b>  National Securities Depository Limited Central Depository Services (India) Limited	
Debenture Trustees	
For Bond Series VIII to XV Issue Indian Overseas Bank 10, Parliament Street, Jeevan Deep Building, New Delhi 110 001 Tel:011-23341421,23742559, 23742830 Fax: 011-23348928 Email : parlibr@delirc01.iobnet.co.in	For Bond Series XVI to XLV Issue IDBI Trusteeship Services Ltd. Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001 Ph : 022-40807000 Fax : 022-66311776 Email : itsl@idbitrustee.co.in



## LETTER TO SHAREHOLDERS

**Dear Shareholders,**

It gives me immense pleasure to share with you the performance of your Company during its Silver Jubilee year 2013-14.

Friends, India's GDP growth improved marginally in FY 2014 to 4.7% compared to 4.5% in the previous year. This is the second year in a row during which the economy's growth remained below 5%. Your Company continued to maintain its growth momentum with 17.9% increase in Turnover in FY 2013-14, despite the prevailing difficult economic environment, mounting challenges in Construction, Operation & Maintenance of transmission system and Grid Management.

Friends, Fiscal 2014 has been another eventful year for POWERGRID. I am delighted to share with you that your Company has achieved another landmark in its Silver Jubilee year interconnecting Southern grid synchronously with rest of the National Power Grid in December, 2013 through the commissioning of 765kV Raichur-Solapur Single Circuit line. With this **'One Nation' – 'One Grid' – 'One Frequency'** has become a reality. This has facilitated not only in augmentation of transmission capacity by 2100 MW but also relieve the congestion being experienced in the transmission corridor. This would be a boost for further economic growth of the country. The cumulative inter-regional power transfer capacity of National Grid stood at about 37,950 MW at the end of March, 2014 which is envisaged to be enhanced to about 72,250 MW by the end of the Twelfth Five Year Plan.

Your Company has achieved another milestone through establishment of international interconnection viz. 'Bharat-Bangladesh Vidyut Sanchalan' between India and Bangladesh during the year, with the commissioning of Bheramara (Bangladesh) - Baharampur (India) 400kV D/c line along with 500 MW High Voltage Direct Current (HVDC) back-to-back terminals at Bheramara. This enables power flow of the order of 500 MW from India to Bangladesh.

Your Company has received lot of laurels from Ministry of Power, GoI and various stakeholders while assisting Delhi Transco Limited during their difficult times recently and the active support extended in commissioning of Raichur-Solapur 2<sup>nd</sup> 765kV single circuit line, implemented under private sector.

Your Company's second Follow-on-Public-Offer (FPO) in December, 2013 comprising fresh issue of 13% and Government of India (GoI) disinvestment of 4% of the paid up equity capital, garnered overwhelming response from the investor community. Overall, the Issue was oversubscribed by 6.74 times and category wise: QIBs- 9.09 times; Non Institutional Investors- 9.80 times; Retail Investors- 2.12 times; and Eligible Employees- 1.31 times. Presently, the holding of GoI is 57.90%. Your Company's performance has been widely recognized which has been amply reflected in your Company's stock price hitting 52 week high of ₹146.95 per share recently.

In Fiscal 2014, your Company displayed an impressive financial performance. Turnover of the Company increased to ₹15,721Crore and Profit after Tax increased to ₹4,497Crore, which are 17.9% and 6.2% higher respectively, compared to the previous Fiscal 2013. Our Gross Fixed Assets as on 31<sup>st</sup> March, 2014 stands at ₹96,504Crore as against ₹80,600Crore in last fiscal.

On the project Implementation front, your Company capitalized assets worth ₹15,904 Crore during the year, adding about 6,604 Ckm of transmission lines, 17 sub-stations and about 41,160 MVA transformation capacity into the transmission system. Further, 19 new projects with an estimated cost of investment approval of ₹8,548 Crore were also approved during the year and taken up for implementation.

On the operational front, your Company maintained high transmission system availability of 99.92% with number of trippings per line limited at 0.56. As on 31<sup>st</sup> March, 2014, your Company owns and operates a transmission network of about 1,06,804 Ckm of inter-State transmission lines, 184 nos. of EHVAC & HVDC substations with about 2,05,923 MVA transformation capacity and continues to wheel about 50% of total power generated in the country.

Under RGGVY, during FY 2013-14, your Company has created infrastructure for electrification in 2,388 villages out of which 125 were un-electrified villages. Service connections were provided to about 85,460 BPL households. Cumulatively, till March, 2014, infrastructure has been created for electrification of 71,042 villages out of which 32,588 were un-electrified villages and service connections to about 36.22 Lac BPL households were provided.

Your Company continues to make significant progress in all its business areas including Telecom and Consultancy, enhancing the value for the shareholders.

Friends, Electricity is big catalyst for economic growth, for creating infrastructure, for improving the quality of life and generating employment opportunities for youth. The Twelfth Five Year Plan has laid special emphasis on infrastructure development including power as quality infrastructure is important not only for sustaining high growth, but also for ensuring that the growth is inclusive. Your Company has made an ambitious plan to invest more than ₹100,000 Crore during the XII plan, matching with the envisaged generation capacity addition, out of which Capital expenditure of ₹43,195 Crore has already been made in the first two years of the XII plan period (₹ 23,158 crore in FY 2013-14 and ₹ 20,037 in FY 2012-13). Current year's budgeted outlay of ₹20,000 Crore is progressing as per the plan.

Friends, integration of Renewable Energy Resources with grid is the top priority worldwide for energy security and also for carbon emission reduction. Recognising the importance of this, your Company has taken lead initiative and developed comprehensive master plan for grid integration of renewable generation capacity addition of about 33GW envisaged during the Twelfth Five Year Plan through Green Energy Corridors across India. Under this, your Company has been assigned the implementation of inter-State





Transmission System portion of the scheme, setting up of Renewable Energy Management centres and control infrastructure to be included in KfW/GIZ, Germany proposal by Ministry of Power, GoI. Your Company has been taking various actions under this and implementation is expected to commence shortly.

Your Company has also evolved an integrated plan for Desert Power development namely, DESERT POWER INDIA – 2050, for harnessing the huge renewable energy potential of about 300GW, primarily solar and wind at desert/ cold desert waste land in Kutch, Thar, Lahaul & Spiti and Ladakh areas in the time horizon of 2050. The plan includes establishment and grid integration of renewables at an estimated cost of ₹43.75 lakh Crore through hybrid transmission corridors utilizing High Voltage Direct Current (HVDC) (including VSC based) as well as 1200kV UHV AC/ High temperature superconductor technologies, etc. A report on the plan has already been submitted to Ministry of Non-Renewable Energy, Ministry of Power, Ministry of Finance, Planning Commission, Central Electricity Authority and Central Electricity Regulatory Commission.

Your Company continues to take pioneering steps in bringing Smart Grid technology in entire value chain of electricity in the country. Your Company has developed Smart Grid pilot project in the country through open collaboration at Puducherry. Almost all the attributes of Smart Grid viz. Advance Metering Infrastructure, Outage Management System, Demand Response, Power Quality Management, etc. have been successfully integrated at Smart Grid control centre at Puducherry through latest communication technologies. Your Company has been appointed as Advisor-cum-Consultant for implementation of Smart Grid project by eight utilities, at an estimated cost of about ₹200 Crore during the year. In addition, your Company has been indigenously developing smart products like smart meter, data concentrator unit, home energy management system, micro grid controller, smart cap utilizing solar energy, active filter etc. for varied applications.

Friends, realizing its obligations and commitment towards Sustainable Development, your Company has taken many initiatives such as construction of National Transmission & Asset Management Centre Building at Manesar as per Green Rating for Integrated Habitat Assessment (GRIHA) norms, along with 50kW solar plant, and installation of Waste Paper Recycling Plant. These efforts will go a long way in reducing carbon footprint and conserving the precious natural resources.

As a part of Corporate Social Responsibility, your Company is making contribution to the society at large with emphasis on socio-economic and integral development of areas / communities primarily in and around its areas of operations and has carried out various community development activities such as Skill Development & Capacity Building, livelihood generation, healthcare, education, plantation, sanitation, drinking water, besides infrastructure developments like classrooms, roads, community centres etc. During the FY 2013-14, your Company made an expenditure of ₹21.66 Crore on various CSR activities. In March, 2014, your Company has signed an agreement with AIIMS, New Delhi for the construction of a 10 storey, 325 beds dharamshala named as "पावरग्रिड विश्राम सदन" in the premises of Jai Prakash Narayan Apex Trauma Centre, New Delhi. In addition, MoUs have also been signed with International Crop Research Institute for Semi-Arid Tropics (ICRISAT) for water shed management projects in one village each in Andhra Pradesh and Karnataka.

Your Company continues to excel over its competitors under Tariff Based Competitive Bidding (TBCB). As on 31<sup>st</sup> March, 2014, your Company has secured 5 transmission projects, about 40% of the projects floated under TBCB since January, 2011.

Your Company's contribution has been widely acknowledged and it has received numerous awards at various platforms during the year which includes 4 Gold Shield and 1 Silver Shield under 'Comprehensive Award Scheme for recognizing meritorious performance in Power Sector' for Transmission System Availability and Early Completion of Transmission Projects for the year 2011-12 and 2012-13 from Ministry of Power; Award for "Corporate HR Excellence in Power Sector" by 7<sup>th</sup> ENERTIA Awards 2013, for being India's best place to work for Power Professionals and Power Engineers; "e-India PSE 2013 Award" for "Online Human Resource Development Management System"; and Power Line Award 2013 for being the 'Best Performing Transmission Company'. Your Company has also been bestowed with "Top Infrastructure Company" under the category 'Power Transmission' by Dun & Bradstreet. Recently, your Company has been conferred "Training Excellence in HR- Gold Award" for its outstanding achievements in 'Training' at 4<sup>th</sup> Annual "Green Tech HR Award 2014" by Green Tech Foundation.

On behalf of the Company, I thank each shareholder for their continued support and faith reposed in the Company and its management. I would like to thank each of our employees whose dedicated efforts made Fiscal 2014 yet another successful year for the Company. While the economy remains challenging, I am confident that with dedicated employees and with valuable support of our esteemed shareholders, the Company will continue to deliver results and meet your expectations.

With best wishes,

Yours sincerely,

(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 06.08.2014

## DIRECTORS' PROFILE

### Shri R. N. Nayak

Chairman & Managing Director

Shri R. N. Nayak (about 59 years), (DIN : 02658070) is the Chairman & Managing Director of our Company. He is a first class Bachelor of Electrical Engineering from REC Rourkela and holds an M.Tech (Electrical) from IIT, Kharagpur. Shri Nayak has over 36 years of work experience, primarily in the power sector. He has worked for more than 22 years in POWERGRID and handled various multi-disciplinary functions like Engineering, Load Despatch & Communication, Grid Management, Contract Management, Quality Assurance and Inspection; Telecom, Operation & Maintenance, Commercial and Human Resources. He has previously held the positions of Executive Director (Engineering & QA & I); Executive Director (Human Resource), Executive Director (R&D) in POWERGRID. Prior to joining POWERGRID in 1991, he has worked for about 7 years in NTPC and had a stint with SAIL. He has introduced many new technologies in the Indian Power Sector such as EMS & SCADA Project,  $\pm 800\text{KV}$  HVDC and 1200 KV UHVAC, Flexible AC Transmission System (FACTS), Remote & unmanned operation of EHV sub-stations. He spearheaded the development of comprehensive plan towards integration of large scale renewable generation into the grid through Green Energy Corridor Plan, which is first of its kind in the Country. Recognizing the importance for deployment of smart grid technology in Indian context, he pioneered the implementation of state-of-the-art smart grid technologies in transmission as well as distribution front in a holistic way through pilot projects. Towards energy security, he initiated unique developmental plan to tap the solar energy potential in the deserts of India utilizing wasteland to cater to future energy need in eco-friendly manner. He has also published and presented a large number of technical papers in various reputed International/National journals/conferences. Considering his contribution to power sector, he has been awarded P.M. Ahluwalia Award; is a Senior Member of IEEE and has been honoured with Fellow of the Indian National Academy of Engineering (INAE) in Electrical Engineering Field, distinguished Alumni award by IIT Kharagpur. He is also President of CIGRE India. He was appointed as Chairman & Managing Director in September, 2011.



### Shri I. S. Jha

Director (Projects)

Shri I. S. Jha (55 years), (DIN: 00015615) is Director (Projects) of our Company. He is an Electrical Engineer from NIT, Jamshedpur and is a well known Electrical Power System Professional. Prior to this assignment, he has successfully served as Executive Director (Engineering) in the company. He has also worked as Executive Director - Corporate Monitoring Group and held the position of Executive Director of North Eastern Region of the Company. Apart from these functions, he was a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He has published numerous articles, technical papers in the field of power system in various international and National Conferences/ Symposia. He was appointed as a Director on our Board in September, 2009.



### Shri R. T. Agarwal

Director (Finance)

Shri R. T. Agarwal (58 years), (DIN: 01937329) is Director (Finance) of our Company. Prior to taking up this assignment, he was working as Executive Director (Finance). A chartered accountant by profession, Shri Agarwal has more than 33 years of experience in multifarious Finance & Accounts functions like finalization of Accounts, coordination with Auditors, Taxation, Treasury Functions, Internal Audit, Budgeting, Pay Roll, Concurrence, MIS & Commercial aspects etc. both at the Corporate Centre and at Regional Headquarters of POWERGRID. He has played a pivotal role in the two successful Follow-on Public Offer of POWERGRID. Before joining POWERGRID in 1991, he had worked in power major NTPC Ltd. project sites for around 10 years. He was appointed as a Director on our Board in July, 2011.





### **Shri Ravi P. Singh**

Director (Personnel)

Shri Ravi P. Singh (54 years), (DIN: 05240974), is Director (Personnel) of our Company. He did his Mechanical Engineering from NIT, Allahabad in First Class with Honours and Post Graduate Diploma in HR from AIMA, New Delhi. He has previously held the positions of Executive Director (Eastern Region-II) and Executive Director (Human Resource Management & Corporate Communication) in POWERGRID. Shri Singh has over 32 years of work experience in the power sector handling various multi-disciplinary functions like HR, Telecom, Contracts, Materials, Planning, Monitoring and Transmission System Construction/O&M. Prior to joining POWERGRID in 1991, Shri Singh has worked for 10 years in NTPC. He was appointed as a Director on our Board in April, 2012.

### **Shri R. P. Sasmal**

Director (Operations)

Shri R. P. Sasmal (56 years), (DIN: 02319702), is Director (Operations) of our Company. Prior to taking up this assignment, he was Executive Director (Operation Services) in the company. A graduate Engineer from Sambalpur University, Odisha, Shri Sasmal has more than 32 years of experience in power sector. Shri Sasmal has handled multi-disciplinary functions such as planning, monitoring and implementation of HVDC projects, EHV transmission systems and Load Despatch and Communication Systems. He was instrumental in introducing the  $\pm 800$  kV multi-terminal HVDC transmission system, under implementation in the Country, which is first of its kind in the world. Under his guidance, the first unmanned operation of 400 kV sub-station at Bhiwadi was implemented as a pilot project. He has been bestowed upon with "Distinguished Member of CIGRE, 2012" and has published various technical papers on transmission systems especially on HVDC in various national and international professional forums/societies like IEEE and CIGRE. He is currently the national representative for India at CIGRE for HVDC and Power Electronics. Before joining POWERGRID in 1993, he had worked in NTPC Ltd. for around 13 years. He was appointed as a Director on our Board in August, 2012.



### **Dr. Pradeep Kumar**

Government Nominee Director

Dr. Pradeep Kumar (53 years), (DIN: 05125269), an Indian Administrative Service Officer of Kerala Cadre, is B. Tech in Electronics, MBA, Master Diploma in Public Administration and Governance and M. Phil in Social Sciences. During his illustrious career of 27 years as IAS officer, he has held various administrative positions in the areas of Revenue, Finance, Transport, Shipping, Inland Water Transportation, Water Resources, Irrigation, Food and Civil Supplies, Consumer Affairs, Environment and Forests. Prior to joining as Joint Secretary & Financial Adviser, Ministry of Power, he was Principal Secretary, Environment and Forest Department, Government of Kerala. He was appointed on our Board in September, 2013.

### **Smt. Joyti Arora**

Government Nominee Director

Smt. Joyti Arora (52 years) (DIN: 00353071), a first class post graduate in Economics from Punjab University, is an Indian Administrative Service officer of 1987 batch from Haryana Cadre. She is an eminent energy professional in India and is presently working as Joint Secretary in Ministry of Power, looking after Transmission, Operation & Monitoring, Reforms & Restructuring Divisions. Before joining the Ministry, she was Managing Director of electricity utilities dealing in distribution, transmission and generation, for over a decade. During her tenure as Chief of Bureau of Energy Efficiency (BEE) in India, she was closely involved in setting up technical standards for the Perform Achieve Trade (PAT) scheme and the Super Efficient Equipment Programme. She has represented the country in United Nations Framework Convention on Climate Change (UNFCCC) negotiations. She was appointed on our Board in March, 2014.







**Ms. Rita Sinha**

Independent Director

Ms. Rita Sinha (64 years), (DIN: 05169220), is an M.A. in Geography from Punjab University, Chandigarh. She retired from the I.A.S. in July, 2010 from the post of Secretary to the Government of India, Department of Land Resources, Ministry of Rural Development. She has held several assignments both in the Central and State Governments in a career spanning almost 38 years. She was appointed as a Director on our Board in December, 2011.

**Prof. R. K. Gupta**

Independent Director



Prof. R. K. Gupta (64 years), (DIN: 06484088) is a professor of Human Behaviour & Organization Development at Management Development Institute, Gurgaon. Prior to this he was a Professor at I.I.M. Lucknow. He is also a Professional Member of the Indian Society of Applied Behavioural Science (ISABS). He has consulted with Indo-Gulf Fertilisers, Power Trading Corporation, NEEPCO and other large organizations on organization design and development. He has four books and over 100 scientific publications to his credit. He is also on the International Editorial Boards of a number of journals such as International Journal of Cross-Cultural Management (Sage, London), Journal of Research Practice (Online journal) and International Journal of Indian Culture and Business Management (Inderscience, Switzerland). He is a member of the Customer Service Committee of Bank of Baroda. He was a member of the Advisory Group on HR issues of Public Sector Banks setup by the Ministry of Finance, GoI. He is also a member of the Expert Group on Psychology setup by the Indian Council of Social Science Research (ICSSR) for the next survey of research and is on the Advisory Committee of a large research project funded by ICSSR. He is the Research Advisor to the KIIT School of Management, Bhubaneswar. In addition he is on the academic advisory bodies of a number of universities, management institutes, and is often involved in faculty selection processes, doctoral thesis examination, etc. He was appointed as a Director on our Board in January, 2013.



**Dr. K. Ramalingam**

Independent Director

Dr. K. Ramalingam (65 years), (DIN: 00207932) started his career as Technical officer in DGCA in 1972 through Engineering Services, he has served more than 36 years in DGCA, National Airports Authority, Kochi International Airport Pvt. Ltd. and Airports Authority of India and retired as Chairman, AAI. He was on the Board of AAI for a period of more than 11 years and served as Member (Planning) and Chairperson. He has been on the Board of Indian Airlines, Hyderabad International Airport Ltd, Governing Council of Indira Gandhi Rastriya Udaan Academy, Airports Council International (ACI) Asia Pacific Region and governing Board member of ACI – the international body of Airports and member, executive committee, CANSO - the international body of Civil Air Navigation Service Providers. He possesses varied experience in planning, Engineering, Operations, Maintenance, Corporate Management, Project Management, Procurement and Contract Management, HR, Commercial and Finance. He was also a member of various Committees and Inter Ministerial Groups (IMG's) set up by the GoI for development of new Greenfield Airports, Airports in North East Region, Green field Airport policy, member - Future Aviation system (FANS) committee and Global Navigation satellites System (GNSS) panel of ICAO, etc. He was closely associated with the long term planning and implementation of Satellite based navigation system GAGAN - a joint venture project with ISRO. He was a member of various Indian delegations for attending meetings/conferences/workshop of ICAO, FAA, WARC, IATA, ACI, CANSO and presented a number of papers. He was appointed as Chairman of Maytas Infra Ltd. by the GoI in 2009 to revive the Company from financial crisis of Satyam. He was appointed as a Director on our Board in January, 2013.

**Shri Santosh Saraf**

Independent Director



Shri Santosh Saraf (about 63 years), (DIN: 00073618), is a Fellow Member of Institute of Chartered Accountants of India. He started his career in 1977 as a practicing Chartered Accountant and has an extensive experience of more than 37 years in the field of finance and taxation. During his dedicated career he has served, on professional assignment to many large industrial groups, banks, corporates and esteemed professionals. He is a member of MoU Task Force for Companies under Department of Public Enterprises, Government of India. He was Chairman for the Western Development Council of Assocham & has held position of Managing Committee and Patron member for Assocham. He was Member of Central Board of Trustees (CBT) for Employees Provident Fund Organization (EPFO) of Central Government of India for a period of 5 years (May, 2008 to April, 2013). He was also a member of Executive, Finance & Investment and Pension Implementation Committees of CBT (EPFO). He was member of Cost Accounting Standards Board of the Institute of Cost Accountants of India (2011-2014). He was appointed as a Director on our Board in December, 2011.



### **Shri R. Krishnamoorthy**

Independent Director

Shri R. Krishnamoorthy, (69 years) (DIN: 05292993), is a Fellow Member of the Institute of Cost Accountants of India. Having been in Power & Financial Sector for more than 38 years, he possesses very rich experience in Project Appraisal, Financial Appraisal, Financial Management and Regulatory Aspects. He held the positions of Member CERC, Member DERC, Chairman & Managing Director of Power Finance Corporation (PFC) and Director (Finance) of PFC. Before joining PFC he was with National Hydroelectric Power Corporation (NHPC). He was Member of a Committee constituted by Govt. of Karnataka to resolve certain issues on PPA and cost of a Private Sector Project vis-à-vis State Power Distribution Companies; was Chairman, 'Empowered Committee' set up for encouraging competition in development of transmission projects, constituted by Ministry of Power; Member, Deepak Parikh Committee of Ministry of Power on State-specific Reforms under Govt. of India's APDRP

(Accelerated Power Development & Reform Program); Member, Committee on 'Financing of Power Sector' during X & XI Plan; Member, Advisory Council of the Project Management Institute, NTPC; Member, Task Force constituted by Govt. of Karnataka for steering power sector reforms in Karnataka. He is also in the Board of few Power Sector Companies in the Private Sector and Advisor to THDC. He was appointed as a Director on our Board in January, 2013.

### **Shri Ajay Kumar Mittal**

Independent Director

Shri Ajay Kumar Mittal (53 years), (DIN: 00322351) is a Fellow Member of Institute of Chartered Accountants of India and is in practice in Delhi. He started his career in 1986 as a Finance Manager in Govt. Financial Institution and had been a Fellow to United Nation Industrial Development Organisation (UNIDO). He has a wide experience of more than 28 years in the field of Finance, Project Appraisal, Financial Management and in all Government statutory compliances. He was appointed as a Director on our Board in January, 2013.



### **Shri Mahesh Shah**

Independent Director

Shri Mahesh Shah (61 years), (DIN: 00405556), has successfully dealt with various companies and industrial houses in the area of asset funding, arranging institutional finance, project evaluation, acquisition, merger, corporate advisory services investment etc. as the director of Inter Corporate Financiers & Consultants Ltd, SEBI Authorized Category I Merchant Banker. He is the Past President, ICSI, ICAI and was member of Accounting Standard Board of ICAI, Compliance Committee of International Federation of Accountant (IFAC), Executive Committee of Confederation of Asian and Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA). He has represented leading industrial and trade bodies - both on regional and national level such as CII, FICCI, ASSOCHAM etc. and he was a member of advisory committee, ICFAI; member, technical group for the Depository System appointed by Ministry of Finance and member of review committee for reviewing

MRTD Act, Companies Act, Chartered Accountants Act, Company Secretaries Act., Cost and Works Accountants Act, appointed by Ministry of Law, Government of India. He has also participated and represented Papers in various national and international seminars, workshops and professional development programs conducted by various Institutes, other trade, educational and professional bodies and contributed Articles in various professional Journals and Dailies. He was appointed as a Director on our Board in January, 2013.

### **Shri Parvez Hayat**

CVO

Shri Parvez Hayat (56 years) is the Chief Vigilance Officer of our Company. He is an IPS Officer of Jharkhand Cadre of the 1984 Batch. He is a postgraduate in Modern History and holds a Law degree from Delhi University. He has over 30 years of work experience. He worked in various capacities in both State and Central Govt. such as S.P./Sr. S. P. of five Districts of Bihar/Jharkhand; PS to the Union Minister of Home Affairs, Govt. of India, Delhi; Commandant Staff (Operations) Directorate General of ITBP, MHA, GOI, Delhi, subsequently in State of Jharkhand as DIG of Palamu Range & DIG (Crime Branch) at State Police Hqs., Ranchi. Later on central deputation as Asstt. Director General, Central Economic Intelligence Bureau, Ministry of Finance; IGP (Police Modernization & Training), Govt. of Jharkhand; picked up his next promotion as ADG (Police Modernization & Training) in the month of September, 2010. He assumed charge of office of Chief Vigilance Officer in February, 2011.



**List of Senior Level Executives as on 30-June-14**

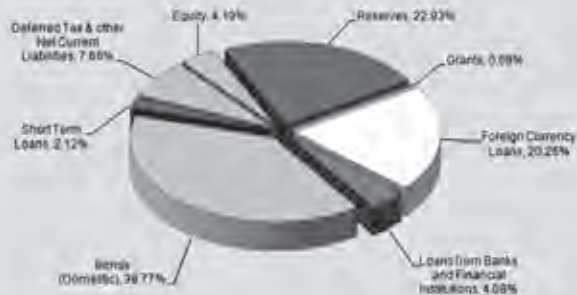
S.No	Name (S/Sh)	E.No	Desg	Level	Dept	Region	Location
<b>Corporate Centre</b>							
1	Arun Kumar	00077	COO	E9	BDD	CC	Gurgaon
2	Ashwani Jain	00095	COO	E9	Telecom	CC	New Delhi
3	Pankaj Kumar	00105	ED	E9	ERP Cell	CC	Gurgaon
4	Y. K. Sehgal	00122	COO	E9	CTU Planning & Cost Engg.	CC	Gurgaon
5	Seema Gupta	00127	ED	E9	Commercial & Regulatory Cell	CC	Gurgaon
6	B. Mishra	00189	ED	E9	CP & IT	CC	Gurgaon
7	I. R. Kidwai	00454	ED	E9	HR	CC	Gurgaon
8	D. K. Valecha	10027	ED	E9	Engg- (TL,S/s,Civil) & TBCB Cell	CC	Gurgaon
9	Sanjeev Singh	10040	ED	E9	OS	CC	Gurgaon
10	N. S. Sodha	10053	ED	E9	LD&C	CC	Gurgaon
11	Anil Jain	10060	ED	E9	CMG	CC	Gurgaon
12	Oommen Chandy	10872	ED	E9	Engg-HVDC; QA&I	CC	Gurgaon
13	Jagmohan Sharma	16377	ED	E9	NTAMC	CC	Manesar
14	D. C. Joshi	40045	ED	E9	CS & MM	CC	Gurgaon
15	S. Vaithilingam	40050	ED	E9	F&A	CC	Gurgaon
16	B. P. Gantayet	40080	ED	E9	DMS	CC	Gurgaon
17	Atul Trivedi	40707	ED	E9	ESMD, CSR & LAC	CC	Gurgaon
<b>Regional Heads</b>							
1	Prabhakar Singh	20003	ED	E9	Head of Region	NR-I	New Delhi
2	J. P. Singh	00195	ED	E9	Head of Region	NR-II	Jammu
3	Devendra Kumar	10765	ED	E9	Head of Region	ER-I	Patna
4	Bharat Bhushan	20006	ED	E9	Head of Region	ER-II	Kolkata
5	R. K. Singh	11044	ED	E9	Head of Region	NER	Shillong
6	V. Sekhar	20107	ED	E9	Head of Region	SR-I	Secunderabad
7	N. Ravikumar	30104	ED	E9	Head of Region	SR-II	Bangalore
8	S. K. Gupta	10034	ED	E9	Head of Region	WR-I	Nagpur
9	D. K. Singh	40065	ED	E9	Head of Region	WR-II	Baroda
<b>Independent Projects</b>							
1	A. K. Sinha	40062	ED	E9	Chhattisgarh Projects	WR-I	Raipur
2	S. Sen	10871	ED	E9	Odisha Projects	ER-II	Bhubaneswar
3	Bhoj Paul	10947	ED	E9	North Eastern-Northern/Western Interconnector-I Project	NER	Guwahati
4	R. K. Chauhan	10951	ED	E9	Western/Northern Interconnector Project	NR-II	Kurukshetra

5	S. K. Sharma	16257	ED	E9	Northern Region II Projects	NR-II	Jammu
<b>POSOCO</b>							
1	S. K. Soonee	45003	CEO	E9	I/c POSOCO	POSOCO-HQ	New Delhi
2	V. K. Agarwal	17003	ED	E9	Head of RLDC	NLDC	New Delhi
3	Awadhesh Mani	45005	GM	E8	Head of RLDC	NRLDC	New Delhi
4	U. K. Verma	16373	GM	E8	Head of RLDC	ERLDC	Kolkata
5	T. S. Singh	50022	GM	E8	Head of RLDC	NERLDC	Shillong
6	P. R. Raghuram	30025	ED	E9	Head of RLDC	SRLDC	Bangalore
7	P. Mukhopadhyay	45007	GM	E8	Head of RLDC	WRLDC	Mumbai
<b>On Deputation to other organisation(s)</b>							
1	M. Krishna Kumar	00129	ED	E9	North East Trans. Co. Ltd.	Deptn	Gurgaon
2	D. S. Singh	10057	ED	E9	Teestavalley Power Trans. Ltd.	Deptn	Gurgaon
3	S. C. Singh	40081	ED	E9	Jaypee POWERGRID Ltd.	Deptn	New Delhi
4	D. K. Sarma	50005	ED	E9	Bihar Grid Company Ltd.	Deptn	Patna

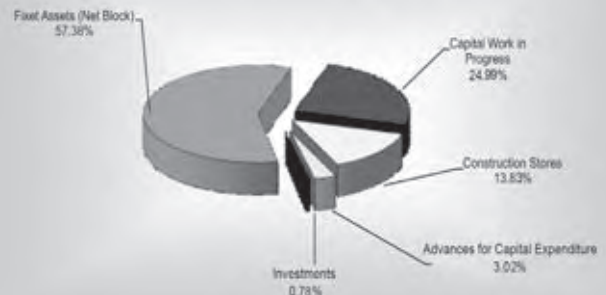


## POWERGIRD'S PERFORMANCE

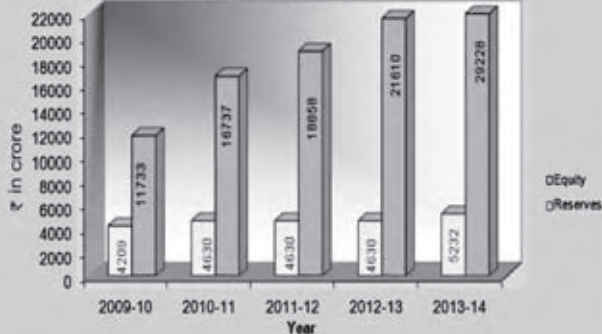
**Sources of Funds (%) - 2013-14**



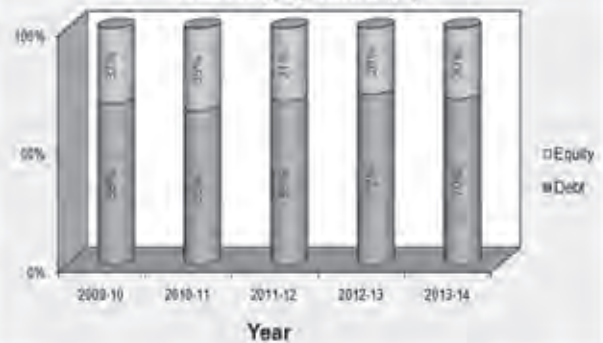
**Application of Funds (%) 2013-14**



**Equity and Reserves**



**Debt Equity Ratio (%)**



**Income Break-up (%) - 2013-14**



**Distribution of Revenue (%) - 2013-14**





## FIVE YEARS' SUMMARY

### OPERATING RESULTS

(₹ in crore)

	2013-14	2012-13	2011-12	2010-11	2013-14(*)	2012-13(*)	2011-12(*)	2010-11(*)	2009-10
<b>(A) EARNED FROM :</b>									
Transmission Charges	14250.05	12162.66	9544.19	7902.15	14250.05	12162.66	9544.19	7902.15	6700.56
Consultancy Revenue									
Sales of Services	332.48	228.96	289.95	299.35	332.48	228.96	289.95	299.35	269.17
Sales of Products	294.07	86.44	-	-	294.07	86.44	-	-	-
Telecom Revenue	276.14	231.39	201.19	187.20	276.14	231.39	201.19	187.20	157.72
Other Operative Revenue	77.54	48.40	128.94	118.68	77.54	48.40	128.94	118.68	19.69
Other Income	491.13	570.89	620.74	591.37	491.13	570.89	620.74	591.37	356.44
<b>Total Earnings</b>	<b>15721.41</b>	<b>13328.74</b>	<b>10785.01</b>	<b>9098.75</b>	<b>15721.41</b>	<b>13328.74</b>	<b>10785.01</b>	<b>9098.75</b>	<b>7503.58</b>
<b>(B) PAID &amp; PROVIDED FOR :</b>									
Purchases of stock-in-trade	219.40	63.50	-	-	219.40	63.50	-	-	-
Employees Remuneration & Benefits	941.68	886.40	842.97	745.89	941.68	886.40	842.97	745.89	726.70
Transmission Expenses	456.24	367.65	328.38	270.38	456.24	367.65	328.38	270.38	244.91
Administration Expenses	629.54	494.56	476.21	415.59	514.59	415.37	360.58	308.15	257.56
Other Exp. (Including Prior Period Adj.)	25.25	(18.12)	19.96	11.49	25.25	(18.12)	19.96	11.49	101.23
Deferred Revenue Expenditure	-	-	1.79	1.86	-	-	1.79	1.86	1.78
Provisions	22.35	2.75	2.30	3.98	22.35	2.75	2.30	3.98	22.15
<b>Total Expenditure (Excluding Depreciation &amp; Interest)</b>	<b>2294.46</b>	<b>1796.74</b>	<b>1671.61</b>	<b>1449.19</b>	<b>2179.51</b>	<b>1717.55</b>	<b>1555.98</b>	<b>1341.75</b>	<b>1354.33</b>
Profit before Depreciation & Interest	13426.95	11532.00	9113.40	7649.56	13541.90	11611.19	9229.03	7757.00	6149.25
Depreciation	3995.68	3351.92	2572.54	2199.39	3995.68	3351.92	2572.54	2199.39	1979.69
Interest & Finance Charges	3167.52	2535.22	1943.26	1625.44	3282.47	2614.41	2058.89	1732.88	1543.24
Net Profit after Interest & Depreciation but before Tax	6263.75	5644.86	4597.60	3824.73	6263.75	5644.86	4597.60	3824.73	2626.32
Provision for tax (MAT)	1274.13	1052.08	888.51	684.61	1274.13	1052.08	888.51	684.61	421.91
Fringe Benefit Tax (FBT)	-	-	-	-	-	-	-	-	(1.50)
Net Profit after MAT & FBT	4989.62	4592.78	3709.09	3140.12	4989.62	4592.78	3709.09	3140.12	2205.91
Deferred Tax	492.20	358.28	454.14	443.23	492.20	358.28	454.14	443.23	164.97
Profit after Deferred Tax	4497.42	4234.50	3254.95	2696.89	4497.42	4234.50	3254.95	2696.89	2040.94
Dividend	1349.76	1273.18	976.89	810.23	1349.76	1273.18	976.89	810.23	631.34

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

## FINANCIAL POSITION

(₹ in crore)

	2013-14	2012-13	2011-12	2010-11	2013-14(*)	2012-13(*)	2011-12(*)	2010-11(*)	2009-10
<b>(A) WHAT THE COMPANY OWNED:</b>									
Gross Fixed Assets	96503.66	80600.05	63387.34	50343.35	96503.66	80600.05	63387.34	50343.35	43202.28
Less: Depreciation	23349.59	19199.41	15725.04	13119.37	23349.59	19199.41	15725.04	13119.37	11141.02
Net Fixed Assets	73154.07	61400.64	47662.30	37223.98	73154.07	61400.64	47662.30	37223.98	32061.26
Capital Work in Progress	31851.41	19114.92	15573.50	12963.68	31851.41	19114.92	15573.50	12963.68	10242.37
Construction Stores	17625.30	15708.62	12610.04	10749.25	17625.30	15708.62	12610.04	10749.25	7433.44
Advances for Capital Expenditure	3853.61	5328.98	5091.23	2911.66	3853.61	5328.98	5091.23	2911.66	2746.37
Long Term Investments	814.33	964.24	1101.19	1214.01	998.68	1147.50	1284.45	1398.35	1453.22
Other Non-current Loans & Advances	3189.95	2350.71	1840.20	1032.64					
Current Assets, Loans & Advances	9100.40	6265.45	6329.89	9623.94	12106.00	8432.90	7986.83	10483.83	9627.32
<b>TOTAL (A)</b>	<b>139589.07</b>	<b>111133.56</b>	<b>90208.35</b>	<b>75719.16</b>	<b>139589.07</b>	<b>111133.56</b>	<b>90208.35</b>	<b>75730.75</b>	<b>63563.98</b>
<b>(B) WHAT THE COMPANY OWED:</b>									
<b>Long Term Loans from:</b>									
- From Banks & Financial Institutions	5101.94	1705.31	1323.51	500.81	5205.30	1823.50	1500.83	683.12	865.44
- Foreign Currency Loans and Bonds	24721.62	21031.17	14352.17	11428.92	25833.55	22090.87	15267.46	12221.55	11129.52
- Domestic Bonds	46966.66	40339.79	33443.51	25286.11	49431.00	42273.50	34983.62	26528.10	21171.83
Total Long Term Loans	76790.22	63076.27	49119.19	37215.84	80469.85	66187.87	51751.91	39432.77	33166.79
Current maturities of Long Term Loans	3679.63	3111.60	2632.72	2216.93	-	-	-	-	-
Working Capital Loan (short-term)	2700.00	2000.00	1650.00	1450.00	2700.00	2000.00	1650.00	1450.00	1250.00
Current Liabilities & Provisions	13137.50	9596.90	7088.29	6846.01	17403.49	12535.07	9434.68	9989.27	10092.89
Deferred Tax Liability (Net)	2442.96	1959.16	1600.88	1146.74	2442.96	1959.16	1600.88	1146.74	703.51
Deferred Revenue-Advance against Depreciation	2018.07	2094.96	2143.78	2176.07	2018.07	2094.96	2143.78	2176.07	2213.63
Deferred Revenue-DFCFI/E Account	2404.32	1505.61	493.17	-11.59	-	-	-	-	-
Grants in Aid	95.07	117.03	139.32	171.31	95.07	117.03	139.32	171.31	198.82
Long-term Provisions	524.37	442.63	421.49	316.64	-	-	-	-	-
Other Long-term Liabilities	1337.30	989.93	1431.73	2826.62	-	-	-	-	-
<b>TOTAL (B)</b>	<b>105129.44</b>	<b>84894.09</b>	<b>66720.57</b>	<b>54354.57</b>	<b>105129.44</b>	<b>84894.09</b>	<b>66720.57</b>	<b>54366.16</b>	<b>47625.64</b>
<b>(C) NET WORTH OF THE COMPANY REPRESENTED BY :</b>									
Equity capital (including Deposit)	5231.59	4629.73	4629.73	4629.73	5231.59	4629.73	4629.73	4629.73	4208.84
Reserves and Surplus	29181.30	21583.68	18858.05	16724.05	29181.30	21583.68	18858.05	16724.05	11708.23
Less: Misc. Expenses to the extent not written off	-	-	-	2.41	-	-	-	2.41	3.56
<b>TOTAL (C)</b>	<b>34412.89</b>	<b>26213.41</b>	<b>23487.78</b>	<b>21351.37</b>	<b>34412.89</b>	<b>26213.41</b>	<b>23487.78</b>	<b>21351.37</b>	<b>15913.51</b>
<b>(D). COMMITTED RESERVES</b>									
LDC Development Fund	-	-	-	-	-	-	-	-	16.44
CSR Activities Reserve	46.74	26.06	-	13.22	46.74	26.06	-	13.22	8.39
<b>TOTAL (D)</b>	<b>46.74</b>	<b>26.06</b>	<b>-</b>	<b>13.22</b>	<b>46.74</b>	<b>26.06</b>	<b>-</b>	<b>13.22</b>	<b>24.83</b>
<b>TOTAL (B+C+D)</b>	<b>139589.07</b>	<b>111133.56</b>	<b>90208.35</b>	<b>75719.16</b>	<b>139589.07</b>	<b>111133.56</b>	<b>90208.35</b>	<b>75730.75</b>	<b>63563.98</b>
<b>CAPITAL EMPLOYED</b> (Net Fixed Assets+Net Current Assets)	<b>62737.34</b>	<b>52957.59</b>	<b>42621.18</b>	<b>36334.98</b>	<b>65156.58</b>	<b>53244.35</b>	<b>42469.79</b>	<b>34429.03</b>	<b>28678.55</b>
<b>(E) RATIOS</b>									
Net Profit to Capital Employed(%)	7.17	8.00	7.64	7.42	6.90	7.95	7.66	7.83	7.12
Net Profit to Net Worth(%)	13.07	16.15	13.86	12.63	13.07	16.15	13.86	12.63	12.83
Net Worth per Rupee of Paid-up Capital (in ₹)	6.58	5.66	5.07	4.61	6.58	5.66	5.07	4.61	3.78
Debt/Equity Ratio (#)	70:30	72:28	69:31	65:35	70:30	72:28	69:31	65:35	68:32
Current Ratio	0.47:1	0.43:1	0.56:1	0.92:1	0.60:1	0.51:1	0.61:1	0.79:1	0.74:1
Earning per Share (Diluted EPS) (₹ per Share)	9.36	9.15	7.03	6.19	9.36	9.15	7.03	6.19	4.85
Book Value per share (₹ per Share)	65.78	56.62	50.73	46.12	65.78	56.62	50.73	46.12	37.81
Capital Expenditure (₹ in Crore)	23158	20037	17814	12005	23158	20037	17814	12005	10617
<b>(C) OTHER IMPORTANT INFORMATION</b>									
Length of Transmission Lines (CKT)	106804	100200	92981	82335	106804	100200	92981	82335	75290
No. of Substations	184	167	150	135	184	167	150	135	124
No. of Employees (\$)	8694	8909	9221	9330	8694	8909	9221	9330	9162
Transmission Network availability (%)	99.92%	99.90%	99.94%	99.80%	99.92%	99.90%	99.94%	99.80%	99.77%

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

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

(\$ Excluding employees posted in POSOCO on secondment basis



# POWER GRID CORPORATION OF INDIA LIMITED

## DIRECTORS' REPORT

FOR THE 25<sup>th</sup> ANNUAL GENERAL MEETING TO BE HELD ON 18<sup>TH</sup> SEPTEMBER, 2014

To,

Dear Shareholders,

Ladies & Gentlemen,

It gives me immense pleasure to present on behalf of the Board of Directors, the 25<sup>th</sup> Annual Report on the performance of your Company during the financial year ending March 31, 2014 together with Audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the review period.

It is a matter of pride that this "Navratna" Company, having been formed in 1989, is presently in its "Silver Jubilee" year. It is another happy coincidence that with the commissioning of Raichur-Solapur 765kV Single Circuit line, the work of synchronously connecting the nation, with **One Nation, One Grid, One Frequency** was also successfully completed in this year. This has led to the emergence of one of the largest electrical grids operating at a single frequency in the world. During these years of electrical unification, the Company displayed its proficiency in all its areas of operation and this has led to a continuous, holistic and inclusive growth of inter-State transmission System. The addition in transmission system, together with efficient operation of such a large network, has indeed contributed phenomenally in development of infrastructure in the country.

Your Company's sustained performance, reflected through continuous asset creation, increasing revenues, and resultant profits, has also led to creation of value for its shareholders and speaks volumes of its growth journey and operational excellence. Your Company's strategic importance in development of the country's power sector has further enhanced its reputation not only within the country but also globally. The confidence of the international investor community, enjoyed by your Company, was evident through their overwhelming response to its second Follow-On Public Offer which witnessed a huge interest from the international investors.

Your Company once again demonstrated consistency in exceeding most of the performance targets agreed under the Memorandum of Understanding signed with Ministry of Power (MoP), Government of India for FY 2013-14 and is poised to be rated 'Excellent' in MoU parameters thus consistently maintaining the record of Excellence year after year since its first MoU signed in 1993-94.

Based on overall performance, your Company stood at top amongst the assessed Companies in the Power Generation and Transmission Syndicate for the FY 2012-13.

Major achievements by your Company during FY 2013-14 on various fronts are mentioned below:

- ❖ Capital investment of ₹ 23,158 Crore
- ❖ Commissioned new transmission assets comprising about 6,604 circuit kilometre (Ckm) of Extra High Voltage (EHV) transmission lines, 17 new sub-stations and 41,160 Mega Volt Ampere (MVA) transformation capacity.
- ❖ Capitalisation of transmission assets worth ₹ 15,904 Crore
- ❖ Investment approval accorded for 19 new transmission projects worth about ₹8,548 Crore.
- ❖ Maintained transmission system availability at 99.92% with number of trippings per line limited at 0.56.
- ❖ An important landmark, i.e. synchronous interconnection of all-India National Grid, has been achieved through successful commissioning of Raichur (Karnataka) - Solapur (Maharashtra) 765kV Single Circuit line on December 31, 2013.
- ❖ Total inter-regional power transfer capacity of 6,300MW was added during the year thereby enhancing the cumulative inter-regional power transfer capacity of National Grid to about 37,950 MW at the end of March, 2014.
- ❖ International interconnection has been established between India and Bangladesh with the commissioning of Bheramara (Bangladesh) - Baharampur (India) 400kV D/c line, along with 500MW High Voltage Direct Current (HVDC) back-to-back terminals at Bheramara. The interconnection was inaugurated jointly by Hon'ble Prime Ministers of India and Bangladesh.

## FINANCIAL PERFORMANCE

Your Company recorded an impressive financial performance during FY 2013-14 as detailed below, achieving a turnover of ₹ 15,721 Crore and Net Profit of ₹ 4,497 Crore as compared to ₹ 13,329 Crore and ₹ 4,235 Crore during FY 2012-13, registering an increase of 17.9% and 6.2%, respectively.

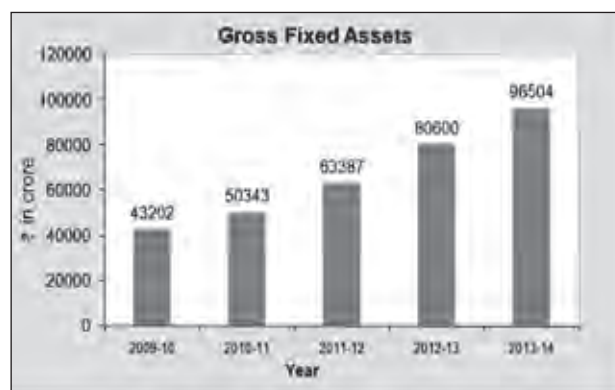
Your Company continues to show improved performance in all its business areas including Telecom and Consultancy, enhancing the value for the shareholders.

(Fig. in Crore except EPS & Book value)

Description	2013-14	2012-13	Y-o-Y Growth
<b>Revenue</b>			
Transmission Charges	14,250	12,163	17.2%
Consultancy - Sale of Service	333	229	45.4%
Consultancy - Sale of Product	294	86	241.9%

Description	2013-14	2012-13	Y-o-Y Growth
Telecom	276	231	19.5%
Other Operating Income	77	49	57.1%
Other Income	491	571	-14%
<b>Total Income</b>	<b>15,721</b>	<b>13,329</b>	<b>17.9%</b>
<b>Profit After Tax (PAT)</b>	<b>4,497</b>	<b>4,235</b>	<b>6.2%</b>
<b>Earnings per Share (₹)</b>	<b>9.36</b>	<b>9.15</b>	<b>2.3%</b>
<b>Book Value per Share (₹)</b>	<b>65.78</b>	<b>56.62</b>	<b>16.2%</b>
<b>Gross Fixed Assets</b>	<b>96,504</b>	<b>80,600</b>	<b>19.7%</b>
<b>Long term borrowing*</b>	<b>80,470</b>	<b>66,188</b>	<b>21.6%</b>
<b>Net Worth</b>	<b>34,413</b>	<b>26,213</b>	<b>31.3%</b>
<b>Debt Equity Ratio</b>	<b>70:30</b>	<b>72:28</b>	
<b>Investment</b>	<b>23,158</b>	<b>20,037</b>	<b>15.58%</b>

\* - including current maturities of long term borrowings



### Capital Investment and Fund Mobilization

During the year under review, your Company made an investment of ₹ 23,158 Crore (15.58% higher than previous year) for implementation of its projects in line with its capex-programme under XII Plan. For this, funds of about ₹15,528 Crore were mobilised through private placement of bonds, and proceeds of ongoing Supplier's credit, SBI Line of credit, and loans from multilateral funding agencies like The World Bank, Asian Development Bank. In addition, the accrued internal resources and FPO proceeds amounting to about ₹ 7,630 Crore were utilized for funding equity component of the investment.

Your Company's second Follow-On Public Offer of equity shares comprising fresh issue of 13% of existing paid-up equity capital and disinvestment of 4% by Govt. of India was successfully concluded. The issue price was finalized at the upper band of ₹90 and was oversubscribed 6.74 times overall. While your Company received ₹ 5,321 crore from the proceeds, the Govt. of India received ₹ 1,637 Crore.

At the beginning of the year 2013-14, your Company's International Credit Rating by both Standard & Poor's (S&P) and Fitch Ratings Ltd. (Fitch) was BBB- (Outlook Negative) which was consistent with India's sovereign rating. In June, 2013, Fitch Ratings revised the outlook on sovereign rating to 'Stable' from 'Negative' and accordingly your Company's rating by Fitch was raised to BBB- (Outlook Stable). The Company continues to have its rating as 'AAA/ stable' (triple A with stable outlook) by CRISIL, ICRA and CARE ratings domestically.



### Dividend Payout

Your Company has been regularly paying dividend @30% of PAT as prescribed under DPE guidelines. For FY 2013-14, your Company has proposed a final dividend of ₹1.31 per share in addition to ₹ 1.27 per share of interim dividend paid in March, 2014. The final dividend shall be paid after your approval at the Annual General Meeting. Thus, the total dividend payout for the year amounts to ₹ 1,350 Crore (including an interim dividend of ₹ 665 Crore) as against ₹ 1,273 Crore paid during the previous year. The total dividend payout including dividend tax accounts for 35% of Profit after Tax of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required u/s 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;





- iii. the Directors have taken proper and sufficient care in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis.

## COMMERCIAL PERFORMANCE

As per Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010, your Company, as the Central Transmission Utility (CTU) of the country, has been assigned the responsibility for carrying out activities such as raising of transmission charge bills on behalf of all the Inter-State Transmission System (ISTS) Licensees, collecting the amount and disbursing the same to them. In this regard, bills of transmission charges are prepared, raised and uploaded on the website portal for Designated ISTS Customers (DICs), including the payment details by the customers.

It is a matter of pride that the Company achieved about 99% realisation of transmission tariff during FY 2013-14.

## OPERATIONAL EXCELLENCE

As on April 01, 2014, the transmission assets owned and operated by your Company stand **at about 106,804 Ckm of Extra High Voltage (EHV) transmission lines and 184 Nos. EHVAC & High Voltage Direct Current (HVDC) sub-stations with about 205,923 MVA transformation capacity.** Your Company continues to wheel about 50% of the total power generated in the country.

Maintaining such a large and highly complex transmission network has been an extremely difficult and challenging task. This has been achieved through deployment of state-of-the-art operation and maintenance techniques, which are at par with international standards. Maintenance activities are planned well in advance and an "Annual Maintenance Plan" is chalked out for every asset such that 'Preventive maintenance' takes precedence over 'breakdown maintenance'.

Your Company introduced aerial patrolling of transmission lines using helicopter for the first time in India. Transmission line defects are identified by deploying helicopter equipped with Gimbal mounted LIDAR (Light Ranging and Detection), Thermo-vision Camera, High resolution Digital Video cameras. While Hotline maintenance of 400kV transmission line is already in vogue, your Company is also planning to introduce Hotline maintenance of transmission lines of 765 kV voltage level using Helicopter. To intercept major failures and prevent them, your Company has adopted state-of-the-art condition monitoring techniques, such as 'Frequency Response Analysis' for Transformers and Reactors, 'Dynamic Contact Resistance Measurement' for Circuit Breakers, 'Third Harmonic Resistive Current measurement' for Surge Arrestors, 'Thermo-vision scanning' etc. The Company has also started online monitoring of 765kV equipment (transformers and reactors) for measurement of critical parameters.

Your Company deploys State-of-the-Art 'Emergency Restoration System' for immediate restoration of collapsed transmission lines due to natural calamities before permanent restoration work is taken up. Your Company has also taken initiative for development of Emergency Restoration System (ERS) for sub-stations of 400kV level using mobile substations mounted on trailer to restore power during emergency and extremely critical situation, wherein whole/ major part of substation is affected.

With a view to optimize its operation and maintenance manpower and efficiently deploying them, your Company is establishing **"National Transmission Asset Management Centre (NTAMC)"** at Manesar, Haryana for centralised remote monitoring, operation & control of sub-stations.

At the end of 2013-14, fifty-one (51) substations are being operated through remote operation and twelve (12) substations are unmanned. Maintenance Service Hub facility has also been established where specialised group of experts are available for immediate deployment in the event of requirement.

The result of consistent efforts and round the clock monitoring is demonstrated through your Company's high operational performance during the year in terms of transmission system availability (99.92%) and the number of tripping per line (0.56).

## International Benchmarking of O&M practices

With an aim of continual improvement, O&M practices of your Company are being benchmarked internationally through "International Transmission Operation and Maintenance Study" (ITOMS) carried out by UMS, USA. In ITOMS studies/ benchmarking, twenty-eight (28) power transmission utilities across the globe participated and their performances are evaluated and benchmarked. As per the studies, your Company's overall performance stood in the best quadrant (i.e. low cost and high performance). In addition, performance benchmarking of all nine (9) Regions amongst each other and the region(s) with external member Utilities of ITOMS, was also carried out to identify areas of improvement.

## PROJECT IMPLEMENTATION

Your Company continues to put in its best efforts to complete its transmission projects within scheduled timelines, thereby extracting the maximum commercial benefit. The Company achieves this through its Integrated Project Management and Control System (IPMCS), timely review meetings, intensive monitoring by top management through video conferencing/ regular site visits and undertaking various pre-emptive initiatives.

As a result of above steps and with the dedicated efforts of the employees, assets worth about ₹ 15,904 Crore were capitalized by your Company during the year 2013-14, adding about **6,604 ckm transmission lines, 17 sub-stations** and about **41,160 MVA** transformation capacity in the transmission system. Some of the major transmission assets commissioned during the year include 765kV transmission lines such as Sasaram-Fatehpur (S/c), Raichur-Solapur (S/c), Ranchi-WR Pooling Station (S/c), Fatehpur – Agra (S/c), Jabalpur Pooling Station – Bina (D/c), Raigarh (Kotra) – Raipur (D/c). The projects were completed in spite of severe constraints faced during its implementation including challenging terrains, severe Right-of-Way (RoW) problems. The implementation of High Capacity Power Transmission Corridors is underway and some elements under the same have already been commissioned.



During the year, investment approval was accorded for **19 new projects** with an estimated cost of **about ₹ 8,548 Crore**, which involves about **5,530 ckt km** of transmission lines, **4 new sub-stations** and transformation capacity of about **12,730 MVA** were taken up for implementation.

## DEVELOPMENT OF NATIONAL GRID

In its 'Silver Jubilee' year, your Company achieved one of the major objective of its formation. Nationwide synchronous power grid is established upon successful commissioning of 765kV S/c Raichur – Sholapur line on 31st December, 2013. With this, '**One Nation - One Grid – One Frequency**' has become a reality. Your Company has also commissioned 765kV S/c Sasaram – Fatephur and 765 kV S/c Ranchi-WR Pooling Station inter-regional lines, having 2100 MW power transfer capacity each. Thus, in this FY, your Company has added a total inter-regional power transfer capacity of 6,300 MW, thereby adding total capacity of 8,300 MW during the first two years of the XII plan period. At the end of 2013-14, the inter-regional power transfer capacity of 37,950 MW has been established.

By the end of XII Five Year Plan, inter-regional power transfer capacity is envisaged to be 72,250 MW.

## PERFORMANCE AGAINST COMPETITION

Your Company continued to display impressive performance under Tariff Based Competitive Bidding (TBCB) by excelling over its competitors. During the year 2013-14, your Company acquired two Special Purpose Vehicles (SPVs), namely 'Vizag Transmission Limited' and 'Unchahar Transmission Limited' for the projects **Transmission System for System Strengthening in Southern Region for Import of Power from Eastern Region and Transmission System for ATS of Unchahar TPS**, respectively. As on March 31, 2014, the Company has secured 5 projects under TBCB, and has won about 40% of the projects floated under TBCB since January, 2011.

## GRID MANAGEMENT AND OPEN ACCESS

Power System Operation Corporation Limited (POSOCO), a wholly owned subsidiary of your Company, continues to look after the grid management of the country. POSOCO with its state-of-the-art Unified Load Despatch & Communication (ULDC) facilities in place, carries out the function efficiently and transparently. Further, National and Regional Load Despatch Centres (NLDC & RLDCs) are upgraded and modernised continuously to establish an effective grid management infrastructure in the country.

During 2013-14, to meet the demands in the country, about **78.38 Billion Units (BUs)** of inter-regional energy transfer was facilitated, across the nation using pan-India inter-regional transmission links and RLDCs.

Under Short Term Open Access (STOA), your Company has approved about 33,917 transactions, 10,290 nos. bilateral transactions and 23,627 nos. collective transactions, involving 87 BUs of energy transfer in FY 2013-14 as against 32,139 transactions and about 73 BUs of energy transferred during FY 2012-13.

Your Company, as Central Transmission Utility (CTU), is the nodal agency for processing & grant of Connectivity, Medium Term Open Access (MTOA) and Long Term Access (LTA) of various applicants. Till March 31, 2014, the Company granted LTA to 148 nos. of applications for 80,000 MW capacity, out of 223 applications received in all. Further, connectivity was granted for 79 nos. of eligible applications for 70,000 MW capacity out of 190 applications received for about 195,000 MW capacity in all. Till 31st March 2014, 127 applications were received for MTOA and MTOA was granted to 48 nos. of applications in all for about 4,500 MW capacity.

## QUALITY MANAGEMENT

Your Company has put in lot of effort in identifying and implementing various quality improvement measures during the year 2013-14. By way of carrying out continuous process/ surveillance audits, your Company created win-win partnership with suppliers to get superior quality product including reduction in cost.

With the increased area of work & value of supply of equipment/ materials, capacity building remains one of the major challenges for the Company. Inclusion of new vendors upon assessment and developing new sub-vendors especially for 765 kV transformers, reactors, transmission towers were undertaken on priority to meet project requirements.

Process audits are continued to be carried out in the manufacturing units of various vendors, sub-vendors & even further below in supply chain, which are spread all over the country, to achieve the target of zero product inspection. Quality audits at sites were also undertaken during the year for instant feedback and to take appropriate corrective action.

Your Company undertook various activities to ensure that the equipment/material conform to the technical specifications and are supplied in time to meet the completion targets of the projects, such as defining proper processes, quick approval of Quality plans, intelligent inspection of materials (in process & before acceptance). During the year, continuous follow up with manufacturers for timely manufacturing, testing of various critical items and issue of requisite clearances were expedited.

Your Company continues to develop and maintain systems & procedures aligned with Integrated Management System comprising ISO 9001: 2008 for Quality Management System, ISO 14001: 2004 for Environmental Management System and OHSAS 18001: 2007 for Occupational Health and Safety Management System. The certification has been maintained after rigorous audits by BSI Management Systems. Your Company also completed implementation of PAS 99 in ER-I and SR-II during FY 2013-14.

## TECHNOLOGY DEVELOPMENT

Your Company has been at the forefront in adoption of state-of-the art technologies for improving the efficiency in power transmission and for overcoming the challenges associated with establishment of high capacity power transmission corridors and the National Grid.

One of the key focus areas is the adoption of transmission of power at higher voltage level. Implementation of  $\pm 800$ kV HVDC & development of 1200kV Ultra-High-Voltage AC (UHVAC) system are important milestones in this direction.



### ±800kV Multi-Terminal HVDC System

HVDC system facilitates bulk power transmission over long distances with power controllability, reduced RoW and transmission losses. Implementation of ±800 kV, 6,000 MW multi-terminal HVDC system of around 2,000 kms. from North Eastern Region (NER) (Biswanath Chariali in Assam and Alipurduar of West Bengal) to Northern Region (NR) (Agra in Uttar Pradesh) is progressing well. During the year, 7 Converter transformers were transported from Haldia port in West Bengal to Biswanath Ghat in Assam over Brahmaputra River on Barges and delivered at site. Upon completion, it shall be one of the largest multi-terminal HVDC systems in the world at this voltage level.

### 1200kV UHVAC Transmission System

The 1200kV UHVAC technology, the highest voltage level in the world, is being developed indigenously by your Company in collaboration with 35 Indian manufacturers under Public Private Partnership (PPP) and 1200kV UHVAC National Test Station at Bina, Madhya Pradesh has been established for the same. The 1200kV Single Circuit (S/c) and Double Circuit (D/c) test lines were successfully test charged along with one 1200kV bay and field tests are undergoing. Installation and charging of 2nd 1200kV single phase Circuit Breaker in the first bay of 1200kV National Test Station, Bina was completed in December, 2013. Further, erection of 2 units of transformer for single phase units of the transformer bank in the second bay of the 1200kV test was also completed.

Besides above, during the year, your Company also conducted feasibility study on 'Superconducting Fault Current Limiter (SFCL)' and formulated a pilot project on Energy Storage in terms of technology, capacity, etc..

Envisioning setting up of a world class laboratory for carrying out research and development in power transmission area, your Company is establishing POWERGRID Advanced Research and Technology Centre (PART) at Manesar, Gurgaon, with state-of-the-art laboratories for power system analysis, advanced equipment diagnostics, smart grid in transmission and distribution, energy efficiency, power system control and automation, material science and engineering design. Further, your Company is also establishing a transmission line research lab to carry out validation of transmission line design and subsequent optimization.

Your Company, in the quest to achieve fully digitized substations, is in the process of introducing Process Bus technology for substations. Your Company is also in the process of mapping pollution intensity of various regions of the Country on a geographical map. This activity shall enable efficient and effective transmission line designs, particularly in high pollution and fog affected areas.

### SMART GRID TECHNOLOGY

Your Company continues to take pioneering steps in bringing Smart Grid technology in entire value chain of electricity in the country. In order to promote smart grid technologies, your Company has developed Smart Grid pilot project in the country through open collaboration, at Puducherry. Almost all the attributes of Smart Grid viz Advance Metering Infrastructure (AMI), Outage Management System (OMS), Demand Response, Power Quality Management (PQM), Renewable Integration through net-metering, Smart Home Energy Management System, Electric Vehicles, Street Light Automation System etc. have been successfully integrated at Smart Grid control centre at Puducherry through latest communication technologies to showcase technology efficacy in a holistic manner. Further, your Company has also prepared project reports for smart grid solutions for Indiranagar (Bangalore), Paradeep Port Trust and Goa.

Recognizing experience and expertise in the field of smart grid development, eight (8) utilities have appointed your Company as Advisor-cum-Consultant for implementation of smart grid project at an estimated cost of about ₹ 200 Crore during FY 2013-14.

Your Company has undertaken full scale implementation of real time smart transmission projects applying State-of-the-Art wide area measurement system (WAMS) using advance synchrophasor technology in the grid. This Unified Real Time Dynamic State Measurement (URTDMS) project involves placement of Phasor Measurement Units (PMUs) at all 400 kV and above substations, generation switchyards of 220 kV and above, HVDC terminals and Phasor Data Concentrator (PDC) at SLDC, RLDC & NLDC control centres along with backbone communication infrastructure, which has enhanced the efficiency of the overall grid management.

With the growing need of energy storage to facilitate integration of renewables, your Company is implementing Battery energy storage pilot project at Puducherry to evaluate different technologies for proof of concept, application(s), policy advocacy etc. in Indian context. Your Company has also taken lead initiative to establish base line data repository on power quality parameters through field measurement at various voltage level on pan India basis. It also involves identification of mitigating measures/ devices like active harmonic filter, automatic power factor controller etc.

Your Company has been indigenously developing smart products like smart meter, data concentrator unit, home energy management system, micro grid controller, smart cap utilizing solar energy, active filter etc. for varied applications.

### INTEGRATION OF RENEWABLES

Your Company has developed comprehensive master plan for grid integration of envisaged renewable generation capacity addition during the XII Five Year Plan through Green Energy Corridors across India. The plan covers intra-state & inter-state transmission systems and mitigating measures for grid interconnection of variable & intermittent renewable energy. It also includes other control infrastructure like forecasting tool for renewable generation, establishment of renewable energy management centers, provisions for flexible generation, energy storage, smart grid applications like demand side management & demand response etc. Under this, your Company has been assigned the implementation of inter-State Transmission System portion of the scheme, setting up of Renewable Energy Management Centres and control infrastructure to be included in the KfW/GIZ, Germany proposal by Ministry of Power, GoI. Your Company has been taking various actions under this and implementation is expected to commence shortly.

The country has huge renewable energy potential through solar and wind, of the order of about 300GW, at desert/ cold desert waste land in Kutch, Thar, Lahaul & Spiti and Ladakh. To harness the same, your Company has also evolved an integrated development plan for establishment and grid integration of 300GW capacity addition by 2050 at an estimated cost of ₹ 43.75 lakh Crore, through hybrid transmission corridors utilizing High Voltage Direct Current (HVDC) (including VSC based) as well as 1200kV UHV AC/ High temperature superconductor technologies, etc.. A report on the plan, DESERT POWER INDIA – 2050, has been submitted to Ministry of Non-Renewable Energy (MNRE), Ministry of Power (MoP), Ministry of Finance, Planning Commission, Central Electricity Authority (CEA) and Central Electricity Regulatory Commission (CERC).

Your Company has developed plan for installation of rooftop solar Photo Voltaic (SPV) for residential consumers, commercial building, metro stations & tracks and solar street lights for Delhi towards sustainability. It covers generation of about 2300 MWp. A comprehensive report, GREEN DELHI, was prepared and submitted by your Company to Govt. of Delhi, MNRE, MoP, Planning Commission, CEA and CERC.

## ENERGY EFFICIENCY

India is one of the world's emerging economic giants, with ever-increasing energy demand. It is facing formidable challenges in meeting its energy needs and sustainable development. Energy conservation through energy efficiency measures shall play an important part to address these challenges to a large extent. Considering potential in this field, your Company has initiated activities in carrying out energy audits of various establishments such as steel industries, cable industries, structural industries, Port Trusts, Airports, Institutions, etc and providing recommendations/ smart solutions for energy efficiency improvement.

In a short time span, your Company has set a benchmark for itself as an Energy Efficiency solution provider. The Company is known as a major Energy Auditing firm in the country with more than fifty (50) Bureau of Energy Efficiency (BEE) Certified Energy Auditors/ Managers. Your Company has also obtained certification under BEE Grade-I Energy Service Company (ESCO) for undertaking implementation of energy efficiency projects on shared saving basis.

Your Company has indigenously designed and developed waste heat recovery system executed projects and the same are operating successfully, enabling huge fuel/ energy savings.

Towards energy conservation, your Company has also undertaken project on Demand Side Management in Karnataka for replacement of old agricultural pumps with energy efficient pumps.

Another milestone was achieved during the year when the Corporate Office at Gurgaon and two Regional offices at Jammu & Hyderabad were awarded ISO 50001 certification for its efficient and effective Energy Management System.

## 'POWERTEL' - TELECOM SERVICES ON TRANSMISSION INFRASTRUCTURE

Your Company diversified into Telecom business under the brand name 'POWERTEL' to expand its revenue stream by installing overhead optic fibre network using OPGW (Optical Ground Wire), leveraging its existing countrywide transmission infrastructure. Your Company has an all India Broad Band Telecom Network of about 29,640 km, providing connectivity to all metros, major cities, towns, State capitals including remote areas of North-Eastern Region, Jammu & Kashmir etc. and covering about 317 Points of Presence (PoPs) across the country from where services are being rendered. Your Company possesses, Infrastructure Provider Category-I (IP-I), Internet Service Provider 'A' (ISP 'A') and National Long Distance (NLD) Service License to provide a variety of Telecom services.

During the year 2013-14, the availability of Telecom Backbone system was maintained at 99.94%. Your Company added 32 new customers, increasing its customer base to 150. The income from Telecom increased to about ₹ 276 Crore in FY 2013-14 from ₹ 231 Crore in FY 2012-13.

## National Knowledge Network (NKN)

National Knowledge Network (NKN) is a multi-gigabit network, devised by the Govt. of India with the purpose to provide a unified high speed network backbone for educational institutions in India such as Indian Institutes of Technology (IITs), Indian Institute of Science (IISc) etc. on high speed connectivity. Your Company was one of the implementing partners of this prestigious project and the scheme has been operational. An amount of about ₹ 700 Crore has been received against advance from National Informatics Centre (NIC) against NKN order till March 31, 2014.

## National Optical Fiber Network (NOFN)

The Government of India envisaged the setting up of National Optical Fiber Network (NOFN) for providing connectivity to all the 250,000 Gram Panchayats (GPs) in the country. Your Company is a member of Advisory Body and Core Committee of the ambitious NOFN project, which utilizes existing optical fiber facilities of Bharat Sanchar Nigam Limited (BSNL), POWERGRID and RailTel Corporation of India Limited to connect the Gram Panchayats.

Under this, your Company has been allotted work for development & maintenance of NOFN network in four States viz. Andhra Pradesh, Himachal Pradesh, Jharkhand & Odisha by Bharat Broadband Network Ltd (BBNL), covering about 36,000 GPs. The work is to be carried out in about 89 districts covering 1,769 blocks across these four States. The estimated cost of the project for these states would be about ₹ 2,700 Crore. Under Phase-1 of this, your Company received Sanction Letter from BBNL in October 2013 and has submitted to them Phase-1 plan consisting of 37 districts, 670 Blocks and 14,000 Gram Panchayats.

## BUSINESS DEVELOPMENT - CONSULTANCY

### Domestic

During the year under review, the Company secured thirty seven (37) new consultancy assignments. These include the project of national importance for construction of 220kV Transmission System from Alusteng (Srinagar) to Leh and 66kV interconnection system for Drass, Kargil, Khalsti & Leh substations in J&K entrusted by the Govt of India. Your Company also signed agreements with six States of North Eastern region (NER) (Assam, Meghalaya, Mizoram, Manipur, Nagaland and Tripura) to act as 'Project Design cum Implementation Supervision Consultant' for implementation of 'NER Power System Improvement Project' with The World Bank assistance.

Your Company continues to assist the State Utilities in development of their Transmission & Distribution (T&D) infrastructure. One such major assignment includes construction of 765 kV Transmission System associated with Lalitpur Thermal Power Plant (2000MW) on behalf of the transmission utility of Uttar Pradesh (UPPTCL). In addition, towards Capacity Building assignments during the FY 2013-14, Training was imparted to the employees of transmission utilities in Maharashtra (MSETCL), Madhya Pradesh (MPPTCL), Bhakra Beas Management Board (BBMB) and Damodar Valley Corporation (DVC).

In order to broaden the consultancy avenues, exploratory initiatives have been undertaken into Oil sector & Railways, which are expected to fructify into business assignments in near future.



## International

In the international arena, during the year, your Company secured seven (7) new assignments having total project cost of about ₹ 140 Crore. The Company made inroads in four new countries and provided Consulting Services in 15 countries, viz. Nepal, Bhutan, Bangladesh, Afghanistan, Sri Lanka, Myanmar, UAE, Nigeria, Ethiopia, Kenya, Tajikistan, Congo, Senegal, Kyrgyz Republic, and Pakistan.

During the year under review, among other notable achievements, was the commencement of Management Consultant Project in Ethiopia for a period of 2 years for Establishment & Management of new Ethiopian Electric Power Company, leading to successful formation of a new Utility viz. Ethiopian Electric Utility (EEU) at Ethiopia with its first CEO from your Company. This year also marked completion of prestigious inter-country 400kV asynchronous interconnection link between India and Bangladesh in September, 2013 wherein your Company provided Consulting Services from pre-award to final commissioning stage to Power Grid of Bangladesh for their portion of linked Transmission System in Bangladesh. Your Company has successfully fulfilled its consulting service obligations for export of goods amounting to about US\$ 64 million for 230kV transmission lines and substations associated with the Thahtay Chaung Hydro Power Project in Myanmar. Your Company has been appointed as Consultant through International Competitive Bidding for 1000MW HVDC Interconnection between Tajikistan, Kyrgyz Republic, Afghanistan and Pakistan.

During the year, your Company has earned revenue of ₹ **627 Crore** (including about ₹294 Crore from sale of products) from Domestic and International consultancy.

## INTERNATIONAL COOPERATION

Once fully developed, **South Asian Association for Regional Cooperation (SAARC)** Grid shall go a long way in harnessing capacities and resources of SAARC Nations to address the growing energy needs in the region. Your Company continues to strive for preparing a roadmap for the same. Presently, a number of interconnections exist between India & Nepal and India & Bhutan, which are being strengthened for mutual exchange of power.

A milestone has been achieved in this direction with the commissioning of an asynchronous interconnection between countries India & Bangladesh, through 500 MW High Voltage Direct Current (HVDC) back-to-back terminal along with Bheramara (Bangladesh) - Baharampur (India) 400kV D/c line in September, 2013, enabling power flow of the order of 500MW from India to Bangladesh.

Also, for evacuation of power from various upcoming hydro electric power projects (HEPs) in Bhutan, Punatsangchu-I HEP (Bhutan) – Alipurduar (India) 400kV Double Circuit (D/c) line between countries **Bhutan & India**, is under implementation and expected to be completed by 2015. Also, for transfer of bulk power, interconnection between **India and Nepal** through 400 kV Dhalkebar (Nepal) - Muzaffarpur (India) D/c transmission line is under implementation. Feasibility study for interconnection between **India and Sri Lanka** through an under-sea HVDC bipole line is under finalization. Further, discussions for interconnection between **India and Pakistan** through Amritsar (India) - Lahore (Pakistan) line are being held at Government level.

## CONTRIBUTION IN DISTRIBUTION REFORMS

Under "Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)" scheme for rural electricity infrastructure and household electrification, your Company has been assigned about one-third of the total works for execution of rural electrification covered in sixty-five (65) districts of nine (9) States in the country at a base cost of about ₹7,230 Crore. Most of the schemes have already been completed/ nearing completion.

During FY 2013-14, infrastructure was created for electrification in 2,388 villages out of which 2263 were partially electrified and 125 were un-electrified villages. Also, 5,315 villages were energised including 632 un-electrified villages. Service connections were provided to about 85,460 BPL households. Cumulatively, till March, 2014, infrastructure has been created for electrification of 71,042 villages including 32,588 un-electrified villages. Further, service connections were provided to about 36.22 Lakh BPL households.

In addition, RGGVY works in four (4) districts of Uttar Pradesh, namely Deoria, Siddhartnagar, Pratapgarh, Kushinagar have been assigned to your Company.

## XII PLAN DEVELOPMENT PROGRAMME

Your Company has made an ambitious plan to invest more than ₹ 100,000 Crore during the XII plan, matching with the envisaged generation capacity addition. This investment is mainly towards development of transmission infrastructure for implementation of various inter-State transmission systems including High Capacity Power Transmission Corridors (HCPTCs), inter-regional links for grid strengthening, system strengthening schemes etc.. Out of the above capex-plan, your Company has already made a capital expenditure of ₹ 43,195 Crore in the first two years of the plan period. The funding for capital expenditure are planned to be met through loans from multilateral institutions such as The World Bank, Asian Development Bank, Supplier Credit, External Commercial Borrowings through bonds / notes, besides loans from domestic market through private placement of bonds. Based on the ratings by both domestic and international credit agencies, your Company do not foresee any difficulty in resource mobilisation.

Your Company has planned to add transmission network comprising about 40,000 ckm of transmission lines and about 100,000 MVA of transformation capacity during the XII Plan. Out of this, the Company has already commissioned about 13,760 ckm of EHV transmission lines and about 81,390 MVA of transformation capacity in the first two years of the XII Plan.

## ERP IMPLEMENTATION & IT

The implementation of Enterprise Resource Planning (ERP) system for efficient, effective and organized business process is in advanced stage and is expected to 'Go Live' in 2014-15. During the year, various landmarks have been achieved by the ERP team such as finalization of Business Blue Print for the key processes related to the Company, mapping of the business processes on SAP ERP system, implementation of ERP Data Centre at Manesar and imparting training to around 450 power users.

On IT front, your Company continues to espouse latest technologies for the betterment of its business processes. Secure Wi-Fi connectivity has been provided in offices and other premises for seamless connectivity and efficient working environment. Your Company continues to carry out recruitment process through online application portal, which is designed, developed and maintained by in-house talent. The same service was



also provided to few other organizations to carry out their recruitment drive online. Further, various applications like Inspection Management System, Vigilance Inspection System, and Attendance Management System etc. are developed, run and maintained in-house for assisting the business operations.

The Company has also taken up major technology upgradation of IT infrastructure and has planned to enter cloud enabled computing environment by next year. Apart from Consultant appointed for Cloud Computing, your Company has also appointed a consultant for the implementation of Information Security Management System (ISMS) and for accrediting ISO:27001 Certification.

## SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Realising its obligation and commitment towards Sustainable Development, your Company has taken many initiatives such as construction of National Transmission & Asset Management Centre (NTAMC) Building at Manesar as per Green Rating for Integrated Habitat Assessment (GRIHA) norms, along with 50kW solar plant, and installation of Waste Paper Recycling Plant, etc. Your Company is on the way to progressively phase out the use of conventional paper and its procurement in Corporate Office as the Company's letterheads, visiting cards, envelopes, writing pads etc. are being prepared with recycled paper produced in-house. These initiatives are not only testimony of Company's commitment towards Sustainable Development but a firm step in conserving precious ecological resources and reduction of carbon footprint.

Your Company feels the social pulse of the milieu in which it operates. It believes in inclusive growth and undertakes various social initiatives emphasizing on socio-economic and integral development of areas / communities primarily in and around its areas of operations. With this approach, the Company carries out various community development activities such as Skill Development & Capacity Building, livelihood generation, healthcare, education, plantation, sanitation, drinking water, besides infrastructure developments like classrooms, roads, community centres etc..

During the year under review, the Company trained sixty-two (62) youths under the 'Skill Development Programme on Transmission line Tower Erection' in the backward district of Kokrajhar, Assam. Other skill development / livelihood training programs imparted to unemployed youth are in the field of tailoring, cutting/ stitching, embroidery, automobile repairing, handloom weaving, food & fruit processing, repairing of household appliances, etc. to secure employment or to be self-employed. The Company also installed hand pumps and improved drainage facilities in Banka (Bihar). The Company also provided 1109 mandays training to employees/ other stakeholders on CSR/ sustainability/ environment conservation. Besides above, energy conservation techniques were installed in five (5) substations establishments under CSR. The Company also published Annual CSR & Sustainability Performance Report for 2012-13 and Annual Target Booklet for 2013-14. Your Company also initiated a project on restoration of village ponds in Chhattisgarh. During the FY 2013-14, the Company made an expenditure of ₹ 21.66 Crore on CSR activities, 0.51% of PAT of the preceding year.

Under its Corporate Social Responsibility initiative, your Company has entered into an agreement with AIIMS, New Delhi in March, 2014 for the construction of a 10 storey, 325 beds dharamshala named as (POWERGRID Vishraam Sadan)" inside the premises of Jai Prakash Narayan Apex Trauma Centre (JPNATC), New Delhi.

Memorandums of Understanding (MoUs) were also signed with International Crop Research Institute for Semi-Arid Tropics (ICRISAT) for water shed management projects in one village each in Andhra Pradesh and Karnataka.

Your Company extended a financial assistance to 'Chief Minister's Relief Fund' for mitigating the sufferings of the victims of cyclone 'Phailin' in Odisha. Employees of your Company have also contributed their one day salary to the 'Prime Minister's Relief Fund' for assisting flood victims of the State of Uttarakhand.

## PEOPLE, OUR CORE STRENGTH

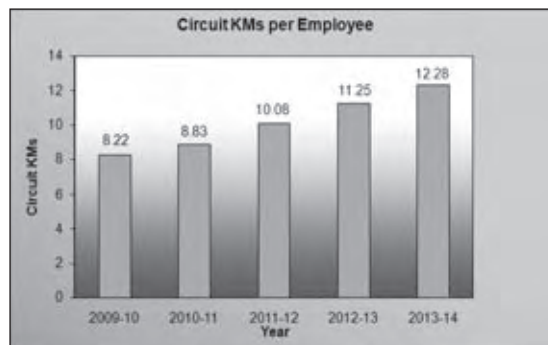
### Attracting Talent, Nurturing & Development of Human Capital

Employees are the pillars of your Organization. During FY 2013-14, your Company inducted two hundred sixty-nine (269) personnel at various levels viz. Executives, Supervisors, Workmen. While executives were recruited through open advertisement on all India basis/ campus selection from reputed engineering and management institutes, recruitment of non-executives were carried out through employment exchanges and local advertisement at regional level.

Your Company's Human Resource Development is primarily aimed at learning new competencies, reinforcing good work practices & workplace behaviour, as per organizational needs. The Company encourages innovation, meritocracy and the pursuit of excellence. Employees are synchronously updated and upgraded with changes in technology, strategy and growing competitive business environment, in terms of their knowledge, skill and outlook.

Your Company continue to assess the developmental needs of the employees using online 'Training Need Assessment' process and link the same with the organisational/ business necessities to enrich its employees with requisite proficiencies. Further, trainings on latest technology and certification courses such as certified Project Management & Risk Management programmes, Latest survey techniques & PLS CADD, Networking Skills, Hands on training on Transformer & Reactor are promoted to enable employees to be in line with the best in class. During the year, an average 5.96 training mandays / employee was achieved towards training in areas of management development, technological development, behavioural development, etc.

To establish new business area of Energy Auditing, your Company trained additional group of executives for National Certification Examination for Energy Auditors and subsequent accreditation by Bureau of Energy Efficiency (BEE).





Also, for enabling senior executives in their career advancement, Transformational Leadership Programme (TLP) and Transformation Management Programmes (TMP) were conducted at reputed institutions. Apart from focussed functional and behavioural development of its employees, your Company also conducted Programmes on Women Empowerment and Empowerment of employees by self-growth (for reserve category employees) and special programme for differently abled employees.

As a part of your Company's Competency Assessment and Skill Gap Analysis, Corporate HRD, along with external consultant, has updated the Competency Directory (both functional and behavioural) for various functions in the Company keeping in view the existing/ emerging business of your Company. Based on this analysis, updated directory assessment centre of one hundred thirty-three (133) nos. executives of Deputy General Managers (DGMs) level across the Company has been completed.

Further, for overall skill development in the country, particularly in the area of Power Transmission Line Construction, Capacity Building Programmes are being conducted with the help of Transmission Line (TL) construction contractors under Public Private Partnership (PPP) mode.

To leverage capabilities and resources with other institutions in the area of training, your Company, during FY 2013-14, signed MoUs with IIT, Roorkee, ASCI, Hyderabad, Fore School of Management, New Delhi, Asia Pacific Institute of Management, New Delhi, Jaipuria Institute of Management, Noida and ITM University, Gurgaon. **POWERGRID Academy of Leadership (PAL)** being established by your Company at Manesar, near Gurgaon is in advanced stage of completion and expected to reap the benefits soon.

As a part of HRD consulting, your Company trained power professionals from both domestic and overseas utilities, including SAARC nations.

### **Employee Welfare**

Your Company regards its employees as its core strength and, thus, undertakes requisite changes in various policies from time to time for their welfare.

A focused initiative to build employee health and well-being is also in place. The program creates awareness on prevention of lifestyle diseases, encourages employees to make positive health choices and builds a healthy workplace. Similarly, several welfare initiatives such as yoga, counselling, recreational and developmental programmes are available to the employees and their families to promote work-life balance. Eleven (11) Nos. of medical and health check-up camp were organized for employees by your Company.

Your Company has a very effective Grievance Redressal System through which almost all the grievances of the employees are settled, leading to employee satisfaction. These consistent efforts in all directions have resulted in very low attrition rate of less than 1% during the year under review.

During the year, your Company formed 'Internal complaints committees' as per Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013, reflecting its commitment to provide a safe and caring environment to female employees.

Your Company successfully continues to address the issues related to workmen through the National and Regional Bipartite Committee (PNBC/ PRBC), a joint consultative forum comprising management and workmen representatives. During the year, four (4) meetings with the employees' representatives were held and the Industrial Relations scenario in the Company has been cordial, leading to no man day loss.

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

The Company also conducts various sports competitions, for boosting the interest of employees in sports and games, at intra and inter-regional level for Kabaddi, Cricket, Volleyball, Badminton etc. and participates regularly in Inter-PSU Sports meet also.

### **Citizen's Charter**

Citizen's Charter has been formulated for the Company providing a visible front of its vision, mission, objectives, commitments, terms of service and its obligation to various stakeholders. In this, information is available about Company's schemes, policies, project plans of the corporation and issues of general interest to stakeholders.

### **Implementation of Official Language**

In compliance with the Official Language Act, 1963, Official Language Rules, 1976 and orders issued by the Government of India from time to time, efforts were made to increase use of Hindi in official work during the year. In all offices of the Corporation, Rajbhasha Committees are functioning for overseeing implementation of Official Language effectively and to review the progress of implementation including adherence to policies and the Annual Programme as circulated by the Deptt. of Official Language, Govt. of India. Your Company is continuously making efforts for the propagation and successful implementation of the Official Language Policy. The Official Language Implementation Committees both at Corporate and Regional levels held their quarterly meetings regularly to monitor and review the progress made in this direction.

Various forums such as Parliamentary Committees on Official Language, Advisory Committee on Official Language and Town Official language Implementation Committee (TOLIC) have applauded the efforts taken by your Company for implementing Rajbhasha. Your Company also received many accolades on Rajbhasha implementation.

### **Corporate Image through Communication Management**

Communication Management is essential for establishing a strong Corporate Brand Identity and for strengthening the relationship with its stakeholders.

With the ever increasing competition amongst the corporate majors across the globe, Globalisation has manifested its trait making it obligatory for the corporate giants to establish and maintain a strong mutual understanding between the organisation and its stakeholders through well planned and persistent communication interventions dedicated with the aim to acquire and retain good reputation for the Company. Bearing in mind the need for sustained, timely and bona fide communication interventions, your Company has adopted various communication strategies to appropriately highlight itself as an infrastructure major contributing substantially towards development of a sturdy national economy.



Your Company has been issuing various press communiqué for highlighting achievements, growth, recent developments, thereby maintaining a regular interaction with the masses. The Company also organises Quarterly Press & Analysts' Meet to facilitate face to face interaction of the management with the eminent journalists, analysts and stakeholders. This has helped in winning the trust of the masses and stakeholders.

During the execution of the Company's second Follow-on Public Offer, the focal strengths and expertise of the Company were presented to the investors in various campaigns comprising print and electronic media, outdoor hoardings including investor road shows on pan India basis.

Your Company also participated in the India International Trade Fair (IITF) 2013 exhibition by displaying a stall based on the theme of inclusive growth. Your Company also participated in business oriented exhibitions in Mumbai and Delhi and in the country of Tanzania during the year to reach out to focal clients and the common masses.

With a view to disseminate information regarding Company's mission, goals, strategies, achievements & events and viewpoints of management, your Company deploys various internal communication tools such as monthly newsletters, house journals, wall magazines, lounge and regular media updates.

## GRIDTECH

Your Company successfully organised the GRIDTECH 2013, the 4th International Exhibition and Conference on Transmission, Distribution, Smart Grid, Renewable Energy and Load Dispatch in which a large number of exhibitors showcased their state-of-the-art products in the field of transmission, distribution, grid management, and smart grid. One of the distinct features of the exhibition was 'Student Innovation Centre' wherein students from a number of engineering colleges displayed their projects mainly in the areas of Smart-Grid, Robotics, etc.

## 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 offices across the country to provide required information to the citizens under the provisions of Act.

## RENEWED COMMITMENT TO TRANSPARENCY & VIGILANCE FUNCTION

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 emphasising 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-billing, e-procurement and reverse auction, e-auction, uploading of contract documents as well as award details, vendor registration, online tracking of bill status, online inspection Management system, etc. for preventive action. Vendor meets have also been conducted as a step towards confidence building of stakeholders. As part of Preventive Vigilance, various inspections, in the form of surprise and process online were conducted, apart from CTE type inspections. Adequate cost compensations were effected on cases not conforming to technical specifications or conditions of contract. A number of complaints, received from internal as well as outside agencies, were taken up for verification, earnestly. On the basis of investigations conducted into these complaints, disciplinary actions, wherever appropriate, were also initiated. The Vigilance Department has, on its part, also introduced a number of measures to inculcate good governance within the Organization. While, process on line inspection are being conducted at the regions of works which are at a critical stage of execution, bulk SMS are being sent to all employees regularly in order to acquaint them with Conduct, Discipline and Appeal Rules. Online complaint handling system and continuous improvement in systems and procedures are also steps taken in the same direction. During the year FY 2013-14, the Company continued its focus on the following spheres of functioning, like communication of assessment to the concerned bidders, incorporation of provision relating to conflict of interest, installation of surveillance cameras to increase security, putting contract evaluation rooms under IT enabled surveillance, storage of materials at construction sites, etc.

Pursuant to vigilance observations, system improvement has been taken up in areas such as classification for foundations of tower, identification of safety measures to be exercised during the erection in transmission lines, adherence to specifications & field quantity norms and adoption of common approach for preparation of cost estimates. Further, as a part of capacity building, your Company conducted various workshops on Preventive Vigilance, Ethics and on the RTI Act, both at Corporate Centre and in the Regions.

Your Company organized 'Vigilance Awareness Week 2013', under the theme "Promoting Good Governance – Positive Contribution of Vigilance", during which various competitions were organized for the employees as well as for their family members. In addition, talk on ethics & values and on anti-corruption topics were delivered by eminent personalities.

## ACCOLADES & AWARDS

The excellent performance of your Company has been recognised and appreciated by the Govt. of India and other prestigious organisations & institutions in form of various awards/ accolades in various categories from time to time.

Your Company has been rated 'Excellent' for its performance as per MoU 2012-13 signed with the Ministry of Power.

Your Company also received four (4) Gold Shields and one (1) Silver Shield under 'Comprehensive Award Scheme for recognizing meritorious performance in Power Sector' for Transmission System Availability and Early Completion of Transmission Projects for the year 2011-12 and 2012-13 from Ministry of Power.

Your Company was also conferred **Award for Corporate HR Excellence in Power Sector by 7th ENERTIA Awards 2013**, for being India's best place to work for Power Professionals and Power Engineers and "**e-India PSE 2013 Award**" for its "Online Human Resource Development Management System".

Your Company was conferred the **Power Line Award 2013** for being the 'Best Performing Transmission Company'.

Your Company was bestowed with "Top Infrastructure Company" under the category 'Power Transmission' by Dun & Bradstreet.



During the year 2013, your Chairman & Managing Director was ranked in '2013-All Asia executive Team – Best CEOs' by 'Institutional Investors', a highly rated North American magazine on international financial market matters.

Your CMD has also been conferred with the "Eminent Electrical Engineer Award" by the Institution of Engineers (India), the largest professional body of Engineers in India.

Your Company has won the runners-up trophy of National Championship of Business Management Simulations - 2013 conducted by All India Management Association (AIMA) and represented India in the Asian Championship.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

## **BUSINESS RESPONSIBILITY REPORT**

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

## **PARTICULARS OF EMPLOYEES**

The particulars of employees of the Corporation who were in receipt of remuneration in excess of the limit prescribed under Section 217 (2A) of the Companies Act, 1956 is given in **Annexure-III** to this Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As per requirements of disclosures under Section 217(1) (e) of Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, information is given in **Annexure-IV** to this Report.

## **COMPTROLLER AND AUDITOR GENERAL'S COMMENTS**

Company has received 'NIL' comments on the accounts for the year ended March 31, 2014 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956. Copy of the same is attached in **Annexure-V** to this Report.

## **CORPORATE GOVERNANCE**

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

Your Company has got its Secretarial Compliance Audit conducted for the financial year ended March 31, 2014 from M/s Chandrasekaran & Associates, Practising Company Secretary. Their Report forms part of this Annual Report (**Annexure-VIII**).

## **STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.**

The statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies forming part of this Report is given in **Annexure-IX**.

## **STATUTORY AUDITORS OF THE COMPANY**

The Statutory Auditors of your Company are appointed by the Comptroller & Auditors General of India. M/s S. K. Mehta & Co., M/s Chatterjee & Co., and M/s Sagar & Associates were appointed as Joint Statutory Auditors for the financial year 2013-14.

## **COST AUDITORS OF THE COMPANY**

Your Company appointed M/s. K. G. Goyal & Associates and M/s. S. C. Mohanty & Associates as Cost Auditors for the Financial Year 2013-14 under Section 233B of the Companies Act, 1956.

The due date for filing Cost Audit Reports for the financial year 2013-14 with the Cost Audit Branch, Ministry of Company Affairs is September 30, 2014 and the same will be filed within the stipulated time.

## **COMPANY'S BOARD**

Your Company's composition of Board of Directors underwent some changes during the year 2013-14. Shri Rakesh Jain, JS&FA, MoP, and Smt. Rita Acharya ceased to be Directors on the Board of the Company w.e.f. July 08, 2013 and February 28, 2014, respectively. The Board wishes to place on record its deep appreciation and gratitude for the significant contribution and support to the Company extended by Shri Rakesh Jain and Smt. Rita Acharya during their tenure as Director of the Company.

Dr. Pradeep Kumar, Joint Secretary & Financial Advisor (JS&FA), Ministry of Power (MoP) was appointed on the Board w.e.f. September 10, 2013 and Smt. Jyoti Arora Joint Secretary (Transmission) was appointed on the Board w.e.f. March 20, 2014.

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Article 31 (iii) of the Articles of Association of the Company, Shri R.T. Agarwal, Director (Finance) and Shri I.S. Jha, Director (Projects) shall retire by rotation at the Annual General Meeting of your Company and being eligible, offer themselves for re-appointment.

## **ACKNOWLEDGEMENTS**

The Board of Directors, with deep sense of appreciation, acknowledges the guidance and co-operation received from Govt. of India, particularly Ministry of Power, Ministry of Finance, Ministry of Home Affairs, Ministry of External Affairs, Ministry of Statistics and Programme Implementation, Ministry of Environment & Forests, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, Central Electricity Authority,

Planning Commission, Department of Public Enterprises, Regional Power Committees, and other concerned Govt. departments/agencies at the Central and State level as well as from Securities and Exchange Board of India, National Stock Exchange of India Ltd. and BSE Ltd., Mumbai without whose active support, the achievements of the Corporation during the year under review would not have been possible.

Board's special appreciation and thanks are to our valued customers, State Governments and State power utilities and other clients, who have awarded various consulting works and reposed faith in Company's capability to handle them. The Board also appreciates the contribution of Contractors, Vendors and Consultants for successful implementation of various projects by the Company.

The Directors take this opportunity to thank the Principal Director of Commercial Audit and Ex-Officio Member Audit Board-III for the cooperation during the year. Directors also acknowledge the valuable suggestions and guidance received from the statutory auditors during the audit of accounts of the Company for the year under review. The Board also conveys its sincere thanks to national/ international financial institutions/ multilateral Financial Institutions (The World Bank & Asian Development Bank)/ Banks/ national (ICRA & CRISIL) & international (Standard & Poor and Fitch) credit rating agencies for their assistance, continued trust and confidence reposed by them on POWERGRID.

On behalf of Board of Directors, I would like to place on record our deep appreciation of the dedicated efforts and valuable services rendered by the members of the POWERGRID Family in the Company's achievements during the year 2013-14. I would also like to thank the Executive team for their strong leadership, the employee unions for their support and all our employees for their commitment and enthusiasm to achieve our aim to be the world's premier transmission utility.

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 04.08.2014

## Management Discussion and Analysis

### Economic outlook

India's growth recovered marginally from 4.5 per cent in 2013 to 4.7 per cent in 2014, supported by slightly stronger global growth, improving export competitiveness. Economic growth has stabilised and downside risks have fallen and in F.Y. 2014-15, the economy is expected to perform better than previous year. Electricity is one of the most critical components of infrastructure, affecting economic growth and well-being of nations. Electricity generation increased by 6.1 per cent in 2013-14 as compared to 4.0 per cent growth registered in the previous year.

### Sectoral outlook

The Twelfth Five Year Plan lays special emphasis on development of the infrastructure sector including energy as an imperative for sustaining high growth. According to the Twelfth Plan projections, during the Plan period, i.e. 2012- 17, an investment of US\$ 1 trillion is required in the infrastructure sector in India. During the Twelfth Plan period, the capacity addition is estimated at 88,537 MW comprising 26,182 MW in the Central Sector, 15,530 MW in the State Sector, and 46,825 MW in the Private Sector respectively. Summary of Capacity Addition Programme during Twelfth Plan is as under:

(MW)

Type/Sector	Central	State	Private	Total
Thermal	14878.00	13922.00	43540.00	<b>72340.00</b>
Hydro	6004.00	1608.00	3285.00	<b>10897.00</b>
Nuclear	5300.00	0.00	0.00	<b>5300.00</b>
<b>Total</b>	<b>26182.00</b>	<b>15530.00</b>	<b>46825.00</b>	<b>88537.00</b>

Source: CEA website- [www.cea.nic.in](http://www.cea.nic.in)

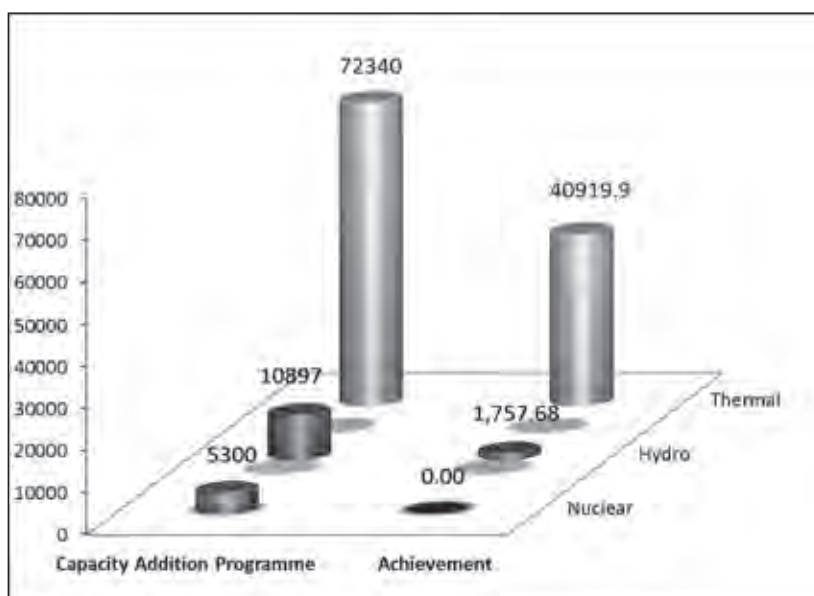
Achievement upto June 2014 during the Twelfth Plan is as under:

(MW)

Type/Sector	Central	State	Private	Total
Thermal	6,683.30	8,509.10	25,727.50	<b>40,919.90</b>
Hydro	1,486.68	102.00	169.00	<b>1,757.68</b>
Nuclear	0.00	0.00	0.00	<b>0.00</b>
<b>Total</b>	<b>8,169.98</b>	<b>8,611.10</b>	<b>25,896.50</b>	<b>42,677.58</b>
<b>Achievement %</b>	<b>31.20</b>	<b>55.45</b>	<b>55.30</b>	<b>48.20</b>

Source: CEA website- [www.cea.nic.in](http://www.cea.nic.in)

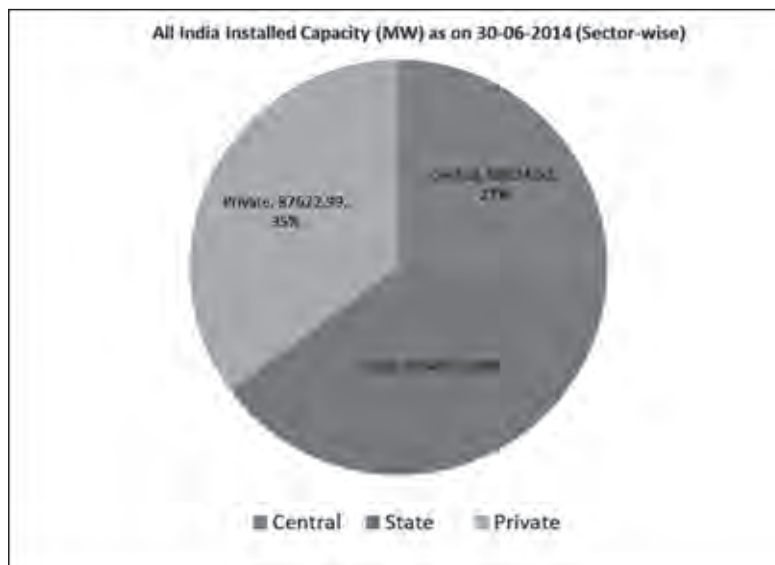
Against aforesaid target of 88,537 MW, 42,677.58 MW capacity has been added till June, 2014, which constitutes 48.20 per cent of the target envisaged in the Twelfth Plan. The individual targets achieved by the centre, states, and private sector during this period are 31.20 per cent, 55.45 per cent, and 55.30 per cent respectively.



All India Installed Capacity (MW) as on 30-06-2014 (Sector-wise) is as under:

Sector	THERMAL				Nuclear	Hydro	RES	Grand Total
	Coal	Gas	Diesel	Total				
Central	45925.01	7065.53	0.00	52990.54	4780.00	10554.09	0.00	68324.63
State	54678.00	6974.42	602.61	62255.03	0.00	27482.00	3803.67	93540.70
Private	47875.38	8568.00	597.14	57040.52	0.00	2694.00	27888.47	87622.99
<b>All India</b>	<b>148478.39</b>	<b>22607.95</b>	<b>1199.75</b>	<b>172286.09</b>	<b>4780.00</b>	<b>40730.09</b>	<b>31692.14</b>	<b>249488.32</b>

Source: CEA website- [www.cea.nic.in](http://www.cea.nic.in)



Capacity addition target and achievement during April, 2013 to March, 2014 is as under:

(MW)

	Target	Achievement
Thermal	15,234.3	16,767
Hydro	1,198	1,058.01
Nuclear	2,000	0
<b>All India</b>	<b>18,432.3</b>	<b>17,825.01</b>

Source: CEA website- [www.cea.nic.in](http://www.cea.nic.in)

#### All India actual power supply position during 2013-14:

During the year 2013-14, though the total ex-bus energy availability increased by 5.6% over the previous year and the peak met increased by 5.3%, the shortage conditions prevailed in the Country both in terms of energy and peaking availability as given below:

	Energy (MU)	Peak (MW)
Requirement	10,01,157	1,35,918
Availability	9,59,829	1,29,815
Shortage	42,428	6,103
(%)	4.2	4.5

Source: CEA website- [www.cea.nic.in](http://www.cea.nic.in)

The energy requirement registered a growth of 0.7% during the year against the projected growth of 5.3% and Peak demand registered a growth of 0.3% against the projected growth of 6.5%. Region-wise picture in regard to actual power supply position in the country during the year 2013-14 in energy and peak terms is given below:

Region	Energy				Peak			
	Requirement	Availability	Surplus / Deficit (-)		Demand	Met	Surplus / Deficit (-)	
	(MU)	(MU)	(MU)	(%)	(MU)	(MU)	(MU)	(%)
Northern	3,09,463	2,90,880	-18,583	-6.0	45,934	42,774	-3,160	-6.9
Western	2,94,659	2,91,856	-2,803	-1.0	41,335	40,331	-1,004	-2.4
Southern	2,77,245	2,58,444	-18,801	-6.8	39,015	36,048	-2,967	-7.6
Eastern	1,08,203	1,06,783	-1,420	-1.3	15,888	15,598	-290	-1.8
North-Eastern	12,687	11,866	-821	-6.5	2,164	2,048	-116	-5.4



### Transmission Line and transformation capacity addition during April, 2013 to March, 2014:

Capacity	Transmission Line (ckms.)	Transformation Capacity (MVA)
± 500 kV HVDC	0	0
765 kV	4,637	34,000
400 kV	7,777	9,630
200 kV	4,334	13,700
All India	16,748	57,330

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

Growth of Transmission Sector as on 31.03.2014 is as under:

	Central Sector	State Sector	JV/Pvt.	Total
<b>Transmission Lines (ckm.)</b>				
765kV	9,898	837	361	<b>11,096</b>
400kV	79,612	36,179	10,166	<b>1,25,957</b>
220kV	10,489	1,33,484	878	<b>1,44,851</b>
±500kV HVDC Lines (ckm.)	5,948	1,504	1,980	<b>9,432</b>
Total	1,05,947	1,72,004	13,385	<b>2,91,336</b>
<b>Sub Station: (MVA)</b>				
765kV	78,000	2,000	3,000	<b>83,000</b>
400kV	91,775	85,047	630	<b>1,77,452</b>
220kV	7,716	2,47,311	1,567	<b>2,56,594</b>
±500kV HVDC	9,500	1,500	2,500	<b>13,500</b>

The All India Village Electrification as on 31.05.2014 is as under:

Total Number of Villages	Villages Electrified (Nos.) as on 31.05.2014	% villages electrified
597464	571482	95.65

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

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

### POWERGRID - A 'Navratna' Public Sector Enterprise and 'Central Transmission Utility' of the Country

Power Grid Corporation of India Ltd. (POWERGRID) is the "Central Transmission Utility" of the Country since 1998 and engaged in construction, operation & maintenance of inter-state transmission system (ISTS) as its core business. In addition, your Company has diversified into (a) Telecom : utilizing its extra high voltage power transmission network infrastructure in the Country; (b) Consultancy services : on engineering, procurement and construction within and outside India, in the field of electrical power transmission & distribution to governments and other Utilities including in the field of energy efficiency, smart grid and training, etc.

Your Company has been conferred the status of a 'Navratna' PSE by the Govt. of India since May, 2008, which provides the autonomy to its Board of Directors to approve investment in all its projects apart from equity investment in joint ventures and subsidiaries in India and abroad with a ceiling of 15% of the its network in one project limited to ₹1000crore with 30% overall ceiling in all such projects.

POWERGRID Transmission Network as on 31<sup>st</sup> March, 2014:

- Owns & operates transmission network of about **106,804 Ckm** of Extra High Voltage (EHV) **transmission lines**, **184 EHVAC & High Voltage Direct Current (HVDC) Sub-stations** and **205,923 MVA transformation capacity**.
- Inter-regional power transfer capacity of about **37,950 MW**.
- Maintained the transmission system availability at **99.92%** at par with the International Utilities.
- Wheels **about 50%** of the total power generated across Country.

### POWERGRID's commitment towards furtherance of National Grid

During the year, the Company has added transmission network of **6604 Circuit Km** and **17 substations** and transformation capacity of **more than 41,160 MVA**. With the commissioning of Raichur (Karnataka) - Solapur (Maharashtra) 765kV Single Circuit (S/c) line on 31<sup>st</sup> December 2013, your Company had been able to connect the entire Grid synchronously thereby achieved its mission of **"One Nation-One Grid-One Frequency"**, and established a synchronous National Grid in the Country, being one of the largest grid in the world.

The target vis-à-vis achievements of POWERGRID in project implementation during the year 2013-14 have been as under:

Works	Target (for Excellent MoU rating)	Achievement	Percentage Achievement
Foundation (Nos.)	15,000	17,359	116
Tower Erection (Nos.)	13,500	17,128	127
Stringing (ckms)	7,000	8,947	128



Works	Target (for Excellent MoU rating)	Achievement	Percentage Achievement
Transmission lines ready for commissioning (GW-ckms)	7,500	10,146	135
Transformation Capacity / ready for commissioning (MVA)	20,000	38,160	191
Inter-regional power transmission capacity addition / ready for commissioning	2,100	2,100	100

### Addressing the concerns in construction & maintenance of Inter-state transmission system (ISTS)

With rapid urbanization, growth in population density, habitation & infrastructure over the period resulting in reduced availability of usable land for development of infrastructure projects, availing Right-of-Way for construction & operation of transmission lines, acquisition & optimal use of land for substations; obtaining forest clearances and addressing environmental concerns have become major challenges for the expansion of transmission network. Construction and maintenance of vast transmission network also calls for skilled manpower and improved operational & maintenance efficiency. Major areas of concern in construction and maintenance of ISTS are:

- Right of Way (RoW) issues
- Acquisition & optimal use of land for substations
- Obtaining forest clearance
- Availability of skilled manpower
- Increasing operational efficiency & maintenance
- Thrust on sustainable development

These challenges are required to be addressed through innovation and adoption of new technologies. Towards this, your company has taken various initiatives with an aim to address these concerns. Some of these initiatives are:

#### (i) Addressing Right of Way (RoW) issues:

In order to address the RoW issues and to cater to the need of bulk power transfer to distantly located Load Centres, your Company is deploying various technologies such as Multi circuits, compact & tall Towers, High Surge Impedance Loading Lines, Fixed & Thyristor controlled Series Compensation, High Temperature Low Sag (HTLS) Conductors, etc. Your Company has been adopting higher voltages levels gradually and increasing the power carrying capacity of transmission lines for optimizing the RoW without much effect on transmission losses. Green Energy Corridors are also being envisaged for pooling of power from various renewable energy resources and transfer of bulk power through high capacity transmission corridors to distant load centres.

#### • Adoption of high voltage bulk power transmission lines

With introduction of higher voltage transmission systems like 765 kV Double Circuit transmission lines, +/- 800 kV UHVDC and 1200 kV UHVAC transmission lines in the Country, which are presently under construction, huge reduction in RoW requirement per MW of power transferred is envisaged. Construction of UHVDC line viz. +/-800 kV, 6000MW HVDC line from Biswanath Chariyali (Assam) to Agra (Uttar Pradesh) via Alipurduar (West Bengal) (about 1750 km long) to facilitating transfer of bulk power from North Eastern Region to Northern Region through the constricted chicken neck area is in advance stage, and will be one of the longest HVDC lines in the world. Construction work for another +/-800 kV HVDC line between Champa (Western Region) and Kurukshetra (Northern Region) having length of approx. 1400 km has also commenced.

Your company has taken initiative and developed indigenously **1200kV Ultra High Voltage (UHV) AC technology**, the highest transmission voltage level in the world, in collaborative efforts with domestic manufacturers. In this direction, POWERGRID has successfully established the 1200 kV test station at Bina including test-charge of 1200 kV single and double circuit transmission lines as pilot project. Construction of 1200 kV upgradable transmission line from Wardha to Aurangabad (approx. 350 km length, to be initially charged at 400kV level) is also underway and shall be charged after field trials.

#### • Use of High Performance Conductors in Existing & New Lines

High performance conductors are conductors of different configurations, which have the capacity to carry more power with lesser transmission losses. The key benefits are:

- ▶ transfer more power using the same towers and line corridor,
- ▶ lower sag as against conventional conductor at higher operating temperatures which helps in reducing tower weight and increasing span thereby reducing the total steel requirement resulting into lower carbon footprint, and
- ▶ in case of Re-conductoring: faster implementation vis-à-vis creating new parallel corridors thereby resulting in conservation of scarce land, RoW and forest resources, etc.

Initiatives have been taken by your company for re-conductoring of some of the existing lines such as Siliguri – Purnea D/C line with **High Temperature Low Sag (HTLS) conductors** to enhance their power carrying capacity, apart from use of HTLS conductors for reduction in bundle conductors (from quadruple/ triple bundle to twin bundle) to optimize resources requirement, efforts & cost.

Considering superconductor technology as a promising future technology, your company is planning a demonstration project on **High Temperature Superconductor (HTS) cable** system, for assessing the feasibility and operational issues. In this direction, an Expression of Interest has been invited from global vendors for demonstration of HTS system connecting Gurgaon GIS Substation of POWERGRID with HVPNL Substation in vicinity at 220kV level (4 number of circuits with power transfer capability of 1 GW approx.). Successful HTS cable system will facilitate higher power transmission without erecting towers.

## • Selection of appropriate type of towers

In order to address the RoW constraints and to conserve forest areas, POWERGRID has been designing and using various types of towers depending upon land Topography and conditions.

- ▶ **Compact towers:** In certain areas, compact towers like delta configuration, narrow based towers etc. which reduce the space occupied by the tower base are being used. In this direction, 765kV tower with delta configuration has been designed and implemented, which reduces the RoW requirement of 765kV lines from 85m to 64m (approx. 33% less) resulting in forest & environmental conservation.
- ▶ **Pole type towers:** 400kV Pole structure is also being used especially in areas of high population density and for aesthetic integration of transmission line to surrounding environment. Pole type structures with about 2 m base width as against 12-15 m base width of a conventional tower are used to address Right-of-way problem in densely populated urban area.
- ▶ **Multi-circuit towers:** Your Company has designed & developed multi-circuit towers accommodating 4 circuits on one tower with twin conductors and the same are implemented in many transmission systems to address RoW problems in forest and other congested areas. This has effectively reduced the RoW to half and thereby saving in cutting of trees and impact on environment. Typically for 400 kV Multi-circuit lines, the power intensity increases to about 30-60MW/m.

Multi-circuit towers are being invariably used at the substation entry points and lines in congested areas traversing through parallel corridors in order to converge two double circuit transmission lines on the same tower thereby reducing the land requirement. Multi-circuit towers are also being extensively used in the forest stretches & ecologically sensitive areas where another transmission line is already present or is anticipated in near future.

## (ii) Acquisition of Land for substations:

With rapid urbanization and reduced availability of land, particularly in cities & metros, hilly regions etc., acquisition of land for establishment of Substations has become a major challenge nowadays, and calls for reduction/ optimization of land use for setting up of transmission systems. Initiatives taken:

- Your Company took path breaking practices like direct purchase of private land on willing seller willing buyer basis for smooth acquisition of required land without any resistance/ protest to enable timely completion of projects.
- Company also gives due importance to address the Rehabilitation & Resettlement (R&R) issues arising thereof through its "Social Entitlement Framework" defined in the "Environment and Social Policy & Procedures (ESPP)", which helps to minimize people's resistance and ease the land acquisition process.
- POWERGRID, apart from adopting new technologies like Gas Insulated Switchyard (GIS) which requires less land area (1/4th) as against conventional Air Insulated Switchyard (AIS), is also following the practice of land management to minimize the land requirement to the barest minimum. Till 31.03.2014, the Company has completed construction of 9 GIS substations and 21 more are under construction.

## (iii) Forest Clearances

Obtaining forest clearance for transmission projects, owing to lengthy and cumbersome process, results in delays. POWERGRID's concerted efforts and the active assistance of Ministry of Power has resulted in Ministry of Environment & Forests (MoEF) declaring new timeline on 14<sup>th</sup> March, 2014 for such forest clearance reducing the previous allotted time.

In spite of time consuming regulations, your Company was able to obtain In-Principle (Stage-I) forest clearances for 1795.43 ha. of forest land covering 56 lines such as 765 kV Raipur-Wardha, Angul-Jharsuguda, Jharsuguda-Dharamjaygarh 400 kV Bokaro-Kodarma, Silchar- Melriat, Annupur-Jabalpur etc. and Final (Stage-II) clearance for 2416.41 ha. covering 58 lines such as Silchar-Imphal, Rihand-Vindhyachal, Kishenpur- New Wanpoh, Pasighat-Roing-Tezu, etc. in FY 2013-14.

## (iv) Developing skilled manpower:

Trained Manpower is an essential pre-requisite for rapid development of Power Sector. The sector is poised for massive capacity addition, and likewise generation, the power transmission sector also needs to gear up to this challenge so as to meet the XII Plan targets. Therefore, development of skilled manpower including training facilities needs to be commensurate with these requirements.

- Skill Development programmes in the area of transmission line tower erection & stringing, for unemployed/ under-employed youths, are being conducted at various locations in the country and more than 250 youths were trained during 2013-14. Your Company has set up the necessary infrastructures for conducting such training in 5 of its substations and trainings are being conducted in all these centres concurrently. This will provide a suitable work force for the huge upcoming transmission systems. Cumulatively, about 750 persons have been trained upto March, 2014 under this initiative for enhancing the availability of skilled manpower for construction jobs in the field of transmission.
- Your company has continued its efforts to enhance the Project Management capabilities of its executives through Certification Program on Project Management. Project management is the value driver that helps the organization maximizing its performance and brings value by improving execution of strategy, standardization, better communication etc. In this endeavour, 79 Executives have been certified for Project Management during the year.

## (v) Increasing operational & maintenance efficiency:

Company's assets have grown exponentially with increased number of 765 kV transmission lines in the system. Geographical spread of assets all over the Country, open electricity market, wide variation in power flow in terms of quantum and direction, increased penetration of renewable generation, need for effective utilization of existing assets etc. have made it a challenging task to maintain the system with high reliability, safety & security of such large power system in real time basis. Recognizing the need for effective control on real time basis and to improve planning and operations of power system as a whole, your company is adopting various measures such as:

- **Remote operations** of Substations and creation of **Maintenance Service Hub facilities** where group of experts of all areas like control & protection, switchyard equipment, transformer & reactor shall be available to do major maintenance of equipment as & when required. At present, there are 51 substations under remote operation and 12 unmanned substations.

- Your Company has adopted state-of-the-art condition monitoring techniques for transmission equipments for detection of defects at their incipient stage. These include **Frequency Response Analysis (FRA)**, **Dissolved Gas Analysis (DGA)**, **PDC**, **RVM**, etc. for Transformers and Reactors, Dynamic Contact Resistance Measurement for Circuit Breakers, Third Harmonic Resistive Current measurement for Surge Arrestors, Thermo-vision scanning etc. for smooth operation with high reliability and availability during their useful service life.
- **Hotline maintenance**, a highly specialized maintenance activity wherein highly skilled manpower carry maintenance activities such as replacement of insulator, vibration dampers, hardware etc. on live lines and thus avoid outages.
- Your Company has also introduced **Aerial Patrolling** of lines using Helicopters for the first time in India in selected areas such as deep forests, hilly terrain & snow bound areas where ground patrolling is difficult and very time consuming. Helicopter equipped with Gimbal mounted LIDAR (Light Ranging and Detection), Thermo-vision Camera, High resolution Video and Digital camera has been deployed to identify the defects and taking corrective actions.
- Your Company is in the process of **mapping pollution intensity** of various Regions of the Country on a geographical map in association with State Power Transmission Utilities. This shall help in deciding suitable insulators for efficient and effective performance of transmission lines particularly in high pollution and foggy areas. For Northern Region, the measurement activity has been completed and pollution map is under preparation. Pollution mapping has also been initiated in Southern Region and Eastern Region this year.
- Installation of **lightning arrestors** in transmission lines to minimize trippings due to lightning, particularly in areas prone to lightning like Northern and North Eastern Regions of the country. In this direction, your Company had installed lightning arrestors in line section of two 220 kV transmission lines and performance shall be evaluate during monsoon season.
- Your Company is also taking initiative for development of **Emergency Restoration System (ERS) for 400kV substation**. ERS are already being used by the Company for restoration of transmission lines in the shortest possible time.
- Your Company has undertaken full scale implementation of **WAMS (Wide Area Measurement Technology)** technology on pan India basis under **"Unified Real Time Dynamic State Measurement System (URTDMS)"** Project integrating State and Central Grids with aim to enhance efficiency in overall grid management in open electricity market regime. The Project shall enable synchronous measurement of real time grid parameters across the widely spread grid with low latency in data transfer to control centers which would be very effective in reliable, secure and economical grid operation.
- Your Company has also undertaken Power System study through **Real Time Digital Simulator (RTDS)** for HVDC. RTDS has a specialized computer hardware and software designed specifically to achieve real time simulation of power systems with HVDC, FACTS and protective relays, etc. specifically for study of dynamic performance which is likely to enhance efficiency in operation.
- To meet the communication requirement of RTDSM and SCADA upgradation, all the substations of POWERGRID, central generating units and important stations of States are being connected on Fiber Optic network. During 2013-14, around 900 kms. of OPGW has been installed to connect 97 additional sub-stations and power plants. This shall ensure reliable communication for SLDCs, RLDCs and NLDC operations. Laying of fibers shall also facilitate reliable operation of National Transmission & Asset Management Centre (NTAMC) and help in expansion of telecom business.

#### (vi) Thrust on Sustainable Development

Your Company is committed to the concept of Eco-efficiency through conservation of natural resources, reduced impact on nature and increasing the service value by use of efficient and safe technology practices. POWERGRID adopt an analytical approach so as to direct its efforts to the most significant environmental and social issues for achieving the goal of sustainable development.

Following our commitment, we have implemented many initiatives like construction of National Transmission & Asset Management Centre (NTAMC) Building at Manesar as per Green Rating for Integrated Habitat Assessment (GRIHA) norms along with 50 KW solar plant and installation of Waste Paper Recycling Plant will go a long way in reducing our carbon footprint and also help in reducing the precious natural resources. We are also constructing water harvesting system within our substation.

These initiatives are not only testimony of our commitment towards sustainable development but have significantly contributed in conserving precious ecological resources.

#### Risk Management Procedure

The 'Enterprise Risk Management Framework' (ERM framework) has already been implemented in POWERGRID. Key Performance Indicators (KPIs) of all the risk are assimilated and consolidated reports prepared and put up to the Audit Committee/ Board.

In addition to risk & challenges mentioned above, the following risks involved in execution of our projects and their mitigation are:

#### • Synchronization Risk with Generation Projects

There could always be a gap in the commissioning of generation units vis-à-vis the associated transmission system and there might be delays in the materialisation of some of the generation projects. To mitigate the same, the Agreements are being signed by the Generators with your Company to share and bear the applicable transmission charges as decided by CERC from the date of actual commissioning of transmission system irrespective of commissioning of Generating Units. Subsequently, when the beneficiaries are firmed up, applicable transmission charges and other charges are to be payable by the concerned beneficiary from the date of signing of the agreement by POWERGRID with the concerned beneficiary.

#### • Revenue Risk

The Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 which came into effect from 01.07.2011, provides for computation of Point of Connection (PoC) charges and losses by introducing new methodology for sharing of transmission charges. However, States namely Bihar, Odisha, West Bengal, Maharashtra and Jharkhand had challenged the aforesaid sharing methodology in the court of law and final decision is awaited. In terms of interim order of the Delhi High Court, all the above States are however making payment as per said Regulation, but under protest.

CERC Tariff Regulations allow payment against monthly bills towards transmission charges within a period of 60 days from the date of bills and levying of Surcharge @ 18% per annum on delayed payment beyond 60 days. Further, graded rebate is also provided in case payment is made within 60 days. Most of the utilities are availing 60 days allowable period for clearing their dues. During the FY 2013-14, collection efficiency has been very good and appropriate actions for realization of dues were taken by the company against defaulting Utilities.

The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 notified on 21.02.2014 came into effect for a tariff block of five years starting from 01.04.2014. The variations in capital expenditure on account of time and/or cost overruns on account of land acquisition have now been termed as controllable factors. The other features of the Regulations are given below under Factors Affecting our Results of Operations.

#### • **Tariff-based Competitive Bidding Regime**

With effect from 6<sup>th</sup> January, 2011 pursuant to the Tariff Policy and guidelines related thereto issued by the Government of India, all the Inter-State Transmission System (ISTS) Projects except for some specifically identified projects as may be determined by the Government of India, are being executed through Tariff Based Competitive Bidding (TBCB). As per the Bidding guidelines, for each ISTS Project under TBCB, the Bidder who quotes the lowest levelized tariff has to acquire the Project SPV and establish the project on Build, Own, Operate and Maintain ("BOOM") basis. POWERGRID has since been participating in the Tariff Based Competitive Bidding.

Leveraging its techno-economical know-how, POWERGRID emerged as successful Bidder and won five transmission projects and acquired SPVs viz. Vizag Transmission Limited, POWERGRID NM Transmission Limited, Unchahar Transmission Limited, NRSS XXXI (A) Transmission Limited and Vemagiri Transmission Limited. All projects are under various stages of implementation except for Transmission System associated with IPPs of Vemagiri Area which has not been taken up pursuant to the CERC order dated 27.09.2013.

#### • **Integrated Management Policy:**

POWERGRID is committed to:

- ▶ establish and maintain an efficient and effective "National Grid" with due regard to time, cost, technology and value addition,
- ▶ sustainable development through conservation of natural resources and adopting environment friendly technology on principles of Avoidance, Minimization and Mitigation,
- ▶ ensure safe, occupational hazard free and healthy work environment,
- ▶ to the satisfaction of stakeholders in all areas of its activities and shall endeavor to improve continually its management systems and practices in conformity to legal and regulatory provisions.

#### • **Internal Control**

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

As on 31<sup>st</sup> March, 2014, the Company had an Audit Committee in place as per clause 49 of the Listing Agreement, which had four independent Directors and one Non-Executive Director.

### **Financial Discussion and Analysis**

#### **Comparison of Fiscal 2014 to Fiscal 2013**

Your company's total income in Fiscal 2014 was ₹15,721.41 crore, which represented an increase of 17.95 % over the total income of ₹13,328.74 crore in Fiscal 2013. In Fiscal 2014, transmission and transmission-related activities constituted 91.13% of our total income, with the balance coming from our consultancy, telecommunication business and other incomes.

#### **Income**

#### **Revenue from Operations**

(₹ in Crore)

Revenue from Operations	Fiscal 2014	Fiscal 2013
Revenue from transmission charges*	14327.59	12211.06
Consultancy fees	626.55	315.40
Revenue from telecom	276.14	231.39
<b>Total</b>	<b>15230.28</b>	<b>12757.85</b>

\*Includes Short Term Open Access charges of ₹203.64 Crore for Fiscal 2014 and ₹409.06 Crore for Fiscal 2013.

The revenue was higher in Fiscal 2014 as compared to Fiscal 2013 mainly on account of increase in Gross Block (tangible and intangible assets) by ₹15,904 crore added at various points of time during Fiscal 2014 and full year impact of assets added in Gross Block during Fiscal 2013.

## FACTORS AFFECTING OUR RESULTS OF OPERATIONS

### Tariff norms

Our charges for transmission are governed by tariff norms determined by the Central Electricity Regulatory Commission ("CERC") pursuant to legislation. The CERC vide its notification dated 19<sup>th</sup> January, 2009 notified the tariff regulations applicable for the tariff Block 2009-14. Under the tariff regulations applicable for the tariff Block 2009-14, we were permitted to charge our customers transmission charges for recovery of annual fixed cost ("AFC") consisting of components - return on equity, interest on outstanding debt, depreciation, operation & maintenance expenditure and interest on working capital.

The Return on equity was computed on pre-tax basis by grossing up the base rate of return on equity of 15.5% at the tax rate applicable to the Company. In case of projects commissioned on or after 1st April, 2009, an additional return on Equity of 0.5% was also allowed if such projects were completed within the timeline specified under the CERC tariff regulations for the Block 2009-14.

The repayment of loan capital for the year of the tariff period 2009-14 is deemed to be equal to the depreciation allowed for that year. Despite any moratorium period availed by your company, the repayment of loan is considered for tariff from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

For interest on working capital, the working capital amount is calculated as - (i) consisting of receivables equivalent to two months of fixed cost; (ii) maintenance spares @ 15% of operation and maintenance expenses; and (iii) operation and maintenance expenses for one month. Rate of interest on working capital for the year is on normative basis and is equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the transmission system, is declared under commercial operation, whose date of commercial operation falls on or before 30.06.2010; and SBI Base rate plus 350 basis points as on 01.07.2010 or on 1st April of the year in which the transmission system, is declared under commercial operation, whichever is later whose date of commercial operation falls between the period 01.07.2010 to 31.03.2014.

Under the tariff norms prescribed by CERC for the tariff Block 2009-2014, recovery of transmission charge and incentive is permitted to your company on the achievement of the operational norms if the availability of our transmission network is above 98% in respect of alternating current systems, above 95% in respect of HVDC back-to-back Stations systems and above 92% in respect of HVDC bi-pole links and penalized if the availability of our network is below 98%, 95% or 92%, respectively. The Availability Incentives are linked with monthly transmission charges.

The tariff norms prescribed by CERC for the tariff Block 2009-2014 prescribe that the Transmission charges corresponding to any plant capacity for which a beneficiary has not been identified and contracted shall be paid by the concerned generating company.

The Tariff Regulations applicable for the tariff Block 2014-19 have also been notified by CERC on 21.02.2014, which have following salient features:

- CERC has continued with the existing rate of Return on Equity (RoE) of 15.5%.
- the additional 0.5% RoE for timely completion of projects also continues. This additional 0.5% is now allowed on timely completion of each single element of a project provided it is certified to be benefitting the Grid by Regional Power Committee/National Power Committee;
- the provision of additional RoE would not be applicable on transmission line having less than 50 kms of line-length;
- for the purpose of additional RoE of 0.5%, specified timeline for completion of projects have been increased by 06 months for various categories by CERC;
- CERC has continued with Debt:Equity Ratio at 70:30. If in any project, Equity deployed is more than 30% of the capital cost, then the Excess Equity would be treated as a Normative Loan;
- CERC has continued with the same methodology for recovery of interest on outstanding debt and interest on working capital;
- CERC has increased the useful life of new Sub-stations (for which NIT is floated on or after 01.04.2014) from 25 to 35 years. Rate of depreciation up to 12 years remain at 5.28%, however, since the useful life of new Sub-stations has been increased by 10 years, the rate of depreciation, after initial 12 years, will now be @1.16% in place of existing rate of 2.05%. The useful life of Transmission Lines is maintained as earlier i.e. 35 years;
- on the incentives- transmission network availability benchmarks have been increased viz. 98.5% for AC system and 96% for HVDC bi-pole links & HVDC back-to-back stations with upper limit of 99.75%;
- the rate of escalation in O&M charges on year to year basis for the Tariff Block 2009-14 was 5.72% and now it has been considered as 3.32% introducing Compounded Annual Growth Rate (CAGR) concept for the first time.

### Foreign Exchange Rate Variation:

Your company under the tariff regulations for the block 2009-14 and 2014-19 has an option to hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system, in part or full and recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year.



If hedging of the foreign exchange exposure is not undertaken, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year is permissible provided it is not attributable to the generating company or the transmission licensee or its suppliers or contractors. During the financial year 2013-14, no hedging for foreign exchange exposure has been undertaken by your company.

As per Regulations on Sharing of Inter-State Transmission Charges & Losses, 2010 which came into force from 01.07.2011, POWERGRID, as CTU, is performing the activity of Billing, Collection and Disbursement (BCD) on behalf of all the ISTS licensees and also certain non-ISTS licensees whose lines have been certified by RPCs to be used as ISTS.

### Revenue from Other Services

Your company also earns revenue from consultancy (including for project management and supervision services) and from our telecommunication business. Our consultancy income mainly consists of fee from the RGGVY, the execution of transmission and communication system-related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries. The income from Consultancy in the Fiscal 2014 was ₹ 626.55 crore as against ₹ 315.40 crore in the Fiscal 2013, an increase by 98.65%. Such huge increase is on account of- (i) income of ₹332.48 crore from consultancy works of Ethiopia, Leh-Ladakh (Jammu & Kashmir), Lalitpur, Jharkhand & other consultancy projects; and (ii) revenue of ₹ 294.07 crore realised from supply contract for Myanmar Project completed during the year.

The revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines. The Telecom revenue grew by 19.34% in Fiscal 2014 to ₹ 276.14 Crore from ₹ 231.39 Crore in Fiscal 2013.

### Other Income

Your company's other income was ₹ 491.13 crore in Fiscal 2014, a decrease of 13.97% over the other income of ₹ 570.89 crore in Fiscal 2013.

(₹ in Crore)

Other Income	Fiscal 2014	Fiscal 2013
Dividend –Subsidiary and Others	89.01	60.68
Interest income – bonds and long term advances	47.94	64.83
Interest income – banks	132.27	102.81
Interest income – others	14.57	101.83
Profit on sale of fixed assets	0.10	0.20
Deferred income (transfers from grants in aid)	21.96	22.29
Transfer from insurance reserves on a/c of loss of fixed assets	5.83	0.35
Lease income from State Sector ULDC	38.84	35.66
Surcharge on late payment from customers	74.51	73.47
FERV gain	-	1.16
Miscellaneous income	60.85	48.37
Provision written back	5.25	59.24
Total Other Income	491.13	570.89

The other income decreased mainly because there had been decrease in interest on bonds; decrease in provision written back; and decrease in other interest income which was mainly due to settlement of dues of Delhi Electric Supply Undertaking (DESU) due to which the company had written back provision of ₹ 57.79 Crore and accounted interest of ₹ 91.38 crore as other income in Fiscal 2013.

Expenses have been categorized as- (i) Employees' benefits expense, (ii) Finance Costs, (iii) Depreciation and amortization expense, (iv) Transmission, Administration and Other Expenses and (v) Purchase of Stock in trade.

Your company's total expenditure were ₹9457.66 crore in Fiscal 2014, an increase of 23.08% over the total expenditures of ₹7683.88 crore in Fiscal 2013. The total expenditures as a percentage of total income were 60.16% in Fiscal 2014 compared to 57.65% in Fiscal 2013.

### Employees' benefits expense

Employees' remuneration and benefits expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and welfare expenses.

Your company had 8,694 employees on payroll as of March 31, 2014, compared to 8,909 employees as of March 31, 2013, a decrease by 2.41% mainly due to separation (completion of tenure/resignation) of employees hired on Fixed tenure basis. Employees' remuneration and other benefits increased by 6.24% to ₹941.68 Crore in Fiscal 2014 from ₹ 886.40 Crore in Fiscal 2013. The increase is due to increase in Dearness allowance, superannuation benefits and normal increments as well as higher commissioning of assets.

### Finance Cost

Finance cost increased by 24.94% to ₹3167.52 crore in Fiscal 2014 from ₹2535.22 crore in Fiscal 2013. The increase was mainly due to capitalisation of new Transmission Assets worth ₹15,904 crore, interest on which were earlier capitalized but now treated as operating expenditure.

These charges include guarantee fee of ₹148.03crore (previous year ₹135.15 Crore) (net of IEDC) payable to the GoI for giving guarantees to the lenders of our foreign currency loans.



## Depreciation and Amortisation Expenses

Your company's depreciation increased by about 19.21% to ₹3995.68 crore in Fiscal 2014 from ₹3351.92 crore in Fiscal 2013. The increase was mainly because of the capitalisation of new transmission assets worth ₹ 15,904 crore and full-year impact in Fiscal 2014 of transmission assets ₹ 17,213 crore which were commissioned during Fiscal 2013.

The depreciation has been applied considering the technical life of each depreciable asset class as prescribed by CERC viz. transmission lines – 35 years and substations – 25 years.

Depreciation rates as specified in Schedule XIV of the Companies Act, 1956 have been applied on the assets of our consultancy and telecom businesses.

ULDC assets other than assets identified to be transferred to Power System Operation Corporation are depreciated @ 6.67% per annum as determined by CERC for levelled tariff.

## Transmission, Administration and Other Expenses

Transmission, administration and other expenses consist primarily of costs of the repair and maintenance of buildings, plant and machinery and power charges. Other items in this category include expenditures for travel, security, vehicle hire charges, insurance and rent rates & taxes on our properties.

Transmission, administration and other expenses increased by 27.69% to ₹1112.86 crore in Fiscal 2014 from ₹ 871.54 crore in Fiscal 2013. The increase is on account of the increase in Gross Block (tangible and intangible assets) by ₹15904 crore added at various points of time during Fiscal 2014 and full year impact of assets added in Gross Block during Fiscal 2013 as certain expenses that were earlier being capitalized during the construction of the project are now treated as an operating expense subsequent to the commissioning of the project.

## Profit before Tax

Your company's profit before tax in Fiscal 2014 was ₹6263.75 crore, an increase of 10.96% over our profit before tax of ₹5644.86 crore in Fiscal 2013.

## Provision for Tax

In Fiscal 2014, your company provided for ₹1274.13 crore of Minimum Alternate Tax, compared to ₹1052.08 crore in Fiscal 2013. The increase was primarily due to increase in Profit before tax in Fiscal 2014.

Provision for deferred tax is made in respect of timing difference mainly on account of higher depreciation charge available under income tax provisions.

## Profit after Tax

Your company's Profit after Tax in Fiscal 2014 was ₹4497.42 crore, an increase of 6.21 % over our Profit after Tax of ₹4234.50 crore in Fiscal 2013.

## LIQUIDITY AND CAPITAL RESOURCES

Your company depends on both internal and external sources of liquidity to provide working capital and to fund capital requirements. Historically, the capital expenditures have been funded with internally generated funds, grants and equity contributions by the Government and debt financing. As at March 31, 2014, your company had cash and cash equivalents of ₹4417.52 crore. As at March 31, 2014, we also had unutilized Bank Guarantees limits of approximately ₹22.65crore for capital requirements and committed and undrawn cash credit facilities of approximately ₹300crore ("cash credit") towards our working capital facilities.

## Cash Flows

(₹ in crore)

	Year ended March 31,	
	2014	2013
Net cash from operating activities	15,259.33	11283.79
Net cash (used in) investment activities	(26,377.63)	(21,948.45)
Net cash from Financing activities	13,873.85	9,989.75
Cash and cash equivalents at the end of the year	4,417.52	1,661.97

## Net Cash from Operating Activities

Your company's net cash flows from operating activities are principally used to service long-term debt, for capital expenditures, for investments and for dividends.

The net cash from operating activities was ₹15,259.33 crore in Fiscal 2014 as against ₹11,283.79 crore in Fiscal 2013.

## Net Cash (Used in) Investment Activities

Your company's net cash used in investing activities was ₹26,377.63 crore in Fiscal 2014 as Construction Stores and Advanced against ₹21,948.45 crore in Fiscal 2013. This reflected expenditures on fixed assets and capital work-in-progress as well as construction stores of ₹26,735.12 crore and receipt of interest and dividend income of ₹218.15 crore.

## Net Cash from Financing Activities

In Fiscal 2014, your company's net cash flow from financing activities was ₹13,873.85crore as against ₹9989.75 crore in Fiscal 2013. Your Company made Follow on Public offer & allotted 60,18,64,295 fresh equity shares of face value of ₹10/- each at a premium of ₹80/- each (₹75.50/- each for retail investors & employees) thereby raised ₹5296.60crore (net of issue expenses). Your company raised ₹17,943.01 crore of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. The company repaid



₹5222.85 crore of borrowings and paid interest and finance charges of ₹2751.84 crore. In the Fiscal 2014, your company paid dividends of ₹1192.21 crore comprising final dividend for Fiscal 2013 and an interim dividend for Fiscal 2014. The dividend for the financial year 2013-14 (including proposed final dividend @13.10%) is ₹1,349.76 crore. The dividend payout works to 30.01% of Profit After Tax.

### Capital Expenditures

Your company's capital expenditure are primarily for the installation of new transmission capacity and the expansion of existing capacity. Our capital expenditure in Fiscal 2014 and Fiscal 2013, were ₹23,158 crore and ₹20,037 crore, respectively.

### Return on Equity

The return on equity that we were generally permitted in Fiscal 2014 on transmission assets under our tariffs has been 15.5%. Our actual Return on Equity from period to period across our entire business in Fiscal 2014 is 13.07% as against 16.15% in Fiscal 2013. The decrease in Return on Equity is mainly due to increase in Net worth by raising funds through FPO which will yield results after gestation period.

### Selected Balance Sheet Items

#### Fixed Assets

Your company's total fixed assets were ₹ 1,05,005.48 crore and ₹ 80,515.56 crore as at March 31, 2014 and March 31, 2013, respectively. Fixed assets have been categorized as – (i) Tangible Assets; (ii) Intangible assets; (iii) Capital work in progress; and (iv) Intangible assets under development.

#### (i) Tangible Assets

Our Tangible Assets consist of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment; buildings; land; office equipment; fixtures; and motor vehicles. Tangible Assets value (Net Block) increased from ₹60877.69 crore in Fiscal 2013 to ₹ 72501.95 crore in Fiscal 2014, an increase by 19.09%. These increases are mainly due to the commissioning of new transmission assets.

#### (ii) Intangible assets

Our Intangible Assets consist of Electronic Data Processing Software and Right of Way-Afforestation Expenses. The value of unamortized Intangible assets increased from ₹522.95 crore in Fiscal 2013 to ₹ 652.12 crore in Fiscal 2014, an increase by 24.70%.

#### (iii) Capital work in progress

Your company's capital work-in-progress was ₹31,502.41 crore and ₹18,921.30 crore, as at March 31, 2014 and 2013, respectively, an increase of 66.49%. The cost of materials consumed, erection charges and other expenses incurred for the implementation of projects are shown on the balance sheet as capital work-in-progress, pending capitalization of the completed project. The change in this amount is due to capitalization of a number of transmission projects on commissioning of these projects and due to undertaking of new transmission projects.

#### (iv) Intangible assets under development

Afforestation expenses incurred in relation to the implementation of projects (pending capitalization) are shown on the balance sheet as intangible assets under development. The value of intangible assets under development was ₹349.00 crore and ₹ 193.62 crore, as at March 31, 2014 and 2013, respectively.

### Construction stores

Construction stores were ₹17,625.30 crore and ₹15,708.62 crore as at March 31, 2014 and 2013, respectively. These amounts represent capital expenditure on procurement of construction material for the new as well as ongoing transmission projects. The increase in these amounts is mainly due to the undertaking of new transmission projects.

### Investments

Investments have been classified into Current and Non-current categories. As at March 31, 2014, the Non-current Investments and Current Investments were ₹814.33 crore and ₹184.35 crore as against ₹964.24 crore and ₹183.26 crore, respectively as at March 31, 2013. Investments under 'Current' category are those which are realizable or intended to be realizable within 12 months after the reporting date. Your company's Investments mainly consist of bonds issued by the SEBs as part of the One Time Settlement. We have also invested ₹12.00 crore in equity shares of PTC India Limited; ₹229.32 crore in Powerlinks Transmission Limited, the joint venture between us and The Tata Power Company Limited through which the Tala Transmission Project was constructed; ₹23.40 crore in Torrent Power Grid Limited; ₹78.00 crore in Jaypee Powergrid Limited; ₹56.23 crore in Parbati Koldam Transmission Company Limited; ₹41.01 crore in Teestavalley Power Transmission Limited; ₹106.96 crore in North East Transmission Company Ltd.; ₹22.50 crore in Energy Efficiency Services Ltd.; ₹ 14.88 crore in National High Power Test Laboratory Private Ltd; ₹4.94 crore in Cross Border Power Transmission Company Limited; ₹0.01 crore in Kalinga Bidyut Prasaran Nigam Private Limited; ₹0.025 crore in Bihar Grid Company Limited; ₹ 30.79 crore in subsidiaries of our Company viz. ₹30.64 crore in Power System Operation Corporation Ltd; ₹0.05 crore in POWERGRID NM Transmission Ltd; ₹0.05 crore in Vizag Transmission Limited; & ₹0.05 crore in Unchahar Transmission Limited.

### Loans and Advances

The loans and advances have been classified into long-term & short-term categories. As at March 31, 2014, the long-term loans & advances and short-term loans & advances were ₹4552.99 crore and ₹472.04 crore as against ₹6129.76 crore and ₹428.67 crore, respectively as at March 31, 2013. Long-term loans and advances include advances for capital expenditure, loans to employees, lease receivables (representing certain capital expenditures made by the company in respect of the state sector ULDCs of all five Regions, for which the constituents of those Regions are reimbursing the company on a finance lease basis), loans and advances to contractors, advance income tax & TDS and other deposits with tax authorities, advances to related parties and all other loans and include advances which are not expected to be realized within next 12 months from the reporting date or within normal operating cycle whichever is longer. The decrease in loans and advances from Fiscal 2013 to Fiscal 2014 was mainly due to decrease in advances for capital expenditure.

A provision of ₹19.40 crore has been made in respect of investment & advances made by POWERGRID in its wholly owned subsidiary company- POWERGRID Vemagiri Transmission System Limited (POWERGRID VTSL), {being the SPV 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)}, in view of CERC orders dt. 09.05.2013 and 27.09.2013 *inter-alia* stating that POWERGRID VTSL can't be executed in its present form; and directing the CTU (POWERGRID) to return the bank guarantees of identified long term transmission customers and also directed the customer to return the contract performance guarantee given by POWERGRID.

## Inventories

Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value. The costs of inventories were ₹ 712.40 crore, as at March 31, 2014 as against ₹551.53 crore as at March 31, 2013. Our inventories consists of transmission line items such as tower parts, conductors, insulators and other items, and substation items such as transformers, circuit breakers, ICTs and other items. The cost of our inventories increased in Fiscal 2014 as compared with Fiscal 2013, on account of our company continuing to expand the transmission network and capitalization of new projects.

## Trade Receivables

Trade Receivables consist mainly of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Our Trade Receivables as on March 31, 2014 and 2013 were ₹ 1578.46 crore and ₹1434.09 crore, respectively. Trade receivables increased by 10.07% in Fiscal 2014 as compared to Fiscal 2013.

Substantially, all of our receivables are covered by Letters of Credit pursuant to the One Time Settlement Scheme, following which we have no material debt collection problems.

## Other Current Assets

Our other current assets as at March 31, 2014 and 2013 respectively, were ₹1735.63 crore and ₹1839.57 crore. Other current assets mainly include interest accrued on investments (Bonds) & term deposits. Besides, it includes the Unbilled revenue representing the amount for which the Company is yet to raise bills in view of recognition of revenue as per CERC Tariff norms applicable for 2009-14 & also includes transmission charges for the month of March, 2014 billed to beneficiaries in the month of April, 2014. Other current assets decreased by 5.65% in Fiscal 2014 as compared to Fiscal 2013 due to decrease in Unbilled revenue.

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

MOU Parameters	Actual 2013-14	MOU 2013-14
Gross Sales (₹ crore)	15230	14360
Gross Margin (₹ crore)	13186	12514
Gross Profit (₹ crore)	9190	8653
Net Profit/Net worth (%)	15.24%*	14.97%
Gross Margin/Gross Block (%)	13.66%	13.61%
Gross Profit/Capital Employed (%)	15.38%	13.18%
PBDIT/Total employment (₹ in lakhs)	144	132
Added value/Gross Sales (%)	47.34%	41.42%

\*MOU targets were prepared without considering FPO during 2013-14, so actuals have been adjusted for FPO accordingly.

## Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. A significant part of our external funding has been through long-term foreign currency loans from multilateral agencies such as the World Bank and the Asian Development Bank, with our performance under such loans guaranteed by the GoI.

The following table sets forth, by currency, our outstanding debt and the periods during which debt amounts mature or payment is otherwise due. Currency conversions are as of 31<sup>st</sup> March, 2014:

(₹ in Crore)

Rupee loan	2014-2015	2015-2016	2016-2017	2017-2018	Beyond 2017-2018	Total
Bonds	2464.34	2791.71	3446.00	3812.48	36916.47	49431.00
Other Domestic Loans	103.37	101.73	454.22	454.00	4092.00	5205.32
<b>Foreign Currency Loans</b>						
US\$	1066.31	1376.88	1464.03	1265.48	18645.56	23818.26
EUR	10.12	14.72	33.87	34.54	217.57	310.82
SEK	24.74	57.29	209.55	190.63	1082.47	1564.68
JPY	10.75	10.75	10.75	10.75	96.77	139.77
<b>Total</b>	<b>3679.63</b>	<b>4353.08</b>	<b>5618.42</b>	<b>5767.88</b>	<b>61050.84</b>	<b>80469.85</b>

## Long-term borrowings

Your company's long-term borrowings (excluding current maturities) as at March 31, 2014 and 2013 were ₹76,790.22 crore and ₹63076.27 crore, respectively. Long-term borrowings include amounts raised from our private placement of bonds, term loans from banks, loans from the International Bank for Reconstruction and Development, Asian Development Bank and Bank of India and other Foreign Financial Institutions. Due to the increased investment in new projects during the last year, our borrowings have increased substantially.

## Secured Loans

Our secured loans (excluding current maturities of long term loans) as at March 31, 2014 and 2013 were ₹72,429.45 crore and ₹59644.88 crore, respectively. Most of these loans have been secured by floating charges on the moveable and immoveable properties of the Company. The following table presents the secured debt as at 31<sup>st</sup> March, 2014:

	Amount (₹ in crore)	% of total secured debt
Bonds denominated in Rupees	46966.66	64.85
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	20360.85	28.11
Denominated in Rupees	5101.94	7.04
<b>Total</b>	<b>72429.45</b>	<b>100.00</b>

\*Loans guaranteed by the Government were ₹ 17,578.80 crore.

#### Unsecured Loans

Our unsecured loans (excluding current maturities as at March 31, 2014 and 2013 were ₹ 4360.77 crore and ₹ 3431.39 crore respectively, which consist of (ten year) foreign currency bonds, loans from foreign financial institutions such as the Natixis (Formerly Credit National) in France, Japan International Cooperation Agency (Formerly Japan Bank for International Co-operation) in Japan, Skandinaviska Enskilda Banken AB(publ) in Sweden and AB Svensk Exportkredit, Sweden.

The following table presents our unsecured debt as at March 31, 2014:

	Amount (₹ in crore)	% of total unsecured debt
Bonds denominated in Foreign Currency	3030.50	80
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency*	1330.27	20
<b>Total</b>	<b>4360.77</b>	

\*Loans guaranteed by the Government were ₹ 235.29 crore.

#### Advance Against Depreciation (AAD)

Advance against depreciation (AAD) is a component of tariff that we were permitted to charge under CERC Regulations for the Block 2004-09, to cover shortfall in respect of depreciation in a year on assets, for repayment of debts. AAD was done away with in the tariff block 2009-2014 and depreciation rate were reworked. Due to change in these tariff norms and the depreciation rates w.e.f. 01.04.2009, the outstanding AAD has been taken to transmission income after 12 years from the date of commercial operation to the extent the depreciation charged in respect of transmission system is more than the depreciation recovery under tariff. As on 31<sup>st</sup> March, 2014, our AAD has decreased by 3.67% from ₹ 2094.96 crore in Fiscal 2013 to ₹ 2018.07 crore in Fiscal 2014.

#### Current liabilities

Your company's current liabilities as at 31<sup>st</sup> March, 2014 were ₹ 19517.13 crore as against ₹ 14,708.50 crore as at 31<sup>st</sup> March 2013. The current liabilities include short-term borrowings, current maturities of long term borrowings, Trade payables, short term provisions and other current liabilities. Current liabilities as at March 31, 2014 were 32.69% higher as compared to March 31, 2013. The increase is mainly due to increase in deposits retention money from contractors / others & dues for capital expenditure from ₹ 4967.18 Crore in Fiscal 2013 to ₹ 7813.78 Crore in Fiscal 2014, and increased in current maturities of long term borrowings from ₹ 3111.60 crore in Fiscal 2013 to ₹ 3679.63 crore Fiscal 2014.

#### Contingent Liabilities

The following table sets forth the principal components of our Contingent Liabilities as at March 31, 2014 and March 31, 2013:

Contingent Liabilities	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Description</b>		
Claims against the Company not acknowledged as debt in respect of		
Capital Works	211.73	172.60
Land Compensation cases	2393.45	2522.64
Other Claims-	5.80	2.73
Disputed Tax Matters- Income Tax/Sales Tax/Excise/Municipal tax	474.74	294.86
Others	778.54	89.78
Bank Guarantees given on behalf of wholly owned subsidiaries of POWERGRID towards performance of the work awarded for-		
- POWERGRID NM Transmission Ltd	45.00	45.00
- POWERGRID Vemagiri Transmission Ltd	-	36.00
- Vizag Transmission Ltd	45.00	-
- Unchahar Transmission Ltd	5.40	-
	95.40	81.00
<b>Total</b>	<b>3959.66</b>	<b>3163.61</b>

Contingent liabilities increased by 25.16% in Fiscal 2014 compared to Fiscal 2013. This increase was mainly on account of- (i) disputed Tax matters (Income tax / Sales tax/ Excise / Municipal tax) pending & being contested before various Appellate Authorities. Many of these matters have been disposed off in favour of the Company but are disputed before higher authorities by concerned departments; (ii) claims in respect of Capital works which are being contested by the Company as being not admissible in terms of the provisions of the respective contracts. The Company is pursuing various options under dispute resolution mechanism available in the contract for settlement of these claims; (iii) other claims are mainly in respect of demand made by BSEB towards energy charges of some of the sub-stations located in Eastern Region which are being contested in Patna High Court.

## BUSINESS AND FINANCIAL REVIEW OF JOINT VENTURE COMPANIES and SUBSIDIARIES:

### JOINT VENTURE COMPANIES:

#### A) Powerlinks Transmission Limited (POWERLINKS):

##### Main Objective and Capital Structure

POWERGRID and TATA POWER are the Joint Venture Partners in this Joint Venture Company and hold 49% and 51% equity, respectively. The Company was incorporated to undertake the implementation of Transmission Lines associated with Tala HEP, East-North interconnector and Northern Region Transmission System from Siliguri in West Bengal via Bihar to Uttar Pradesh and was the first public - private partnership in Power Transmission. POWERLINKS had progressively commissioned the project in August, 2006 and it is under commercial operation since 1<sup>st</sup> September, 2006. As on 31.03.2014, POWERLINKS has Authorized share capital of ₹483.60 crore and paid-up capital of ₹468.00 crore out of which POWERGRID holds Shares of ₹229.32crore and TATA POWER hold shares of ₹ 238.68crore. POWERLINKS has paid a total dividend of 19.25% amounting to ₹ 44.14 crore for Fiscal 2014.

##### Financial Highlights of the Company:

	(₹ in crore)	
Particulars	Fiscal 2014	Fiscal 2013
POWERGRID's investment in Equity	229.32	229.32
Gross Income	268.98	259.88
Profit after Tax	112.90	119.08
Earning per Share* (₹)	2.41	2.54

\*Face value per Share is ₹10 each.

#### B) JAYPEE POWERGRID Limited (JPL):

##### Main Objective and Capital Structure

The main objective of the Company was to implement a transmission system to evacuate power generated by 1000 MW Karcham Wangtoo Hydro Electric Power Project in Kinnaur District in Himachal Pradesh, from Wangtoo to Abdullapur. As on 31.03.2014, JPL has Authorized share capital of ₹300.00 crore and paid-up capital of ₹300.00 crore divided into 30,00,00,000 equity shares of ₹10 each, POWERGRID equity being ₹78.00 crore. Jaiprakash Power Ventures Limited and POWERGRID individually hold 74% and 26%, respectively as on 31.03.2014. The project was progressively commissioned in April, 2012. JPL has paid a total dividend of 15.5% amounting to ₹12.09 crore for Fiscal 2014.

##### Financial Highlights of the Company:

	(₹ in crore)	
Particulars	Fiscal 2014	Fiscal 2013
POWERGRID's investment in equity	78.00	78.00
Gross Income	199.94	206.21
Profit /(loss) after Tax	53.78	28.54
Earnings per Share* (₹)	1.79	0.96

\*Face value per Share is ₹10/- each.

#### C) Torrent Powergrid Limited (TPL):

##### Main Objective and Capital Structure

The main objective of the Company was to establish transmission system associated with 1100MW Gas Based project (Sugen) Generation Station of Torrent Power Ltd. (TPL) at Akhakhol in Surat District of Gujarat. POWERGRID and Torrent Power Ltd. are the Joint Venture Partners in this Company and hold 26% and 74% equity, respectively, POWERGRID equity being ₹ 23.40 crore. As on 31.03.2014, TPL has Authorized share capital of ₹ 125.00 crore and paid-up capital of ₹ 90.00 crore. The project was progressively commissioned in March, 2011 and it is in operation. TPL has paid total dividend of 10% amounting to ₹2.34 crore for Fiscal 2014.

##### Financial Highlights of the Company:

	(₹ in crore)	
Particulars	Fiscal 2014	Fiscal 2013
POWERGRID's investment in Equity	23.40	23.40
Gross Income	60.99	50.02
Profit after Tax	11.68	2.39
Earning per Share* (₹)	1.30	0.27

\*Face value per Share is ₹10/- each.

#### D) Parbati Koldam Transmission Company Limited (PKTCL)

POWERGRID entered into a Joint Venture Agreement on 23<sup>rd</sup> November, 2007 with Reliance Energy Limited (REL) now Reliance Infrastructure Ltd, for implementation of transmission lines associated with Parbati-II (800 MW) HEP and Koldam (800 MW) HEP. The Company named 'Parbati Koldam Transmission Company Limited' took up implementation of Parbati and Koldam Transmission systems through Joint venture route and got the Transmission License in September, 2008. As on 31.03.2014, PKTCL has Authorized share capital of ₹ 331.00 crore and paid-up capital of ₹ 216.27crore, POWERGRID equity being ₹ 56.23crore. LILO for Parbati-III evacuation (3.5ckm) commissioned on 01.08.2013. Balance project is under implementation and there is no operating profit.



**E) Teestavalley Power Transmission Limited (TPTL)**

POWERGRID entered into a Joint Venture Agreement with Teesta Urja Limited on 23<sup>rd</sup> November, 2007 on 26% equity -POWERGRID and 74% equity Teesta Urja Limited (TUL) for implementation of transmission lines of Teesta-III viz. 400kV D/C line associated with 1200 MW Teesta-III Hydro Electric Power Project to Kishanganj sub-station (Karandighi) and got the Transmission Licence in Fiscal 2009. As on 31.03.2014, TPTL has Authorized share capital of ₹ 275.00 crore and paid-up capital of ₹157.74crore, POWERGRID equity being ₹ 41.01crore. Since the project is under implementation, there is no operating profit.

**F) North East Transmission Company Ltd.(NETCL):**

POWERGRID entered into a Joint Venture Agreement in February, 2009 with ONGC Tripura Power Project Company Ltd. (OTPC), Government of Tripura, Manipur, Mizoram, Assam Electricity Grid Corporation Ltd, Meghalaya and Nagaland for establishment of Transmission Line of 400kV D/C Palatana- Silchar Bongaigaon Transmission Project associated with 726.6 MW Palatana Gas base Power Project in the state of Tripura. The Joint Venture Company is named 'North East Transmission Company Limited'. OTPC, the generating Company is a joint venture of ONGC Ltd., Government of Tripura and Infrastructure Leasing & Finance Services Ltd., (IL&FS Ltd.). The Company has got the Transmission Licence in Fiscal 2009. As on 31.03.2014, NETCL has Authorized capital of ₹ 600.00 crore and paid-up share capital of ₹ 411.4 crore, POWERGRID equity being ₹106.96 crore. Pallatana – Silchar 400KV D/c line commissioned in Sep'2012 and Silchar – Byrnihat section commissioned in Mar'2013. In the balance Byrnihat- Bongaigaon section, Byrnihat- Azara sub-section has been completed in June,2014 and remaining Azara- Bongaigaon sub-section is under implementation. There is no operating profit.

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

POWERGRID entered into a Joint Venture Agreement in April, 2009 with equal participation with NTPC Ltd., NHPC Ltd. and Damodar Valley Corporation for setting up an On-line High Power Test Laboratory for short circuit test facility in the country. The Joint Venture Company is named 'National High Power Test Laboratory Private Limited'. Central Power Research Institute, Bangalore (CPRI) has been inducted as the Fifth equal equity partner of the Company on 24.02.2012. As on 31.03.2014, NHPTL has Authorized share capital of ₹ 120 crore and paid-up capital of ₹ 74.38 crore, POWERGRID equity being ₹14.88 crore. A fully independent, stand alone, state-of-the-art, professionally managed, international class, "On Line High Power Short Circuit Test Facility" is being established by the Company at Bina (M.P.) to provide a full range of short circuit testing for the electrical equipment manufacturing industry and power utilities in conformance to Indian and International Standards. The project is under progress. Since the project is under implementation, there is no operating profit.

**H) Energy Efficiency Services Limited (EESL):**

POWERGRID entered into a Joint Venture Agreement in November, 2009 with equal participation with NTPC Ltd., Power Finance Corporation Ltd. and Rural Electrification Corporation Ltd. The JV Company viz. Energy Efficiency Services Limited will promote measures of Energy efficiency, Energy Conservation and Climate Change and is carrying out business related to energy audit of Govt. buildings, consultancy assignments etc. As on 31.03.2014, the Company has Authorized share capital of ₹ 190.00 crore and paid up capital of ₹ 90.00 crore, POWERGRID equity being ₹ 22.50 crore.

**I) Cross Border Power Transmission Company Limited (CPTCL):****Main Objective**

POWERGRID entered into a Joint Venture Agreement in July, 2012 with IL&FS Energy Development Company Limited (IEDCL), Satluj Jal Vidyut Nigam Limited (SJVN) & Nepal Electricity Authority (NEA) for implementation of Indian portion of the 400kV D/C Muzaffarpur - Dhalkebar Indo-Nepal Cross Border transmission line i.e. Muzaffarpur-Sursand section of the transmission line on Indian side. Equity contribution by POWERGRID, SJVN, IEDCL and NEA are 26%, 26%, 38% and 10% respectively in JVC. The estimated cost of the project is ₹ 210.00 Crore (Price Level: 2nd Quarter 2012) the project has been envisaged to be implemented on 70:30 debt: equity ratio. As on 31.03.2014, CPTCL has Authorized Share Capital of ₹ 75.00 crore and paid-up capital of ₹ 19.00 crore, POWERGRID equity being ₹ 4.94 crore. The project is under progress.

**J) Power Transmission Company Nepal Limited (PTCN):****Main Objective**

POWERGRID entered into a Joint Venture Agreement in Apr, 2014 with NEA, Hydroelectricity Investment and Development Company Ltd (HIDCL) and IEDCL for implementation of Nepalese portion of the 400kV D/C Muzaffarpur - Dhalkebar Indo-Nepal Cross Border transmission line i.e. Dhalkebar-Bhittamod section of the transmission line. Equity contribution by POWERGRID, NEA, HIDCL and IEDCL are 26%, 50%, 14% and 10% respectively in JVC. The estimated cost of the project is ₹ 93.9 Crore (Price Level: 2nd Quarter 2012) and the project has been envisaged to be implemented on 70:30 debt: equity ratio. As on 31.03.2014, PTCN had Authorized share capital of NPR 300 Million and paid-up capital of NPR 10 Million. Subsequently, POWERGRID has infused its 26% equity contribution of NPR 1.56 Crore (equivalent to ₹ 98.35 lac) in July,2014. The Nepalese and Indian portion of the line shall facilitate exchange of power between two countries.

**K) Bihar Grid Company Limited (BGCL):****Main Objective**

POWERGRID entered into a Shareholders' Agreement on 29.12.2012 with Bihar State Power (holding) Company Limited {BSP(H)CL} for implementation of Intra State Transmission System in the State of Bihar on 50:50 equity participation basis. The Company is implementing Bihar Transmission System Strengthening Schemes in Phase IV, Part I worth ₹ 1699 Crore. The company has been granted transmission license by BERC in June, 2013. BERC has issued Mutli Year Tariff Regulations through order dated 10.03.2014 allowing 15.5% return on equity.

**L) Kalinga Bidyut Prasaran Nigam Private Limited (KBPNL):****Main Objective**

POWERGRID has entered into a Shareholders' Agreement on 04.01.2013 with OPTCL for implementation of Intra State Transmission System in the State of Odisha on the basis of 50:50 equity participation. Transmission license for Phase-I Projects (worth ₹ 599.50 Crore) has been granted by OERC.

**SUBSIDIARIES****A) Power System Operation Corporation Limited (POSOCO):**

Power System Operation Corporation Ltd (POSOCO) was incorporated as a wholly owned subsidiary of POWERGRID on 20.03.2009. POSOCO, is responsible for Independent System Operation. As on 31.03.2014, POSOCO has Authorized share capital of ₹200 crore and paid-up capital of ₹30.64 crore. The company paid an interim dividend of ₹15.32 crore during the year and has recommended a further final dividend of ₹10.72crore for Fiscal 2014.



(₹ in crore)

Particulars	Fiscal 2014	Fiscal 2013
Gross Income	250.29	266.37
Profit after Tax	59.79	85.65
Earning per Share* (₹)	18.12	26.59

\*Face value per Share is ₹10 each.

#### B) POWERGRID NM TRANSMISSION LIMITED:

POWERGRID NM Transmission Limited (POWERGRID NMTL), formerly known as Nagapattinam-Madhugiri Transmission Company Limited 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 have been adopted by CERC in May, 2013. As on 31.03.2014, POWERGRID NMTL has Authorised and Paid-up Share Capital of ₹ 0.05 crore. Awards for black angles supply, tower fabrication and tower erection have been placed and construction of the Project is in progress.

#### C) POWERGRID VEMAGIRI TRANSMISSION LIMITED:

POWERGRID Vemagiri Transmission Limited (POWERGRID VTL), formerly known as Vemagiri Transmission System Limited 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, POWERGRID VTL became wholly owned subsidiary of POWERGRID. The transmission system comprising 765kV D/C is to traverse the state of Andhra Pradesh. As on 31.03.2014, POWERGRID VTL has Authorized and Paid-up share capital of ₹ 0.05 crore. 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.

#### D) VIZAG TRANSMISSION LIMITED:

VIZAG Transmission Limited (VTL) 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 transmission system comprising 765kV D/C and 400kV D/C is to traverse the state of Andhra Pradesh. The company has been granted transmission license by CERC in January, 2014. The transmission charges have also been adopted by CERC in January, 2014. As on 31.03.2014, VTL has Authorised and Paid-up Share Capital of ₹ 0.05 crore. Awards for Tower supply and Erection have been placed and construction of the Project is in Progress.

#### E) UNCHAHAR TRANSMISSION LIMITED:

Unchahar Transmission Limited (UTL) was acquired /taken over by POWERGRID on March 24, 2014 under Tariff Based Competitive bidding from REC Transmission Project Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System for ATS of Unchahar TPS on build, own, operate and maintain (BOOM) basis. Consequent to such acquisition, UTL became wholly owned subsidiary of POWERGRID. The transmission system comprising 400 kV D/c is to traverse the state of Uttar Pradesh. As on 31.03.2014, UTL has Authorized and Paid-up share capital of ₹ 0.05 Crore. The company has been granted transmission license by CERC in July, 2014.

#### F) NRSS XXXI (A) TRANSMISSION LIMITED: (Acquired after 31<sup>st</sup> March, 2014)

Further, NRSS XXXI (A) Transmission System Limited {NRSS XXXI (A) TL} was acquired /taken over by POWERGRID on May, 12, 2014 under Tariff Based Competitive bidding from REC Transmission Project Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System for Northern Region system Strengthening Scheme, NRSS-XXXI (Part-A) on build, own, operate and maintain (BOOM) basis. Consequent to such acquisition, NRSS XXXI (A) TL became wholly owned subsidiary of POWERGRID. The transmission system comprising 400/220 kV GIS substation, 400 kV D/C LILO and Series Compensation is contemplated in the state of Himachal Pradesh. As on 31.03.2014, NRSS XXXI (A) TL has Authorized and Paid-up share capital of ₹ 0.05 Crore. The application for grant of license has been filed with CERC.

#### Consolidated financial statement of POWERGRID

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

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

	(₹ in crore)	
	FY 2013-14	FY 2012-13
Gross Income	16,146.12	13,727.12
Profit before Tax	6359.00	5,775.63
Profit after Tax	4,547.58	4,312.61
Net Cash from operating activities	15,222.52	11,810.16

#### Cautionary Statement

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

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 04.08.2014.

## Business Responsibility Report

### Introduction

POWERGRID's activities are non-polluting in nature and its environmental impact are also negligible, despite this we are committed to concept of Eco-efficiency through conservation of natural resources, reduced impact on nature and increasing the service value by use of efficient and safe technology practices.

Our endeavor is to achieve sustainable development through five interlinked themes: Stakeholders, Environment, Networks, Statistics and Employees. We understand the importance of sustainable development in the present scenario and will strive to embed its imperatives in all our activities to ensure that our efforts to promote sustainable development are successful.

There are enormous responsibilities that come with a major power transmission company. One of the most important responsibilities is to ensure that all our stakeholders from government departments, communities to individual landowners and employees – are well informed, involved and fully understand our role in transmission of power across the country, our efforts towards sustainable development through a positive and open relationship. To achieve this, POWERGRID has taken pro-active approach and developed a comprehensive "Environmental Social Policy & Procedures" (ESPP) in April'98 for its project in consultation with a leading NGO "Development Alternatives" and after a wide consultation involving Stakeholders, General public, representatives from Ministry of Power, MOEF, CEA, State Electricity Boards, Allied Organizations, Academia, NGOs, Multilateral funding agencies and PAPs from our projects through a process of National Consultation. The ESPP outlines POWERGRID's commitment to deal with environmental and social issues relating to its transmission projects and lays out management procedures & protocol to address them. The ESPP is being implemented in all POWERGRID's projects. The ESPP developed by POWERGRID has been accepted by the World Bank under its Use of Country System (UCS) policy and greatly appreciated by different multilateral agencies like, ADB and JBIC etc. The WS Atkins, London, UK a leading International consultant in the field of Environmental studies has commented:

*"The ESPP is the first documents of its kind for any Indian utility company and, as far as known, for any Private Sector business as well. As such, it provides an excellent model for other Govt. and Private Sector Companies to adopt for their own purposes. POWERGRID should consider marketing this newly acquired expertise on a consultancy basis."*

We have already initiated steps as per the requirement of "Climate Change Treaty" to make all the offices and other installation CFC free. Our endeavor is to achieve the goal of completely CFC free organization in near future. We recognize the importance of biodiversity, cultural heritage and natural resources such as forest, land and water and strive, within the scope of our operations, to secure their conservation/preservation. Provision for Rain Water Harvesting and collection of even used/waste water for its conservation and recharging of ground water in all upcoming buildings and substations, massive plantation of trees including the endemic species in all installations and continuously exploring and integrating emerging as well as innovative designs like multi-circuit / huge towers to protect wildlife, trees in ecologically sensitive areas besides providing financial assistance for conservation of flora and fauna of the area are testimony of our commitment towards sustainable development. Another initiative that will further strengthen our commitment towards proper management of environmental issues is to adopt International Management System viz. ISO 14001 for Environment Management, ISO 9001 for Quality Management, 18000 for Occupational Health & Safety and and SA 8000 for Social Accountability.

We firmly believe that we also owe responsibility towards all the stakeholders including people of the communities in which we operate. To integrate our business processes with perceived social responsibility we have evolved a Corporate Social Responsibility (CSR) Policy which empower us to take proactive measures in the field of Community Development, Livelihood generation through skill development, healthcare, education, plantation, sanitation etc. It is heartening to note over 90% trainings of Capacity Building Programs in partnership with leading EPC companies have been gainfully employed.

POWERGRID has achieved the distinction of becoming the first PSU in the Indian Power Sector embarking upon the journey of sustainability disclosure in 2010 by rolling out its Sustainability Report for FY 2008-09 because we considered that calibrated information regarding Triple Bottom Line (TBL) i.e. economic, environmental and social impacts arising out of daily activities of the corporation must be disclosed. The second such biennial report has also been released in March, 2013 and third report for FY13-14 is to be released soon. The report aims at sharing various initiatives taken by POWERGRID to highlight its commitment towards a socially responsible corporate entity not only focusing on business but also towards the community and the environment.

### Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L40101DL1989GOI038121	
2	Name of the Company	Power Grid Corporation of India Ltd	
3	Registered address	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016	
4	Website	www.powergridindia.com	
5	E-mail id	sustainability.report@powergridindia.com	
6	Financial Year reported	2013-14	
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Sector (s)	ITC Code No.
		Inter State Transmission System (ISTS), Central Transmission Utility (CTU) of country	99691110
		Telecom	99841100
		Consultancy & Project Management	99833244

8	List three key products/services that the Company manufactures/provides (as in balance sheet)	i) Transmission ii) Telecom iii) Consultancy Services (Domestic / International)
9	Total number of locations where business activity is undertaken by the Company i) Number of International Locations (Provide details of major 5) ii) Number of National Locations	(i) <b>International:</b> In Consultancy business, POWERGRID has footprints in eighteen countries. Major five include Ethiopia, Kenya Nepal, Bhutan and Bangladesh. (ii) <b>National:</b> Total 194 which include 184 substations, 9 Regional headquarters and a Corporate office at Gurgaon. Telecom department has its presence in more than 300 locations across the country. Apart from above, a no. of substations and transmission lines are presently under construction and personnel are located at these site(s).
10	Markets served by the Company - Local/State/National/ International/	POWERGRID has footprint in all the markets-Local/State/National/ International.

#### Section B: Financial Details of the Company

1	Paid up Capital (INR)	52,31,58,96,480
2	Total Turnover (INR)	15721.41 Crore
3	Total Profit after Taxes (INR)	4497.42 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax(%)	During FY 2013-14, the Company has spent ₹21.66 Crore [0.51% of profit after tax of the preceding year] on various CSR activities.
5	List of activities in which expenditure in 4 above has been incurred	Livelihood Generation programmes, Skill Development programmes, Infrastructure creation for Rural Development, Education, Health, Natural Calamity, etc.

#### Section C: Other Details

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

As on March 31, 2014, POWERGRID has five wholly owned subsidiary Companies viz. Power System Operation Corporation Ltd. (POSOCO), POWERGRID NM Transmission Limited, POWERGRID Vemagiri Transmission Limited, Vizag Transmission Limited and Unchahar Transmission Limited.

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

Of the five subsidiary Companies referred to in Sr. No. (1) above, only POSOCO participates in BR initiatives. The remaining four subsidiary companies are Project SPVs won under Tariff Based Competitive Bidding and are in the initial stage of project implementation.

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

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

#### Section D: BR Information

##### 1. Details of Director/Directors responsible for BR

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

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

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

b) Details of the BR head

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

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

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

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

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

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

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

S. No.	Questions	Principle 7- Responsible public policy advocacy
1.	The company has not understood the Principles	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-
3.	The company does not have financial or manpower resources available for the task	-
4.	It is planned to be done within next 6 months	-
5.	It is planned to be done within the next 1 year	-
6.	Any other reason (please specify)	POWERGRID is a member of various industrial and trade bodies and participates in these forums on issues and policy matters that impact the interest of our stakeholders. Keeping in view the significant interest of POWERGRID in the Transmission sector, a separate Regulatory Cell is in place to undertake POWERGRID's endeavor of a pro-active approach as part of policy advocacy with the stakeholders and CERC.  Wherever felt necessary we give our comments on various approach papers, draft regulations etc issued by CERC, other authorities.

### 3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**  
3-6 months
- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

POWERGRID publishes Sustainability Report biennially. POWERGRID came out with its the 2nd 'Sustainability Report' in March, 2013 for the years 2009-11. Sustainability Reports are available on POWERGRID website at [http://www.powergridindia.com/\\_layouts/PowerGrid/User/QuickLinksDetail.aspx?LangID=English&Category=Documents](http://www.powergridindia.com/_layouts/PowerGrid/User/QuickLinksDetail.aspx?LangID=English&Category=Documents).

### Section E: Principle-wise performance

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

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

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

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

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

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

- Well defined "Delegation of Powers" is in place delineating the powers of the top executives and below for carrying out work in systematic manner.
- POWERGRID has prepared and implemented "Works and Procurement Policy and Procedure (WPPP) for Pre-award and Post-award Stages" with a view to making the policies and procedures more systematic, transparent and easy to administer uniformly throughout its business operations with major thrust on expeditious and decentralized decision making coupled with accountability and responsibility.
- "Integrity Pact" has been signed with Transparency International which is considered as a useful tool in ensuring transparency in awarding contracts. Contracts above the value of ₹100Crore are also monitored by a panel of "Independent External Monitors (IEMs)".
- Manuals and Procedures are in place for Construction, Operation & Maintenance.
- e-procurement mechanism for most of the project procurements has been implemented.
- e-Reverse auction mechanism is in place.
- Enterprise Resource Planning (ERP) System across the Organisation is under implementation and 'Go live' for Pilot Region & Corporate centre is scheduled in August, 2014.
- System exists for On-line Payment of Document Fees & Submission of Soft Copy of Bid.
- After Award, summary of evaluation is posted on the website.
- POWERGRID focuses more on Preventive and Pro-active Vigilance, apart from Detective, Predictive and Punitive Vigilance. Aiming at better transparency in working of the Organisation and to inculcate a sense of Ethics, Integrity and sound Corporate Governance



several steps are being taken for improving the system and vigilance administration through various technologies. For more details, section on "Renewed Commitment to Transparency & Vigilance Function" in the Directors' Report may be referred.

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

56 nos. of complaints were received by Vigilance Department from various stakeholders during the FY 2013-14 and action against all the complaints was initiated. Out of these, approx. 77% of complaints have been disposed of as on March 31, 2014, while the remaining are under process.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Principle 3- Businesses should promote the wellbeing of all employees**

**1. Please indicate the Total number of employees.**

Total numbers of employees as on March 31, 2014 were 8983.

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

Total number of employees hired on contractual basis as on March 31, 2014 were 171.

**3. Please indicate the Number of permanent women employees.**

Number of permanent women employees as on March 31, 2014 were 570.

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

Number of permanent employees with disabilities as on March 31, 2014 were 147.



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

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

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

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

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

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

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

Employees	% of Employees given safety & skill up-gradation training in the last year i.e. FY 2013-14
Permanent Employees	85%
Permanent Women Employees	83%
Casual/Temporary/ Contractual Employees	70%
Employees with Disabilities	86%

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

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

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

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

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

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

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

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

- Internal Stakeholders (Employees- Persons with Disabilities (PWD)/ SC/ ST/ Women) – POWERGRID ensures diversity at workplace through efforts to recruit, develop and retain the most talented people from the pool of SC/ ST/ OBC/ Ex-servicemen/ Persons with Disabilities (PWD) candidates, in accordance with GoI directives on reservation matters. The special initiatives taken include-

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

- A Reservation Cell has been constituted at the corporate, as well as regional level to comply with GoI directives on reservation matters for SC/ST/OBC/Ex-servicemen/ Persons with Disabilities (PWD). This cell is under control of nominated liaison officer. The Liaison Officers are available on a pre-fixed day and time for interaction once in a week. Wide publicity regarding availability of the liaison officer is ensured amongst SC/ST employees. Regular meeting with SC/ST/OBC Employee's Association are conducted. 'Awareness Programme' are organized to acquaint the SC/ST/ OBC/PWD employees about the relaxations and concessions available to them under Government directives.
- A sexual harassment committee has been constituted to handle grievances related to the discrimination of employees on the basis of gender.



Women employees are extended certain relaxation like posting in soft locations, relaxation in attendance etc. Facilities like Ramp etc are provided to Persons with Disabilities.

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

#### **Principle 5 - Businesses should respect and promote human rights**

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

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

The Conduct and Discipline Appeal rules ("CDA Rules") define the desirable and non-desirable acts and conduct for the employees (including those deputed in Subsidiaries/ Joint Ventures). There is a laid procedure for actions in case of non-compliance with the defined terms as well as any inappropriate or unwelcome sexually-determined behavior. To promote fair and equitable employment relationship, a scheme for Grievance Redressal of employees is also in place which ensures a time bound mechanism for the redressal of grievances. During the year, 'Internal complaints committees' have been constituted as per Sexual Harassment of Women at workplace under (Prevention, Prohibition and Redressal) Act, 2013.

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

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

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

No complaint was received pertaining to human rights violation during the reporting period (2013-14).

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

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

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

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

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

- a) **Energy Management:** Our approach toward energy conservation is based on adopting a low carbon growth path through reduction in specific energy consumption and enhancing the use of renewable energy sources. Since our major source of electricity

consumption is for lighting purpose in substation, colony and office buildings, to optimize energy consumption various initiatives such as installation of LED lighting in control room, optimization of AC temperature switching to CFL lamps from convention lamp etc. have been taken. In addition, solar lighting are being installed in control room and also for street lighting in substation. We have now focusing on energy efficiency initiatives and sourcing energy from renewable sources. In this regard, we have designed & constructing our major buildings at Manesar, Yehalanka as per Green Building norms. A 50 KW solar photovoltaic has been installed in the roof top of NTAMC building which will cater 30% of energy requirement.

- b) **Water Management:** We are implementing an integrated water management approach focused on rain water harvesting, improving the efficiency of water use and treatment of all human touch waste water for zero discharge to meet our long term goal of becoming water sustainable. Moreover, Rain Water Harvesting System is now an integral part of every new substation design.
- c) **Emission Control:** Our operations do not involve any large scale emission of pollutants like SO<sub>x</sub>, NO<sub>x</sub>, CO<sub>2</sub> and other toxic substances etc. directly into the atmosphere. However, emission from DG sets used in construction activities/ Corporate office/ Regional offices are regularly monitored to ensure emission within permissible limit. Regarding GHG emission i.e. leakage of SF<sub>6</sub> gas used in Circuit Breakers, we have achieved significant reduction through implementing GHG reduction plan. Further, we do not use Ozone Depleting Substances (ODS) like CFCs, including Halon in our equipment and all our new equipment & refrigeration are CFC free certified.
- d) **Waste Management:** Our waste management program is based on reduce, reuse and recycle principle. There is no major solid or liquid waste generated due to our activities except metal scraps, used batteries and transformer oil. However, we have put in place systems for segregation/disposal of waste material for reuse and recycling. As part of Sustainable Development initiatives, we have established a "Waste Paper Recycling" plant at GIS Substation, Gurgaon to recycle waste paper and recycled paper produced in-house is now utilized for making company's letterheads, visiting cards, envelopes, file / folders, D.O. pads etc. This initiative shall further reduce our carbon footprints as 1 ton of paper requires cutting of 17 mature trees.
- e) **Material Conservation:** Our contribution to the conservation of the natural resource base and efforts to reduce the material intensity is an integral part of corporation's sustainability strategy. We focus on reducing the consumption of major raw materials like Steel, Aluminum etc. through efficient designs of our transmission line & substation. The specific consumption of these raw materials have been reduced over the years through technological innovation using high capacity transmission lines i.e. 765 KV,  $\pm 800$  HVDC for transmitting bulk power.
- f) **Technological Initiatives:** We have made efforts for conservation of energy in our projects - right from the planning stage, to the execution stage and throughout the O&M period. We are implementing  $\pm 800$  kV HVDC systems and 765 kV D/c lines to minimize RoW and environmental problems. In addition, 1200 kV UHVAC technology, highest AC voltage level in the world is under development which will enable transfer of 7000-8000 MW power over single corridor. These latest technologies will have wide influence in minimizing environmental and social impact of high voltage transmission line and these initiatives will show extensive results in optimizing of RoW and its associated environmental and social impact. Besides, we are taking pioneering steps in bringing Smart Grid technology in all facets of power supply value chain in the country.

For more details, Sustainability Reports available on the POWERGRID website- [www.powergridindia.com](http://www.powergridindia.com), may be referred.

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

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

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

POWERGRID is certified with Integrated Management System as per Publicly Available Specification, PAS 99:2006 integrating requirement of ISO 9001:2008 for Quality, ISO 14001:2004 for Environment Management, OHSAS 18001:2007 for Safety and Health Management System.

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

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

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

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

**Energy Efficiency:**

A dedicated Energy Efficiency Cell has been created in POWERGRID with an objective to create inroads into reduction of Carbon footprints and to promote Energy Efficiency in all sectors. Several industries and other commercial establishments have been energy audited during the year and recommendations for energy efficiency improvements and carbon reduction have been submitted in form of energy audit report to the respective establishments. POWERGRID has indigenously designed and developed waste heat recovery system executed projects and the same are operating successfully, enabling huge fuel/ energy savings. POWERGRID is also adopting to energy efficiency measures with revised specification for installation of energy efficient fittings in new establishments and retrofitting with energy efficient technology on the existing establishments in a phased manner. It is expected that the efforts shall yield reduction of carbon emission and improve energy efficiency.

**Renewable Energy:**

Integration of Renewable Energy Resources with grid is the top priority worldwide for energy security and also for carbon emission reduction. POWERGRID has taken a lead initiative and developed a comprehensive master plan for grid integration of envisaged renewable generation capacity addition during the XII Five Year Plan through Green Energy Corridors across India. The plan covers intra-state & inter-state transmission systems and mitigating measures for grid interconnection of variable & intermittent renewable energy. It also includes other control infrastructure like forecasting tool for renewable generation, establishment of renewable energy management centers, provisions for flexible generation, energy storage, smart grid applications like demand side management & demand response etc. Under this, POWERGRID has been assigned the implementation of inter-State Transmission System portion of the scheme, setting up of Renewable Energy Management Centres and control infrastructure. In addition, POWERGRID has also evolved an integrated plan for Desert Power development namely, DESERT POWER INDIA – 2050, for harnessing the huge renewable energy potential of about 300GW, primarily solar and wind at desert/ cold desert waste land in Kutch, Thar, Lahaul & Spiti and Ladakh areas by 2050. The plan includes establishment and grid integration of renewables through hybrid transmission corridors utilizing High Voltage Direct Current (HVDC) (including VSC based) as well as 1200kV UHV AC/ High temperature superconductor technologies, etc. A report on the plan has already been submitted to Ministry of Non-Renewable Energy, Ministry of Power, Ministry of Finance, Planning Commission, Central Electricity Authority and Central Electricity Regulatory Commission.

For more details, section on “Energy Efficiency” and “Integration of Renewables” in the Directors’ Report may be referred.

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

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

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

**NIL**

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

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

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

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

1. Federation of Indian Chambers of Commerce and Industry (FICCI)
2. Confederation of Indian Industry (CII)
3. CII CPSE Council
4. TERI Business Council for Sustainable Development
5. The Associated Chambers of Commerce & Industry of India (ASSOCHAM)
6. PHD Chamber of Commerce & Industry (PHDCCI)
7. Central Board of Irrigation & Power (CBIP)
8. WEC India (formerly known as World Energy Council- India Member Committee)
9. Indian Institute of Plant Engineers (IIPE)
10. Standing Conference of Public Enterprises (SCOPE)
11. India Energy Forum (IEF)
12. Global Compact Network (GCN)

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

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

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

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

#### **Principle 8- Businesses should support inclusive growth and equitable development**

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

By the very nature of our business and as the Central Transmission Utility, we touch millions of lives every day and understand that real success is the result of inclusive development of the involved entities and stakeholders. We support the principles of inclusive growth and equitable development through Corporate Social Responsibility (CSR) initiatives as well as through our core business.

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

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

The programs / projects are undertaken largely by in-house teams, however Govt./ Semi Govt. agencies, etc. are also engaged to undertake such projects.

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

Impact Assessment studies have been carried out. POWERGRID internally performs impact assessment of its initiatives to – (i) understand /evaluate the community development activities undertaken, the benefits accrued to communities and (ii) gain insights for formulating & improving the community development activities in future. For more details, section on "Sustainable Development and Corporate Social Responsibility" in the Directors' Report may be referred.

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

An amount of ₹ 21.66 Crore has been incurred under CSR activities and about ₹ 4.61 Crore provided as Rehabilitation Assistance (RA) under Rehabilitation & Resettlement (R&R) measures during the FY 2013-14. In addition to the measures taken for R&R, community development works are also undertaken for the overall improvement of surrounding villages and community. Based on social assessment outcome, we implement need based development works like construction of roads, drinking water facility, school building, community center etc. in association with local authorities. In addition, ₹ 3.65 Crore was spent on community development works during the year.

For more details, section on "Sustainable Development and Corporate Social Responsibility" in the Directors' Report may be referred.

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

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

- Public Meetings
- Informal Small Group Meetings
- Information Brochures and Pamphlets
- Operating Field Officers
- Local planning visits and site visits



- Response to public Enquires
- Press release inviting comments
- Project coordination committees
- Ombudsman or representative
- Public Displays

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

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

NIL

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

Not Applicable.

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

No

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

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

For and on behalf of the Board of Directors

**(R. N. Nayak)**

Chairman & Managing Director

Place: New Delhi

Date: 04.08.2014.



### Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 for the year 2013-14

Sl. No.	Name	Designation & Nature of Duties	Qualification	Remuneration (₹)	Total Experience (Years)	Date of Commencement of Employment (In POWERGRID)	Age (Years)	Last Employment Held
<b>Employed for the full year</b>								
1	P Seethapathy	Chief Manager	B.com., ACA	9411194	34	1-Dec-1992	60	NLC
2	S H Chowdhury	Senior Enggnier	B.E.	8029315	23	14-Nov-1991	54	NEEPCO
<b>Employed for part of the year</b>								
3	Sushil Kumar Agrawal	Executive Director	BE,Mtech,Ph.D	2687555	36	21-Jun-1991	59	NTPC
4	D K Dutta	DGM	B.Sc Engg.	1255910	32	16-Aug-1991	60	NTPC
5	Ram Chandra Maurya	JE (SSG)	ITI	1322558	30	16-Aug-1991	60	NTPC
6	Sak Mohd.	Sr. Technician	8 th class, TTP	529081	37	19-Nov-1991	60	NHPC
7	S D Sharma	Sr. PS	Hr. secondary	1288384	35	19-Nov-1991	60	NHPC
8	K K Khanna	Sr. Steno (Sel.III)	B.A.	880133	36	19-Nov-1991	60	NHPC
9	S K Srivastava	DGM (Law)	BA, MA, LLB, LLM	2070282	25	16-Aug-1991	60	NTPC
10	A M Khan	M.Tech Gr-II	VIII	658236	29	16-Aug-1991	60	NTPC
11	Manhar Bhai Jadav	JE Grade-I	ITI-Electrical	2033986	23	16-Aug-1991	53	NTPC
12	D C Prajapati	Sr. Artisan Gr-II	IX CLASS	2243474	28	1-Jan-1994	60	NTPC
13	K A Sampath Kumar	JE Grade-II	INTER	2270428	27	16-Aug-1991	59	NTPC
14	Balmiki Prasad	Senior Asst (SG)- Workmen	10th Class	1015716	35	19-Nov-1991	60	NHPC
15	K K Varghese	Senior Asst (SG)	B.A	4470406	34	19-Nov-1991	60	NHPC
16	V A Mohandas	DGM	B.Sc Engg	6916485	32	1-Dec-1992	60	NLC
17	R Thayalan	Chief Manager	B.A, MPMIR, Dip. in law	4586914	27	16-Aug-1991	60	NTPC
18	R Sankara Varrior	Chief Manager	B.Tech(Electrical)	8375737	26	16-Aug-1991	60	NTPC
19	K Selvaraj	Senior Asst (SG)	12 th class	4075682	34	19-Nov-1991	60	NHPC
20	N Raveendran	Senior Asst (SG)	10th Class	4146926	37	19-Nov-1991	60	NHPC
21	Umesh Jha	Oprr Gr.I (SS)	10th Class	2139006	28	19-Nov-1991	51	NHPC
22	S N Mishra	Manager	LCE	2117814	32	19-Nov-1991	60	NHPC
23	Shachi Kumar Chaudhary	AGM	M. TECH	1460515	35	31-Dec-1994	60	CEA
24	Rajkumar Singh	J.E. Gr.I	Dip. In Electrical Engg.	2104105	34	19-Nov-1991	60	NHPC
25	Bhaskar Sharma	Executive Director	BE	2769878	29	16-Aug-1991	60	NTPC
26	M K Prasad	Acoountant Gr.I	B.Com.	1230244	28	19-Nov-1991	49	NHPC
27	Subir Chakraborty	Cook Gr.III	8 th class	509568	18	1-Jan-1995	45	CEA
28	Subhankar Sarkar	Master Technician (Grade-I)-W10	Higher secondary	656162	29	19-Nov-1991	60	NHPC
29	Panchanan Seth	Sr Assistant (Grade-I)	Higher secondary	1021523	32	19-Nov-1991	60	NHPC

**Notes:**

- 1) Remuneration includes Salary, Allowances, Leave encashment, Leave travel consession, Payment for Subsidised leased accomodations, reimbursement of medical expenses to employees and employer's contribution to Provident fund and other funds. In addition, employees are entitled to Gratuity/Group Insurance in accordance with Company's rules.
- 2) None of the Employees listed above is related to any of the Directors of the Company.
- 3) Remuneration mentioned above is inclusive of retirement/ separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the Company.

For and on behalf of the Board of Directors

(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 04.08.2014.

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 read with Section 217(1) (e) of the Companies Act, 1956.

**A. CONSERVATION OF ENERGY**

**(a) Energy conservation measures taken and on hand:**

It has been the endeavour of POWERGRID to make all out efforts for conservation of energy in all its projects - right from the planning stage, to the execution stage and throughout the O&M period. Before finalizing the transmission schemes, various alternatives/ technologies for power transfer are examined and one of the major criteria for selection of transmission system/ technology is lower losses. In fact, POWERGRID has adopted higher voltage levels like 765kV AC,  $\pm 500$ kV HVDC,  $\pm 800$ kV HVDC and 1200kV AC in its transmission systems for bulk power transfer across various regions which result in lower losses in the system. POWERGRID is also exploring superconductor cable for transmission, which is almost lossless transmission.

At design stage of the transmission system, optimization of various parameters is done so that losses in the transmission system are optimized. The conductors are selected after detailed optimization studies which consider reduction of line losses as one of the primary criteria. The bus bar materials and the clamps and connectors are chosen meeting stringent international requirements so that losses are optimized. During evaluation of transformer & shunt reactor packages, equipment with minimum losses is given weightage. In case of HVDC system also, the selection of parameters of filter components, Thyristor Valves, Converter Transformer etc. is done in such a way that overall losses are minimized even under worst condition of system operating parameters. Further, in case of transmission hardware, the material with lower losses is specified. Parameters and types of various other equipments are also chosen in a manner that the losses are optimized. Thus, energy conservation measures are taken by POWERGRID at every step so as to develop an efficient and low-loss transmission network. POWERGRID has also established a dedicated Energy Efficiency Cell to make inroads into the conservation of energy and reduction of carbon emission by all industrial and commercial sectors. Energy audits are regularly carried out and few implementations have also been undertaken to reduce energy consumption in industries and all other commercial establishments.

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

As stated above, POWERGRID undertakes energy conservation measures by means of reduction of losses in its transmission schemes right from planning to execution stage.

**B. RESEARCH AND DEVELOPMENT**

**1 & 2** It has been POWERGRID's endeavour to pursue the research and development efforts in the field of new technologies in transmission system to remain at par with international standards. Also, realizing the need for conservation of Right-of-Way and future requirement of development of high capacity transmission system to meet the future power requirement, POWERGRID is actively pursuing seamless integration of new and efficient technologies in Indian power Grid to create environment-friendly transmission system. POWERGRID has accorded special emphasis on adoption of new technologies available around the globe for improving the quality of power supply, reduction of losses, optimum utilization of the available transmission assets, conservation of environment and optimizing upon the cost of delivered power. The company is working in collaboration with International/National research/ academic institutions, manufacturers etc. and is thus enhancing its in-house capabilities for design and engineering of State-of-the-Art transmission systems.

Specific areas in which R&D has been carried out by the company and benefits derived thereby are given below:

**Completed Projects:**

1. HVDC project with LTT thyristor in Balia-Bhiwadi HVDC
2. Four converter transformer arrangement arranged in such a configuration that outage time of transformer is minimized.
3. Completed in-house design of 10 no. towers for transmission lines
4. Completed in-house design of approx. 600nos. tower foundations for transmission lines upto 765kV including 40 nos of pile foundations.
5. Completed testing of 12 nos of towers for various transmission lines including 765kV EHVAC D/c and 400kV multicircuit towers.
6. Development of Indigenous vendors for 765kV Transformers, Reactors, Circuit Breaker, Current Transformer and Wave Trap.

**Ongoing projects**

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

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

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

Under this prestigious project of national interest, 35 Indian manufacturers have joined hands on basis of Public Private Partnership & signed MOU with POWERGRID and CPRI to design, develop and supply 1200kV Transmission Equipments at their own cost. This Test Station will facilitate in finalization of technical parameters, design review, field testing, and trial operation etc. of 1200kV AC

system Station and help manufacturers for indigenous development of 1200 KV transmission line and substation equipment which shall benefit Indian Power sector by optimization of transmission cost. With successful test charging of World's highest voltage level (1200kV) system, the dream of India becoming World leader in 1200kV UHVAC power transmission technology is achieved.

2. High Capacity,  $\pm 800$ kV, 6000 MW HVDC multi terminal system for long distance power transfer over 2000 km. from NER/ER to NR.
3. High Capacity,  $\pm 800$ kV, 6000 MW HVDC for long distance power transfer over 1350 km. from WR to NR.
4. Re-conductoring of existing 400kV D/c Purnea-Siliguri line with high temperature endurance conductor to enhance the capacity of the transmission corridor by about two times.
5. **Fault Current Limiters:** To control increasing short circuit current levels in the network, application of series reactors as fault current limiters in the Grid is being taken up. In Delhi ring main, 2 nos of series bus reactors and 13 nos of series line reactors have been identified. Initially 4 no. series reactors, 2 no. series bus reactors at Mandola and Ballabgarh and 2 nos. series line reactors on Dadri-Mandola 400kV D/c at Mandola would be taken up in first phase and subsequently with the acquired operational experience, the other proposed series reactors would be considered for implementation.
6. **Dynamic Compensation:** Static VAR Compensators at 3 locations in NR grid and STATCOMs at 13 locations on all India grid (4 no. in Western Region, 4 no. in Eastern Region, 3 no. in Southern Region and 2 no. in Northern Region) are being implemented for dynamic control of reactive power in order to maintain the voltage and improve the stability of the grid. These dynamic compensations would be based on State-of-the-Art technologies and would provide online dynamic support to the Grid.
7. Development of in-house tower and foundation designs including 765kV D/C and 400kV Multi Circuit towers for use in on-going transmission line projects.
8. Development of 4 more additional Indigenous vendors for 400kV Composite Insulators
9. Design of Highest River crossing tower across Haldia (Height being 236 meters).
10. Several existing Substations in different Regions are being augmented for remote operation from nearby Substations so as to reduce the operation cost.
11. Development of GIS in association with Indian manufacturers.
12. Indigenous Development of SF<sub>6</sub> gas filled Current Transformer with BHEL
13. **Green Energy Corridors:** Implementation of "Green Energy Corridors" to facilitate integration of large scale renewable generation in the States of Gujarat, Rajasthan and Tamil Nadu into the ISTS grid along with other control infrastructure. These corridors comprise of establishment of 765/400kV pooling substations and 765kV D/c and 400kV D/c lines comprising intra-regional as well as inter-regional strengthening.
14. Implementation of Controlled Switching schemes of circuit breakers for 400kV transmission lines.
15. Engineering Data Integration on GIS Platform.
16. **Lightning mapping** - North Eastern Region of POWERGRID is highly prone to lightning activities which causes trippings of Transmission lines in NER region. Lightning detection system at various substations in NER have been installed. Lightning Mapping system shall help in correlating tripping of line with lightning activities. Preventive measures like improvement of tower earthing, change of insulators shall be decided based on the evaluation of lightning data.
17. **Process bus Technology** - POWERGRID is in process to implement state of the art process bus technology using Novel Sensor (optical instrument transformers) for the substation automation using IEC 61850 protocol. This is new approach for a substation wherein the bay level equipment shall also be connected through optical Ethernet. This will enable a significant reduction of copper wiring in the substation and a better diagnosis of the primary equipment health condition. The pilot project for introduction of process bus technology in substation automation system has been initiated at Bhiwadi 400/220kV Substation of POWERGRID.

#### **Superconducting Transmission Technology -**

POWERGRID is actively considering a demonstration project on 220kV High Temperature Superconductor (HTS) cable system in grid. HTS cables can offer substantial saving in ROW requirement besides increasing power transfer capability with reduced losses.

18. **Pollution mapping:** POWERGRID in association with Northern Regional Power Committee (NRPC) and the constituent STU's of the Northern Region is carrying out Pollution Mapping activity in Northern Region. The same type of activity has been initiated in Southern and Eastern Regions also.
19. Development of Indigenous vendors for 765kV Isolators and surge arrestors.
20. Development of indigenous 765 kV clamps, connectors and insulator string hardware.
21. Spare phase switching arrangement is being adopted for 765 kV transformers and reactors to minimize outage / shut down period.
22. Implementation of smart grid technology in power system is being carried out through installation of phasor measurement units (PMU) on EHV substations in pan India basis integrated with control centres for Wide Area Measurements and real time monitoring of grid parameters.
23. Smart Grid project at Puducherry covering all intelligent attributes integrated with latest communication technology in a holistic manner through open Collaboration.

#### **Technology Absorption:**

1. For route selection, length optimisation and estimation of BOQ for transmission lines, POWERGRID has employed modern Survey techniques.
2. Substation Automation with IEC 61850 protocol is being adopted for all new Substations of POWERGRID. This would result in savings in operational cost and increased operational and maintenance efficiency.



3. As a step towards National grid, 765kV AC D/c and  $\pm 500$ kV HVDC technology has been implemented in our country. Now,  $\pm 800$ kV HVDC and 1200kV UHVAC technologies are being implemented for bulk power transfer across the country.
4. In special areas, compact towers like pole towers, delta configuration towers and narrow based towers which reduce the space occupied by the tower base, are being used. Also tall towers and multi-circuit towers are being used for conservation of scarce right-of-way.
5. Use of metallic return in HVDC system has been adopted.
6. Special insulators like polymer composite insulators have been adopted in transmission lines in polluted areas.
7. High temperature low sag conductors have been adopted for increasing the transfer capacity of transmission corridors.
8. GIS technology at 400kV and 765kV level has been adopted in substations where space constraints exist.
9. Multi-level beams have been used in GIS and AIS substations with multi-ckt. lines to optimize line corridor areas near substation.
10. On line transformer monitoring techniques are being used for monitoring of critical parameters of power transformers.
11. Dynamic compensation in the form of SVCs and STATCOMs are being implemented for dynamic control of reactive power in order to maintain the voltage and improve the stability of the grid. For controlling short circuit current in the system, fault current limiters have been planned in the Grid.

#### C. CONSERVATION OF LAND AND ENVIRONMENTAL CONCERNS

For the ground return mode of operation of HVDC Bipolar Transmission system, electrode stations are being used up to now, which require approx. 150 acre of land (75 acre for each terminal of Bipolar system) at electrode site. The land for these electrode stations have to be selected keeping in view that there are no metallic buried objects i.e. metallic oil and gas pipe line, metallic pipes, railway line, telephone lines using metallic wires, electrical operated water pump sets etc within a radius of about 8 to 10 km from the centre of the proposed site of the earth electrode station. Since the inverter Terminal is generally located near the load centres, the cost of land acquisition is very high.

Further, the electrode line of the HVDC Terminal also requires its right of way which creates the constraint in land usage.

Therefore, for future  $\pm 800$  KV /  $\pm 600$  KV projects, the usage of third return conductor on the same tower carrying the line/ pole conductor, instead of having a ground electrode as return path has been adopted. Apart from eliminating the element of uncertainty about the proper functionality of the earth electrode station, the usage of third conductor as a return path will result in conservation of land required for conventional electrode station. It will avoid a separate electrode line and corresponding right of way related to the electrode line resulting in further land conservation.

In place of conventional AIS substations, most of the EHVAC substations are being established as GIS which have about 25% land requirement, thus resulting in land conservation. For Kurukshetra HVDC terminal, GIS substation feeding the converter bus is being implemented.

POWERGRID is conscious of the fact that their projects are by and large environmental benign due to inherent flexibility available in routing the transmission lines as well as for setting up of sub stations. But understanding Environmental and Social Responsibilities, POWERGRID has always endeavoured to protect the environment in areas of its activities right from planning to completion and subsequent operation of projects. POWERGRID commits itself to the goal of sustainable development which is reflected through our motto, "Reduce where you can and mitigate where you cannot", along with our well-defined Environmental and Social Policy & Procedures.

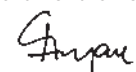
One of the most important concern presently faced by us is the accessibility of Right of Way for transmission lines. Various factors such as high population density, other on-going infrastructural developments as well as our duty for environmental preservation, limit the freedom of selecting a most optimum route devoid of RoW issues. In order to address such issue to the extent possible POWERGRID has adopted innovative tower design to reduce width of RoW and has also taken a policy decision to install only Double circuit (D/C) or Multi-Circuit towers in forest and other ecologically sensitive areas. That has resulted in huge saving of forest trees. Extensive utilization of extra high voltage like 765/800 kV that too on D/C lines having extended carrying capacity up to 6000 MW has also helped in conserving the precious natural resources and RoW.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ in Crore

	<b>Foreign Exchange Earnings</b>	
(i)	Interest	0.01
(ii)	Consultancy Fee	22.59
(iii)	Export of Goods	294.07
	<b>Total</b>	<b>316.67</b>
	<b>Foreign Exchange outgo</b>	
(i)	Capital goods and Spare Parts	4786.61
(ii)	Interest	355.46
(iii)	Others	192.15
	<b>Total</b>	<b>5334.22</b>

For and on behalf of the Board of Directors

  
(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 04.08.2014

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER GRID CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Power Grid Corporation of India Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Power Grid Corporation of India Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

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

Place : New Delhi  
Dated: 25<sup>th</sup> July, 2014





## REPORT ON CORPORATE GOVERNANCE

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

### 1. THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interest of various stakeholders in a Company. It is a system by which business corporations are directed and controlled. POWERGRID believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POWERGRID's Governance process is focused towards its Vision of **"World Class, Integrated, Global Transmission Company With Dominant Leadership in Emerging Power Markets Ensuring Reliability, Safety and Economy"** and its mission i.e. **"We will become a Global Transmission Company with Dominant Leadership in Emerging Power Markets with World Class Capabilities by:**

1. World Class: Setting superior standards in capital project management and operations for the industry and ourselves.
2. Global: Leveraging capabilities to consistently generate maximum value for all stakeholders in India and in emerging and growing economies.
3. Inspiring, nurturing and empowering the next generation of professionals.
4. Achieving continuous improvements through innovation and state of the art technology.
5. Committing to highest standards in health, safety, security and environment."

The Corporate Governance of POWERGRID is geared by the following:

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

The corporate governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are proceeded ahead after approval by the Board.

POWERGRID is a "NAVRATNA PSE" since May 2008. The NAVRATNA status has provided the Company more flexibility and autonomy in terms of making investments and operational decisions. Now, the Board of Directors of POWERGRID are the approving Authority to incur capital expenditure on purchase of new items or for replacement without any monetary ceiling. The ceiling on equity investment to establish joint ventures and wholly owned subsidiaries in India or abroad is 15% of the net worth of POWERGRID. However, in one project the ceiling on equity investment is limited to ₹1000 crore. The overall ceiling on such investment in all projects put together is 30% of the net worth of POWERGRID.

The Board of Directors comprises Chairman and Managing Director, Functional Directors, Govt. Nominee Directors and Non Official Part Time Directors. The rights and obligations of the employees are delineated in the policy Manuals published and the amendments are notified, from time to time. The powers of the internal participants i.e. top executives and below are laid down in the well established and practiced "Delegation of Powers". POWERGRID has also prepared and implemented "Works and Procurement Policy and Procedure for Pre-award and Post-award Stages" with a view to making the policies and procedures more systematic, transparent and easy to administer with major thrust on expeditious and decentralized decision making coupled with accountability and responsibility. The Board has also constituted several Committees viz. Audit Committee; Shareholders'/Investors' Grievance Committee; Committee on Investment on Projects; Committee on Award of Contracts; Committee for Bonds; Committee for Award of Contracts relating to Rural Electrification (RE), Accelerated Power Development & Reforms Programme (APDRP) and other Deposit Works; CSR and Sustainable Development Committee; Vigilance Disciplinary Cases Committee etc. to have better and more focused attention. Advisory Boards of eminent persons are in place for Environment and Social Policy and Procedures, R&D and for Telecom to advise POWERGRID on critical issues/consensus building in these areas.

Besides adhering to provisions of Listing Agreement, POWERGRID also follows the Guidelines on Corporate Governance issued by Department of Public Enterprises, Government of India. The compliance of the Company with the conditions of the Corporate Governance and the disclosure requirements for the Year 2013-14 are given below:

### 2. Board of Directors:

#### 2.1 Size of the Board

POWERGRID is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 and the President of India presently holds 57.89% of the total paid-up share capital. As per Articles of Association, the power to appoint Directors rests with the President of India.

In terms of Articles of Association of the Company, the strength of our Board shall not be less than four Directors and not more than eighteen Directors. These Directors may be either whole-time Directors or part-time Directors.

#### 2.2 Composition of the Board

As on 31<sup>st</sup> March, 2014, the Board comprised fourteen Directors out of which five were whole-time Directors including the Chairman & Managing Director, two Government nominees and seven Independent Directors.

Sub-section (5) of section 149 of the Companies Act 2013 stipulates that every listed company should have at least one-third of the total number of directors as independent directors.

Clause 49 I (A) of the Listing Agreement with Stock Exchanges, stipulates that half of the Board members of your Company should be Independent Directors.

For the Financial Year 2013-14 the number of independent Directors were in terms of the requirements of Listing Agreement.

#### 2.3 Age Limit and Tenure of Directors

The age limit of the Chairman & Managing Director and other whole-time Directors is 60 years.

The Chairman & Managing Director and other whole-time Directors are appointed for a period of five years from the date of taking over of charge or till the date of superannuation of the incumbent or till further orders from the Government of India, whichever event occurs earlier.

Government Nominee Directors representing Ministry of Power, Government of India retire from the Board on ceasing to be officials of the Ministry of Power.

Independent Directors have been appointed by the Government of India usually for tenure of three years.

In line with the provisions of Articles of Association of POWERGRID, the whole-time Functional Directors of the Company including Director (Finance) referred to as CFO have been appointed by the Administrative Ministry through Public Enterprises Selection Board.

The tenure of Directors as on 31<sup>st</sup> March, 2014 was as follows:

Details of Directors		Name	Date of Joining on the Board	Date of superannuation/ completion of Tenure
Category (Functional/ Official/ Non-official)	Designation			
<b>1. Whole Time Directors</b>	Chairman & Managing Director	Shri R. N. Nayak	01.09.2011	Date of superannuation - 30.09.2015.
	Director(Projects)	Shri I. S. Jha	01.09.2009	Completion of tenure - 31.08.2014. Date of superannuation - 30.06.2019.
	Director (Finance)	Shri R. T. Agarwal	29.07.2011	Completion of tenure – 28.07.2016. Date of superannuation – 31.08.2016.
	Director (Personnel)	Shri Ravi P. Singh	01.04.2012	Completion of tenure – 31.03.2017. Date of superannuation – 31.01.2020.
	Director (Operations)	Shri R. P. Sasmal	01.08.2012	Completion of tenure – 31.07.2017. Date of superannuation – 28.02.2018.
<b>2. Govt. Nominees Part – time Directors</b>	JS & FA, Ministry of Power	Dr. Pradeep Kumar	10.09.2013	Till the President desires
	JS (Trans.) Ministry of Power	Smt. Jyoti Arora	20.03.2014	Till the President desires
<b>3. Non-official Part-time Directors</b>	Non-official Part-time Director (Independent Director)	Shri Santosh Saraf	27.12.2011	For a period of three years with effect from the date of appointment or until further orders, whichever event occurs the earlier.
		Smt. Rita Sinha		
		Shri R. K. Gupta	16.01.2013	
		Dr. K. Ramalingam		
		Shri R. Krishnamoorthy		
		Shri Ajay Kumar Mittal		
		Shri Mahesh Shah		

Shri Rakesh Jain ceased to be Director w.e.f. 8<sup>th</sup> July, 2013 (Afternoon) on repatriation to parent cadre.

Smt. Rita Acharya ceased to be Director w.e.f. 28<sup>th</sup> February, 2014 on attending the age of superannuation from Ministry of Power.

#### 2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are normally held at the Registered Office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the Corporation. Senior management is also invited to the Board meetings to provide additional input to the items being discussed by the Board. In case of urgency, resolutions are passed by circulation.

During the financial year ended 31<sup>st</sup> March, 2014 fifteen Board meetings were held on 1<sup>st</sup> May, 28<sup>th</sup> May, 27<sup>th</sup> June, 1<sup>st</sup> August, 27<sup>th</sup> August, 19<sup>th</sup> September, 23<sup>rd</sup> October, 2 meetings on 29<sup>th</sup> November, 9<sup>th</sup> December, and 16<sup>th</sup> December, of the year 2013, and 13<sup>th</sup> January, 5<sup>th</sup> February, 26<sup>th</sup> February and 27<sup>th</sup> March, of the year 2014. The maximum interval between any two meetings during this period was 36 days. Details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship / committee membership (viz. Audit Committee and Shareholders'/Investors' Grievance Committee as per Clause 49 I (C) – Explanation – 2) held by them during the year 2013-14 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 19.09.13)	No. of other Director ship held on 31.03.14	No. of Other Committee Membership held on 31.03.2014*	
					Chairman	Member
<b>Whole Time Directors</b>						
Shri R. N. Nayak, Chairman & Managing Director (w.e.f. 01.09.2011)	15	15	Yes	10	NIL	NIL

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 19.09.13)	No. of other Director ship held on 31.03.14	No. of Other Committee Membership held on 31.03.2014*	
					Chairman	Member
Shri I. S. Jha, Director (Projects) (w.e.f. 01.09.2009)	15	15	Yes	8	NIL	2
Shri R. T. Agarwal Director (Finance) (w.e.f. 29.07.2011)	15	14	Yes	5	1	3
Shri Ravi P. Singh Director (Personnel) (w.e.f. 01.04.2012)	15	15	Yes	5	NIL	2
Shri R. P. Sasmal Director (Operations) (w.e.f. 01.08.2012)	15	14	Yes	5	1	NIL
<b>Non-executive Directors (Government Nominees)</b>						
Dr. Pradeep Kumar Jt. Secy. & Fin. Adv., Ministry of Power (w.e.f. 10.09.2013)	10	9	N/A	1	NIL	3
Smt. Jyoti Arora Jt. Secy. (T), Ministry of Power (w.e.f. 20.03.2014)	1	1	N/A	2	NIL	NIL
Shri Rakesh Jain Jt. Secy. & Fin. Adv., Ministry of Power (w.e.f. 09.06.2009 to 08.07.2013)	3	3	N/A	N/A	N/A	N/A
Smt. Rita Acharya Jt. Secy., Ministry of Power (w.e.f. 26.08.2011 to 28.02.2014)	14	13	Yes	N/A	N/A	N/A
<b>Independent Directors</b>						
Shri Santosh Saraf (w.e.f. 27.12.2011)	15	12	Yes	4	4	NIL
Smt. Rita Sinha (w.e.f. 27.12.2011)	15	14	Yes	NIL	NIL	1
Shri R. K. Gupta (w.e.f. 16.01.2013)	15	15	Yes	NIL	NIL	NIL
Dr. K. Ramalingam (w.e.f. 16.01.2013)	15	14	Yes	NIL	NIL	1
Shri R. Krishnamoorthy (w.e.f. 16.01.2013)	15	12	Yes	3	1	3
Shri Ajay Kumar Mittal (w.e.f. 16.01.2013)	15	15	Yes	1	NIL	1
Shri Mahesh Shah (w.e.f. 16.01.2013)	15	14	Yes	3	2	1

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

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

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

## 2.5 Information to be placed before the Board of Directors, inter alia, includes:

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

1. Annual operating plans and budgets and any updates.
2. Annual Accounts, Directors' Report, etc.
3. Quarterly results of the company.
4. Minutes of meetings of audit committee and other committees of the Board including minutes of Subsidiary Company.
5. Major Investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances, etc.
6. Award of large Contracts.
7. Disclosure of Interest by Directors about directorship and committee positions occupied by them in other Companies.
8. Monthly Report on Commercial Status of the Company.
9. Report on the status of various ongoing projects/Scheme and Budget Utilization.

10. Report on the O&M Review.
11. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, etc.
12. Non-compliance of any regulatory, statutory or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer etc.
13. Short-Term investment of surplus funds.
14. Other materially important information.

#### Post meeting follow-up system:

15. The Governance process in the Company includes an effective post-meeting follow-up, review and reporting process for action taken on decisions of the Board and the Board Committee(s).

### 3. Committees of the Board of Directors

The Board has constituted the following Committees:

- i) Audit Committee
- ii) Shareholders'/Investors' Grievance Committee
- iii) Remuneration Committee
- iv) Committee on Investment on Projects
- v) Committee on Award of Contracts
- vi) Committee for Transfer/Split/Rematerialisation etc. of Shares
- vii) Committee for Bonds,
- viii) Committee for Award of Contracts relating to RE, APDRP and other Deposit Works
- ix) CSR and Sustainable Development Committee
- x) Vigilance Disciplinary Cases Committee

#### 3.1 Audit Committee:

As on 31<sup>st</sup> March, 2014, the Audit Committee comprised the following Directors:

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

The Company Secretary is the Secretary of the Committee.

The constitution, quorum, scope, etc. of the Audit Committee is in line with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, the Companies Act, 1956 and the provisions of the Listing Agreement.

#### Meetings of Audit Committee

The Audit Committee meets at least four times in a year and not more than four months 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, but there should be a minimum of two independent members present.

#### Attendance:

During the financial year ended 31<sup>st</sup> March, 2014, twelve meetings of the Audit committee were held on 7<sup>th</sup> May, 28<sup>th</sup> May, 21<sup>st</sup> June, 1<sup>st</sup> August, 27<sup>th</sup> August, 18<sup>th</sup> September, 23<sup>rd</sup> October, 7<sup>th</sup> November, 27<sup>th</sup> November, and 28<sup>th</sup> November, of the year 2013 and 24<sup>th</sup> January, 5<sup>th</sup> February, 2014.

#### Attendance at Audit Committee Meetings during the Financial Year 2013-14:

Name	Audit Committee Meeting held during the tenure	
	Held	Attended
Shri Santosh Saraf, Director	12	12
Shri R. Krishnamoorthy, Director	12	11
Dr. Pradeep Kumar, JS&FA, MOP	5	1
Smt. Rita Sinha, Director	12	11
Shri Ajay Kumar Mittal	12	12
Shri Rakesh Jain, JS&FA, MOP*	3	2

\* Shri Rakesh Jain ceased to be Director w.e.f. 8<sup>th</sup> July, 2013 (Afternoon) on repatriation to parent cadre.

#### Powers of Audit Committee

The powers of the Audit Committee include the following:

1. To investigate any activity within its terms of reference.
2. To seek information on and from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To protect whistle-blowers.
6. To consider other matters as referred to by the Board.



## Role of Audit Committee

The role of the audit committee includes the following:

1. Oversight of POWERGRID's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Fixation of audit fees to be paid to statutory auditors appointed by Comptroller & Auditor General under the Companies Act and approval for payment with respect to any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors and / or auditors on any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. To review the follow up action on the audit observations of the Comptroller & Auditor General audit.
14. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
15. Provide an open avenue of communication between the independent auditor, internal auditor and the Board.
16. Review all related party transactions in POWERGRID. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.  
Explanation: The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, issued by the Institute of Chartered Accountants of India.
17. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
18. Consider and review the following with the independent auditor and the management:
  - a. The adequacy of internal controls including computerized information system controls and security; and
  - b. Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
19. Consider and review the following with the management, internal auditor and the independent auditor:
  - a. Significant findings during the year, including the status of previous audit recommendations; and
  - b. Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## Review of information by Audit Committee

The Audit Committee mandatorily 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.
5. The appointment, removal and terms of remuneration of the chief internal auditor.
6. Certification/declaration of financial statements by the Chief Executive Officer/Chief Finance Officer.



### 3.2 Shareholders'/ Investors' Grievance Committee.

The Company has constituted Shareholders'/Investors' Grievance Committee in line with the provisions of the Listing Agreement.

#### Scope of the Committee

The scope of the Committee is to specifically look into the redressal of shareholders' and investors' grievances/complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

#### Composition

As on 31<sup>st</sup> March, 2014 the Committee comprised the following Directors:

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

The Company Secretary is the Secretary of the Committee.

Two meetings of the Shareholders'/Investors' Grievance Committee were held during the financial year 2013-14 on 27<sup>th</sup> May, 2013 and 27<sup>th</sup> March, 2014.

#### Attendance at Shareholders'/Investors' Grievance Committee meeting during the Financial Year 2013-14:

Name	Shareholders'/Investors' Grievance Committee Meeting held during the tenure	
	Held	Attended
Shri Santosh Saraf	2	2
Shri Mahesh Shah	2	2
Dr. K. Ramalingam	2	2
Shri R. T. Agarwal	2	1
Shri Ravi P. Singh	2	1

#### Name and designation of Compliance Officer

Ms. Divya Tandon, Company Secretary is the compliance officer in terms of Clause 47 of the Listing Agreement.

#### Investors' Grievances

During the financial year ending 31<sup>st</sup> March, 2014, the Company has attended to investors' grievances expeditiously except for the cases constrained by disputes or legal impediment. The details of the complaints received and disposed of during the year are as under:

S. No.	Description	Opening Balance	Received	Attended	Pending
1	Non receipt of refund orders	0	5842	5792	50
2	Non receipt of dividend warrants	0	110	110	0
3	Non receipt of share certificate	0	34	34	0
4	SEBI	4	105	103	6
5	Stock Exchange	0	11	11	0
6	Advocate Notices	0	2	2	0
7	Consumer Forum/Court cases	0	6	6	0
	<b>Total</b>	<b>4</b>	<b>6110</b>	<b>6058</b>	<b>56</b>

Investors' complaints pending as on 31<sup>st</sup> March, 2014 have been subsequently attended

#### Shares lying in Share Escrow Account

In pursuance of Clause 5A I (g) of the Listing Agreement, it is disclosed that:

- In respect of your Company's IPO, 42,644 shares held by 219 shareholders as on 01.04.2013 were lying in the suspense account.
- In respect of FPO, 6,034 shares held by 29 shareholders as on 01.04.2013 were lying in the suspense account.
- 8 shareholders had approached POWERGRID for transfer of 1,654 shares from suspense account during the year 2013-14 in respect of IPO and POWERGRID has transferred 1,654 shares related to 8 shareholders during the year.
- 7 shareholders had approached POWERGRID for transfer of 1,955 shares from suspense account during the year 2013-14 in respect of FPO and POWERGRID has transferred 1,955 shares related to 7 shareholders during the year.
- In respect of IPO, the aggregate number of shareholders as on 31.03.2014 were 211 and the outstanding shares in the suspense account lying as on 31.03.2014 were 40,990 shares.
- In respect of FPO, the aggregate number of shareholders as on 31.03.2014 were 22 and the outstanding shares in the suspense account lying as on 31.03.2014 were 4,079 shares.

The voting rights on the shares in demat suspense account will remain frozen till the rightful owner of such shares claims the shares. These shares are lying in the demat form in a Pool Account with the Registrars i.e. M/s Karvy Computershare Pvt. Ltd. and the benefits accrued on them are being properly accounted for.

### Centralized Web Based Complaint Redressal System- SCORES.

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

### 3.3 CSR and Sustainable Development Committee

POWERGRID has constituted a CSR and Sustainable Development Committee in line with the requirement of Department of Public Enterprises' Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises. As on 31<sup>st</sup> March, 2014 the Committee comprised the following members:

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

### 3.4 Remuneration Committee

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

Smt. Rita Sinha	Chairperson	Non-official Part-time Director
Dr. Pradeep Kumar	Member	JS & FA, MOP
Smt. Jyoti Arora	Member	Jt. Secy., MOP
Shri Ajay Kumar Mittal	Member	Non-official Part-time Director
Shri R. K. Gupta	Member	Non-official Part-time Director
Shri R. Krishnamoorthy	Member	Non-official Part-time Director

### 3.5 Committee on Investment on Projects

The Board has constituted this Committee of Directors to consider investment sanction for new projects and Revised Cost Estimate proposals of ongoing projects as may be required from the Board. As on 31<sup>st</sup> March, 2014, the Committee comprised the following members:

(i)	Shri R. N. Nayak	CMD	:	Chairman of the Committee
(ii)	Shri I. S. Jha	Director (Projects)	:	Member
(iii)	Shri R. T. Agarwal	Director (Finance)	:	Member
(iv)	Dr. Pradeep Kumar	JS & FA, Govt. Nominee Director	:	Member
(v)	Smt. Jyoti Arora	JS(Trans.),Govt. Nominee Director	:	Member
(vi)	Shri R. Krishnamoorthy	Non-official Part-time Director	:	Member
(vii)	Shri Ajay Kumar Mittal	Non-official Part-time Director	:	Member

### 3.6 Committee on Award of Contracts

This Committee of Directors has been constituted for approval of award of contracts of value more than ₹ 30 Cr. but not exceeding ₹ 100 Cr. As on 31<sup>st</sup> March, 2014, the following Directors were members of the Committee:

(i)	Shri R. N. Nayak	CMD	:	Chairman of the Committee
(ii)	Shri I. S. Jha	Director (Projects)	:	Member
(iii)	Shri R. T. Agarwal	Director (Finance)	:	Member
(iv)	Shri R. P. Sasmal	Director (Operations)	:	Member
(v)	Smt. Jyoti Arora	JS (Trans.),Govt. Nominee Director	:	Member
(vi)	Shri R. K. Gupta	Non-official Part-time Director	:	Member
(vii)	Shri Ajay Kumar Mittal	Non-official Part-time Director	:	Member

### 3.7 Committee for Transfer/Split/Rematerialization etc. of Shares

The Company has constituted a Committee of Directors for Transfer/ Split/ Rematerialisation etc. and other related issues. As on 31<sup>st</sup> March, 2014, the Committee comprised the following Directors as members:

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

Share Transfers effected during the year have been well within the time prescribed by the Stock Exchanges.

### 3.8 Committee for Bonds

The Board of Directors of the Company has constituted a Committee of Directors to consider and approve allotment, transfer, transmission, splitting and consolidation of POWERGRID Bonds/Allotment Letters and other matters relating to the Bonds including appointment of Merchant Bankers, Registrar to the Issue etc. As on 31<sup>st</sup> March, 2014, the Committee for Bonds comprised the following members:

- |      |   |               |
|------|---|---------------|
| i)   | Shri R. N. Nayak - Chairman & Managing Director | - Chairman    |
| ii)  | Shri R. T. Agarwal - Director (Finance)         | - Member      |
| iii) | Shri I. S. Jha - Director (Projects)            | - Member, and |
| iv)  | Shri R. P. Sasmal - Director (Operations)       | - Member      |

### 3.9 Committee for Award of Contracts relating to RE, APDRP and other Deposit Works

This Committee of Directors was constituted to conduct RGGVY Programme of Govt. of India. The power of this committee is to award the contracts relating to RE, APDRP and other Deposit Works for more than ₹ 30 Cr. and up to ₹ 100 Cr. As on 31<sup>st</sup> March, 2014, Shri R. N. Nayak, CMD; Shri R. T. Agarwal, Director (Finance); Shri I. S. Jha, Director (Projects); Shri Ravi P. Singh, Director (Personnel) and Shri R. P. Sasmal, Director (Operations) are the members of the Committee.

### 3.10 Vigilance Disciplinary Cases Committee

POWERGRID has constituted a Vigilance Disciplinary Cases Committee to deal with the matter related to disciplinary cases. As on 31<sup>st</sup> March, 2014 the Committee comprised the following members:

- |       |                        |                                 |   |                              |
|-------|------------------------|---------------------------------|---|------------------------------|
| (i)   | Ms. Rita Sinha         | Non-official Part-time Director | : | Chairperson of the Committee |
| (ii)  | Shri R. Krishnamoorthy | Non-official Part-time Director | : | Member                       |
| (iii) | Shri Ravi P. Singh     | Director (Personnel)            | : | Member                       |

## 4. Remuneration of Directors

POWERGRID, being a Government Company, the appointment, tenure and remuneration of Directors is decided by the President of India. Remuneration paid to Chairman & Managing Director and Functional Directors during the Year 2013-14 was as per terms and conditions of their appointment. Independent Directors are paid only sitting fees per Board / Committee meeting attended {rate fixed by the Board within the ceiling fixed for payment of sitting fees without Government approval under the Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 read with the Section 310 of the Companies Act, 1956} and in accordance with the Government Guidelines for attending the Board Meeting as well as Committee Meetings.

The remuneration paid to the Whole time Directors during the year 2013-14 is as under:

S. No.	Directors	Designation	Salary (in ₹)	Benefits (in ₹)	Bonus / Commission (in ₹)	Performance Linked Incentive (in ₹)	Total (in ₹)
1.	Shri R. N. Nayak	Chairman & Managing Director	2291247.00	454168.00	-	613614.00	3359029.00
2.	Shri I. S. Jha	Director (Projects)	2351388.00	1243485.00	-	529318.00	4124191.00
3.	Shri R. T. Agarwal	Director (Finance)	3112198.00	1134564.00	-	505947.00	4752709.00
4.	Shri Ravi P. Singh	Director (Personnel)	2247826.00	429848.00	-	449004.00	3126678.00
5.	Shri R. P. Sasmal	Director (Operations)	2227735.00	434114.00	-	433350.00	3095199.00

The Government nominee Directors on the POWERGRID's Board do not draw any remuneration/sitting fee for attending Board/ Committee meetings from the Company. The Independent Directors were paid sitting fee of ₹ 20,000/- per meeting for attending Board/Committee Meetings.

Details of Payment made towards sitting fee to Independent Directors during the year 2013-14 are given below:

(₹ in lacs.)

Name of Non-official Part-time Directors	Sitting Fees		Total (₹)
	Board Meeting (₹)	Committee of Board of Directors Meeting (₹)	
Shri Santosh Saraf	2.40	3.40	5.80
Smt. Rita Sinha	2.80	5.00	7.80
Shri R. K. Gupta	3.00	3.40	6.40
Dr. K. Ramalingam	2.80	1.40	4.20
Shri R. Krishnamoorthy	2.40	5.60	8.00
Shri Ajay Kumar Mittal	3.00	5.80	8.80
Shri Mahesh Shah	2.80	1.40	4.20



As on 31.03.2014 the Directors' Shareholding was as under:

S. No.	Name of Directors	No. of Equity Shares Held
1	Shri R. N. Nayak	11,721
2	Shri I. S. Jha	2,998
3	Shri R. T. Agarwal	3,056
4	Shri Ravi P. Singh	9,016
5	Shri R. P. Sasmal	1,798
6	Dr. Pradeep Kumar	-
7	Smt. Jyoti Arora	-
8	Shri Santosh Saraf	1,190
9	Smt. Rita Sinha	-
10	Shri R. K. Gupta	-
11	Dr. K. Ramalingam	-
12	Shri R. Krishnamoorthy	286
13	Shri Ajay Kumar Mittal	879
14	Shri Mahesh Shah	-

## 5. Risk Management

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

## 6. Monitoring of Subsidiaries:

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

## 7. General Body Meetings:

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

Year	Date	Time	Venue	Special Resolution
2010-11	19 <sup>th</sup> September, 2011	11.00 a.m.	NDMC Talkatora Indoor Stadium, Talkatora Garden, Park Street, New Delhi – 110 001.	NIL
2011-12	19 <sup>th</sup> September, 2012	11.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110 010	NIL
2012-13	19 <sup>th</sup> September, 2013	11.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110 010	3

## Resolutions passed through Postal Ballot:

The Shareholders of the Company have approved with requisite majority, the Special Resolutions under the provisions of the Companies Act, 1956 for (1) Enhancement of Borrowing Limits of Board of Directors from ₹1,00,000 Crore to ₹1,30,000 Crore & to create security on assets of the Company; and (2) Increase in Shareholding limit for Foreign Institutional Investors (FIIs) from 24% to 30% of the paid-up capital of POWERGRID through Postal Ballot pursuant to Section 192A of the Companies Act, 1956 vide notice dated 7<sup>th</sup> November, 2013.

Notice dated 7<sup>th</sup> November, 2013, was served to all shareholders for voting through postal ballot as per the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. Ms. Savita Jyoti, Practicing Company Secretary was appointed as scrutinizer for conduct of Postal Ballot. The details of the voting are as under:

## (1) Enhancement of Borrowing Limits of Board of Directors from ₹1,00,000 Crore to ₹1,30,000 Crore & to create security on assets of the Company.

6916 total number of Ballots received.

Promoter/Public	No. of Shares Held (1)	No. of Votes Polled (2)	% of Votes Polled on Outstanding shares (3) = [2/1]*100	No. of Votes in favour (4)	No. of votes Against (5)	% of votes in favour on votes Polled (6) = [4/2]*100	% of votes against on votes Polled (7) = [5/2]*100
Promoter and Promoter Group	3214024212	3214024212	100	3214024212	0	100	0
Public Institutional Holders	1411129696	841457826	59.63	830364693	9191911	98.68	1.09
Public Others	4571445	79812	1.75	64725	6829	81.09	8.56
Total	4629725353	4055561850^	87.60	4044453630	9198740	99.73	0.23

^This is sum of votes in favour, votes against and 1909480 invalid votes.

**(2) Increase in Shareholding limit for Foreign Institutional Investors (FIIs) from 24% to 30% of the paid-up capital of POWERGRID.**

6916 total number of Ballots received.

Promoter/Public	No. of Shares Held (1)	No. of Votes Polled (2)	% of Votes Polled on Outstanding shares (3) = $[2/1] \times 100$	No. of Votes in favour (4)	No. of votes Against (5)	% of votes in favour on votes Polled (6) = $[4/2] \times 100$	% of votes against on votes Polled (7) = $[5/2] \times 100$
Promoter and Promoter Group	3214024212	3214024212	100	3214024212	0	100	0
Public Institutional Holders	1411129696	841457800	59.63	839348227	163138	99.75	0.02
Public Others	4571445	79812	1.75	49605	18146	62.15	22.74
Total	4629725353	4055561824^	87.60	4053422044	181284	99.95	0.00

^ This is sum of votes in favour, votes against and 1958496 invalid votes.

The Special Resolutions as mentioned in the notice of the postal ballot dt. 07.11.2013 has been passed with requisite majority on 27.12.2013.

**8. Disclosures**

- The transactions with related parties contain (i) payment to Companies under Joint Venture Agreement and on account of contracts for works/services, (ii) remuneration to key management personnel and (iii) equity contribution to subsidiaries, which are not in the nature of potential conflicts of interest of the Company at large. Details of related party transactions are included in the Notes to the Accounts as per Accounting Standard – 18 issued by the Institute of Chartered Accountants of India and notified by the Central Government in consultation with National Advisory Committee on Accounting Standards.
- The CEO & Director (Finance) of the Company have certified to the Board, the specified matters, as required under Clause 49 V of the Listing Agreement.
- POWERGRID do not have any material non listed Indian Subsidiary Company.
- POWERGRID established Enterprise Risk Management Framework and Internal Control Framework for CEO/CFO Certification. General Manager (Corporate Planning) has been appointed as Chief Risk Officer of the Company.
- There are no material individual transactions with related parties which are not in the normal course of business.
- There are no material individual transactions with related parties or others, which are not on an arm's length basis.
- The Company has complied with the requirements of the Listing Agreement with Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India as well as Regulations and Guidelines prescribed by SEBI. The Company has also generally complied with the voluntary guidelines on Corporate Governance, 2009 issued by the Ministry of Corporate Affairs, Govt. of India. 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.
- The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the financial year 2013-14 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- The Company has adopted all suggested items to be included in the Report of Corporate Governance. Information on adoption (and compliance) / Non-adoption of the non-mandatory requirements is at Annex-I.

**CEO/CFO Certification**

As required by Clause 49 of the Listing Agreement(s), the Certificate duly signed by Shri R. N. Nayak, Chairman & Managing Director and Shri R. T. Agarwal, Director (Finance) was placed before the Board of Directors at the meeting held on 29.05.2014.

**9. Means of Communication**

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

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

Information and latest updates and announcements made by the Company can be accessed at Company's website: [www.powergridindia.com](http://www.powergridindia.com) including the following:

- Quarterly /Half-Yearly /Annual Financial Results
- Quarterly Shareholding Pattern
- Quarterly Corporate Governance Report
- Corporate disclosures made from time to time to Stock Exchanges

In order to save trees and environment by cutting down the consumption of costly paper, our Company is sending the Annual Report and other communications to large number of shareholders through e-mail of the shareholders registered with NSDL/ CDSL.





## Quarterly Results

Publication of Financial Results in Newspapers					
Publication of Financial Results for the quarter ended		30.06.2013	30.09.2013	31.12.2013	31.03.2014
English	Date(s) of publication	02/08/2013	25/10/2013	07/02/2014	31/05/2014
	Newspapers	Hindustan Times, Mint, DNA, Business Standard.	Economic Times, Times of India, Hindustan Times, Financial Express, Business Line.	Times of India, Economic Times, Business Standard, DNA.	Times of India, Hindustan Times, Economic Times, Financial Express.
Hindi	Date of publication	02/08/2013	25/10/2013	07/02/2014	31/05/2014
	Newspapers	Hindustan	Amar Ujala / Jansatta	Dainik Jagran / Hindustan	Hindustan

These Results are also displayed at Company's website [www.powergridindia.com](http://www.powergridindia.com)

### Official Releases and Presentations

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

### 10. Code of Conduct

The Board of Directors have laid down two separate Code of Conduct – one for Board Members and another for Senior Management Personnel in alignment with Company's Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. The 'Code of Business Conduct and Ethics for Board members' and the 'Code of Business and Ethics for Senior Management Personnel' are available at the website of the Company.

#### Declaration required under Clause 49 of the Listing Agreement

All the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2014.

Sd/-  
(R. N. Nayak)  
Chairman & Managing Director

New Delhi  
Dt. 29.05.2014

### 11. Code of Insider Trading

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, POWERGRID Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this code, Insiders (i.e. Designated Employees) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities beyond limits specified, permission of Compliance Officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to Stock Exchanges, whenever necessary. Company Secretary has been designated as Compliance Officer for this Code.

### 12. Separate Meeting of Independent Directors

POWERGRID's Board has seven Independent Directors. During the financial year ended 31<sup>st</sup> March, 2014 two meetings of Independent Directors were held on 1<sup>st</sup> May, 2013 and 9<sup>th</sup> December, 2013 without the attendance of Functional Directors and Government Directors and the members of management.

### 13. Shareholders' Information

#### i) Annual General Meeting

Date : 18<sup>th</sup> September, 2014  
Time : 11.00 a.m.  
Venue : Air Force Auditorium, Subroto Park, New Delhi-110 010.

#### ii) Financial Year

The Company's Financial Year is from 1<sup>st</sup> April to 31<sup>st</sup> March.

#### iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from 6<sup>th</sup> September, 2014 to 18<sup>th</sup> September, 2014 (both days inclusive).

#### iv) Payment of dividend

The Board of Directors of the Company has recommended payment of a final Dividend of 13.10% (₹ 1.31 per share) for the financial year ended 31<sup>st</sup> March, 2014 in addition, an Interim Dividend of 12.70% (₹ 1.27 per share) paid on 19<sup>th</sup> March, 2013. [Dividend paid in the Previous Year was ₹ 1,273.17 Crore i.e. 27.5% (16.1% Interim Dividend and 11.4% Final Dividend)].

The record date for the payment of Dividend is 5<sup>th</sup> September, 2013.

#### v) Dividend History

Year	Total Paid-up Capital as on 31 <sup>st</sup> March of the Year (₹ in Crore)	Total Amount of Dividend Paid for the Financial Year (₹ in Crore)	Date of AGM in which dividend was declared	Date of Payment of Final Dividend
2008-09	4208.84	505.08	09.09.2009	29.09.2009
2009-10	4208.84	631.34	24.09.2010	19.10.2010
2010-11	4629.73	810.23	19.09.2011	07.10.2011
2011-12	4629.73	976.87	19.09.2012	08.10.2012
2012-13	4629.73	1273.17	19.09.2013	10.10.2013
2013-14	5231.59	664.41*	26.02.2014**	19.03.2014#

\* Amount of Interim Dividend

\*\* Date of Board Meeting declaring Interim Dividend

# Date of Payment of Interim Dividend

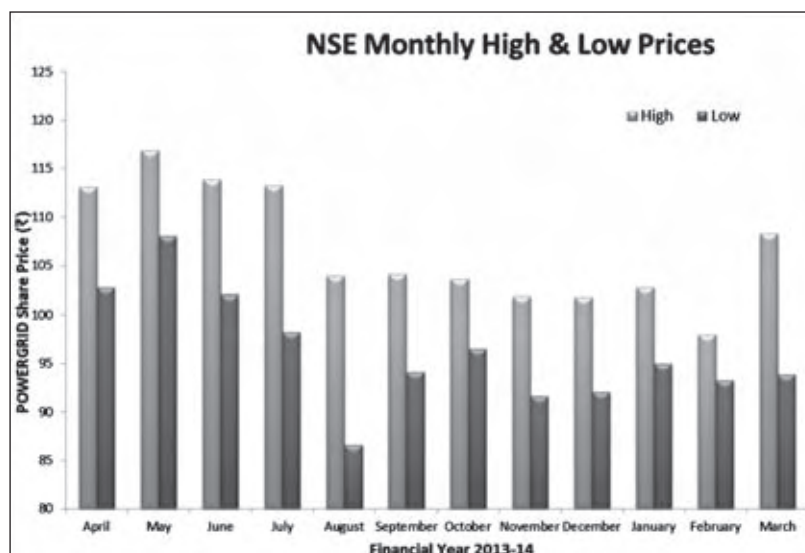
#### vi) Listing on Stock Exchange

POWERGRID equity shares are listed on the following Stock Exchanges:

<b>National Stock Exchange of India Limited.</b> Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.	<b>BSE Ltd.,</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
<b>Scrip Code : POWERGRID EQ</b>	<b>Scrip Code: 532898</b>
<b>Stock Code: ISIN – INE752E01010</b>	

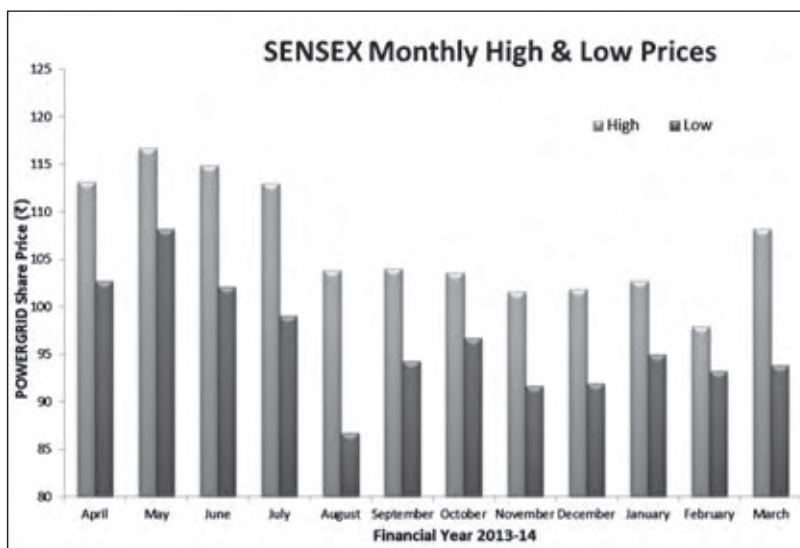
#### vii) POWERGRID's Shares Market Price Data - NSE

	High (₹)	Low (₹)	Sum of Turnover in Lac (₹) during the Month
April, 2013	113.15	102.80	46449.23
May, 2013	116.90	108.10	66373.41
June, 2013	113.85	102.05	64390.89
July, 2013	113.30	98.25	63412.41
August, 2013	103.95	86.55	132980.30
September, 2013	104.15	94.15	85223.72
October, 2013	103.60	96.55	77572.76
November, 2013	101.90	91.65	87685.67
December, 2013	101.85	92.10	597352.80
January, 2014	102.75	95.00	156948.90
February, 2014	98.00	93.25	80986.65
March, 2014	108.30	93.85	131120.7



viii) POWERGRID's Shares Market Price Data - BSE

	High (₹)	Low (₹)	Sum of Turnover in Lac (₹) during the Month
April, 2013	113.20	102.70	5053.90
May, 2013	116.70	108.20	5673.32
June, 2013	114.95	102.10	4187.81
July, 2013	113.00	99.05	4109.01
August, 2013	103.85	86.70	13641.34
September, 2013	104.00	94.30	2979.73
October, 2013	103.60	96.70	3241.61
November, 2013	101.60	91.70	3923.70
December, 2013	101.90	91.90	144614.40
January, 2014	102.75	95.00	14472.17
February, 2014	97.90	93.25	9718.37
March, 2014	108.20	93.85	7138.07



ix) Performance in comparison to indices NSE NIFTY, BSE Sensex and POWERGRID





x) Registrar and Transfer Agents.

**EQUITY SHARES**

Karvy Computershare Pvt. Ltd.  
Plot No.: 17 to 24, Vittalrao Nagar,  
Madhapur, Hyderabad - 500 081  
Ph: 040-44655000  
Fax:- 040-23420814  
E-mail: einward.ris@karvy.com

**BONDS**

MCS Limited,  
F-65, Okhla Industrial Area,  
Phase-I, New Delhi- 110 020.  
Ph: 011-41406148/49/51  
Telefax.: 011-41406148  
E-mail : admin@mcsdel.com

xi) Share Transfer System

Entire share transfer activities under physical segment are being carried out by Karvy Computershare Private Limited. The share transfer system consists of activities like receipt of shares along with transfer deed from transferees, its verification, preparation of Memorandum of Transfer, etc. Share transfers are approved by Committee of the Board for Transfer/Split/Rematerialization etc. of Shares.

Pursuant to clause 47-c of the Listing Agreement with Stock Exchange, certificate on half-yearly basis confirming due compliance of shares transfer formalities by the Company from Practicing Company Secretary have been submitted to Stock Exchanges within stipulated time.

xii) Shareholding as on 31<sup>st</sup> March, 2014

Shares held by different categories of shareholders and according to the size of the holdings as on 31<sup>st</sup> March, 2014 are given below:

**According to Size**

a. Distribution of shareholding according to size, % of holding as on 31<sup>st</sup> March, 2014:

Category	No. of Cases	% of Cases	Amount	% of Amount
1 - 5000	758272	89.19	1203036690.00	2.30
5001 - 10000	55820	6.57	381993670.00	0.73
10001 - 20000	29356	3.45	363997020.00	0.70
20001 - 30000	2566	0.30	63188170.00	0.12
30001 - 40000	1006	0.12	35429900.00	0.07
40001 - 50000	676	0.08	31168580.00	0.06
50001 - 100000	1128	0.13	80405820.00	0.15
100001 & Above	1372	0.16	50156676630.00	95.87
<b>TOTAL</b>	<b>850196</b>	<b>100.00</b>	<b>52315896480.00</b>	<b>100.00</b>

b. Shareholding pattern as on 31<sup>st</sup> March, 2014

Sl. No.	Category	Total Shares	% To Equity
1	PRESIDENT OF INDIA	3028835198	57.89
2	PROMOTERS	0	0.00
3	INDIAN PUBLIC	219803336	4.20
4	FIIs	1368369388	26.16

Sl. No.	Category	Total Shares	% To Equity
5	BODIES CORPORATE	138957482	2.66
6	MUTUAL FUNDS	126787129	2.42
7	BANKS & FI	137838709	2.63
8	NRI/OCBs	18067052	0.35
9	OTHERS	192931354	3.69
	<b>Total</b>	<b>5231589648</b>	<b>100.00</b>



#### c. Major Shareholders

Details of Shareholders holding more than 1% of the paid-up capital of the Company as on 31<sup>st</sup> March, 2014 are given below:

S. No.	Name of the shareholder	Shares	% Equity	Category
1	PRESIDENT OF INDIA	2927565398	55.96	POI
2	EUROPACIFIC GROWTH FUND	296023422	5.66	FII
3	LIFE INSURANCE CORPORATION OF INDIA LTD	164489957	3.14	INS
4	PRESIDENT OF INDIA	101269800	1.94	POI
5	NEW WORLD FUND INC	92408870	1.77	FII
6	AMERICAN FUNDS INSURANCE SERIES INTERNATIONAL FUND	70440440	1.35	FII
7	CAPITAL WORLD GROWTH AND INCOME FUND	64038000	1.22	FII
8	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	64003238	1.22	LTD

#### xiii) Dematerialization of Shares

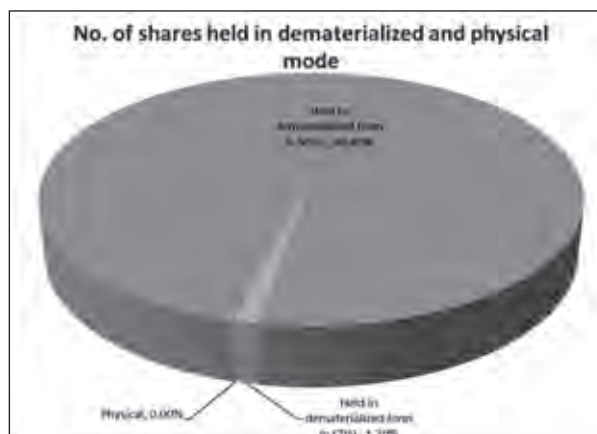
The shares of the Company are in compulsory dematerialized segment and are available for trading system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Half-yearly Audit Reports for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchange within stipulated time.

#### No. of shares held in dematerialized and physical mode:

S. No		Number of Holders	Number of Shares	% of total capital issued
1	Physical	17506	48142	0.00
2	Held in dematerialized form in NSDL	586050	5169047855	98.80
3	Held in dematerialized form in CDSL	246640	62493651	1.20
	<b>Total</b>	<b>850196</b>	<b>5231589648</b>	<b>100.00</b>





The name and addresses of the Depositories are as under:

1. National Securities Depository Limited  
Trade World, 4<sup>th</sup> Floor,  
Kamala Mills Compound, Senapathi Bapat Marg,  
Lower Parel, Mumbai – 400 013.
2. Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers,  
17<sup>th</sup> Floor, Dalal Street, Mumbai – 400 023.

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

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

**xv) Location of POWERGRID Plants**

POWERGRID has no plants as it is in the business of Transmission of Power.

**xvi) Address for correspondence:**

Power Grid Corporation of India Limited,  
B-9, Qutab Institutional Area,  
Katwaria Sarai, New Delhi – 110 016.

	Telephone No.	Fax No.
Registered Office	011-26560112, 26560121, 26564812, 26564892	011-26601081
Investor Services Department	0124-2571897	0124-2571897
E-mail ID	investors@powergridindia.com	
Public Spokesperson (w.e.f. 21.05.2012) Shri Ravi P. Singh Director (Personnel)	0124-2571901-02	0124-2571903
E-mail ID	ravisingh@powergridindia.com	
Company Secretary Ms. Divya Tandon	0124-2571968	0124-2571969
E-mail ID	dtandon@powergridindia.com	

**Dispatch of Documents in electronic form (GREEN INITIATIVE)**

As per the MCA Circulars Nos. 17/2011 and 18/2011 dated April 21, 2011 respectively, a company would be deemed to have complied with the provisions of section 53 and 219(1) of the Companies Act, 1956, in case documents like notice, annual reports, etc., are sent in electronic form to its shareholders, subject to compliance with the conditions stated therein. As per the provisions of the Companies Act, 2013 the service of notice/documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialized shares with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the E-Communication Mandate Form and hand over the same along with Attendance Slip at the Registration Counter of venue of Annual General Meeting for registration of Email address for receiving notice/documents including Annual Report.

Further, in terms of clause 32 of the listing agreements, which was amended vide Circular No. CIR/CFD/DIL/2011 dated October 5, 2011 issued by SEBI, listed companies are required to supply soft copies of the said documents to all the shareholders who have registered their email address(es) for the purpose.

Accordingly, the said documents will be sent by e-mail to those members who have registered their e-mail address(es) with their DP/the company, in terms of the said clause.

## Annexure-I

### Non-Mandatory Requirements

1. **The Board:** The Company is headed by an executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, exceeding a period of nine years on the Board of POWERGRID.
2. **Remuneration Committee:** POWERGRID constituted Remuneration Committee for deciding the performance related pay in terms of the DPE directive. The performance related pay of POWERGRID employees and full time Directors is decided by the Remuneration Committee.
3. **Shareholder Rights:** The financial results for the half year ended 30<sup>th</sup> September, 2013 were published in Times of India and Economics Times dated 25<sup>th</sup> October, 2013 and also put up on website. Separate half year report has, however, not been sent to each household of shareholders. Significant events have been disclosed on the Company website: [www.powergridindia.com](http://www.powergridindia.com).
4. **Audit qualifications:** The financial statement for the year 2013-14 has no audit qualifications.
5. **Training of Board Members:** A presentation on operations of the Company and various issues were given to the Directors, including:
  - ✓ Overview of POWERGRID
  - ✓ Commercial Issues
  - ✓ New Companies Act, 2013 and Rules made thereunder
  - ✓ ERP related matters
  - ✓ Capacity Utilization vis-à-vis Transmission Network
  - ✓ Regulatory Insight
  - ✓ Grid Management
  - ✓ Technology Initiatives
  - ✓ Long Term Open Access
  - ✓ International Business
  - ✓ Other notifications issued by the Govt. of India from time to time, etc.
6. **Whistle Blower Policy:** The Company has separate Vigilance Department which deals with fraud or suspected fraud involving employees/ representatives of suppliers, contractors, consultants, service provider or any other party doing business with POWERGRID. Whistle Blower Policy has been approved by the Board of Directors and implemented in July, 2011.

### Certificate on Corporate Governance:

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

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 04.08.2014

## Certificate on Corporate Governance

To

The Members,

**Power Grid Corporation of India Limited**

I have examined the compliance of conditions of corporate governance by Power Grid Corporation of India Limited, for the year ended on 31st March, 2014 as stipulated in the Clause 49 of the Listing Agreement in respect of Equity Shares of the said Corporation listed with Stock Exchanges and 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 Corporation 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 Corporation.

In my opinion and to the best of my information and according to the explanation given to us, I certify that, the Corporation has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement. I further state that such compliance is neither an assurance as to the future viability of the Corporation nor the efficiency or effectiveness with which the management has conducted the affairs of the Corporation.



(T.V. NARAYNASWAMY)

COMPANY SECRETARY

(CP 203)

Place : New Delhi

Dated: 27<sup>th</sup> July, 2014

## SECRETARIAL AUDIT REPORT

### The Shareholders

Power Grid Corporation of India Limited  
B-9, Qutab Institutional Area  
Katwaria Sarai  
New Delhi-110016

We have examined the registers, records and documents of Power Grid Corporation of India Limited (the Company) for the financial year ended 31st March 2014 in the light of the provisions contained in-

- The Companies Act, 1956 and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulation made thereunder;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and
- The listing agreement entered into by the Company with Stock Exchanges having nation-wide trading terminals.

A. Based on our examination and verification of the records made available to us and according to the clarifications and explanations given to us by the Company, we report that the Company, in our opinion, complied with the applicable provisions of the Companies Act, 1956 and the rules made thereunder and of the various Acts and the Rules, Regulations and Guidelines made thereunder, listing agreement as mentioned above and of the Memorandum and Articles of Association of the Company, with regard to:

1. Maintenance of various statutory and non-statutory registers and documents and making necessary changes therein as and when the occasion demands.
2. Filing with the Registrar of Companies the Forms, returns and resolutions.
3. Service of the requisite documents by the Company on its members, Registrar and Stock Exchanges.
4. Composition of the Board, appointment, retirement and resignation of directors.
5. Remuneration of executive and non executive directors.
6. Service of notice and agenda of Board Meetings and Meetings of the committee of directors.
7. Meeting of the Board and its committees.
8. Holding Annual General Meeting and production of the various registers thereat.
9. Recording the minutes of proceedings of board meetings, committee meetings and General Meetings.
10. Appointment and remuneration of Auditors including Cost Auditors.
11. The Company has declared dividend and paid to the eligible shareholders in compliance with the provisions of section 205 of the Act during the year.
12. Registration of transfer of shares held in physical mode.
13. Dematerialisation and Rematerialisation of shares.
14. Payment of interest on bonds and redemption of bonds.
15. Investment's of the Company's funds including loans and investments.
16. Execution of contracts, affixation of common seal, registered office and the name of the Company.
17. Requirement of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
18. Requirement of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
19. Requirements set out in the listing agreement with the Stock Exchanges having nation-wide trading terminals.

B. We further report that-

the Company has complied with various requirements relating to disclosures, declarations made by the Directors with respect to directorships, memberships of committees of the Board of Companies of which they are directors, their shareholding and interest of concern in the contracts entered into by the Company in pursuing its normal business.

The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.

There was no prosecution initiated against or show cause notice received by the Company and no fine or penalties were imposed on the company under the aforementioned Acts, Rules, Regulations and guidelines made thereunder or on its directors and officers.

For **Chandrasekaran Associates**  
Company Secretaries

Sd/-

**Dr. S Chandrasekaran**

Senior Partner

FCS: 1644

CP : 715

Place : New Delhi

Dated: 28<sup>th</sup> July, 2014



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

S. No	Name of the Subsidiary	Power System Operation Corporation Limited	Powergrid NM Transmission Limited	Powergrid Vemagiri Transmission Limited	Vizag Transmission Limited	Unchahar Transmission limited
1.	Financial Year of the subsidiary ended on	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
2.	Date from Which they become Subsidiary	October 1, 2010	March 29, 2012	April 18, 2012	August 30, 2013	March 24, 2014
3.	Share of subsidiary held by the company as on March 31, 2014					
	Number & Face Value	30640000 equity shares of ₹ 10 each	50000 equity shares of ₹ 10 each	50000 equity shares of ₹ 10 each	50000 equity shares of ₹ 10 each	50000 equity shares of ₹ 10 each
	Extent of holding	100%	100%	100%	100%	100%
4.	The net aggregate amount of the subsidiary companies Profit/ (Loss) so far as it concerns the member of the holding company (in ₹ crore)					
	a) Not dealt with in the holding companies accounts					
	For the financial year ended march 31, 2014	60.81	(0.00) (₹ (-)4124)	(19.40)	Nil	Nil
	ii) Up to the previous financial years of the subsidiary companies.	157.48	(0.00) (₹ (-)34034)	(0.00) (₹ (-)28033)	- *	- *
	a) Dealt with in the holding companies accounts					
	For the financial year ended march 31, 2014	Nil	Nil	Nil	Nil	Nil
	ii) Up to the previous financial years of the subsidiary companies.	Nil	Nil	Nil	Nil	Nil

\*Vizag Transmission Limited and Unchahar Transmission Limited were acquired on August 30, 2013 and March 24, 2014 respectively. Therefore, the period for the first financial year of the companies are August 30, 2013 to March 31, 2014 and March 24, 2014 to March 31, 2014 respectively.

For and on behalf of the Board of Directors



(R. N. Nayak)

Chairman & Managing Director

Place: New Delhi

Date: 04.08.2014

## Balance Sheet as at 31<sup>st</sup> March, 2014

(₹ in Crore)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2.1	5231.59	4629.73
(b) Reserves and surplus	2.2	29228.04	21609.74
		<b>34459.63</b>	26239.47
<b>Deferred revenue</b>	2.3	<b>4517.46</b>	3717.60
<b>Non-current liabilities</b>			
(a) Long-term borrowings	2.4	76790.22	63076.27
(b) Deferred tax liabilities (Net)	2.5	2442.96	1959.16
(c) Other long term liabilities	2.6	1337.30	989.93
(d) Long-term provisions	2.7	524.37	442.63
		<b>81094.85</b>	66467.99
<b>Current liabilities</b>			
(a) Short-term borrowings	2.8	2700.00	2000.00
(b) Trade payables	2.9	329.07	235.62
(c) Other current liabilities	2.10	15520.04	11704.57
(d) Short-term provisions	2.11	968.02	768.31
		<b>19517.13</b>	14708.50
<b>Total</b>		<b>139589.07</b>	111133.56
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.12	72501.95	60877.69
(ii) Intangible assets	2.13	652.12	522.95
(iii) Capital work in progress	2.14	31502.41	18921.30
(iv) Intangible assets under development	2.15	349.00	193.62
		<b>105005.48</b>	80515.56
(b) Construction stores	2.16	<b>17625.30</b>	15708.62
(c) Non-current investments	2.17	814.33	964.24
(d) Deferred foreign currency fluctuation asset		2490.57	1716.29
(e) Long-term loans and advances	2.18	4552.99	6129.76
		<b>7857.89</b>	8810.29
<b>Current assets</b>			
(a) Current investments	2.19	184.35	183.26
(b) Inventories	2.20	712.40	551.53
(c) Trade receivables	2.21	1578.46	1434.09
(d) Cash and Bank balances	2.22	4417.52	1661.97
(e) Short-term loans and advances	2.23	472.04	428.67
(f) Other current assets	2.24	1735.63	1839.57
		<b>9100.40</b>	6099.09
<b>Total</b>		<b>139589.07</b>	111133.56
Accounting Policies	1		
Notes on Accounts	2		

Notes referred above are integral part of the Balance Sheet

### For and on behalf of the Board of Directors

(Divya Tandon)  
Company Secretary

(R. T. Agarwal)  
Director (Finance)

(R. N. Nayak)  
Chairman & Managing Director

### As per our report of even date

**For S. K. Mehta & Co.**  
Chartered Accountants  
Firm Registration No. 000478 N  
(CA Rohit Mehta)  
Partner  
Membership No. 091382

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

**For Sagar & Associates**  
Chartered Accountants  
Firm Registration No. 003510 S  
(CA B. Aruna)  
Partner  
Membership No. 216454

Place: New Delhi  
Date: 29<sup>th</sup> May, 2014

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014

(₹ in Crore)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
I. Revenue from operations	2.25	15230.28	12757.85
II. Other income	2.26	491.13	570.89
<b>III. Total Revenue (I + II)</b>		<b>15721.41</b>	<b>13328.74</b>
IV. Expenses:			
Purchases of stock-in-trade		219.40	63.50
Employee benefits expense	2.27	941.68	886.40
Finance costs	2.28	3167.52	2535.22
Depreciation and amortization expense	2.29	3995.68	3351.92
Transmission, administration and other Expenses	2.30	1112.86	871.54
Prior period items (net)	2.31	20.52	(24.70)
<b>Total expenses</b>		<b>9457.66</b>	<b>7683.88</b>
<b>V. Profit before tax (III-IV)</b>		<b>6263.75</b>	<b>5644.86</b>
VI. Tax expense:			
(1) Current tax - Current Year	1274.30		1071.50
- Earlier years	(0.17)		(19.42)
	1274.13		1052.08
(2) Deferred tax - Current Year	492.20		341.80
- Earlier years	-		16.48
	492.20		358.28
		<b>1766.33</b>	<b>1410.36</b>
<b>VII. Profit for the year (V-VI)</b>		<b>4497.42</b>	<b>4234.50</b>
VIII. Earnings per equity share (Par value ₹ 10/- each):	2.43	9.36	9.15
Basic & Diluted (₹)			
Accounting Policies	1		
Notes on Accounts	2		

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

### For and on behalf of the Board of Directors

(Divya Tandon)  
Company Secretary

(R. T. Agarwal)  
Director (Finance)

(R. N. Nayak)  
Chairman & Managing Director

### As per our report of even date

**For S. K. Mehta & Co.**  
Chartered Accountants  
Firm Registration No. 000478 N  
(CA Rohit Mehta)  
Partner  
Membership No. 091382

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

**For Sagar & Associates**  
Chartered Accountants  
Firm Registration No. 003510 S  
(CA B. Aruna)  
Partner  
Membership No. 216454

Place: New Delhi  
Date: 29<sup>th</sup> May, 2014

## Cash Flow Statement for the Year ended 31<sup>st</sup> March, 2014

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax</b>	<b>6263.75</b>	<b>5644.86</b>
<b>Adjustment for :</b>		
Depreciation (including prior period)	4010.53	3379.69
Transfer from Grants in Aid	(21.96)	(22.29)
Deferred revenue - Advance against Depreciation	(76.89)	(48.82)
Provisions	22.35	2.75
Transfer from Self Insurance Reserve	(5.83)	(0.35)
Net Loss on Disposal / Write off of Fixed Assets	4.63	6.38
Interest and Finance Charges	3167.52	2609.14
Provisions Written Back	(5.25)	(59.24)
FERV loss / (gain)	0.00	(73.92)
Interest earned on Deposits, Bonds and loans to State Govts.	(186.62)	(262.46)
Dividend received	(89.01)	(60.68)
	<b>6819.47</b>	<b>5470.20</b>
<b>Operating profit before Working Capital Changes</b>	<b>13083.22</b>	<b>11115.06</b>
<b>Adjustment for :</b>		
(Increase)/Decrease in Inventories	(160.89)	(111.21)
(Increase)/Decrease in Trade Receivables	(144.99)	120.82
(Increase)/Decrease in Loans and Advances	(17.23)	(173.82)
(Increase)/Decrease in Other current assets	161.42	(412.19)
Increase/(Decrease) in Liabilities & Provisions	3370.20	1802.23
Increase/(Decrease) in Deferred Income/Exp. from Foreign Currency Fluctuation (Net)	(140.11)	(120.48)
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability (Net)	264.54	135.33
	<b>3332.94</b>	<b>1240.68</b>
<b>Cash generated from operations</b>	<b>16416.16</b>	<b>12355.74</b>
Direct taxes paid	(1156.83)	(1071.95)
<b>Net Cash from operating activities</b>	<b>15259.33</b>	<b>11283.79</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed assets (including incidental expenditure during construction)	(873.76)	(440.23)
Capital work in progress	(25419.96)	(18611.99)
Construction Stores & Advances for Capital Expenditure	(441.40)	(3336.33)
(Increase)/Decrease in Investments	148.77	136.95
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	15.42	7.72
Lease receivables	(24.85)	(46.32)
Interest earned on Bonds and loans to State Govts.	129.14	281.07
Dividend received	89.01	60.68
<b>Net cash used in investing activities</b>	<b>(26377.63)</b>	<b>(21948.45)</b>



## Cash Flow Statement for the Year ended 31<sup>st</sup> March, 2014 (contd...)

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Shares	601.86	0.00
Premium on issue of shares (net of share issue expenses)	4694.74	0.00
Loans raised during the year	17943.01	18042.83
Loans repaid during the year	(5222.85)	(4248.08)
Interest and Finance Charges Paid	(2751.84)	(2235.59)
Dividend paid	(1192.21)	(1351.89)
Dividend Tax paid	(198.86)	(217.52)
<b>Net Cash from Financing Activities</b>	<b>13873.85</b>	<b>9989.75</b>
 D. Net change in Cash and Cash equivalents(A+B+C)	 <b>2755.55</b>	 <b>(674.91)</b>
E. Cash and Cash equivalents(Opening balance)	<b>1661.97</b>	<b>2336.88</b>
F. Cash and Cash equivalents(Closing balance)	<b>4417.52</b>	<b>1661.97</b>

Notes:

**Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note 2.22.**

Cash and cash equivalents	1431.29	1653.51
Other Bank balances (*)	2986.23	8.46
	<b>4417.52</b>	<b>1661.97</b>
(*) Break up of Other Bank balances		
1. Balance in current accounts (unclaimed dividend)	11.23	8.46
2. In term deposits (FPO proceeds for utilisation for identified projects)	2975.00	-
	<b>2986.23</b>	<b>8.46</b>

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

**For and on behalf of the Board of Directors**

**(Divya Tandon)**  
Company Secretary

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

**(R. N. Nayak)**  
Chairman & Managing Director

**As per our report of even date**

**For S. K. Mehta & Co.**  
Chartered Accountants  
Firm Registration No. 000478 N  
**(CA Rohit Mehta)**  
Partner  
Membership No. 091382

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

**For Sagar & Associates**  
Chartered Accountants  
Firm Registration No. 003510 S  
**(CA B. Aruna)**  
Partner  
Membership No. 216454

Place: New Delhi  
Date: 29<sup>th</sup> May, 2014

## Note 1 - ACCOUNTING POLICIES

### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) including Accounting Standards notified there under.

### 1.2 USE OF ESTIMATES

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

### 1.3 RESERVES AND SURPLUS

Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under mega insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.

### 1.4 GRANTS-IN-AID

1.4.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

1.4.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the Statement of Profit and Loss over the useful life of related asset and in proportion to which depreciation on these assets is provided.

### 1.5 FIXED ASSETS

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

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

1.5.3 Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments

1.5.4 Transmission system assets are considered when they are 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

1.5.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken,

1.5.6 Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

1.5.7 Insurance spares, which can be used only in connection with an item of fixed asset and whose use is expected to be at irregular intervals and Mandatory spares in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies, are capitalized and depreciated over the residual useful life of the related plant & machinery. In case the year of purchase and consumption is same, amount of such spares are charged to revenue.

### 1.6 CAPITAL WORK-IN-PROGRESS (CWIP)

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

1.6.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

1.6.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 1.6.2 above (allocated to the projects on 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 the CWIP Schedule .

1.6.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

1.6.5 Unsettled liability for price variation/ exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

### 1.7 INTANGIBLE ASSETS

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

1.7.2 Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized over the period of 35 years following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulation.



- 1.7.3 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.
- 1.7.4 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.

## 1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

## 1.9 BORROWING COST

- 1.9.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, discount on bonds, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.
- 1.9.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

## 1.10 TRANSACTION IN FOREIGN CURRENCY

- 1.10.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.
- 1.10.2 Foreign Exchange Rate Variation (FERV) arising on settlement / translation of foreign currency loans relating to fixed assets/ capital work-in-progress are adjusted to the carrying cost of related assets.
- 1.10.3 FERV accounted for as per policy no 1.10.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central Electricity Regulatory Commission (CERC) norms w.e.f. 1<sup>st</sup> April, 2004 or Date of Commercial Operation (DOCO) which ever is later.
- The above FERV to the extent recoverable or payable as per the CERC norms is accounted for as follows:
- FERV recoverable/payable adjusted to carrying cost of fixed assets is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'
  - 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
  - The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding debit / credit to the trade receivables.
- 1.10.4 FERV earlier charged to Statement of Profit and Loss & included in the capital cost for the purpose of tariff is adjusted against 'Deferred foreign currency fluctuation asset/liability a/c' in the following manner:
- Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c in the transmission charges.
  - Balance 10% is adjusted against Deferred foreign currency fluctuation asset/liability a/c in the transmission charges over the tenure of respective loans.
- 1.10.5 FERV arising out of settlement/translation of long term monetary items (other than foreign currency loans) relating to fixed assets/ CWIP are adjusted in the carrying cost of related assets.
- 1.10.6 FERV arising during the construction period from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable/payable to the beneficiaries as capital cost as per CERC tariff Regulation are accounted as 'Deferred foreign currency fluctuation asset/liability a/c'. Transmission charges recognised on such amount is adjusted against above account.
- 1.10.7 Other exchange differences are recognized as income or expenses in the period in which they arise.

## 1.11 INVESTMENTS

- 1.11.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- 1.11.2 Long term investments are carried at cost. Provision is made for diminution other than temporary, in the value of such investments.

## 1.12 INVENTORIES

- 1.12.1 Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.
- 1.12.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
- 1.12.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
- 1.12.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.
- 1.12.5 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

### 1.13 REVENUE RECOGNITION

- 1.13.1 Transmission Income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by the CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by the CERC. Transmission Income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on actual expenditure incurred on year to year basis as per tariff norms of the CERC.
- 1.13.2 Income from short term open access is accounted for on the basis of regulations notified by the CERC.
- 1.13.3 The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the norms notified / approved by the CERC.
- 1.13.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.
- 1.13.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after twelve years from the end of the financial year in which the asset was commissioned, to the extent depreciation recovered in the tariff during the year is lower than depreciation charged in the accounts.
- 1.13.5 Surcharge recoverable from trade receivables and liquidated damages / warranty claims / interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.
- 1.13.6 Income from Telecom Services are accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 1.13.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 1.13.8 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:
- a) 10% on the issue of Notice Inviting Tender for execution
  - b) 5% on the Award of Contracts for execution
  - c) Balance 85% on the basis of actual progress of work including supplies
- 1.13.9 Income from Sale of Goods is recognized on the transfer of significant risks and reward of ownership to the buyer.
- 1.13.10 Application Fees received on account of Long Term Open Access (LTOA) Charges is accounted for as and when received in accordance with CERC Guidelines.
- 1.13.11 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 1.13.12 Dividend income is recognized when right to receive payment is established.

### 1.14 LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 1.14.1 State sector unified load dispatch centre (ULDC) assets leased to the beneficiaries are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under Long Term Loans & Advances. Wherever grant-in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.
- 1.14.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by the CERC.
- 1.14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

### 1.15 DEPRECIATION / AMORTIZATION

- 1.15.1 Depreciation / amortization on Fixed assets is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation / amortization is provided at the rates mentioned below:
- |                            |        |
|----------------------------|--------|
| a) Computers & Peripherals | 30%    |
| b) Mobile Phones           | 33.33% |
| c) Software                | 33.33% |
- 1.15.2 ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levellized tariff.
- 1.15.3 Depreciation/ Amortization on Fixed assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- 1.15.4 Depreciation/ Amortization on additions to/deductions from fixed assets during the year is charged on pro-rata basis.
- 1.15.5 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.



- 1.15.6 Plant and machinery, loose tools and items of scientific appliances, included under different heads of fixed 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.
- 1.15.7 Other fixed assets costing upto ₹5,000/- are fully depreciated in the year of acquisition.
- 1.15.8 Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised.
- 1.15.9 In the case of assets of National thermal power corporation limited (NTPC) , National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

## **1.16 EXPENDITURE**

- 1.16.1 Pre-paid/prior-period expenses/Income of items up to ₹100,000/- are charged to natural heads of account.
- 1.16.2 Expenditure of research and development, other than Capital Expenditure , are charged to revenue in the year of incurrence.
- 1.16.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred

## **1.17 IMPAIRMENT OF ASSETS**

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

## **1.18 EMPLOYEE BENEFITS**

- 1.18.1 Company contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the Statement of Profit and Loss. The same is paid to a fund administered through a separate trusts.
- 1.18.2 The liability for retirement benefits of employees in respect of Gratuity, is ascertained annually on actuarial valuation at the year end, is provided and funded separately.
- 1.18.3 The liabilities for compensated absences, leave encashment, post retirement medical benefits, settlement allowance & long term awards to employees are ascertained annually on actuarial valuation at the year end and provided for.
- 1.18.4 Short term employee benefit are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.
- 1.18.5 Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss.

## **1.19 PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and .are not discounted to its present value. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed on the basis of judgment of the management / independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

## **1.20 INCOME TAX**

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

## Note 2.1/Share capital

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Equity Share Capital</b>		
<b>Authorised</b>		
10000000000 (Previous year 10000000000 ) equity shares of ₹ 10/- each	10000.00	10000.00
<b>Issued, subscribed and paid up</b>		
5231589648 (Previous Year 4629725353) equity shares of ₹ 10/-each fully paid up	5231.59	4629.73
<b>Total</b>	<b>5231.59</b>	<b>4629.73</b>

### Further Notes:

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

Particulars	For the year ended 31 <sup>st</sup> March, 2014		For the year ended 31 <sup>st</sup> March, 2013	
	No. of Shares	Amount (₹ in crore)	No. of Shares	Amount (₹ in crore)
Shares outstanding at the beginning of the year	4629725353	4629.73	4629725353	4629.73
Shares Issued during the year	601864295	601.86	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5231589648	5231.59	4629725353	4629.73

2) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

3) Shareholders holding more than 5% equity shares of the Company

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
i) Government of India	3028835198	57.90	3214024212	69.42
ii) Europacific Growth Fund	296023422	5.66	-	-

4) Disclosure with regard to Follow on Public Offer (FPO) and offer of sales of equity shares being disinvestment on behalf of President of India made by the Company during the year is given in Note 2.34

## Note 2.2/Reserves and surplus

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Securities Premium Reserve</b>		
As per last balance sheet	4875.15	4875.15
Additions during the year	4703.14	-
Deductions during the year	-	-
Closing Balance	<b>9578.29</b>	4875.15
<b>Bonds Redemption Reserve</b>		
As per last balance sheet	4005.29	3224.03
Additions during the year	1365.25	1166.79
Deductions during the year	483.93	385.53
Closing Balance	<b>4886.61</b>	4005.29
<b>Self Insurance Reserve</b>		
<b>Through appropriation</b>		
As per last balance sheet	304.22	251.38
Additions during the year	61.40	52.84
Deductions during the year*	97.22	-
	268.40	304.22
<b>Through charge to Profit</b>		
As per last balance sheet	65.04	65.39
Additions during the year	-	-
Deductions during the year	5.83	0.35
Closing Balance	59.21	65.04
	<b>327.61</b>	369.26

## Note 2.2/Reserves and surplus (contd...)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Corporate Social Responsibility( CSR) Activity Reserve</b>		
As per last balance sheet	26.06	-
Additions during the year	20.68	10.80
Deductions/Adjustments during the year	-	(15.26)
Closing Balance	<b>46.74</b>	26.06
<b>General Reserve</b>		
As per last balance sheet	12315.95	10415.95
Additions during the year	2057.22	1900.00
Deductions during the year	-	-
Closing Balance	<b>14373.17</b>	12315.95
<b>Short Term Open Access( STOA) Reserve</b>		
As per Last Balance Sheet	-	-
Additions during the year	134.42	276.34
Deductions during the year [being utilisation of STOA income (Net of Taxes) (Note No.2.25) in accordance with the CERC (Open Access inter-state transmission) Regulations, 2008 as amended upto date]	134.42	276.34
Closing Balance	<b>-</b>	-
	<b>29212.42</b>	21591.71
<b>Surplus( Balance in <sup>s</sup>tatement of Profit and Loss )</b>		
As per last balance sheet	18.03	26.15
Add: Additions		
Profit after tax as per Statement of Profit & Loss	4497.42	4234.50
Transfer from Bond Redemption Reserve	483.93	385.53
Transfer from STOA Reserve	134.42	276.34
Dividend tax adjusted	0.04	-
Less: Appropriations		
STOA Reserve	134.42	276.34
Bonds Redemption Reserve	1365.25	1166.79
CSR Activities Reserve	20.68	26.06
Self Insurance Reserve	61.40	52.84
Dividend tax adjusted	0.00	0.73
General Reserve	1960.00	1900.00
Interim dividend paid	664.42	745.39
Tax on Interim dividend	110.24	119.89
Proposed Dividend	685.34	527.79
Tax on proposed Dividend	116.47	88.66
Closing Balance	<b>15.62</b>	18.03
<b>Total</b>	<b>29228.04</b>	21609.74

### Further Notes:

\* Amount spent for procurement of Fixed assets utilised from Self Insurance Reserve as per the direction of the Board and the same has been transferred to general reserve.

## Note 2.3/Deferred Revenue

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
a) Advance against depreciation	<b>2018.07</b>	2094.96
b) Grants in aid	<b>95.07</b>	117.03
c) Deferred income from foreign currency fluctuation(Net)	<b>2404.32</b>	1505.61
<b>Total</b>	<b>4517.46</b>	3717.60

## Note 2.4/Long-term borrowings

		(₹ in Crore)	
Description		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) BONDS</b>			
<b>A1) Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)</b>			
<b>A1.1</b>	<b>i) Bonds of ₹10 Lakh each</b>		
	<b>XXXIX Issue- 9.40% redeemable at par on 29.03.2027</b>	1800.00	1800.00
	<b>XXXVIII Issue- 9.25% redeemable at par on 09.03.2027</b>	855.00	855.00
	<b>XLII Issue-8.80% redeemable at par on 13.03.2023</b>	1990.00	1990.00*
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
	<b>ii) Bonds of ₹10 Lakh each redeemable at par in 3 equal annual instalments on 15.07.2018, 15.07.2023 and 15.07.2028</b>		
	<b>XLIV Issue-8.70% redeemable w.e.f. 15.07.2018</b>	3966.00	-
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
	<b>iii) Bonds of ₹1.2 crores each consisting of 12 STRPPs of ₹ 10 lakhs each redeemable at par in 12 (twelve) equal annual instalments</b>		
	<b>XLV Issue-9.65% redeemable w.e.f. 28.02.2018 **</b>	1999.20	-
	<b>XLIII Issue-7.93% redeemable w.e.f. 20.05.2017</b>	3126.00	-
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
	<b>iv) Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.</b>		
	<b>XLI Issue-8.85% redeemable w.e.f. 19.10.2016</b>	2842.50	2842.50
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
	<b>v) Bonds of ₹1.50 crores each, consisting of 15 STRPPs of ₹10.00 Lakhs each redeemable at par in 15 (fifteen) equal annual instalments</b>		
	<b>XXXVI Issue- 9.35% redeemable w.e.f. 29.08.2016</b>	3090.00	3090.00
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
	<b>vi) Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.</b>		
	<b>XL Issue-9.30% redeemable w.e.f. 28.06.2016</b>	3997.50	3997.50
	<b>XXXVII Issue- 9.25% redeemable w.e.f 26.12.2015</b>	1995.00	1995.00
	<b>XXXV Issue- 9.64% redeemable w.e.f 31.05.2015</b>	1957.50	1957.50
	<b>XXXIV Issue- 8.84% redeemable w.e.f 21.10.2014</b>	3196.88	3487.50
	<b>XXXIII Issue- 8.64% redeemable w.e.f 08.07.2014</b>	2640.00	2880.00
	<b>XXXII Issue- 8.84% redeemable w.e.f 29.03.2014</b>	862.50	948.75
	<b>XXXI Issue- 8.90% redeemable w.e.f 25.02.2014</b>	1706.25	1876.88
	<b>XXX Issue- 8.80% redeemable w.e.f 29.09.2013</b>	1943.75	2138.12
	<b>XXIX Issue- 9.20% redeemable w.e.f 12.03.2013</b>	973.12	1081.25
	<b>XXVIII Issue- 9.33% redeemable w.e.f 15.12.2012</b>	1800.00	2000.00
	<b>XXVII Issue- 9.47% redeemable w.e.f 31.03.2012</b>	470.00	528.75
	<b>XXVI Issue- 9.30% redeemable w.e.f 07.03.2012</b>	666.00	749.25
	<b>XXV Issue- 10.10% redeemable w.e.f 12.06.2011</b>	710.00	798.75
	<b>XXIV Issue- 9.95% redeemable w.e.f 26.03.2011</b>	466.38	533.00



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

(₹ in Crore)

Description		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	<b>XXIII Issue- 9.25% redeemable w.e.f 09.02.2011</b>	179.37	205.00
	<b>XXII Issue- 8.68% redeemable w.e.f 07.12.2010</b>	402.50	460.00
	<b>XXI Issue- 8.73% redeemable w.e.f 11.10.2010</b>	297.50	340.00
	<b>XX Issue- 8.93% redeemable w.e.f 07.09.2010</b>	875.00	1000.00
	<b>XIX Issue- 9.25% redeemable w.e.f 24.07.2010</b>	288.75	330.00
	<b>XVIII Issue- 8.15% redeemable w.e.f 09.03.2010</b>	499.50	582.75
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
vii)	Bonds of ₹1.00 crores each, consisting of 10 STRPPs of ₹10.00 Lakhs each redeemable at par in 10 (ten) equal annual instalments.		
	<b>XVII Issue- 7.39% redeemable w.e.f 22.09.2009</b>	400.00	500.00
	<b>XVI Issue- 7.10% redeemable w.e.f 18.02.2009</b>	225.00	300.00
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
viii)	Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
	<b>XV Issue-6.68% redeemable w.e.f. 23.02.2008</b>	300.00	375.00
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
A1.2	Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments		
	<b>XIII issue-8.63% redeemable w.e.f 31.07.2006</b>	202.50	270.00
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System		
A1.3	Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments		
	<b>XII issue-.9.70% redeemable w.e.f 28.03.2006</b>	30.75	46.12
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System		
A1.4	Bonds of ₹3 crores each consisting of 12 STRPPs of ₹25 lakh each redeemable at par in 12 (twelve) equal annual instalments		
	<b>XI issue-9.80% redeemable w.e.f 07-12-2005</b>	90.50	135.75
	Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta,Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahbad, LILO of Singraulli-Kanpur and Allahabad Sub-Station		
A1.5	Bonds of ₹1000/-each redeemable at par in 10(Ten) equal annual instalments		
	<b>VIII issue-10.35% redeemable w.e.f. 27.04.2005</b>	-	2.00
	Secured by floating charge over the Fixed Assets of the Company		
A1.6	Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
	<b>XIV issue-6.10% redeemable w.e.f 17.07.2004</b>	58.25	116.50
	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		

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

		(₹ in Crore)	
Description		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A1.7</b>	Bonds of ₹12 lakh each redeemable at par in 12 (twelve) equal annual instalments <b>X issue-10.90% redeemable w.e.f 21.06.2004</b> Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-Farakka & Chamera Transmission system	63.46	126.92
		<b>46966.66</b>	<b>40339.79</b>
<b>A2) Unsecured</b>			
<b>A2.1</b>	Redeemable Foreign Currency Bonds 3.875% Foreign Currency Bonds to be redeemed at par on 17.01.2023	<b>3030.50</b>	<b>2745.50</b>
<b>Total (A)</b>		<b>49997.16</b>	<b>43085.29</b>
<b>B) Term loans from Banks</b>			
<b>B1) Rupee Loan (Secured)</b>			
<b>B1.1 i)</b>	<b>Punjab National Bank-Loan-II</b>	25.00	50.00
<b>ii)</b>	<b>Oriental Bank of Commerce</b>	20.83	41.67
Secured by a floating charge on the fixed assets of the Company			
<b>B1.2</b>	<b>Line of Credit (LOC) from State Bank of India</b>	5000.00	1500.00
Secured by way of pari passu charge on assets of the company except investments, Land and Buildings and Current Assets.			
<b>Total (B1)</b>		<b>5045.83</b>	<b>1591.67</b>
<b>B2) Foreign Currency Loans(Secured)</b>			
<b>B2.1</b>	<b>Bank of India Cayman Islands</b>	255.20	260.10
Secured by a Floating charge on the immovable properties of the company			
<b>B2.2 i)</b>	<b>Nordic Investment Bank (PIL5120)</b>	639.39	556.71
<b>ii)</b>	<b>ADB-VIII (2788-IND)</b>	251.00	124.86
<b>iii)</b>	<b>International Finance Corporation</b>	1333.42	1208.02*
<b>iv)</b>	<b>ICF Debt Pool LLP</b>	303.05	274.55*
Secured by pari passu interest in the liens created on the assets as security for the debts.			
<b>B2.3 Guaranteed by Government of India</b>			
From Asian Development Bank (ADB)			
	<b>ADB-I (1405-IND)</b>	-	146.15
	<b>ADB-II (1764-IND)</b>	882.25	892.71
	<b>ADB-III (2152-IND)</b>	1922.47	1847.57
	<b>ADB-IV (2415-IND)</b>	2130.90	1764.94
	<b>ADB-V (2510-IND)</b>	578.62	518.64
	<b>ADB-VI (2823-IND)**</b>	283.25	96.05
	<b>ADB-VII (2787-IND)**</b>	427.38	212.61
From International Bank for Reconstruction and Development (IBRD)			
	<b>PSDP-II (4603-IN)</b>	1466.73	1489.44
	<b>PSDP-III (4813-IN)</b>	1920.79	1861.59
	<b>PSDP-IV (4890-IN)</b>	3239.80	2970.23
	<b>PSDP-IV (Addl.) (7593-IN)</b>	1864.05	1668.72
	<b>PSDP-V (7787-IN)</b>	2862.55	1706.89
Secured by pari passu interest in the lien created on the assets as security for the debts.			
<b>Total B2</b>		<b>20360.85</b>	<b>17599.78</b>
<b>B3) Foreign currency Loans (Unsecured)</b>			
<b>B3.1</b>	<b>Skandinaviska Enskilda Banken AB(publ) Sweden</b>	49.49	67.03
	<b>AB Svensk Exportkredit, Sweden</b>	1045.49	382.42



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

(₹ in Crore)

Description	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>B3.2 Guaranteed by Government of India</b>		
Natixis Banque (Formerly Credit National) France	106.27	98.01
Japan International Cooperation Agency (Formerly Japan Bank for International Cooperation ) Japan	129.02	138.43
<b>Total (B3)</b>	<b>1330.27</b>	<b>685.89</b>
<b>Total B</b>	<b>26736.95</b>	<b>19877.34</b>
<b>C Term Loan From Others</b>		
<b>Rupee Loans (Secured)</b>		
<b>C1 Life Insurance Corporation of India-II</b>	55.16	110.32
<b>Life Insurance Corporation of India-III</b>	0.95	3.32
Secured by a floating charge on the fixed assets of the Company.	<b>56.11</b>	<b>113.64</b>
<b>Total (A to C)</b>	<b>76790.22</b>	<b>63076.27</b>

### Further notes:

The Term loans are repayable in installments as per the terms of respective agreement generally over the period of 10 to 20 years after the moratorium period of 3 to 5 years.

\* Security is created in the Current Year.

\*\*Securities are yet to be created

## Note 2.5/Deferred tax liabilities (Net)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Deferred Tax liability</b>		
Towards Fixed Assets( Net) (A)	<b>5941.14</b>	5487.94
<b>Deferred Tax Assets</b>		
Income during Construction Period	<b>92.83</b>	86.58
Self Insurance Reserve	<b>20.13</b>	22.22
Provisions allowable on payment basis	<b>92.87</b>	68.79
Advance Against Depreciation	<b>685.94</b>	711.78
Others	<b>8.40</b>	-
<b>Sub-total (B)</b>	<b>900.17</b>	889.37
Deferred Tax Liability (Net) ( A-B)	<b>5040.97</b>	4598.57
Less : Recoverable from Beneficiaries	<b>2598.01</b>	2639.41
<b>Net Deferred Tax Liability</b>	<b>2442.96</b>	1959.16

Charge of ₹ 492.20 crore ( Previous year ₹ 358.28 crore) has been made in the statement of Profit & Loss account. Further Deferred tax credit amounting to ₹ 8.40 crore (previous year NIL) has been adjusted in security premium reserve, relating to share issue expenses directly adjusted against security premium reserve.

## Note 2.6/Other Long term liabilities

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Other liabilities</b>		
i) Deposits /Retention money from contractors and others.	692.01	508.85
Less: Investments held as security	0.04	-
	<b>691.97</b>	508.85
ii) Advance from customers (Consultancy contracts)	<b>358.41</b>	443.55
iii) Dues for Capital Expenditure	<b>282.96</b>	28.53
iv) Others	<b>3.96</b>	9.00
<b>Total</b>	<b>1337.30</b>	<b>989.93</b>

### Further Notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 2.40

## Note 2.7/Long-term provisions

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Employee Benefits</b>		
As per last balance sheet	442.63	421.49
Additions/(adjustments) during the year	81.74	21.14
Closing Balance	<u>524.37</u>	<u>442.63</u>
<b>Total</b>	<b>524.37</b>	<b>442.63</b>

## Note 2.8/Short-term borrowings

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Short Term Loans</b>		
<b>From Banks</b>		
Unsecured	<u>2700.00</u>	<u>2000.00</u>
<b>Total</b>	<b>2700.00</b>	<b>2000.00</b>

## Note 2.9/Trade payables

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
For goods and services	<u>329.07</u>	<u>235.62</u>
<b>Total</b>	<b>329.07</b>	<b>235.62</b>

### Further Notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 2.40

## Note 2.10/Other current liabilities

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) Current maturities of long term borrowings</b>		
<b>Secured</b>		
Bonds	2464.34	1933.71
Rupee Term Loans	103.36	118.19
Foreign Currency Loans	<u>1066.29</u>	<u>837.46</u>
	3633.99	2889.36
<b>Un-secured</b>		
Foreign Currency Loans	<u>45.64</u>	<u>222.24</u>
	45.64	222.24
	3679.63	3111.60
<b>B) Interest accrued but not due on borrowings from</b>		
Indian Banks, Financial Institutions & Corporations	10.42	13.94
Foreign Banks & Financial Institutions	36.80	41.89
Secured/Unsecured redeemable Bonds	<u>2013.23</u>	<u>1588.94</u>
	2060.45	1644.77
<b>C) Others</b>		
i) Dues for capital expenditure	4779.80	2795.31
ii) Employee related liabilities	111.71	67.42
iii) Unpaid matured bonds	0.10	0.09
iv) Unclaimed dividends*	11.23	8.46
v) Deposits/Retention money from contractors and others.	3040.92	2177.85
Less: Investments held as security	<u>6.94</u>	<u>5.98</u>
	3033.98	2171.87
vi) Advances from customers	1398.96	1648.29
vii) Statutory dues	149.48	118.66
viii) Related parties**	12.57	22.99
ix) Others	<u>282.13</u>	<u>115.11</u>
	9779.96	6948.20
<b>Total</b>	<b>15520.04</b>	<b>11704.57</b>

### Further notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 2.40.

\* No amount is due for payment to Investor Education and Protection Fund

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



## Note 2.11/Short-term provisions

(₹ in Crore)

Description	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March 2013
<b>a) Employee Benefits</b>		
<b>i) Transmission incentive/special incentive</b>		
As per last balance sheet	123.04	215.10
Addition during the year	159.96	124.46
Amount paid/adjusted during the year	161.87	216.52
Closing Balance	121.13	123.04
<b>ii) Retirement benefit/Wage revision</b>		
As per last balance sheet	-	94.60
Additions during the year	-	-
Amounts utilised/paid during the year	-	94.60
Closing Balance	-	-
<b>iii) Other Employee Benefits (Leave Encashment, Settlement Allowance and Long Service Award etc.)</b>		
As per last balance sheet	25.08	23.66
Additions/(adjustments) during the year	12.70	1.42
Closing Balance	37.78	25.08
<b>Total (A)</b>	<b>158.91</b>	<b>148.12</b>
<b>b) Others</b>		
<b>i) Taxation (Including interest on tax )</b>		
As per last balance sheet		
Additions during the year	1274.30	1071.50
Amount adjusted during the year	(1949.31)	(1551.58)
Net off against taxes paid (Note 2.18)	3,223.61	2623.08
Closing Balance	-	-
<b>ii) Proposed Dividend</b>		
As per last balance sheet	527.79	606.50
Additions during the year	685.34	527.79
Amounts paid during the year	527.79	606.50
Closing Balance	685.34	527.79
<b>iii) Tax on proposed Dividend</b>		
As per last balance sheet	88.66	96.90
Additions during the year	116.47	88.66
Amounts paid/adjusted during the year	88.66	96.90
Closing Balance	116.47	88.66
<b>iv) Downtime Service Credit-Telecom</b>		
As per last balance sheet	3.74	3.21
Additions during the year	2.18	1.71
Amounts adjusted/paid during the year	0.69	1.18
Closing Balance	5.23	3.74
<b>v) Provision for Corporate Social Responsibility (CSR) Activity</b>		
As per last balance sheet	-	15.26
Additions during the year	-	-
Amounts adjusted/paid during the year	-	15.26
Closing Balance	-	-
<b>vi) Provision Others</b>		
As per last balance sheet	-	1.44
Additions during the year	2.07	-
Amounts adjusted/paid during the year	-	1.44
Closing Balance	2.07	-
<b>Total (B)</b>	<b>809.11</b>	<b>620.19</b>
<b>Total (A+B)</b>	<b>968.02</b>	<b>768.31</b>

## Note 2.12/Tangible assets

(₹ in Crore)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 <sup>st</sup> April, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	Upto 31 <sup>st</sup> Mar, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Land</b>												
a) Freehold	1353.42	272.46	-	(41.76)	<b>1667.64</b>	-	-	-	-	-	<b>1667.64</b>	1353.42
b) Leasehold	251.91	9.18	-	(3.31)	<b>264.40</b>	26.81	8.88	-	(0.18)	<b>35.87</b>	<b>228.53</b>	225.10
<b>Buildings</b>												
a) Sub-Stations & Office	559.91	78.38	-	(6.37)	<b>644.66</b>	172.09	19.89	-	1.05	<b>190.93</b>	<b>453.73</b>	387.82
b) Township	455.18	38.97	-	(3.06)	<b>497.21</b>	115.72	17.80	-	0.52	<b>133.00</b>	<b>364.21</b>	339.46
Temporary Erection	7.54	1.20	-	(1.04)	<b>9.78</b>	7.54	1.15	-	(1.09)	<b>9.78</b>	-	-
Roads & Bridges	139.61	19.55	-	(3.92)	<b>163.08</b>	40.05	6.48	-	0.34	<b>46.19</b>	<b>116.89</b>	99.56
Water Supply	93.89	6.90	-	(3.24)	<b>104.03</b>	26.31	4.00	-	(0.02)	<b>30.33</b>	<b>73.70</b>	67.58
Drainage & Sewerage												
<b>Plant &amp; Equipment</b>												
a) Transmission	47643.28	8664.68	-	(725.63)	<b>57033.59</b>	10855.04	2475.96	-	3.91	<b>13327.09</b>	<b>43706.50</b>	36788.24
b) Substation	27166.53	4837.76	0.24	(770.94)	<b>32774.99</b>	6858.84	1429.28	0.15	3.50	<b>8284.47</b>	<b>24490.52</b>	20307.69
c) Unified Load Despatch & Communication	374.88	27.16	-	(10.61)	<b>412.65</b>	259.63	23.66	-	(0.73)	<b>284.02</b>	<b>128.63</b>	115.25
d) Telecom	1366.69	100.40	-	(17.73)	<b>1484.82</b>	517.25	81.71	-	(4.41)	<b>603.37</b>	<b>881.45</b>	849.44
Furniture Fixtures	78.24	9.66	0.01	0.28	<b>87.61</b>	35.64	4.65	0.01	0.04	<b>40.24</b>	<b>47.37</b>	42.60
Office equipment	86.48	13.03	0.11	0.38	<b>99.02</b>	37.90	5.61	0.08	0.47	<b>42.96</b>	<b>56.06</b>	48.58
Electronic Data Processing & Word Processing Machines	94.57	3.79	0.21	0.44	<b>97.71</b>	64.01	11.05	0.15	0.19	<b>74.72</b>	<b>22.99</b>	30.56
Vehicles	4.73	-	0.10	0.07	<b>4.56</b>	2.22	0.33	0.08	0.23	<b>2.24</b>	<b>2.32</b>	2.51
Construction and Workshop equipment	132.85	35.63	-	(0.55)	<b>169.03</b>	31.35	7.23	-	(0.14)	<b>38.72</b>	<b>130.31</b>	101.50
Electrical Installation	116.53	5.44	-	(1.60)	<b>123.57</b>	37.56	5.62	-	(0.15)	<b>43.33</b>	<b>80.24</b>	78.97
Laboratory Equipments	64.33	7.09	-	(0.02)	<b>71.44</b>	30.92	2.93	-	-	<b>33.85</b>	<b>37.59</b>	33.41
Workshop & Testing Equipments	22.54	7.98	-	(0.09)	<b>30.61</b>	14.82	0.82	-	-	<b>15.64</b>	<b>14.97</b>	7.72
Miscellaneous Assets/ Equipments	0.11	-	-	-	<b>0.11</b>	0.07	-	-	-	<b>0.07</b>	<b>0.04</b>	0.04
<b>Total</b>	<b>80013.22</b>	<b>14139.26</b>	<b>0.67</b>	<b>(1588.70)</b>	<b>95740.51</b>	<b>19133.77</b>	<b>4107.05</b>	<b>0.47</b>	<b>3.53</b>	<b>23236.82</b>	<b>72503.69</b>	<b>60879.45</b>
Less: Provision for assets discarded	10.47	-	-	0.07	<b>10.40</b>	8.71	-	-	0.05	<b>8.66</b>	<b>1.74</b>	1.76
<b>Grand Total</b>	<b>80002.75</b>	<b>14139.26</b>	<b>0.67</b>	<b>(1588.77)</b>	<b>95730.11</b>	<b>19125.06</b>	<b>4107.05</b>	<b>0.47</b>	<b>3.48</b>	<b>23228.16</b>	<b>72501.95</b>	<b>60877.69</b>
<b>Previous Year</b>	<b>63024.95</b>	<b>15578.25</b>	<b>0.73</b>	<b>(1410.75)</b>	<b>80013.22</b>	<b>15683.41</b>	<b>3457.62</b>	<b>0.46</b>	<b>6.80</b>	<b>19133.77</b>	<b>60879.45</b>	
Less: Provision for assets discarded	10.47	-	-	-	10.47	8.71	-	-	-	8.71	1.76	
<b>Total</b>	<b>63014.48</b>	<b>15578.25</b>	<b>0.73</b>	<b>(1410.75)</b>	<b>80002.75</b>	<b>15674.70</b>	<b>3457.62</b>	<b>0.46</b>	<b>6.80</b>	<b>19125.06</b>	<b>60877.69</b>	

### Further Notes:

- The company owns 6525 hectare (previous Year 5957 hectare) of land amounting to ₹ 1932.04 crore (previous Year ₹ 1605.33 crore) which has been classified into freehold ₹1667.64 crore (previous year ₹ 1353.42 crore) and leasehold ₹ 264.40 crore (previous year ₹ 251.91 crore) based on available documentation
- The land classified as leasehold land held in the State of Jammu and Kashmir amounting to ₹64.97 crore (Previous Year ₹ 59.72 crore) is acquired by state Government as per procedures under State Land Acquisition Act. As per prevailing law the state government remains the owner of the land so acquired and company is only given possession for the specific use.
  - The transmission system situated in the state of Jammu and Kashmir have been taken over by the company w.e.f 1<sup>st</sup> April 1993 from National Hydroelectric Power Corporation of India Ltd. (NHPC) upon mutually agreed terms pending completion of legal formalities.
- Freehold land includes ₹ 36.02 crore (previous year ₹ 55.32 crore) and ₹ 234.95 crore (previous year ₹ 197.71 crore) in respect of land acquired by the Company for which conveyance deed in favour of the Company and mutation in revenue record respectively is pending.
- Leasehold land includes ₹ 7.64 crore (previous year ₹ 7.64 crore) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence not amortised
- Leasehold land includes ₹ 13.97 crore (previous year ₹ 13.97 crore ) in respect of land acquired by the company for which legal formalities are pending.
- Township buildings includes ₹ 7.27 crore (previous year ₹ 7.27 crore) for 28 flats at Mumbai, for which registration in favour of the company is pending.
- Plant and machinery under substation in fixed assets includes company's share of ₹ 3.8 crore (previous year ₹ 3.8 crore) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.



## Note 2.13/Intangible assets

(₹ in Crore)

Particulars	Gross Block					Amortisation					Net Block	
	As at 1 <sup>st</sup> April, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	Upto 31 <sup>st</sup> Mar, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Electronic Data Processing Software	6.56	5.70	-		12.26	4.83	1.18	-		6.01	6.25	1.73
Right of Way-Afforestation Expenses	590.74	132.26	-	(38.29)	761.29	69.52	37.03	-	(8.87)	115.42	645.87	521.22
<b>Total</b>	597.30	137.96	-	(38.29)	773.55	74.35	38.21	-	(8.87)	121.43	652.12	522.95
<b>Previous Year</b>	372.86	211.18	-	(13.26)	597.30	50.34	24.02	-	0.01	74.35	522.95	

## Note 2.14/Capital work in progress

(₹ in Crore)

Particulars	As at 1 <sup>st</sup> April, 2013	Additions during the year	Adjustments	Capitalised during the year	As at 31 <sup>st</sup> March, 2014
<b>Land</b>					
Development of land	50.18	17.23	4.29	6.69	56.43
<b>Buildings</b>					
a) Sub-Stations & Office	122.35	189.76	12.26	66.87	232.98
b) Township	58.39	33.10	1.45	28.96	61.08
Temporary erection	0.67	0.31	0.11	-	0.87
Roads & Bridges	21.96	22.64	6.27	14.36	23.97
Water Supply Drainage and Sewerage	6.09	8.18	0.39	4.16	9.72
<b>Plant &amp; Equipments (including associated civil works)</b>					
a) Transmission	13383.56	17618.24	(37.89)	8614.37	22425.32
b) Sub-Station	1821.67	5845.30	44.23	4605.52	3017.22
c) Unified Load Despatch & Communication	2.09	200.00	10.05	26.65	165.39
d) Telecom	66.59	102.83	-	99.00	70.42
Furniture & Fixtures	0.76	0.58	0.28	0.15	0.91
Other office equipments	0.17	0.55	0.15		0.57
Electrical Installations	11.10	6.46	0.30	1.04	16.22
<b>Expenditure pending allocation</b>					
i) Survey, investigation, consultancy & supervision Charges	57.92	12.20	6.60	2.52	61.00
ii) Difference in Exchange on foreign currency loans	437.23	1035.11	136.85	127.97	1207.52
iii) Expenditure during construction period(net) ( Note 2.32)	2880.57	2584.84	1312.50	0.12	4152.79
<b>Total</b>	18921.30	27677.33	1497.84	13598.38	31502.41
<b>Previous Year</b>	15499.89	20297.72	1620.16	15256.15	18921.30

## Note 2.15/Intangible assets under development

(₹ in Crore)

Particulars	As at 1 <sup>st</sup> April, 2013	Additions	Adjustments	Capitalised during the year	As at 31 <sup>st</sup> March, 2014
Electronic Data Processing Software	0.70	16.97	-	-	17.67
Right of Way-Afforestation expenses	191.58	206.30	4.89	126.45	266.54
Development Expenditure	1.34	-	(63.45)	-	64.79
<b>Total</b>	193.62	223.27	(58.56)	126.45	349.00
<b>Previous Year</b>	73.61	323.20	(6.84)	210.03	193.62

## Note 2.16/Construction stores

(₹ in Crore)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Towers	4209.34	3961.79
Conductors	5087.57	7038.36
Other Line Materials	2615.22	2320.23
Sub-Station Equipments	2507.46	1736.62
High Voltage Direct Current (HVDC) Equipments	3022.46	389.71
Unified Load Despatch & Communication(ULDC) Materials	88.73	48.47
Telecom Materials	19.32	35.97
Others	75.30	177.48
	<b>17625.40</b>	<b>15708.63</b>
Less: Provision for shortages and obsolete material	<b>0.10</b>	<b>0.01</b>
<b>TOTAL</b>	<b>17625.30</b>	<b>15708.62</b>
<b>Construction Stores include:</b>		
<b>i) Material in transit</b>		
Towers	<b>9.45</b>	27.51
Conductors	-	31.58
Other Line Materials	<b>46.74</b>	136.25
Sub-Station Equipments	<b>219.63</b>	131.16
High Voltage Direct Current (HVDC) Equipments	<b>904.31</b>	220.75
Telecom Materials	-	1.74
Others	<b>14.09</b>	87.65
<b>Total</b>	<b>1194.22</b>	<b>636.64</b>
<b>ii) Material with Contractors</b>		
Towers	<b>4199.89</b>	3931.64
Conductors	<b>5087.57</b>	7006.78
Other Line Materials	<b>2568.48</b>	2178.97
Sub-Station Equipments	<b>2259.94</b>	1600.05
High Voltage Direct Current (HVDC) Equipments	<b>2118.06</b>	168.96
Unified Load Despatch & Communication(ULDC) Materials	<b>59.02</b>	10.59
Telecom Materials	<b>19.32</b>	5.85
Others	<b>42.42</b>	60.33
<b>Total</b>	<b>16354.70</b>	<b>14963.17</b>
<b>Grand total</b>	<b>17548.92</b>	<b>15599.81</b>

### Further Notes:

- Pending reconciliation, materials amounting to ₹100.91 crore (previous year ₹63.55 crore) in commissioned lines is shown as construction stores lying with contractors.
- Construction Stores includes ₹ 50.68 crore (Previous year ₹ 91.61 crore) representing the value of conductors supplied by a supplier but found to be defective. The supplier has agreed to replace the defective conductors.

## Note 2.17/Non-current investments

(₹ in Crore)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>LONG TERM</b>		
<b>A. TRADE INVESTMENTS (AT COST)</b>		
<b>I. Equity Instruments-Fully Paid up :-</b>		
<b>Quoted</b>		
PTC India Limited		
12000006(Previous year 12000006) Shares of ₹10/- each	12.00	12.00
{Market Value ₹ 81.36 crore @ ₹ 67.80 (NSE) per share(Previous year ₹ 71.94 crore @ ₹ 59.95 (NSE) per share)}		



## Note 2.17/Non-current investments (Contd.)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Unquoted</b>		
<b>Subsidiary Companies</b>		
<b>Power System Operation Corporation Limited</b>		
30640000 (Previous year 30640000) Shares of ₹ 10 each.	30.64	30.64
<b>Powergrid NM Transmission Limited</b>		
50000 (Previous year 50000) Shares of ₹ 10 each.	0.05	0.05
<b>Powergrid Vemagiri Transmission Limited</b>		
50000 (Previous year 50000) Shares of ₹ 10 each.	0.05	0.05
Less: Provision for diminution in the value of Investment	0.05	-
	-	0.05
<b>Vizag Transmission Limited</b>		
50000 (Previous year NIL) Shares of ₹ 10 each.	0.05	-
<b>Unchahar Transmission Limited</b>		
50000 (Previous year NIL) Shares of ₹ 10 each.	0.05	-
<b>Joint Venture Companies</b>		
<b>Torrent Power Grid Limited</b>		
23400000 (Previous year 23400000) Shares of ₹ 10/- each.	23.40	23.40
<b>Jaypee Powergrid Limited</b>		
78000000 (Previous year 78000000) Shares of ₹ 10/- each	78.00	78.00
<b>Parbati Koldam Transmission Company Limited</b>		
56231240 (Previous year 40983800 ) Shares of ₹ 10/- each .	56.23	40.98
<b>Teestavalley Power Transmission Limited</b>		
41011762 (Previous Year 25411762) Shares of ₹ 10/- each .	41.01	25.41
<b>Powerlinks Transmission Limited</b>		
229320000 (Previous year 229320000) Shares of ₹ 10/- each	229.32	229.32
<b>North East Transmission Company Limited</b>		
106964000 (Previous year 106964000) Shares of ₹ 10/- each	106.96	106.96
<b>Energy Efficiency Services Limited</b>		
22500000 (Previous year 22500000) Shares of ₹ 10/- each	22.50	22.50
<b>National High Power Test Laboratory Limited</b>		
14875000 (Previous year 11060000) Shares of ₹ 10/- each	14.88	11.06
<b>Cross Border Power Transmission Company Limited</b>		
4940000 (Previous year 13000) Shares of ₹ 10/- each	4.94	0.01
<b>Kalinga Bidyut Prasaran Nigam Private Limited</b>		
5000 (Previous year 5000) Shares of ₹ 10/- each	0.01	0.01
<b>Bihar Grid Company Limited</b>		
25000 (Previous year 25000) Shares of ₹ 10/- each	0.02	0.02
	<b>620.06</b>	<b>580.41</b>

### II. Govt. Securities ( Unquoted ):-

#### a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f.

##### 1.10.2006 of :

Andhra Pradesh	18.05	36.10
Arunachal Pradesh	0.52	1.04
Assam	16.78	33.56
Bihar	16.22	32.43
Gujarat	7.00	14.01
Haryana	8.05	16.10
Himachal Pradesh	0.28	0.57
Jammu & Kashmir	16.20	32.40
Kerala	2.41	4.82
Madhya Pradesh	10.41	20.81
Maharashtra	1.35	2.69

## Note 2.17/Non-current investments (Contd.)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Manipur	3.17	6.34
Meghalaya	0.04	0.09
Mizoram	-	0.01
Nagaland	1.39	2.79
Punjab	4.69	9.39
Rajasthan	2.18	3.27
Sikkim	1.13	2.25
Tripura	0.09	0.18
Uttar Pradesh	46.15	92.29
Uttaranchal	5.13	10.25
West Bengal	8.05	16.10
Jharkhand	11.15	22.30
	<b>180.44</b>	<b>359.79</b>
<b>b) Other Bonds:-</b>		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 30.11.2007	5.77	8.09
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 31.03.2008	8.06	10.75
	<b>13.83</b>	<b>18.84</b>
<b>III. Share application money pending allotment in Joint Venture Companies</b>		
Teestavalley Power Transmission Limited	-	5.20
<b>TOTAL (A)</b>	<b>814.33</b>	<b>964.24</b>

### B. Non-trade investments ( Unquoted )

#### Equity shares-Fully paid-up

- 500 (Previous year 500) shares of ₹ 10/- each in Employees Co-op Society Limited Itarsi (₹ 5000/-)
- 500 (Previous year 500) shares of ₹ 10/- each in Employees Co-op Society Limited Nagpur (₹ 5000/-)
- 500 (Previous year 500) shares of ₹ 10/- each in Employees Co-op Society Limited Jabalpur (₹ 5000/-)
- 1 (Previous year NIL) shares of ₹ 10/- each in Bharat Broadband Network Ltd (₹ 10/-)

#### Total (B)

#### GRAND TOTAL (A+B)

#### Further notes:

- 1) Aggregate amount of Quoted Investments
 

Book value	12.00	12.00
Market Value	81.36	71.94
- Aggregate amount of Unquoted Investments
 

Book value	802.33	952.24
------------	--------	--------
- 2) 22931997 shares (Previous year 22931997) of Powerlinks Transmission Ltd. held by the Company have been pledged as continuous security with consortium of financial institutions against financial assistance obtained by Powerlinks Transmission Limited.
- 3) Investments have been valued as per accounting policy no. 1.11 (Note no 1)

## Note 2.18/Long-term loans and advances

(Unsecured considered good unless otherwise stated)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) Advances for Capital Expenditure</b>		
i) Secured	0.83	1.21
ii) Unsecured		
a. Against bank guarantees	3268.35	4783.48
b. Others	584.43	544.29
iii) Unsecured considered doubtful	1.14	1.14
	3853.92	5328.91
Less: Provision for bad & doubtful Advances	1.14	1.14
	<b>3852.78</b>	<b>5327.77</b>
	<b>3853.61</b>	<b>5328.98</b>



## Note 2.18/Long-term loans and advances (Contd.)

(Unsecured considered good unless otherwise stated)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>B) Loans</b>		
i) Employees (including interest accrued)		
Secured	152.05	111.30
Unsecured	8.79	5.50
	160.84	116.80
ii) Long term loan (Under securitisation Scheme)	23.14	38.56
iii) Lease receivables	437.34	447.36
	<b>621.32</b>	602.72
<b>C) Security Deposits</b>	<b>4.48</b>	3.95
<b>D) Advances to related parties*</b>		
i) Considered good	39.64	39.74
ii) Considered doubtful	19.35	
	58.99	39.74
Less: Provision for Doubtful advances	19.35	-
	<b>39.64</b>	39.74
<b>E) Advances recoverable in cash or in kind or for value to be received</b>		
Contractors & Suppliers( including material issued on Loan)	3.46	16.55
Employees	10.24	5.31
Others	9.64	3.62
Balance with Customs Port Trust and other authorities	1.44	2.27
Advance tax and Tax deducted at source	3232.77	2749.70
Less: Provision for taxation	3223.61	2623.08
	9.16	126.62
	33.94	154.37
Considered doubtful	6.20	7.91
	40.14	162.28
Less: Provision for doubtful Advances	6.20	7.91
	<b>33.94</b>	154.37
<b>TOTAL</b>	<b>4552.99</b>	<b>6129.76</b>
Due from:		
Directors	<b>0.04</b>	0.05
Officers	<b>8.52</b>	9.6

### Further notes:

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

## Note 2.19/Current investments

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>CURRENT MATURITIES OF LONG TERM INVESTMENTS (AT COST)</b>		
<b>TRADE INVESTMENTS</b>		
<b>Govt. Securities ( Unquoted ):-</b>		
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :		
Andhra Pradesh	18.05	18.05
Arunachal Pradesh	0.52	0.52
Assam	16.78	16.78
Bihar	16.21	16.21
Gujarat	7.00	7.00
Haryana	8.05	8.05
Himachal Pradesh	0.28	0.28
Jammu & Kashmir	16.20	16.20

## Note 2.19/Current investments (Contd.)

(₹ in Crore)		
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Kerala	2.41	2.41
Madhya Pradesh	10.41	10.41
Maharashtra	1.35	1.35
Manipur	3.17	3.17
Meghalaya	0.04	0.04
Nagaland	1.39	1.39
Punjab	4.70	4.70
Rajasthan	1.09	-
Sikkim	1.13	1.13
Tripura	0.09	0.09
Uttar Pradesh	46.15	46.15
Uttaranchal	5.13	5.13
West Bengal	8.05	8.05
Jharkhand	11.15	11.15
	<b>179.35</b>	<b>178.26</b>
<b>b) Other Bonds:-</b>		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable w.e.f 30.11.2007	2.31	2.31
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable w.e.f 31.03.2008	2.69	2.69
	<b>5.00</b>	<b>5.00</b>
<b>Total</b>	<b>184.35</b>	<b>183.26</b>
<b>GRAND TOTAL</b>	<b>184.35</b>	<b>183.26</b>
<b>Further notes:</b>		
1) Aggregate amount of Unquoted Investments Book value	<b>184.35</b>	<b>183.26</b>
2) Investments have been valued as per accounting policy no. 1.11 (Note no 1)		

## Note 2.20/Inventories

(₹ in Crore)		
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(As taken valued and certified by the Management)		
(For mode of valuation refer Note 1.12)		
Loose tools	<b>0.96</b>	0.68
Consumable stores	<b>2.10</b>	5.15
Components, Spares & other spare parts:		
Towers	<b>158.21</b>	130.35
Conductors	<b>57.27</b>	41.82
Other Line Materials	<b>190.86</b>	149.14
Sub-Station Equipments/Spares	<b>199.99</b>	136.72
High Voltage Direct Current Equipments/spares	<b>61.05</b>	60.78
Unified Load Despatch Centre Spares	<b>1.66</b>	2.26
Telecom Spares	<b>5.69</b>	8.06
Other Stores	<b>34.88</b>	16.82
	<b>712.67</b>	551.78
Less Provision for Shortages	<b>0.27</b>	0.25
<b>Total</b>	<b>712.40</b>	<b>551.53</b>
<b>Inventories includes material in transit</b>		
Other Line Materials	<b>0.08</b>	-
<b>Total</b>	<b>0.08</b>	-





## Note 2.21/Trade receivables

(Unsecured considered good unless otherwise stated)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
i) Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	134.36	245.46
Considered doubtful	21.23	20.61
	<b>155.59</b>	<b>266.07</b>
ii) Others	<b>1444.10</b>	<b>1188.63</b>
	<b>1599.69</b>	<b>1454.70</b>
Less: Provision for bad & doubtful trade receivables	<b>21.23</b>	<b>20.61</b>
<b>Total</b>	<b>1578.46</b>	<b>1434.09</b>

## Note 2.22/Cash and Bank balances

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>1) Cash and Cash Equivalents</b>		
Balance with banks-		
-In Current accounts	778.15	860.95
-In designated current accounts (to be utilised for consultancy assignments)	653.13	788.15
Drafts/Cheques in hand	-	4.37
Cash in hand	0.01	0.03
Stamps and Imprest	-	0.01
	<b>1431.29</b>	<b>1653.51</b>
<b>2) Other Bank Balances</b>		
-In current account (Unclaimed dividend)	<b>11.23</b>	<b>8.46</b>
-In Term Deposits having maturity over 3 months (FPO proceeds to be utilised for identified projects)	<b>2975.00</b>	<b>-</b>
<b>Total</b>	<b>4417.52</b>	<b>1661.97</b>

### Further notes:

Balance with Banks in current accounts and designated current accounts under cash and cash equivalents above, includes liquid flexi term deposit ₹150.97 crore (previous year ₹115.71 crore) and ₹ 611.82 crore (previous year ₹775.15 crore) respectively

## Note 2.23/Short-term loans and advances

(Unsecured considered good unless otherwise stated)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) Loans</b>		
<b>a) Employees including interest accrued</b>		
i) Secured	24.39	49.88
ii) Unsecured	5.39	5.09
	<b>29.78</b>	<b>54.97</b>
<b>b) Others</b>		
Current maturities of Long Term Advances (Under securitisation Scheme)	23.14	23.14
Current Maturities of Lease Receivables	98.31	63.44
	<b>121.45</b>	<b>86.58</b>
<b>Total (A)</b>	<b>151.23</b>	<b>141.55</b>
<b>B) Advances to related parties*</b>	<b>60.94</b>	<b>65.65</b>
<b>C) Advances recoverable in cash or in kind or for value to be received</b>		
<b>a) Employees</b>	<b>19.26</b>	<b>20.40</b>
<b>b) Others</b>		
Contractors & Suppliers (Including Material issued on loan)	17.17	31.72
Balance with Customs Port Trust and other authorities	28.78	15.70
Others	194.66	153.65
	<b>240.61</b>	<b>201.07</b>
<b>Total (C)</b>	<b>259.87</b>	<b>221.47</b>
<b>Total (A+B+C)</b>	<b>472.04</b>	<b>428.67</b>
Directors	<b>0.01</b>	<b>0.02</b>
Officers	<b>2.78</b>	<b>3.22</b>

### Further notes:

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

## Note 2.24/Other current assets

(Unsecured considered good unless otherwise stated)

		(₹ in Crore)	
Particulars		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
a) Unbilled Revenue	1608.74		1757.87
b) Interest accrued but not due			
Interest accrued on Investments (Bonds)	20.19		27.94
Interest accrued on Term/Fixed Deposits	70.11		4.88
c) Claims recoverable	3.81		8.91
d) Others	32.78		39.97
e) Doubtful claims	1.09		1.09
		<b>1736.72</b>	<b>1840.66</b>
Less: Provision for doubtful claims		<b>1.09</b>	<b>1.09</b>
<b>Total</b>		<b>1735.63</b>	<b>1839.57</b>

### Further notes:

Unbilled revenue ₹ 615.33 crore ( Previous year ₹742.15 Crore) represent amount for which the company is yet to raise bills in view of recognition of revenue as per CERC Tariff norms applicable for 2009-2014 and also includes transmission charges for the month of March, 2014 amounting to ₹993.41 crores (previous year ₹1015.72 crore ) billed to beneficiaries in the month of April, 2014(Previous year April, 2013).

## Note 2.25/Revenue from operations

		(₹ in Crore)	
Particulars		For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>i) Transmission Business</b>			
Sales of services			
<b>Transmission Charges</b>	13969.52		11704.78
Add: Revenue recognised out of advance against depreciation	76.89		48.82
Add: -Short term open access	203.64		409.06
	14250.05		12162.66
<b>Other operating revenue</b>			
Interest on differential between Provisional and Final Tariff by CERC	77.54		48.40
		<b>14327.59</b>	<b>12211.06</b>
<b>ii) Telecom Business</b>			
Sales of services			
NLD	268.41		227.06
IP-1	8.62		10.31
ISP	1.68		1.36
Others	8.48		4.85
	287.19		243.58
<b>Less: Inter Divisional Transfer</b>			
NLD	5.65		6.88
IP-1	5.16		5.16
ISP	0.24		0.15
	11.05		12.19
		<b>276.14</b>	<b>231.39</b>
<b>iii) Consultancy Project Management and Supervision</b>			
Sales of services	332.48		228.96
Sales of products	294.07		86.44
		<b>626.55</b>	<b>315.40</b>
<b>Total</b>		<b>15230.28</b>	<b>12757.85</b>

### Further notes:

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

- ₹ 3652.88 crore (previous year ₹3450.39 crore ) for which provisional tariff orders have been issued by the Central Electricity Regulatory Commission (CERC) allowing provisional billing at 85-95% of the tariff claimed;
- ₹ 9864.47 crore (previous year ₹ 8141.51 crore ) for which final tariff orders have been issued by CERC;
- ₹ 476.68 crore (previous year ₹ 96.44 crore) based on CERC Tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC.
- Transmission charges for the current year include ₹ 52.38 crore (Previous year ₹ 65.26 crore ) on account of deferred tax materialised during the year which is recoverable from beneficiaries as per CERC Tariff Regulations 2009 notified by the CERC.



## Note 2.25/Revenue from operations (Contd.)

e) CERC issued tariff order dated 29.04.2011 in respect of Barh-Balia Transmission line considering the date of commercial operation (DOCO) 01.07.10. Against this tariff order, one of the beneficiaries filed appeal before the Appellate Tribunal for Electricity (ATE) challenging the tariff approved by CERC based on above DOCO claimed by the company. The ATE vide its orders dated 2.07.12 observed that the DOCO of 1.7.10 was not correct as the appellant had reported that the transmission line was actually commissioned in August 2011 i.e. when it was successfully test charged at both ends as the work which was in scope of generating Company have been completed in August 2011. Accordingly, the ATE remanded CERC for redetermination of DOCO and tariff of the Transmission line. ATE vide order dated 8.11.12 also rejected the review petition of the company in this regard. Upon this, the company filed an appeal in the Supreme Court explaining that the DOCO of 1.7.10 was as per CERC Regulations. The Hon'ble Supreme Court on 15.03.2013 had stayed all the proceedings before the CERC for the said Transmission System based on the appeal filed by the Company against the order of Appellate Tribunal for Electricity (ATE) directing CERC for redetermination of date of commercial operation.

The Company had also filed petition on 15.01.2013 before the Central Electricity Regulatory Commission (CERC) for determination of revised transmission tariff on the basis of revised cost estimate approved by the Board of Directors. Subsequently on 08.10.2013, in its interim order, the Hon'ble Supreme Court has directed the CERC to proceed with determination of tariff for the said Transmission System pending disposal of the appeal regarding determination of DOCO date.

Considering above, during the year, the Company has recognised differential tariff of ₹ 168.79 crore for the period from 01.07.2010 to 31.03.2014 (including ₹124.46 crore for the period upto 31.03.2013) attributable to differential revised cost as per CERC tariff norms.

Pending decision of the Supreme Court, and considering that 01.07.2010 is correct DOCO as per CERC Regulations, no adjustment has been made in respect of Revenue of ₹ 144.91 crore recognised for the period 01.07.2010 to 31.08.2011.

f) The CERC vide notification dated 11th September,2013 has directed to disburse the entire amount collected under Short Term Open Access (STOA) without retaining the 25% ( 25% for intra region and 12.5% for each of the inter region) of the amounts which was allowed as per the earlier regulation.

Accordingly, STOA charges of ₹ 203.64 crore are for the period from 01st April,2013 to 10th September, 2013.

## Note 2.26/Other income

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March,2013
<b>A) Income from non-current Investments</b>		
<b>i) Dividend</b>		
Subsidiary	21.45	10.72
Others	67.56	49.96
<b>ii) Interest on Govt.securities</b>	43.68	59.26
<b>B) Other Interest</b>		
Loan to State Govt. in settlement of dues	4.26	5.57
Indian Banks	192.01	216.75
Interest from advances to contractors	231.24	267.49
Interest on outstanding dues from DESU	-	91.38
Others	9.81	7.92
	<b>570.01</b>	<b>709.05</b>
<b>C) Others</b>		
Profit on sale of Fixed Assets	<b>0.10</b>	0.20
Deferred Income (Transferred from Grants-in-aid)	<b>21.96</b>	22.29
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	<b>5.83</b>	0.35
Lease Income-State Sector ULDC	<b>38.84</b>	35.66
Surcharge	<b>74.51</b>	73.47
Hire charges for equipments	<b>0.12</b>	0.28
FERV gain	-	1.16
Rebate	<b>0.35</b>	0.27
Provisions written back	<b>5.25</b>	59.24
Miscellaneous income	<b>75.96</b>	51.26
	<b>792.93</b>	953.23
Less: Income transferred to expenditure during construction(Net)-Note 2.32	<b>301.80</b>	382.34
<b>Total</b>	<b>491.13</b>	570.89

## Note 2.27/Employee benefits expense

Particulars	(₹ in Crore)	
	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
Salaries wages allowances & benefits	1123.94	1086.33
Contribution to provident and other funds	159.42	140.38
Staff Welfare expenses	116.66	101.31
	<b>1400.02</b>	1328.02
Less: Transferred to Expenditure during Construction(Net)-Note 2.32	<b>458.34</b>	441.62
<b>Total</b>	<b>941.68</b>	886.40

### Further notes:

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

	(₹ in crore)	
	Current Year	Previous year
Salaries and Allowances	1.48	2.21
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	0.19	0.10
Other benefits	0.25	0.16

- b) In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of ₹ 2000/- p.m. as contained in the Department of public enterprises (DPE) OM No.2(23)/11-DPE(WC)-GL-V/13 dt. 21.01.2013.
- c) Pending approval of Ministry of Power and Department of Public Enterprises, special allowance up to 10% of Basic pay amounting to ₹17.43 crore for the financial year 2013-14 (Cumulative amounting to ₹ 78.86 crore upto 31.03.2014) is being paid to employees who are posted in the difficult and far flung areas. The above allowance is above the maximum ceiling of 50% of Basic Pay as per DPE office memorandum no. 2(70)/08-DPE(WC)-GL-XVI/08 dated 26-Nov-2008.

## Note 2.28/Finance costs

Particulars	(₹ in Crore)	
	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>A) i) Interest on loans from</b>		
Indian Banks, Financial Institutions & Corporations	571.13	358.13
Foreign Banks and Financial Institutions	222.49	230.40
Secured/Unsecured redeemable Bonds	4238.37	3507.02
Foreign Currency Bonds	126.71	23.02
<b>ii) Interest-Others</b>	13.01	7.60
	<b>5171.71</b>	4126.17
<b>B) Other borrowing costs</b>		
Commitment charges	18.20	18.34
Guarantee Fee	204.59	212.03
Other finance charges	47.64	77.53
	<b>270.43</b>	307.90
<b>C) ERV as adjustment to Borrowing Cost</b>		
ERV as adjustment to Borrowing Cost	-	(671.89)
Less: FERV recoverable	-	(597.97)
	<b>-</b>	(73.92)
	<b>5442.14</b>	4360.15
Less: Transferred to Expenditure during Construction (Net)-Note 2.32	<b>2274.62</b>	1824.93
<b>Total</b>	<b>3167.52</b>	2535.22

## Note 2.29/Depreciation and amortization expense

Particulars	(₹ in Crore)	
	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
Depreciation/amortisation on Tangible Assets	4107.05	3457.62
Amortisation of Intangible assets	38.21	24.02
	<b>4145.26</b>	3481.64
Less: Transferred to Expenditure During Construction(Net)-Note 2.32	<b>9.47</b>	11.06
	<b>4135.79</b>	3470.58
Less: Depreciation amortised due to FERV adjustment	<b>140.11</b>	118.66
<b>Charged To Statement of Profit &amp; Loss</b>	<b>3995.68</b>	3351.92



## Note 2.30/Transmission, Administration and other expenses

(₹ in Crore)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>Repair &amp; Maintenance</b>		
Buildings	30.27	27.97
Plant & Machinery		
Sub-Stations	191.95	124.22
Transmission lines	71.28	68.62
Telecom equipments	25.99	25.61
Others	8.58	8.50
	297.80	226.95
System and Market Operation Charges	17.53	16.80
Power charges	122.25	105.68
Less: Recovery from contractors	1.12	0.77
	121.13	104.91
Expenses of Diesel Generating sets	5.71	6.22
Stores consumed	0.06	0.09
Water charges	1.04	1.03
Right of Way charges(Telecom)	4.94	5.43
Patrolling Expenses-Telecom	1.71	1.51
Last Mile connectivity-Telecom	0.12	0.30
Training & Recruitment Expenses	19.28	17.30
Less:Fees for training and application	0.15	0.05
	19.13	17.25
Legal expenses	7.16	6.60
Professional charges(Including TA/DA)	23.96	10.67
Consultancy expenses(Including TA/DA)	1.60	1.60
Communication expenses	14.29	12.02
Travelling & Conv.exp.(excluding foreign travel)	87.32	83.83
Foreign travel	11.89	7.54
	99.21	91.37
Tender expenses	18.17	13.23
Less: Sale of tenders	3.49	4.14
	14.68	9.09
<b>Remuneration to auditors</b>		
Statutory Auditors*		
Audit Fees	0.51	0.51
Tax Audit Fees	0.10	0.10
In Other Capacity	0.58	0.64
Arrears	0.15	0.24
Out of pocket Expenses	0.66	0.67
	2.00	2.16
Advertisement and publicity	7.62	6.75
Printing and stationery	6.62	4.72
Books Periodicals and Journals	1.19	0.91
EDP hire and other charges	4.11	3.26
Entertainment expenses	1.75	1.63
Brokerage & Commission	0.53	0.20
Research & Development expenses	0.67	1.07
Cost Audit and Physical verification Fees	0.67	0.45
Rent	11.23	9.92
Capital Expenditure on assets not owned by the Company	3.07	7.87
CERC petition & Other charges	32.49	22.33
Miscellaneous expenses	42.50	29.95
Horticulture Expenses	10.67	8.80
Security Expenses	89.17	67.59
Hiring of Vehicle	94.53	74.02
Insurance	57.59	49.96
Rates and taxes	6.60	10.13
License Fees to DOT	22.59	15.93

## Note 2.30/Transmission, Administration and other expenses (Contd.)

(₹ in Crore)		
Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Bandwidth charges dark fibre lease charges (Telecom) etc	20.56	16.61
Expenditure on Corporate Social Responsibility (CSR) & Sustainable development	21.66	21.84
Non operating expenses	0.74	0.32
Transit Accomodation Expenses	8.63	6.50
Less : Income from Transit Accomodation	0.95	0.78
	7.68	5.72
Rebate to Customers	114.95	79.19
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)	8.34	-
<b>Provisions</b>		
Provision-Others	22.35	2.75
	22.35	2.75
	1252.22	983.89
Less: Transferred to Expenditure during Construction(Net)-Note 2.32	144.09	118.93
	<b>1108.13</b>	864.96
Loss on Disposal/Write off of Fixed Assets	4.73	6.58
<b>Total</b>	<b>1112.86</b>	871.54
Stores consumption included in repair and maintenance	110.52	83.46

### Further Notes:

The Company has allowed rebate against payment received through LC / cheques / RTGS for effecting better and timely recovery of dues from State Power Utilities on consistent basis

\*Excluding professional fees paid for FPO certification work ₹0.36 crore (Previous Year NIL) which is directly adjusted against security premium reserve.

## Note 2.31/Prior period items(Net)

(₹ in Crore)		
Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>Income</b>		
Transmission charges	(6.21)	51.20
Depreciation/amortisation written back	-	0.15
Depreciation amortised due to FERV	-	1.82
Others	6.24	20.30
	0.03	73.47
<b>Expenditure</b>		
Rates and taxes	0.73	1.20
Depreciation/amortisation	14.85	29.74
Interest	-	12.66
Others	5.09	5.31
	20.67	48.91
<b>Prior period expenditure/(income )(Net)</b>	<b>20.64</b>	(24.56)
Less: Transferred to Expenditure during Construction(Net) -Note 2.32	0.12	0.14
<b>Total</b>	<b>20.52</b>	(24.70)

## Note 2.32/ Expenditure during Construction (Net)

(₹ in Crore)		
Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>A.Employees Remuneration &amp; Benefits</b>		
Salaries wages allowances and benefits	379.99	377.78
Contribution to provident and other funds	53.09	43.68
Welfare expenses	25.26	20.16
<b>Total(A)</b>	<b>458.34</b>	441.62



## Note 2.32/ Expenditure during Construction (Net) (contd...)

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>B. Other Expenses</b>		
Repair and maintenance		
Buildings	2.64	2.54
Others	2.06	3.57
	4.70	6.11
Power charges	18.67	16.43
Less: Recovery from contractors	0.60	0.60
	18.07	15.83
Expenses on Diesel Generating sets	1.05	1.45
Water charges	0.25	0.17
Training & Recruitment Expenses	0.01	0.05
Legal expenses	1.57	1.23
Professional charges	2.10	1.67
Consultancy expenses	0.39	0.19
Communication expenses	2.94	2.79
Travelling & Conv.exp. (Including Foreign Travel)	40.23	35.77
Tender expenses	7.97	5.83
Less: Sale of tenders	3.16	3.83
	4.81	2.00
Payment to Auditors	0.14	0.06
Advertisement and Publicity	0.26	1.30
Printing and stationery	0.72	0.59
Books, Periodicals and Journals	0.02	-
EDP hire and other charges	0.30	0.26
Entertainment expenses	0.21	0.17
Brokerage and commission	0.06	0.06
Rent	4.14	3.80
Miscellaneous expenses	5.25	5.75
Horticulture Expenses	0.61	0.54
Security Expenses	18.37	10.73
Hiring of Vehicles	34.21	24.86
Insurance	1.35	0.60
Rates and taxes	1.08	2.08
Bandwidth charges, dark fibre lease charges(Telecom)	0.11	-
Non-operating expenses	0.09	-
Transit Accomodation Expenses	1.09	0.91
Less : Income from Transit Accomodation	0.04	0.04
	1.05	0.87
<b>Sub-total</b>	<b>144.09</b>	<b>118.93</b>
Prior Period adjustment (net)	<b>0.12</b>	<b>0.14</b>
<b>Total (B)</b>	<b>144.21</b>	<b>119.07</b>
<b>C. Depreciation/Amortisation</b>	<b>9.47</b>	<b>11.06</b>
<b>D. Finance Costs</b>		
a) Interest on Loans from		
Indian Banks, Financial Institutions and Corporations	272.56	125.16
Foreign Banks and Financial Institutions	110.67	84.98
Secured/Unsecured Redeemable Bonds	1664.80	1432.09
Foreign Currency Bonds	125.93	22.43
	2173.96	1664.66
b) Other borrowing costs		
Commitment charges	17.99	18.20
Guarantee fee	56.56	76.88
Other Finance Charges	26.11	65.19
	100.66	160.27
<b>Total (D)</b>	<b>2274.62</b>	<b>1824.93</b>
<b>E. Less: Other Income</b>		
Interest from		
Indian banks	59.74	113.94
Contractors	224.83	264.05
Others	1.65	0.91
	286.22	378.90
Miscellaneous income	15.58	3.20
Hire charges	-	0.24
<b>Total (E)</b>	<b>301.80</b>	<b>382.34</b>
<b>GRAND TOTAL (A+B+C+D-E)</b>	<b>2584.84</b>	<b>2014.34</b>

## OTHER NOTES

- 2.33 Cash equivalent of deemed export benefits availed of ₹ 209.99 crore in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt. of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP project and the same was capitalised in the books of accounts. Thereafter, World Bank had financed both the ESI project and STP project as originally envisaged and they became eligible for deemed export benefits. Consequently, the company has lodged claims with the Customs and Excise Authorities. In this regard the Cumulative amount received and de-capitalized upto 31<sup>st</sup> March 2014 is ₹ 12.12 crore (previous year ₹ 12.12 crore). The company continued to show the balance of ₹ 197.87 crore as at 31<sup>st</sup> March 2014 (previous year ₹ 197.87 crore) in the capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.
- 2.34 During the year company made Follow on Public Offer (FPO) and allotted 601,864,295 fresh equity shares of face value of ₹ 10 each at a premium of ₹ 80 each (₹ 75.50 for retail investors and employees) and further company has made an offer for Sale of 185,189,014 equity shares of ₹ 10 each for a consideration of ₹ 90 each (₹ 85.50 each to retail investors and employees) being disinvestment on behalf of President of India on 16<sup>th</sup> December 2013. The company received ₹ 5321.31 crore through fresh issue of shares including share premium of ₹ 4719.45 crore and sale proceeds of equity of Government of India amounting to ₹ 1637.33 crore which was paid to Government of India. The issue proceeds of ₹ 2346.31 crore have been utilized during the year (₹ 2332.16 crore for part financing of capital expenditure on the projects specified for utilization and ₹ 14.15 crore for share issue expenses spent out of total amount of ₹ 31.64 crore) and the balance amount of ₹ 2975.00 crore is kept in the banks as term deposits. Issue expenses of ₹ 16.31 crore (Net after adjustment of Share of expenses recoverable from Government of India ₹ 6.93 crore and tax benefit ₹ 8.40 crore respectively) has been adjusted against Securities Premium Reserve (Note - 2.2).
- 2.35 a) Certain balances in Loans and Advances & Trade Payables are subject to confirmation and consequential adjustments, if any.  
b) In the opinion of the management, the value of any of the assets other than fixed assets and non current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.
- 2.36 Information in respect of cost plus consultancy contracts, considering the same as consultancy business as required under Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts " is provided as under :

(₹ in Crore)

Particulars		For the Year ended 31.03.2014	For the Year ended 31.03.2013
i)	The amount of revenue recognised on cost plus consultancy contract works	259.08	176.90
ii)	<b>The methods used to determine the contract revenue recognised</b> 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	Accounting Policy -1.13.8	Accounting Policy -1.13.8
iii)	Cumulative amount of costs incurred on construction contracts	13123.72	11519.24
iv)	Cumulative amount of advance received from customers as at the year end	14648.74	13251.85
v)	Amount of retention money with customers as at the year end	52.88	96.01
vi)	Gross amount due from customers for contract works as an asset as at the year end	75.72	35.52
vii)	Gross amount due to customers for contract works as a liability as at the year end	943.96	1413.25

- 2.37 The company has been entrusted with the responsibility of billing collection and disbursement (BCD) of the transmission charges on behalf of all the ISTS (Interstate transmission System) licensees through the mechanism of the POC (Point of Connection) charges introduced w.e.f. 01<sup>st</sup> July 2011 which involves billing based on approved drawl/injection of power in place of old mechanism based on Mega Watt allocation of power by Ministry of Power. By this mechanism, revenue of the company will remain unaffected. Some of the beneficiaries aggrieved by the POC mechanism have preferred appeal before various High Courts of India. All such appeals have been transferred to Delhi High Court as per order of the Supreme Court on the appeal preferred by the company and company has also requested for directing agitating states to pay full transmission charges as per new methodology pending settlement of the matter. Honorable Delhi High Court has directed all the above beneficiaries to release payments and accordingly the beneficiaries have started making payments as per the said directions. Unrealized amount of ₹ 151.09 crore (Previous Year ₹ 273.27 crore) is included in trade receivables.
- 2.38 (i) FERV Loss of ₹ 2258.13 crore (Previous Year ₹ 1660.02 crore ) has been adjusted in the respective carrying amount of Fixed Assets/ Capital work in Progress (CWIP)/lease receivables.  
(ii) FERV Loss of ₹ 8.34 crore (Previous Year FERV Gain ₹ 1.16 crore) has been recognised in the Statement of Profit and Loss.
- 2.39 Borrowing cost capitalised during the year is ₹ 2274.62 crore (previous year ₹ 1824.93 crore) as per AS 16- "Borrowing Costs".
- 2.40 Based on information available with the company, there are few suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by MSMED Act, 2006 is given as under:



## OTHER NOTES (contd...)

(₹ in crore)

Sr. No	Particulars	Current Year	Previous Year
1	Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest	9.25 0.05	Nil Nil
2	The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil

### 2.41 Disclosures as per Accounting Standard (AS) 15 -"Employee Benefits"

Defined employee benefit/ contribution schemes are as under:-

#### A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution to the fund for the year amounting to ₹74.88 crore (previous year ₹66.57 crore) has been recognized as expense and is charged to Statement of Profit and Loss. The obligation of the company is limited to such fixed contribution and to ensure a minimum rate of interest on contributions to the members as specified by GOI. As per the report of actuary over all interest earning and cumulative surplus 'is more' than statutory interest payment requirement. Hence, no further provision is considered necessary.

#### B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 10 lacs. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

#### C. Pension

The Company has scheme of employees defined Pension Contribution. Company contribution is paid to separate trust. Amount of contribution paid/payable for the year is ₹ 60.08 crore (previous year ₹ 52.24 crore) has been recognised as expense and is charged to statement of profit & loss.

#### D. Post-Retirement Medical Facility (PRMF)

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

#### E. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents to superannuated employees. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

The summarised position of various defined benefits recognized in the Statement of Profit & Loss and Balance Sheet and funded status is as under:-

a) Expenses recognised in Statement of profit and loss:

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	21.08	19.11	7.26	6.13	0.73	0.66
Interest cost on benefit obligation	31.16	28.62	14.34	11.88	1.07	1.01
Expected return on plan assets	(32.60)	(30.14)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	5.67	4.11	23.65	14.70	(0.44)	(0.47)
Expenses recognized in the Statement of profit and loss	25.31	21.69	45.25	32.71	1.36	1.20

## OTHER NOTES (contd...)

b) Actual return on plan assets is ₹ 35.14 crore (previous year ₹ 30.25 crore)

c) The amount recognized in the Balance Sheet:

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(i) Present value of obligation as at the year end	429.21	389.51	219.33	179.27	14.26	13.42
(ii) Fair value of plan assets as at the year end	423.01	383.54	-	-	-	-
Difference (ii) – (i)	(6.20)	(5.96)	(219.33)	(179.27)	(14.26)	(13.42)
Net asset (liability) recognized in the Balance Sheet	(6.20)	(5.96)	(219.33)	(179.27)	(14.26)	(13.42)

d) Changes in the present value of the defined benefit obligations:

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at the beginning of the year	389.51	357.73	179.27	148.53	13.42	12.62
Interest cost	31.16	28.62	14.34	11.88	1.07	1.01
Current Service Cost	21.08	19.11	7.26	6.13	0.73	0.66
Benefits paid	(20.76)	(20.16)	(5.19)	(1.97)	(0.52)	(0.40)
Net actuarial (gain)/loss on obligation	8.22	4.22	23.65	14.70	(0.44)	(0.47)
Present value of the defined benefit obligation as at the end of the year	429.21	389.51	219.33	179.27	14.26	13.42

e) Changes in the fair value of plan assets:

(₹ in crore)

Description	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at beginning of the year	383.54	354.62
Expected return on plan assets	32.60	30.14
Contribution by employer	25.08	18.85
Benefits paid	(20.75)	(20.17)
Actuarial gain/(loss)	2.54	0.11
Fair value of plan assets as at end of the year	423.01	383.54

### F. Other Employee Benefits

Provision for Leave encashment (including compensated leave) amounting to ₹ 51.84 crore (previous year ₹ -11.65 crore) 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.

Provision for Long Service Award amounting to ₹ 0.84 crore (previous year ₹ 1.19 crore) has been made on the basis of actuarial valuation at the year end.

### G. Plan Asset (Gratuity)

The details of the plan assets at cost are as follows:-

(₹ in crore)

		(At Purchase Value)	
		As at 31 March 2014	As at 31 March 2013
i)	State Government Securities	83.71	68.84
ii)	Central Government Securities	106.63	88.43
iii)	Corporate Bonds/Debentures	237.94	228.63
iv)	RBI Special Deposit	5.13	5.13
v)	Other Assets	13.50	15.46
<b>Total:-</b>		<b>446.91</b>	<b>406.49</b>
Less : Share of POSOCO in the plan Assets		23.90	22.95
<b>Grand Total</b>		<b>423.01</b>	<b>383.54</b>

## OTHER NOTES (contd...)

### H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- i) Method used - Projected unit credit ( PUC) (Previous Year (PUC))
- ii) Discount rate - 8.50 % (previous year 8 %)
- iii) Expected rate of return on assets (Gratuity only) – 8.50 % (previous year 8.50%)
- iv) Future salary increase- 6.50 % (previous year 6%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market. Further the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets, assessed risk of asset management and historical return for plan assets.

I. The Company's best estimate of contribution towards gratuity for the financial year 2014-15 is ₹ 4.65 crore (previous year ₹ 8.13 crore)

J. The effect of the percentage point increase/decrease in the medical cost of PRMF will be as under:-

(₹ in crore)

Description	Increase by		Decrease by	
	Current Year	Previous Year	Current Year	Previous Year
Service and Interest Cost	12.22	2.77	(15.61)	(3.29)
Present value of obligation	41.54	17.05	(26.72)	(20.21)

### K. Experience Adjustments

(₹ in crore)

Description	Current Year	Previous Year
Gratuity		
i) Plan assets – Loss/(Gain)	(2.54)	0.27
ii) Obligation- Loss/(Gain)	8.05	2.43
PRMF		
Obligation – Loss/(Gain)	(23.65)	(1.99)
ODRB		
Obligation – Loss/(Gain)	1.41	0.99

### 2.42 Disclosure as per AS 17-“ Segment Reporting”

#### a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 “Segment Reporting”.

#### b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses.

#### c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, current assets and loan and advances. Construction work-in-progress, construction stores & advances and investments are included in unallocated assets. Segment liabilities include operating liabilities and provisions.

## OTHER NOTES (contd...)

### Segment Reporting

(₹ in crore)

	Transmission		Consultancy		Telecom		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue:										
Revenue from Operations (including allocable other income)	14527.72	12448.99	632.74	318.03	277.16	231.57			15437.62	12998.59
Inter Segment Revenue					11.05	12.19	(11.05)	(12.19)		
Net Revenue from Operations	14527.72	12448.99	632.74	318.03	288.21	243.76	(11.05)	(12.19)	15437.62	12998.59
Segment results	8768.90	7653.29	284.85	133.25	93.73	76.05			9147.48	7862.59
Unallocated Interest and Other Income									283.79	330.15
Unallocated Finance Costs									3167.52	2547.88
Profit before Tax									6263.75	5644.86
Provision for Taxes									1766.33	1410.36
<b>Profit after Tax</b>									4497.42	4234.50
Other information:										
Segment Assets	80466.87	67896.41	819.35	890.39	853.11	829.57			82139.33	69616.37
Unallocated Assets									57449.74	41517.19
<b>Total Assets</b>									139589.07	111133.56
Segment Liabilities:	6042.37	4843.44	1473.47	1746.15	475.86	521.25			7991.70	7110.84
Unallocated Other Liabilities (including loans)									97137.74	77783.25
Total liabilities									105129.44	84894.09
Depreciation and Amortisation	3940.43	3315.89	0.38	0.42	69.72	63.38			4010.53	3379.69
Non-cash expenditure other than Depreciation	27.08	6.70		1.99		0.64			27.08	9.33
Capital Expenditure	28559.96	20592.69	0.32	0.29	79.75	161.15			28640.03	20754.13

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

### 2.43 Disclosure as per AS -20 " Earning Per Share"

The elements considered in calculation of Earning Per Share (Basic and Diluted) is given as under:

Description	Current Year	Previous Year
Net Profit after tax used as numerator ( ₹ in crore)	4497.42	4234.50
Weighted average number of equity shares used a denominator	4804513340	4629725353
Earning per share (Basic & Diluted) (in ₹ )	9.36	9.15
Face Value per share (in ₹ )	10	10

### 2.44 Disclosure as per AS 18- "Related Party Disclosure"

#### a) List of Related Parties:-

##### i) Key Management Personnel

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





## OTHER NOTES (contd...)

### ii) Subsidiaries:- Wholly Owned

- i) Power System Operation Corporation Limited (POSOCO)
- ii) Powergrid NM Transmission Limited
- iii) Powergrid Vemagiri Transmission Limited
- iv) Vizag Transmission Limited (w.e.f 30<sup>th</sup> August 2013)
- v) Unchahar Transmission Limited (w.e.f 24<sup>th</sup> March 2014)

### iii) Joint Ventures:-

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

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

( ₹ in crore)

Description	Current Year		Previous Year	
Transactions for services received by the company		17.97		16.29
Power System Operation Corporation Limited	17.53		16.29	
North East Transmission Company Limited	0.19		-	
Bihar Grid Company Limited	0.25		-	
Transactions for services provided by the company		30.21		24.59
Parbati Koldam Transmission Company Limited	2.07		0.17	
Torrent Power Grid Limited	0.03		0.03	
Jaypee Powergrid Limited	0.32		0.06	
North East Transmission Company Limited	13.21		22.22	
National High Power Test Laboratory Private Limited	8.31		1.54	
Powerlinks Transmission Limited	0.09		0.34	
Energy Efficiency Services Limited	0.05		-	
Power System Operation Corporation Limited	-		0.23	
Cross Border Power Transmission Company Limited	6.13		-	
Amount recoverable at the end of the year		119.93		105.39
Parbati Koldam Transmission Company Limited	0.01		0.01	
Torrent Power Grid Limited	0.07		0.03	
North East Transmission Company Limited	16.09		20.12	
National High Power Test Laboratory Private Limited	0.09		0.19	
Energy Efficiency Services Limited	0.11		0.02	
Bihar Grid Company Limited	2.38		0.08	
Kalinga Vidyut Prasaran Nigam Private Limited	0.65		0.05	
Power System Operation Corporation Limited	38.23		45.15	
Powergrid Vemagiri Transmission Limited	19.35		19.20	
Powergrid NM Transmission Limited	20.75		20.54	
Vizag Transmission Limited	16.14		-	
Unchahar Transmission Limited	2.75		-	
Cross Border Power Transmission Company Limited	3.29		-	
Powerlinks Transmission Limited	0.01		-	
Jaypee Powergrid Limited	0.01		-	
Amount payable at the end of the year		12.57		22.99
Parbati Koldam Transmission Company Limited	0.09		0.09	
Jaypee Powergrid Limited	0.13		0.50	
North East Transmission Company Limited	1.25		2.08	

## OTHER NOTES (contd...)

National High Power Test Laboratory Private Limited	7.99		20.07	
Powerlinks Transmission Limited	3.11		0.25	
Investment made during the year		39.70		71.97
Jaypee Powergrid Limited	-		2.08	
Teestavalley Power Transmission Limited	15.60		5.08	
Parbati Koldam Transmission Company Limited	15.25		19.50	
North East Transmission Company Limited	-		14.92	
Energy Efficiency Services Limited	-		21.87	
Cross Border Power Transmission Company Limited	4.93		0.01	
Bihar Grid Company Limited	-		0.02	
Kalinga Bidyut Prasaran Nigam Private Limited	-		0.01	
National High Power Test Laboratory Private Limited	3.82		8.43	
Powergrid Vemagiri Transmission Limited	-		0.05	
Vizag Transmission Limited	0.05		-	
Unchahar Transmission Limited	0.05		-	
Dividend Received		87.09		58.88
Powerlinks Transmission Limited	51.60		48.16	
Power System Operation Corporation Limited	21.45		10.72	
Jaypee Powergrid Limited	9.36		-	
Torrent Power Grid Limited	4.68		-	
Recovery for Deputation of Employees		0.40		0.89
Energy Efficiency Services Limited	-		0.21	
National High Power Test Laboratory Private Limited	-		0.68	
Cross Border Power Transmission Company Limited	0.33		-	
Parbati Koldam Transmission Company Limited	0.07		-	

c) As per Central Electricity Regulatory commission (CERC) (Sharing of Interstate Transmission charges and losses) Regulation 2010, the Company being the Central Transmission Utility (CTU) under the regulation is entrusted with the responsibility of the Billing, Collection and Disbursement of Transmission charges on behalf of all Inter State Transmission System (ISTS) licensee. Accordingly, the transactions of the company for collection made in capacity of CTU for the related parties is as under:

(₹ in crore)

Description	Current Year	Previous Year
Transactions of the company in capacity of CTU with the related parties	803.94	591.72
Parbati Koldam Transmission Company Limited	0.24	-
Torrent Power Grid Limited	88.86	50.34
Jaypee Powergrid Limited	230.24	170.17
North East Transmission Company Limited	206.42	89.88
Powerlinks Transmission Limited	278.18	281.33

d) Remuneration to whole time directors including chairman and managing director is ₹ 1.92 crore (previous year ₹ 2.47 crore) and amount of dues outstanding to the company as on 31<sup>st</sup> March, 2014 are ₹ 0.05crore (previous year ₹ 0.07 crore).

### 2.45 Disclosure as per AS 19-“Leases”

a) Finance Leases :-

Long Term Loans and Advances and Short Term Loans and Advances include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC. Disclosure requirements of Accounting Standard (AS) – 19 “Leases” notified under the Companies Act, 1956 are given as under:

(i) The reconciliation of the lease receivables (as per project cost data submitted to / approved by the CERC for tariff fixation) is as under:

(₹ in crore)

	Particulars	Current Year	Previous Year
	Gross value of assets acquired and leased at the beginning of the year	1063.93	995.92
Add	Adjustment for gross value of assets acquired prior to the beginning of the year	(1.64)	-
	Revised Gross value of the assets at the beginning of the year	1062.29	995.92
Less	Capital recovery provided up to the beginning of the year	642.89	582.45
Add	Capital recovery for assets acquired prior to the beginning of the year	1.88	-
	Revised Capital recovery provided up to the beginning of the year	644.77	582.45
	Capital recovery outstanding as on 31 <sup>st</sup> March of last financial year	417.52	413.47
Add	Gross value of assets acquired and leased during current financial year	37.27	68.01
Less	Capital recovery for the current year	61.67	60.44
	Lease receivables at end of the year	393.12	421.04



## OTHER NOTES (contd...)

- (ii) Details of gross investment in lease and present value of minimum lease payments receivables at the end of financial year is given as under:

(₹ in crore)

Particulars	Current Year	Previous Year
Gross investment in Lease	545.21	581.63
Un-earned Finance Income	152.09	160.59
Present value of Minimum Lease Payment (MLP)	393.12	421.04

- (iii) The unearned finance income as at 31<sup>st</sup> March, 2014 is ₹ 152.09 crore (previous year ₹ 160.59 crore).

- (iv) The value of contractual maturity of such leases as per AS-19 are as under :

(₹ in crore)

Particulars	Gross Investment in Lease		Present Value of MLPs	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Not later than one year	98.31	95.23	66.91	60.74
Later than one year and not later than five years	287.20	336.22	214.76	253.58
Later than five years	159.70	150.18	111.45	106.72
Total	545.21	581.63	393.12	421.04

- b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 33.80 crore (previous year ₹ 33.28 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 11.23 crore (previous year ₹ 9.92 crore) in respect of premises for offices and guest house/transit camps are shown under the head Rent in Note 2.30 Transmission, Administration and Other expenses.

### 2.46 Disclosure as per AS-27- "Financial Reporting of Interest in Joint Ventures"

Name of Joint Venture Entity	Proportion (%) of ownership as at	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid Limited	26%	26%
Jaypee Powergrid Limited	26%	26%
Parbati Koldam Transmission Company Ltd	26%	26%
Teestavalley Power Transmission Limited	26%	26%
North East Transmission Company Limited	26%	26%
National High Power Test Laboratory Private Limited	20%	20%
Energy Efficiency Services Limited	25%	25%
Bihar Grid Company Limited	50%	50%
Kalinga Vidyut Prasaran Nigam Private Limited	50%	50%
Cross Border Power Transmission Company Limited	26%	26%

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The above joint venture companies are incorporated in India. The company's share in assets, liabilities, contingent liabilities and capital commitment as on 31<sup>st</sup> March 2014 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

(₹ in crore)

		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A.</b>	<b>Assets</b>		
	• Non Current Assets		
	• Fixed Assets	1626.64	1557.88
	• Long term loans and advances	22.98	24.15
	• Current Assets	232.04	250.09
	<b>Total</b>	<b>1881.66</b>	<b>1832.12</b>

## OTHER NOTES (contd...)

B.	Liabilities		
	• Non current liabilities	1077.78	1040.73
	• Current Liabilities	145.56	196.73
	<b>Total</b>	<b>1223.34</b>	<b>1237.46</b>
C.	Contingent Liabilities	20.49	23.56
D.	Capital Commitments	148.40	158.23
		<b>Current Year</b>	<b>Previous Year</b>
E.	Income	282.91	233.48
F.	Expenses (Including provision for taxes)	201.59	160.53

The figures pertaining to FY 2013-14 are compiled based on unaudited accounts except for Powerlinks Transmission Limited, National High Power Test Laboratory Private Limited and Parbati Koldam Transmission Company Ltd .

### 2.47 Disclosure as per AS 28-“ Impairment of assets”

In accordance with Accounting Standard (AS-28) “Impairment of Assets”, 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. Accordingly, no impairment loss has been provided in the books of accounts.

### 2.48 Capital and Other Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 30175.65 crore (previous year ₹ 43190.76 crore).
- As at 31<sup>st</sup> March, 2014, the company has commitment of ₹ 812.82 crore (previous year ₹ 1005.31 crore) towards further investment in joint venture entities.
- As at 31<sup>st</sup> March, 2014, the company has commitment of ₹ 730.00 crore (previous year ₹ 183.33 crore) towards further investment in subsidiary companies.

### 2.49 Contingent Liabilities

- Claims against the Company not acknowledged as debts in respect of :

#### (i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company for ₹ 211.73 crore (previous year ₹ 172.60 crore) seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources, if any, for settlement of such claims pending resolution.

#### (ii) Land Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ 2393.45 crore (previous year ₹ 2522.64 crore) has been estimated.

#### (iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 5.80 crore (previous year ₹ 2.73 crore ) has been estimated.

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

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to ₹ 474.74 crore (previous year ₹ 294.86 crore) are pending before various Appellate Authorities and contested before various Appellate Authorities. Many of these matters are disposed off in favour of the company but are disputed before higher authorities by the concerned departments.

#### (v) Others

- Other contingent liabilities amounts to ₹ 778.54 crore (previous year ₹ 89.78 crore)
  - Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.
- Special purpose vehicle (SPV) companies namely Powergrid NM Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Nagapattinam Madugiri Transmission Company Ltd.) , Powergrid Vemagiri Transmission Company Ltd. (wholly owned subsidiary)



## OTHER NOTES (contd...)

(erstwhile Vemagiri Transmission System Limited), Vizag Transmission Limited and Unchahar Transmission Limited has been taken over to carry over the business awarded under Tariff based bidding. Bank guarantee of ₹ 45.00 crore (previous year ₹ 45.00 crore), ₹ Nil (previous year ₹ 36.00 crore), ₹ 45.00 crore and ₹ 5.40 crore respectively has been given by the company on behalf of SPV companies towards performance of the work awarded.

- 2.50** Vemagiri Transmission Limited was acquired for execution of Vemagiri Transmission system based 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 and directed CTU to return the bank guarantees of identified long term transmission customers and also directed the customer to return the contract performance guarantee given by POWERGRID. Based on the CERC order, action for winding up Special Purpose Vehicle and recovery of cost incurred by POWERGRID will be taken. Pending any decision for recovery of cost incurred, provision of ₹ 19.40 crore has been made in respect of Investment and advances made by POWERGRID.

**2.51 a) VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

(₹ in crore)

Particulars	Current Year	Previous Year
i) Capital Goods	4767.62	1543.54
ii) Spare Parts	18.99	5.65

**b) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

(₹ in crore)

Particulars	Current Year	Previous Year
i) Professional and Consultancy fees	-	0.05
ii) Interest	355.46	260.53
iii) Others	192.15	146.03

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

(₹ in crore)

Particulars	%	Current Year	%	Previous Year
i) Imported	7.58%	8.38	0.74%	0.62
ii) Indigenous (Including fuel)	92.42%	102.14	99.26%	82.84

**d) EARNINGS IN FOREIGN EXCHANGE**

(₹ in crore)

Particulars	Current Year	Previous Year
i) Interest	0.01	0.01
ii) Consultancy Fee	22.59	7.40
iii) Export of Goods	294.07	86.44

- 2.52 a)** Figures have been rounded off to nearest rupees in crore up to two decimal.

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

**For and on behalf of the Board of Directors**

(Divya Tandon)  
Company Secretary

(R. T. Agarwal)  
Director (Finance)

(R. N. Nayak)  
Chairman & Managing Director

**As per our report of even date**

**For S. K. Mehta & Co.**  
Chartered Accountants  
Firm Registration No. 000478 N  
(CA Rohit Mehta)  
Partner  
Membership No. 091382

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

**For Sagar & Associates**  
Chartered Accountants  
Firm Registration No. 003510 S  
(CA B. Aruna)  
Partner  
Membership No. 216454

Place: New Delhi  
Date: 29<sup>th</sup> May, 2014

## Independent Auditors' Report

To the Members of Power Grid Corporation of India Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Power Grid Corporation of India Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to:

Note 2.25(a) & 2.25(c) of the financial statements, in respect of the provisional recognition of revenue from transmission charges. Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e. in pursuance to the notification No. GSR 829(E) dated 21.10.2003, issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

#### For S. K. MEHTA & CO.

Chartered Accountants  
Firm Registration No.000478N  
**(CA Rohit Mehta)**  
Partner  
Membership No.091382

#### For CHATTERJEE & CO.

Chartered Accountants  
Firm Registration No. 302114E  
**(CA R.N.Basu)**  
Partner  
Membership No.050430

#### For SAGAR & ASSOCIATES

Chartered Accountants  
Firm Registration No. 003510S  
**(CA B.Aruna)**  
Partner  
Membership No.216454

Place of Signature: New Delhi

Dated: 29<sup>th</sup> May, 2014





## Annexure to the Independent Auditors' Report

### Re.: Power Grid Corporation of India Limited

Annexure referred to in our report of even date for the year ended 31<sup>st</sup> March, 2014.

- (i) a) The Company has generally maintained records, showing full particulars including quantitative details and situation of Fixed Assets.
- b) The fixed assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled/ adjusted in the books of account. In our opinion, frequency of verification is reasonable.
- c) During the year the company has not disposed off substantial part of its Fixed Assets.
- (ii) a) Physical verification of inventories and construction stores has generally been conducted on periodic intervals. In our opinion system and frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion, the Company has maintained proper records of its inventory. The discrepancies noticed on physical verification of the inventories have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
In view of above, other paragraphs of clause (iii) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and income from sales of services and goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the underlying internal control systems. However process of contract closing work needs to be expedited.
- (v) According to the information and explanations given to us, there are no contracts or arrangements during the year referred to in section 301 of the Companies Act 1956, to be entered in the register maintained under that section. In view of above, other paragraphs of clause (v) of paragraph 4 of the Order are not applicable.
- (vi) Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956, and rules framed there under, does not arise.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
- (viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, in respect of Transmission & Telecom Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as on 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable. As informed, provisions of the Employees State Insurance Act are not applicable to the Company.
- b) According to information and explanations given to us, following disputed demands of Income Tax / Sales Tax / Customs Duty / Wealth Tax / Service Tax / Excise Duty / Cess dues have not been deposited:

Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
Punjab VAT Act, 2005 (Entry Tax)	Entry Tax	9.64	2011-12 to 2013-14	Hon'ble High Court, Punjab & Haryana
J&K GST Act 1962	Sales Tax	33.99	1992-93 to 2001-02	Sales Tax Appellate Tribunal, J&K State,
J&K GST Act 1962	Sales Tax	31.56	2002-03 to 2008-09	Dy. Commissioner of Sales Tax (Appeals), Jammu.
Finance Act, 1994	Service Tax	1.57	2004-05	CESTAT, Kolkata
Finance Act, 1994	Service Tax	1.89	2007-08 & 2008-09	Commissioner of Central Excise, Customs & Service Tax, Bhubaneswar.
Income Tax Act, 1961	Income Tax	153.76	2010-11	Commissioner of Income Tax (Appeals), Delhi.
Income Tax Act, 1961	Income Tax	162.47	2004-05 to 2009-10	Income Tax Appellate Tribunal, Delhi.
<b>Total</b>		<b>394.88</b>		

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

- (x) The Company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit, and also in the immediately preceding financial year.
- (xi) On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or nidhi/ mutual benefit fund/society. Accordingly, Clause (xiii) of paragraph 4 of the Order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, debentures, and other investments. Accordingly, Clause (xiv) of paragraph 4 of the Order is not applicable.
- (xv) In the case of Power Link Transmission Limited, wherein the Company has pledged its shares in favour of financial institutions for financial assistance obtained by the said company, as per the terms and conditions of Joint Venture agreement. According to the information and explanations given to us, except the above, the Company has not given any guarantee for loans taken by others from banks or financial institutions. In our opinion and to the best of our information and according to explanations given to us, the terms and conditions of the above share pledge agreement are not, prime facie, prejudicial to the interest of the company.
- (xvi) In our opinion on an overall basis and according to the information and explanations given to us, the company has applied the term loans for the purpose they were obtained.
- (xvii) In our opinion, on an overall basis, and according to the information and explanations given to us, the company has not used the funds raised on short term basis for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures. However, in respect of certain bonds amounting to ₹1999.20 crore, security/ charge is yet to be created.
- (xx) The end use of money raised by Follow-on Public Offer (FPO) during the year as stated in the Red Herring Prospectus (RHP) filed with SEBI is disclosed in the Note 2.34 to the Financial Statements. Proceeds utilized during the year have been duly verified by the monitoring agency IFCI Ltd. Unutilized FPO proceeds are kept with Banks as Term Deposits for utilization in future.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S. K. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No.000478N  
**(CA Rohit Mehta)**  
Partner  
Membership No.091382

**For CHATTERJEE & CO.**  
Chartered Accountants  
Firm Registration No. 302114E  
**(CA R.N.Basu)**  
Partner  
Membership No.050430

**For SAGAR & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 003510S  
**(CA B.Aruna)**  
Partner  
Membership No.216454

Place of Signature: New Delhi

Dated: 29th May, 2014



# **Power System Operation Corporation Limited**

(CIN : U40105DL2009GOI188682)

## **Subsidiary Company**



## Directors' Report

To,

The Members,

I, on behalf of the Board of Directors' present the fifth Report of Power System Operation Corporation Limited (POSOCO) together with the audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India for the Financial Year 2013-14.

In line with its mission to have reliable and secure operation of regional and national power systems while ensuring economy & efficiency in operation, the Regional Load Despatch Centres (RLDCs) and National Load Despatch Centre (NLDC) under POSOCO are operating with the state-of-the-art technology implemented by the Company and are greatly contributing to bringing economy and efficiency in operation of power system, besides improving visibility and transparency. Supervisory Control And Data Acquisition (SCADA) and other state of the art facilities are being upgraded continuously at all RLDCs and NLDC for improving visualization of the power system of the country. Total 62 nos. of Phasor Measurement Units (PMUs) are in operation across India. This technology is helping in grid event analysis and understanding the power system transients at national level.

The MoU for the F.Y. 2014-15 was signed on 25th March, 2014. The MoU includes various targets to be achieved by POSOCO during the F.Y. 2014-15 including financial parameters, dynamic parameters and enterprise specific & 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. Based on overall targets, your Company is poised to get "Excellent MoU rating" for F.Y. 2013-14.

### 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 97% was achieved against billed revenue of ₹194.93 Crore during the year.

### Financial Highlights

	₹ crore	
	2013-14	2012-13
Total Income	250.29	266.37
Gross Margin	116.76	134.79
Profit before Interest and Taxes(PBIT)	97.73	125.31
Profit Before Tax(PBT)	90.96	130.35
Profit After Tax(PAT)	60.81	85.65
Gross Fixed Assets	286.35	291.10
Net Worth	84.72	81.21

### Dividend Payout

Your Board of Directors have recommended a final dividend of ₹3.5 per share for the F.Y. 2013-14, in addition to an interim dividend of ₹5.0 per share paid in December, 2013. 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 ₹26.04 Crore.

### Power System Operation

As per the Electricity Act, 2003, 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, 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 967 BUs during F.Y. 2013-14 as against 918 BUs during F.Y. 2012-13
- All India Peak Demand Met 129 GW during F.Y. 2013-14, as against 119 GW during F.Y. 2012-13.
- All India Hydro Generation during F.Y. 2013-14 was 134 BUs as against 113 BUs during F.Y. 2012-13.
- Inter-Regional Exchange during F.Y. 2013-14 was 78 BUs as against 66 BUs during F.Y. 2012-13.

## Power Market Operation

A vibrant electricity market is operating in the country. About 10% 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 drawl point is situated are the designated Nodal Agency for Bilateral Transactions and NLDC is the nodal agency for Collective Transactions. During F.Y. 2013-14, about 34,000 transactions and about 87 BUs of energy was approved under Short Term Open Access (STOA) which has been facilitated by the RLDCs/NLDC.

## Market Operation Highlights

- Total Transactions approved during F.Y. 2013-14, under STOA were 33917 (10290 bilateral transactions and 23627 collective transactions) as against 10113 Bilateral Transactions, 21953 Collective Transactions and Total 32006 Transactions during F.Y. 2012-13.
- Total Energy approved under STOA were 87 BUs (30 BUs under collective transactions, 57 BUs under bilateral transaction) as against 15 BUs (Collective Transactions), 52 BUs (Bilateral Transactions) and Total 67 BUs during F.Y. 2012-13.

## 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 with the Regulations notified by CERC w.e.f 1st July 2011. The computations of Point of Connection (PoC) Charges and Losses are carried out on a quarterly basis and the latest one was for first quarter of F.Y. 2014-2015.

## 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)

NLDC as Secretariat of FOLD has conducted three meetings of FOLD during F.Y. 2013-14 on various issues of mutual interest such as implementation of new CERC Regulations, frequency response, etc.

## Participation in International Forums

With the objective of benchmarking System Operation, your Company participated in the International Benchmarking of Transmission System Operators conducted by TSO Comparison Group which is a group of 18 international electrical transmission system operators. As one of the founder members of the Very Large Power Grid Operators (VLPGO) group (now GO-15), your Company participated in the VLPGO Annual meeting as well as Governing Board meetings.

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

POSOCO representatives attended the 5th International Conference on Power and Energy Systems held in Oct.'13 at Nepal. Representatives from NLDC / RLDC(s) also attended a study visit to Lawrence Berkeley Lab, California, USA in Nov' 2013.

There have been several visits to the National Load Despatch Center by foreign delegations. These include a high level delegation led by Dy. Prime Minister of Ethiopia, delegations from organizations such as World Bank, USAID, Nigerian Civil Service, Kenya Transmission Company, etc. In January, 2014, under Indian Technical and Economic Cooperation (ITEC) Programme which is a bilateral assistance programme of Ministry of External Affairs (MEA), Government of India, there was a visit by 22 member delegation of system operators from countries like Kazakhstan, Tanzania, South Sudan, Iran, Egypt, Myanmar, Uzbekistan, Yemen, Nepal, Nigeria, Bhutan, Tajikistan, Estonia, Sri Lanka, Uganda and Cuba.

## Participation in Regulatory Reforms Process

The RLDCs and NLDC have been giving feedback and inputs to CERC at various stages of formulation of the regulations on design and operational aspects pertaining to the system operations, market operation and renewables. The RLDCs and NLDC strive towards implementing these Regulations through feedback and participation in the Regulatory process.

Following the grid disturbances in July, 2012, POSOCO had taken up with the CERC the need for certain basic changes in the Indian Electricity Grid Code (IEGC) and the Unscheduled Interchange (UI) Regulations. The emphasis was on the need to quickly move to tighten control on drawls vis-à-vis schedules and the need to maintain the system frequency within a very narrow band. The CERC has notified the Deviation Settlement Mechanism (DSM) Regulation on pricing of deviation from schedule effective from February'14.

Another basic issue taken up with CERC was that of providing connectivity to the Inter State Transmission System (ISTS) to different entities in the grid. Increasing number of entities getting connected to the ISTS without long term access is leading to a situation where adequate transmission is not being planned/built leading to congestion in the operational phase. The matter was also discussed in the Central Advisory Committee (CAC) constituted by CERC.





## Renewable Energy Certificate (REC) Mechanism

REC Mechanism provides a means to address the dispersed availability of renewable energy sources across various States in the Country. It separates the 'green' component from the 'electricity' component and facilitates meeting of the RPO by the obligated entities. A pan-India market has been created with NLDC as Nodal Agency for implementation of REC Mechanism for trading in RECs through the Power Exchanges. About 15 million RECs have been issued and more than six million RECs have been traded at a value of ₹ 1260 crore since implementation of REC Mechanism

## Integrated Management System

In our continued endeavour to provide quality services to our valued stakeholders, Integrated Management System at POSOCO for PAS:99 recertification was achieved in F.Y. 2013-14 for a period of three years for the following standards:

- ISO 9001 : 2008 – Quality Management System
- ISO 14001 : 2004 – Environment Management System
- ISO 18001 : 2007 – Occupational Health & Safety Management System
- ISO 27001 : 2005 – Information Security Management System

## Leveraging Technology: System Logistics

The ability of the system operators to take decisions in real-time is dependent on their 'Situational Awareness' derived from the data/information available with them in real-time. Conventionally, real-time grid management is done based on the data acquired through SCADA/Energy Management System (EMS). Regional SCADA/EMS system was implemented progressively between the year 2002 to 2006 under the Unified Load Dispatch and Communication (ULDC) scheme. Replacement and up-gradation of existing SCADA/EMS system of RLDCs are under implementation. SCADA/EMS up-gradation project of other regions are expected to be completed during the F.Y. 2014-15 except for North-Eastern region.

To securely manage the large and complex systems, new measurement and monitoring technology like WAMS (Wide Area Measurement System) is being experimented worldwide. This technology is able to provide dynamic visibility of the grid unlike SCADA/EMS system which could provide only steady state view of the grid due data acquisition limitation only once in 4 to 10 seconds. WAMS are able to acquire data 25 to 50 times in a second.

A full fledged WAMS named as Unified Real Time Dynamic State Measurement (URTDSM) is being implemented by our Holding Company, POWERGRID under which the visualization tools, data archiving, event analysis tools, etc. will be installed at NLDC and all RLDCs and SLDCs.

For providing better visualization, SCADA displays for All India as well as States maps have been updated to give geographical location views based on longitude and latitude of power stations, sub stations, etc.

A Video Conference system has been commissioned at NLDC having connectivity with RLDCs and the SLDCs. NLDC is also doing video conferencing meeting on International levels, like operation coordination meeting with Bangladesh, educational workshop from U.K., etc.

## Employees – our Assets

### Capacity Building

POSOCO is committed to creating value proposition for its employees by developing a culture that incubates innovation and excellence through capacity building. As an organization it focuses on contributing to an individual's functional proficiency and encouraging continued Professional Development. Several initiatives have been organized in order to encourage the same.

Basic level Certification for Power System Operators from SLDCs, RLDCs and NLDC is an important programme that focuses on fostering benchmark competence. POSOCO in association with NPTI organizes training programs at PSTI, Bangalore for the System Operators for meeting this objective. The certification programs at specialist level have also been introduced as per the recommendations of the Report of the Committee on Manpower, Certification and Incentives for System Operation and Ring fencing Load Despatch Centres constituted by the Ministry of Power. The training expenses of the system operators of the SLDCs is met by POSOCO from the LDC Development Fund in accordance with the approval of the Central Electricity Regulatory Commission. Scheme for Cash Award for Basic Level Certification has also been introduced.

Specialist level programmes on Power System Reliability and Regulatory Framework in Power Sector are also being organized for developing expertise in these focus areas.

Till date three basic level certification exams and one specialist level certification exam have been conducted through online examination on all India basis. About 255 system operators from POSOCO have passed the basic level exam. Further there are 45 specialists level certified system operators in POSOCO.

### Industry- Academia Interface

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 and Jamia Millia 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.

## Silver Jubilee Celebrations

POSOCO marked Silver Jubilee of its Holding Company, i.e. POWERGRID by a series of celebrations including Marathon and cultural evening for employees and their families. A 5 kilometer run and a 2 kilometer walk was organized in Delhi, which saw enthused participation from employees and their families.

A cultural evening was also organized. This occasion was used as an opportunity to express gratitude and recognize the efforts of superannuated employees of POSOCO.

## 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 also organized for promotion of Hindi literature.

## Corporate Social Responsibility and Sustainability

In compliance with the DPE Guidelines and considering its commitment towards the society and its sustainable development, your Company as a responsible Corporate is promoting development of underprivileged sections of the society and has also undertaken several initiatives towards conserving the environment. An allocation of ₹2.44 crore, i.e. three percent (3%) of the Profit After Tax (PAT) after excluding REC surplus for the F.Y 2012-13 was made. Expenditure on CSR and Sustainability schemes was met from the LDC Development Fund as approved by CERC vide Order dt. 28.09.2012. The projects undertaken towards Corporate Social Responsibility (CSR) and Sustainability during the F.Y. 2013-14 included providing solar lanterns including cooking stoves, Awards in the field related to Power Systems to encourage excellence in the area, Awareness programs for school children on energy efficiency, environment friendly technologies and non-conventional energy sources, Scholarships to meritorious students in Govt. Schools; Procurement of Renewable Energy Certificates and providing of Solar lighting system.

The activities were successfully implemented during the year at a total cost of ₹2.38 Crore. An amount of ₹6 lakh remained unspent during the year. This pertained to the providing of Relief work in Uttarakhand. This amount has been transferred to CSR Reserve.

## Research & Development

In accordance with the DPE guidelines, 0.5% of Profit after Tax of the F.Y. 2012-13 was earmarked for the implementation of R&D activities of POSOCO. Schemes envisaged under R&D for F.Y 2013-14 included PMU Applications, Cloud computing for RLDCs and NLDC and Study of a State with high penetration of Wind Energy potential. For implementation of the activities covered under R&D, in addition to the deployment of in-house resources, external/ specialized agencies were also engaged for executing them. Your Company in association with National Institute of Advanced Studies (NIAS), Bangalore carried out a study project in Karnataka State having high renewable energy potential named "The extent to which Karnataka's future electricity demand can be met through renewable energy". ₹ 6.14 lakh were spent on engagement of NIAS for this activity. Further, ₹ 7.24 lakh were spent on availing consultancy services for development of WAMS based disturbance analytic tool in WRLDC (PMU application). In-house resources were deployed for carrying out the other R&D related activities.

## 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**.

## Particulars of employees – Sec 217(2A)

Being a wholly owned subsidiary of POWERGRID, the manpower has been provided by POWERGRID on secondment basis. Policies, all other benefits/welfare schemes applicable to the employees posted in POSOCO, shall continue to be the same as that of the parent organisation i.e. POWERGRID. The disclosure under Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is enclosed at **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 are enclosed at **Annexure-III**.

## Auditor's Report

The qualification in Statutory Auditors' Report and Management's reply thereto is given at **Annexure-IV (a)**.

## Comments of the Comptroller and Auditor General of India

The Comments of the Comptroller and Auditor General of India on the accounts for the year ended 31st March, 2014 under Section 619(4) of the Companies Act, 1956 are attached at **Annexure-IV (b)**.

## Corporate Governance

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



## Directors' Responsibility Statement

Pursuant to the requirements under Section 217(AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards have been followed;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts on a going concern basis.

## Statutory Auditors of the Company

M/s Dinesh Mehta & Co., Chartered Accountants and M/s S.C. Ajmera & Co., Chartered Accountants were appointed by C&AG as joint Statutory Auditors of the Company for the F.Y. 2013-2014.

## POSOCO's Board

Ministry of Power, Govt. of India, vide its Order No.11/20/2005-PG dt.10.02.2014 had nominated Shri P.K. Pahwa, Member (GO&D), Central Electricity Authority as Govt. nominee Director on the Board of POSOCO. Further, vide its Order No.11/20/2005-PG dt.20.03.2014, Smt. Jyoti Arora, JS (Transmission) was nominated as Govt. nominee Director on the Board of POSOCO. Smt. Rita Acharya, JS (Transmission), Ministry of Power superannuated from Ministry of Power on 28.02.2014 and consequently, in terms of Article 40 (d)(v), ceased to be a Director w.e.f. 28.02.2014. Smt. Neerja Mathur, Member (GO&D) tendered her resignation w.e.f. 23.12.2013 in view of her elevation as Chairperson, CEA. The Board placed on record the contributions made by Smt. Rita Acharya and Smt. Neerja Mathur 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, Shri Santosh Saraf, Shri P.K. Pahwa and Smt. Jyoti Arora are on the Board of the Company.

## 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  
Power System Operation Corporation Limited

(R.N. Nayak)  
Chairman

Date : 14<sup>th</sup> August, 2014

Place: Mumbai

## Management Discussion and Analysis

### Indian Power Sector

A reliable and secure power infrastructure is essential for sustained growth of our economy. With a production of 967 BUs, India is the fifth largest producer and consumer of electricity in the world after US, China, Japan and Russia. India's power sector has witnessed drastic changes in the past decade. The Electricity Act, 2003 paved way for the advent of reforms and competition in the power sector. A slew of policies and regulations followed, to facilitate an accelerated growth in the sector. The process started with the reforms and restructuring at generation, transmission and distribution at both Central as well as State Level. The Indian power sector is one of the most diversified in the world.

Electricity must play a key role in achieving the strategic objectives of India's energy policy. The ever increasing complexity of the national power system with more interconnections, bulk power transfer corridors, international interconnections, higher transmission voltages, new technologies in generation and transmission, increasing presence of renewable energy sources, large size generation projects, system protection schemes, wide area controls, including integrative controls in the transmission and Smart Grid technologies have put greater responsibilities on the shoulder of system operator for ensuring reliable and secure power system.

POSOCO has an absolute commitment to reliability. Increasing the resilience of the system has become an important element of our mission as well. Our professionals are focusing on measures that will strengthen the ability of the grid to anticipate, ride through and then recover quickly from a major disruption—whether natural or man-made. In POSOCO, our focus is on reliability, as we strive every second of every day to balance supply and demand in coordination with the SLDCs and Generating Companies, manage weather impacts for one of the largest power systems in the world.

The increase in competition among participants and evolving market mechanisms are likely to increase the pressure on system operators. The challenge would be to adapt to the changing paradigm and to facilitate the functioning of the electricity market without compromising grid security and reliability. Overall, the implementation of cost effective technologies along with more emphasis on environment friendly energy resources and proper strategies to mitigate the key challenges for the development of power sector only will ensure India's march towards inclusive growth.

POSOCO is committed to neutral, impartial system operation and market operation aimed at delivering value to the stakeholders by creating robust institutional systems, leveraging technologies and deploying knowledge management.

### Facilitating Market Operations

A vibrant electricity market is operating in the country. About 10% 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 drawl point is situated are the designated Nodal Agency for Bilateral Transactions and NLDC is the nodal agency for Collective Transactions. During F.Y 2013-14, about 34,000 transactions (10290 bilateral transactions and 23627 collective transactions) were approved under Short Term Open Access (STOA) and about 87 BUs (30 BUs under collective transactions, 57 BUs under bilateral transaction) of energy was approved under STOA as against Total 67 BUs (15 BUs under Collective Transactions and 52 Bus under Bilateral Transactions) during F.Y. 2012-13, thereby registering an increase of about 23%.

### Capacity Building in Power System Simulation and Studies

As part of capacity building, training is being imparted to all the stakeholders for using power system simulation utility. It has ensured common platform for merging of data and for carrying out power system studies for operational planning, contingency analysis, etc. Almost all the executives of RLDCs and NLDC are imparted with basic and intermediate level PSS/E training. Apart from basic level and Intermediate level training, two rounds of Advanced Training of PSS/E software has been given to experienced engineers in power system stability and dynamics.

### Resolving operational challenges

POSOCO is handling challenges such as more and more System Protection Schemes (SPS) due to delay in transmission, data telemetry issues, frequent HVDC set-point toggling and STOA Curtailments and also the expectations of stakeholders for scheduled interchange of power. More parallel AC corridors are required both in upstream and downstream directions of any inter – regional corridor. Implementation of the Unified Real Time Dynamic State Measurement System (URTDSM) project is the need of the hour.

Southern Region Grid has been synchronized with the rest of the Indian Grid on 31st December, 2013 through 765 kV Raichur-Sholapur S/C line. This has been one of the landmark achievements in Indian Power System and now all the five regions are synchronously connected. Subsequently, NLDC has submitted three number of feedbacks to CEA, CTU and CERC on experience of synchronous operation of North, East, West and North - East (NEW) and Southern grid. Separate guidelines were also issued by NLDC for commissioning of second 765kV Sholapur-Raichur line in June, 2014.

CERC (Indian Electricity Grid Code) (Second Amendment) Regulations, 2013 have been notified by CERC in January 2014 wherein frequency band has been tightened to 49.9 Hz – 50.05 Hz. CERC has also notified Deviation Settlement Mechanism (DSM) and related matters Regulations, 2014. POSOCO ensures strict adherence to the Scheduled Injection / Drawl and maintaining frequency within the stipulated band. POSOCO faces operational challenges in terms of curbing over-drawl / under-drawl of Buyers / Sellers and ensuring compliance with the instructions of Load Despatch Centres. POSOCO files petitions with CERC on repeated indiscipline by entities based on which CERC initiates mitigation / disciplinary measures which may include imposition of penalties.

### Evolution of Frequency Response Characteristic (FRC)

Maintaining the system frequency within a narrow specified range is necessary. Off nominal frequency operation has an adverse effect on security of the power system as well as on the steam turbines and gas turbines installed across different generating stations and some equipments connected to the grid. IEGC mandates Free Governor Mode of Operation (FGMO)/Restricted Governor Mode of Operation (RGM0)



which facilitates response of generators to frequency changes. The Procedure for monitoring frequency response characteristic (FRC) submitted by NLDC in October 2012 has been approved by CERC vide Order Dated 3rd May 2013. FRC is being evaluated for all control areas as per approved procedure by the NLDC/RLDCs and periodic reports are being submitted to CERC. In line with above, SLDCs in the respective region must also endeavour to calculate the frequency response in coordination with respective RLDC(s) in a similar manner. This would help to identify associated issues and improve the response of the State Control Areas.

POSOCO endeavours that all stakeholders comply to the CEA Grid Standards specifically in the areas of implementation of connectivity related issues, defense plans (UFRs, df/dt), islanding schemes, SCADA & communication facilities.

Various steps taken by POSOCO in line with the recommendations of the Enquiry Committee on the Grid Disturbances that occurred in July, 2012 have resulted into positive outcomes. Frequency band has been further tightened from 49.7-50.2 Hz to 49.90 to 50.05 Hz w.e.f. 17.02.2014 by CERC.

Subsequent to review of UI mechanism, CERC (Deviation Settlement Mechanism and related matters) Regulations have been implemented w.e.f. 17.02.2014. Regarding the Generation Reserves / Ancillary services, CERC circulated the staff paper on this matter in April 2013 for inviting comments of stakeholders'. The matter is under consideration of CERC.

CERC vide order dated 22nd April, 2013 approved the revised procedure for relieving the congestion in real time submitted by POSOCO. Real time security desk has been installed at NLDC. In case of planned outages, simulation studies are being conducted by RLDCs/NLDC for revision of TTC and results are being shared by operators. Updated PSS/E version 33.2 is installed in control rooms for carrying out simulation studies. NLDC/RLDCs are deputing their representative to attend monthly OCC meetings in all the five RPCs to ensure proper implementation of outage planning for inter-regional lines. Further study on dynamic reactive compensation is in progress by CTU and POSOCO in consultation with CEA.

POWERGRID has time synchronized all the existing PMUs that have been installed under pilot project in identified substations in the country and made them fully functional. Accordingly, the real time output displays of the PMUs are now available in the RLDCs and the NLDC. New systems are being developed / planned for the future dynamic security assessment capability. The status of availability of Telemetry from various stations is being monitored closely by the RLDCs/NLDC. In case of non-availability of data from any location, the matter is being taken up with the concerned agency.

### 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.

### Outlook

India is in the midst of an energy transition to a clean and green future. The transmission network needs to adapt to allow these choices to be realized. In order to provide the energy transition, it is necessary to ensure that the rate of change of the means of production, particularly of renewable energy, is consistent with that of the electricity transmission network. Complete decarbonisation of the Indian energy sector is economically and technically possible, including with electricity from renewable sources. But this assumes an urgent and significant increase in transmission capacity.

Ensuring Reliable Operation of All India Energy Grid would continue to be a major challenge in the coming days with ageing transmission assets in many parts of the grid, addition of new assets at 765 kV/400 kV level and availability of skilled manpower across all utilities. A culture of compliance monitoring and adherence to CEA Standards and CERC Regulations by all players would go a long way in ensuring reliability.

Various regulatory pool accounts are operational and being maintained by RLDCs and NLDC to facilitate financial settlement such as Unscheduled Interchange/DSM, Short Term Open Access-Collective and Bilateral, Congestion Revenue, etc. Given the present and expected enormity of and complexity in settlement of pool accounts, a separate specialist entity is envisaged in the sector. This entity will bring financial and management expertise to Clearing and Settlement in terms of Institutional Capacity and human capital, address risk management, fund management and streamline associated compliance related matters. This imperative had also been recognized in the Report of the Working Group on Power for XIIth Plan.

### 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.



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 2014 to Fiscal 2013

### Revenue from Operations

The revenue earned from System Operation and Market Operation including STOA income and Registration Money for F.Y. 2013-14 was ₹ 197.05 Crore as against ₹220.04 Crore in the FY 2012-13. Gross Revenue for the Current Year has increased to ₹212.65 Crore from ₹191.19 Crore as compared to revenue for F.Y. 2012-13 in accordance with the fees and charges approved by CERC. However, the truing up adjustment (De-recognized from income-As per the policy of revenue recognition) has increased to ₹ 54.46 Crore as compared to ₹4.67crore (Nett. after adjustment of earlier years i.e. ₹29.54 crore minus ₹ 24.87 crore for previous year 2012-13). Hence, Revenue 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 2013-14 is ₹ 8.40 crore (in F.Y 2012-13 it was ₹12.27 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. 2013-14 was ₹90.96 crore as against ₹130.35 crore in F.Y 2012-13 (including REC Gross Surplus of ₹6.49 Crore, previous year ₹6.18 crore).

### Profit after Tax

Your company's Profit after Tax in F.Y. 2013- 2014 was ₹60.81 crore as against ₹85.65 crore in F.Y. 2012-13. (including REC Nett. Surplus of ₹4.29 Crore, previous year ₹4.17 crore).

### LDC Development Fund

In line with CERC "RLDC Fee and Charges Regulation 2009", LDC Development Fund of ₹ 100.66 crore is accrued (gross) in LDC Development Fund out of Gross Income for the FY 2013-14. This includes Return on Equity (based on truing up adjustment), Interest on Loan and Depreciation amounting to ₹17.33 crore and Other Income amounting to ₹83.33 crore. The fund has been utilised towards Corporate Social Responsibility and Sustainable Development activities for ₹2.38 crore, income tax of ₹41.00 Crore, dividend of ₹ 30.47 Crore (including dividend tax) & CAPEX ₹ 4.33 Crore resulting in net accretion of ₹22.48 Crore to LDC Development Fund for FY 2013-14.

## Selected Balance Sheet Items

### Fixed Assets:

Your Company's Net fixed assets as on 31st March, 2014 were ₹31.41Crore as against ₹36.55 Crore as on 31st March 2013. 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, 2014 were ₹ 154.55 Crore against ₹ 117.77 Crore in the FY 2012-13. The increase is mainly on account of normal transactions during the course of business.

### Other Current Assets

Other current assets as on 31st March, 2014 were ₹ 21.82 Crore against ₹ 28.03 Crore as on 31st March 2013. It includes accrued interest on flexi deposits with banks and unbilled revenue related to March billing of RLDC Fees and Charges for respective financial year.

### Sundry Debtors

Sundry Debtors as on 31st March 2014 were ₹5.35 Crore against ₹4.61 crore as on 31st March 2013. The realization of Billed RLDC Fees & Charges is about 97 %.

### Unsecured loan

There is no amount of unsecured loans as on 31.03.2014.

### Other Current liabilities

Your company's other current liabilities as at 31st March, 2014 were ₹ 331.81 Crore as against ₹ 833.68 Crore as on 31st March 2013. The decrease is mainly on account of faster settlement of Regulatory Pool accounts and STOA Account.

### Other Long term liabilities

Other long term liabilities as on 31st March 2014 is ₹107.12 crore mainly comprising of de-recognition of income on account of truing up of ₹ 96.30 Crore.





## Contingent liability

The contingent liability of ₹ 7.03 Crore is the demand of Rent for the office and staff quarters accommodation raised by the WREB, Mumbai for the period up to FY 2013-14 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.

During the year, while scrutinizing the income tax return of POSOCO for A.Y. 2011-12, the Income Tax Department had considered the surplus in the regulatory pool accounts as income of POSOCO and accordingly served a notice for payment of the income tax amounting to ₹879 crore on these surplus amounts in the regulatory pool accounts for the six month period from 1.10.2010 to 31.3.2011. After concerted efforts at various levels, CIT (Appeals) has reversed the additions made by the Assessing Officer except for the interest expenditure of ₹31.79 lakh. Appeal has been filed with Income Tax Appellate Tribunal (ITAT) against disallowance of ₹31.79 lakh.

## Cash Flows

(₹ in Crore)

	Year ended March 31	
	2014	2013
Net cash from operating activities	(398.37)	195.99
Net cash (used in) investment activities	27.25	26.39
Net Cash from Financing activities	(49.66)	(8.16)
Cash and cash equivalents at the end of the year	468.52	889.31

### Net Cash from Operating Activities

The operating profit before working capital changes was ₹77.10 crore. However, the net cash outflow from Operating activities of ₹(398.37) crore is mainly due to decrease of ₹ 505.66 Crore in liabilities towards STOA advances operated and maintained in terms of CERC Regulations.

### Net Cash from Investing Activities

Net Cash from Investing activities of ₹ 27.25 Crore includes expenditure of ₹ 20.33 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 ₹ 51.80 crore.

### Net Cash from Financing Activities

A sum of ₹ 30.47 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 ₹19.19 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 2013-14 had been carried out by experienced firms of Chartered Accountants. One independent Director on the Board of POWERGRID has been nominated on the Audit Committee 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

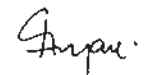
The Enterprise Risk Management Policy & Procedures of POWERGRID is being followed by POSOCO.

## 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

POWER SYSTEM OPERATION CORPORATION LIMITED

  
(R.N. Nayak)  
Chairman

Date : 14<sup>th</sup> August, 2014

Place: Mumbai


### Particulars of Employees Pursuant to Section 217(2A) of the Companies Act, 1956 for the Year 2013-14

Sl. No.	Name (Sh./ Smt.) of the employee	Designation of the employee and nature of duties	Qualification	Remuneration (₹)	Experience (years)	Date of Commencement of Employment in POWERGRID	Age (Years)	Last employment held
1	CS Bobade	Chief Manager, System Operation and Grid Management	B.E. , M.Tech	6,93,904	25 Years	1-Jan-96	50	CEA
2	T.K. Mandal	Chief Manager, Shift Operation in System Operation-1	BE (Electrical), MBA(HR)	18,00,908	34 Years	1-Jan-95	60	CEA
3	L. Dasaratha Rama	Master Tech Gr 1, Technical Services	SSLC	7,24,630	36 Years	1-Jan-94	60	CEA

#### Notes:

- 1) Remuneration includes Salary, Allowances, Leave Encashment, Leave Travel Concession, Payment for the subsidised Leased accommodations, reimbursement of medical expenses to employees and employer's contribution to provident Fund and other Funds. In addition, employees are entitled to Gratuity/ group Insurance in accordance with Company's Rules.
- 2) None of the Employees listed above is related to any of the Directors of the Company
- 3) Remuneration Mentioned above is inclusive of retirement/ separation benefits paid during the year and is not indicative of any regular remuneration structure of employees of the company.

For and on behalf of  
POWER SYSTEM OPERATION CORPORATION LIMITED

  
(R.N. Nayak)  
Chairman

Date : 14<sup>th</sup> August, 2014  
Place: Mumbai

## Particulars required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

### Conservation of Energy:

POSOCO's facilities are spread over six control centres located at Mumbai, Delhi (NLDC and NRLDC) Kolkata, Bangalore and Shillong. Electricity consumption is one of the major items of expenditure on Operation and Maintenance (O & M) involving an approximate outgo of the order of INR 30 million per annum. This would go up with the rise in the electricity prices. Conservation of energy is therefore an imperative for POSOCO. Most of POSOCO's facilities are housed in old buildings owned by the Govt. of India and changes in the basic structure of the building with a view to minimize the electricity consumption are limited. All RLDCs have gone for an energy audit and are implementing measures for energy savings.

NLDC as the Central Agency for Renewable Energy Certificate(s)(RECs) is also looking towards encouraging voluntary buyers of RECs. During F.Y. 2013-14, POSOCO has purchased 650 nos. of RECs as a small step in this initiative. (1 REC= 1000 units of electricity). A 10 kWp Solar Photo Voltaic (SPV) system connected to the grid was commissioned at NRLDC on 26<sup>th</sup> Nov., 2013 which generated 3676 kWh in F.Y. 2013-14.

### Research and Development:

Large Scale Integration of Renewable Generation, improving visualization and Situational Awareness (SA) at RLDCs / NLDC, designing self healing system to take care of high impact low probability incidents continue to be the areas of special interest to POSOCO. POSOCO's team at RLDCs/ NLDC have a continuous process of engagement with bodies like GO-15 (earlier known as Very Large Power Grid Operators (VLPGO)), TSO-Comparison Group, CIGRE, IEEE etc. and are a part of different Working Groups(WGs) covering the above areas.

POSOCO had signed a Memorandum of Understanding (MOU) with M/s Lawrence Berkeley National Laboratory (LBNL), US in Dec 2012 for mutual exchange of information and joint studies in the area of power system operation, energy markets and renewable energy integration. Following visits to India by the LBNL team, a team of eight executives from POSOCO visited LBNL's facilities in California, US. Studies by the LBNL team using Indian power system data and PLEXOS integrated energy modeling for generation and transmission expansion in the context of renewable generation was also discussed.

A study titled 'The extent to which Karnataka's future electricity demand can be met with renewable energy' was carried out by the National Institute of Advanced Study (NIAS), Bangalore in association with SRLDC. The study covered the 2017-18 and 2021-22 time frame. Further work would be carried out for other renewable rich states subsequently.


Disturbance Analysis is becoming important as the electricity grids expand and are getting meshed. A vast amount of data needs to be handled from the Disturbance Recorders (DRs), Event Loggers (ELs) and synchrophasors. The process calls for a high level of automation. A tool to analyze the same was developed by WRLDC in association with M/s PRDC involving synchrophasor and DR data to detect and classify events taking place in the system.

### Foreign Exchange earnings and outgo:

(₹ in crore)

Foreign Exchange earning	NIL
Foreign Exchange outgo	
(i) Repair and Maintenance	4.29
(ii) Foreign Travel	0.36

For and on behalf of  
Power System Operation Corporation Limited

  
(R.N. Nayak)  
Chairman


Date : 14<sup>th</sup> August, 2014  
Place: Mumbai

## The Comments of the Statutory Auditors and Management's Reply thereto are given below:-

Auditor's Comments	Management's Reply
<p>The Company is accounting for Human Resource and Operation &amp; Maintenance Expenses components of tariff on the basis of actual expenditure (Refer Note. No 2.35(ii) of Other Notes). Same is subject to being admissible by Central Electricity Regulatory Commission (CERC) after prudence check at the time of truing up. The extent of uncertainty involved on account of additional revenue is dependent upon outcome of CERC order. Recognition of such additional revenue to the extent of uncertainty involved is departure from the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Company Affairs in respect of Section 133 of the Companies Act, 2013. This has resulted in increase in Profit (decrease in truing up liability of the Company by ₹ 15.86 Crore) for the year by ₹ 15.86 Crore, Income Tax Provision by ₹ 5.39 Crore and Shareholders' Funds by ₹10.47 Crore.</p>	<p>The HR and O&amp;M expenses were accounted for as 'actual expenditure or expenditure allowed by CERC RLDC wise whichever is less', up to FY 2011-12. However, such actual expenditure is allowable as per CERC regulations subject to truing up after the end of the control period i.e. 2009-14. Since the actual HR and O&amp;M Expenses were in excess to the expenses allowed by CERC, POSOCO filed a petition with CERC to address the issue of meeting the shortfall in HR expenses from other income and deposit the balance amount in LDC Development Fund. On the petition filed by the Company, CERC vide order dated 28th September, 2012, has directed that 'Any additional legitimate HR expenses over and above that approved by the Commission in its various tariff orders as mentioned in para 3 of this order may be temporarily met by the petitioner out of the LDC Development Fund which will be recouped at the time of truing up'.</p> <p>Considering certainty of receipt as per AS-9, matching revenue concept and accrual system of accounting, the accounting policy had been changed as 'Revenue recognition based on actual HR and O&amp;M expenditure incurred' in the F.Y. 2012-13 with retrospective effect taken from 01.10.2010 (i.e. the date since when separate accounts of POSOCO are being made).</p> <p>In view of CERC Regulations, CERC order dated 28th September, 2012 and past CERC orders on the above matters, Management is of the view that only the legitimate expenditure eligible under CERC Regulations has been considered for additional revenue and uncertainty involved on account of additional revenue is negligible.</p> <p>The matter regarding change in accounting policy in respect of revenue recognition has also been referred to the Institute of Chartered Accountants of India for their opinion. However, the opinion is still awaited.</p>

For and on behalf of

Power System Operation Corporation Limited

  
(R.N. Nayak)  
Chairman

Date : 14<sup>th</sup> August, 2014

Place: Mumbai

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER SYSTEM OPERATION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2014**

The preparation of financial statements of Power System Operation Corporation Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 June 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Power System Operation Corporation Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report under Section 619(4) of the Companies Act, 1956.

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

Place: New Delhi  
Dated: 14<sup>th</sup> August, 2014

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

## REPORT ON CORPORATE GOVERNANCE

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

### 1. THE COMPANY'S GOVERNANCE PHILOSOPHY

We believe 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. Power System Operation Corporation of India Ltd. (POSOCO) believes that good governance should entail trusteeship, empowerment and accountability of the management while remaining proactive to the Government policies. POSOCO's Governance process is focused towards its following mission:

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

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

While the Company has constituted an Audit Committee to have better and more focused attention on financial matters, it has also constituted a CSR and Sustainable Development 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. The compliance of the Company with the conditions of the Corporate Governance and the disclosure requirements in that regard for the F.Y. 2013-14 are given below:

### 2. Board of Directors:

#### 2.1 Size of the Board

POSOCO, being the wholly owned subsidiary Company of Power Grid Corporation of India Limited (POWERGRID) is a Government Company within the meaning of Section 617 of the Companies Act, 1956. As per 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.

#### 2.2 Composition of the Board

Pursuant to the provisions of the Articles of Association of the Company, CMD POWERGRID is the part-time Chairman, there are two 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 31<sup>st</sup> March, 2014, Shri R.N. Nayak, Shri R.T. Agarwal, Shri I.S. Jha, Smt. Jyoti Arora, Shri P.K. Pahwa and Shri Santosh Saraf were on the Board of the Company.

#### 2.3 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 31<sup>st</sup> March, 2014 was as follows:

Name & Designation	Date of Joining on the Board
Shri R.N. Nayak, Non – executive Chairman	29.09.2009
Shri R.T. Agarwal, Part – time Director	16.05.2011
Shri I.S. Jha, Part – time Director	01.09.2011
Shri P.K. Pahwa,	13.02.2014
Smt. Jyoti Arora,	20.03.2014
Shri Santosh Saraf, Independent Director	26.03.2012

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

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

#### 2.4 Board Meetings and Attendance:

The meetings of the Board of Directors are held at the Registered office of the Company / Corporate Office of POWERGRID, the Holding Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated to the Directors. The members of the Board have complete access to all information of the 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 31<sup>st</sup> March, 2014, eight Board meetings were held on 27<sup>th</sup> May, 21<sup>st</sup> June, 5<sup>th</sup> August, 26<sup>th</sup> August, 23<sup>rd</sup> December of the year 2013 and 13<sup>th</sup> February, 26<sup>th</sup> February and 20<sup>th</sup> March of the year 2014. The maximum interval between any two meetings during this period was 118 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 2013-14 are tabulated below:

Name of the Director	Meeting held during respective tenure of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 06.09.2013)	No. of Other Directorship held on 31.03.13*	No. of Committee Membership held on 31.03.14**	
					Chairman	Member
Non executive Directors						
Shri R.N. Nayak, Chairman	8	8	Yes	9	NIL	NIL
Shri R.T. Agarwal ,Director	8	7	Yes	5	1	3
Shri I.S. Jha, Director	8	7	Yes	6	NIL	2
Shri Santosh Saraf, Director	8	7	Yes	2	4	NIL
Shri P.K. Pahwa, Director	3	2	N.A.	NIL	NIL	NIL
Smt. Jyoti Arora, Director	1	0	N.A.	2	NIL	NIL
Smt. Rita Acharya, Director	3	2	No	N.A.	N.A.	N.A.
Smt. Neerja Mathur, Director	2	1	No	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 25 of the Companies Act, 1956.

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

## 2.5 Information placed before the Board of Directors.

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

## 2.6 Post Meeting Follow –up system

The decisions taken at Board/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 and Sustainable Development Committee

### 3.1 Audit Committee

The Audit Committee had the following members as on 31.03.2014:

- (i) Shri Santosh Saraf, 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 31<sup>st</sup> March, 2013, 05 meetings of the Audit Committee were held on 27<sup>th</sup> May, 21<sup>st</sup> June, 26<sup>th</sup> August and 6<sup>th</sup> November of the year 2013 and 13<sup>th</sup> February of the year 2014.

Attendance at the Audit Committee Meetings during the Financial Year 2013-14:

Name of the member	Audit Committee Meetings during the tenure	
	Held	Attended
Shri Santosh Saraf	05	05
Shri R.T. Agarwal	05	05
Shri I.S. Jha	05	05

## 3.2 CSR and Sustainable Development Committee

POSOCO Board had constituted the CSR and Sustainable Development Committee in its meeting held on 27<sup>th</sup> 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. The Committee comprised of the following members as on 31.03.2014:

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

Shri Santosh Saraf, Independent Director– Member

Shri R.T. Agarwal, Director – Member

Shri I.S. Jha, Director – Member

During the Financial Year 2013-14, two meetings of the CSR and Sustainable Development Committee were held – on 21<sup>st</sup> June, 2013 and 13<sup>th</sup> February, 2014. Attendance at the above meetings was as follows:

Name of the member	CSR and Sustainable Development Committee Meetings during the tenure	
	Held	Attended
Shri R.N. Nayak	02	02
Shri Santosh Saraf	02	02
Shri R.T. Agarwal	02	02
Shri I.S. Jha	02	02

## 4. Remuneration of Directors

The Board had approved payment of Sitting fee of ₹20,000/- 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	Sustainable Development Committee Meeting	
Shri Santosh Saraf	1,40,000	1,00,000	40,000	2,80,000 <sup>^</sup>

<sup>^</sup>Gross amount.

As on 31.03.2014, 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
2010-2011	24 <sup>th</sup> August, 2011	10.00 a.m.	1 <sup>st</sup> Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2011-2012	06 <sup>th</sup> September, 2012	3.00 p.m.	1 <sup>st</sup> Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL
2012-2013	26 <sup>th</sup> August, 2013	4.30 p.m.	1 <sup>st</sup> Floor, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-16.	NIL

## 6. Disclosures

- 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.
- The CEO and CFO of the Company have certified the financial statements to the Board.
- POSOCO does not have any Subsidiary Company.
- There are no material individual transactions with related parties which are not in the normal course of business.
- There are no material individual transactions with related parties or others, which are on an arm's length basis.
- 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.
- The Balance Sheet, Profit and Loss Account and Cash Flow Statement for the F.Y. 2013-14 have been prepared as per the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

## 7. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web site. Information and latest updates and announcements made by the Company can be accessed at Company's website: [http:// posoco.in](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	:	5 <sup>th</sup> September, 2014
Time	:	12.30 p.m.
Venue	:	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016.

### (ii) Financial Year

The Company's Financial Year is from 1<sup>st</sup> April to 31<sup>st</sup> March.

### (iii) Payment of dividend

The Board of Directors of the Company have recommended payment of a final Dividend of 35% (₹ 3.5 per share) for the financial year ended 31<sup>st</sup> March, 2014. In addition, an Interim Dividend of 50% (₹ 5.0 per share) was paid on 30<sup>th</sup> December, 2013. Total dividend paid in the Previous Year was ₹ 4.0 per share.

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

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

### (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	15.32*	23.12.2013@	30.12.2013#

\* Amount of Interim Dividend for F.Y. 2013-14

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

# Date of Payment of Interim Dividend for F.Y. 2013-14

**(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,  
1<sup>st</sup> 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	<a href="http://posoco.in">http://posoco.in</a>	
Company Secretary, CS Priti Chaturvedi	011-26561309	011 -26524525
Email ID	<a href="mailto:priti@posoco.in">priti@posoco.in</a>	

For and on behalf of  
POWER SYSTEM OPERATION CORPORATION LIMITED

(R.N. Nayak)  
Chairman

Date : 14<sup>th</sup> August 2014  
Place: Mumbai

**Annexure-I**

**Non-Mandatory Requirements**

- The Board:** The Company is headed by a non executive Chairman. No person has been appointed as independent director who has been a Director, in the aggregate, exceeding a period of nine years on the Board of POSOCO.
- Remuneration Committee:** As POSOCO comprises the employees of POWERGRID who have been deputed on secondment basis, approvals by the Remuneration Committee of POWERGRID are applicable to POSOCO also.
- Audit qualifications:** The financial statement for the F.Y. 2013-14 is qualified.
- Training of Board Members:** Presentation on the following matters was given to the Directors:
  - Presentation on POSOCO as a whole was provided to the Directors so as to give them an insight into the functioning of the Company. The Presentation inter – alia included HR Capital, Revenue Stream, MoU & KPI Framework, Training and Certification of System Operators and Mentorship Programme in POSOCO.
  - Presentation on 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.
- Whistle Blower Policy:** Being a wholly owned subsidiary of POWERGRID, in terms of the MoU signed with POWERGRID, the Policies, Guidelines, etc. of POWERGRID are applicable to POSOCO as well.

**Certificate on Corporate Governance**

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

## Certificate on Corporate Governance

To

The Members,

**Power System Operation Corporation Limited.**

I have examined the compliance of conditions of corporate governance by Power System Operation Corporation Limited, for the year ended on 31<sup>st</sup> March 2014 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 sixth of the total number of directors as against the requirement of one third the total number of directors, the Audit Committee has only one independent director as against the requirement of two and that it has not constituted a Remuneration Committee, in implementation of the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises.

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



(T.V. NARAYNASWAMY)  
COMPANY SECRETARY

CP-203

Janakpuri, New Delhi

Date: 24<sup>th</sup> June, 2014

## Balance Sheet As At 31<sup>st</sup> March 2014

(₹ in Crore )

Description	Note No.	As at 31-Mar-2014	As at 31-Mar-2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2.1	30.64	30.64
(b) Reserves and surplus	2.2	187.36	157.48
		<b>218.00</b>	<b>188.12</b>
<b>Non-current liabilities</b>			
(a) Deferred Revenue	2.3	1.21	0.50
(b) Other Long term liabilities	2.4	107.12	7.46
(c) Long-term provisions	2.5	29.83	26.67
		<b>138.16</b>	<b>34.63</b>
<b>Current liabilities</b>			
(a) Trade payables	2.6	5.79	9.12
(b) Other current liabilities	2.7	331.81	833.68
(c) Short-term provisions	2.8	27.50	16.94
		<b>365.10</b>	<b>859.74</b>
<b>Total</b>		<b>721.26</b>	<b>1,082.49</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.9	26.58	31.65
(ii) Intangible assets	2.10	4.83	4.90
(iii) Capital work in progress	2.11	23.95	3.62
		<b>55.36</b>	<b>40.17</b>
(b) Deferred tax Assets (Net)	2.12	<b>15.66</b>	<b>2.60</b>
(c) Long-term loans and advances	2.13	<b>54.41</b>	<b>14.44</b>
<b>Current assets</b>			
(a) Trade receivables	2.14	5.35	4.61
(b) Cash and Bank Balances	2.15	468.52	889.31
(c) Short-term loans and advances	2.16	100.14	103.33
(d) Other current assets	2.17	21.82	28.03
		<b>595.83</b>	<b>1,025.28</b>
<b>Total</b>		<b>721.26</b>	<b>1,082.49</b>
<b>Accounting Policies</b>	1		
<b>Notes on Accounts</b>	2		

Notes referred above are integral part of the Balance Sheet

For and on behalf of the Board of Directors

(Priti Chaturvedi)

Company Secretary  
ACS 17639

(M.K.Gupta)

Chief Financial Officer

(S. K. Soonee)

Chief Executive Officer

(R. T. Agarwal)

Director  
DIN 01937329

(R. N. Nayak)

Chairman  
DIN 02658070

As per our report of even date

For Dinesh Mehta & Co.

Chartered Accountants  
Firm Regn.  
No. -000220N

(Vijay Batra)

Partner

Membership No.509259

For S.C. Ajmera & Co.

Chartered Accountants  
Firm Regn  
No.-002908C

(Arun Sarupria)

Partner

Membership No.078398

Place: New Delhi  
Date: 30th June 2014





## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2014

(₹ in Crore )

Description	Note No.	For the year ended 31-Mar-2014	For the year ended 31-Mar-2013
<b>I. Revenue from operations</b>	2.18	197.05	220.04
<b>II. Other income</b>	2.19	53.24	46.33
<b>III. Total Revenue (I + II)</b>		<b>250.29</b>	<b>266.37</b>
<b>IV. Expenses:</b>			
Employee benefits expense	2.20	86.02	83.23
Finance costs	2.21	6.77	(5.04)
Depreciation and amortization expense	2.22	8.40	12.27
Operation , Maintenance and Other Administration Expenses	2.23	47.51	48.35
<b>Total expenses</b>		<b>148.70</b>	<b>138.81</b>
<b>V. Profit before Prior period Items and tax (III - IV)</b>		<b>101.59</b>	<b>127.56</b>
<b>VI. Prior period items</b>	2.24	10.63	(2.79)
<b>VII. Profit before tax (V - VI)</b>		<b>90.96</b>	<b>130.35</b>
<b>VIII. Tax expense:</b>			
(1) Current tax		43.21	40.06
(2) Tax for earlier years		-	0.55
(3) Deferred tax		(13.06)	4.09
		30.15	44.70
<b>IX. Profit after tax (VII - VIII)</b>		<b>60.81</b>	<b>85.65</b>
<b>X. Earnings per equity share: (In ₹ per share) (Face Value of ₹ 10/- each)</b>	2.41		
(1) Basic		18.45	26.59
(2) Diluted		18.45	26.59
<b>Accounting Policies</b>	1		
<b>Notes on Accounts</b>	2		

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

For and on behalf of the Board of Directors

(Priti Chaturvedi)  
Company Secretary  
ACS 17639

(M.K.Gupta) Chief Financial Officer  
(S. K. Soonee) Chief Executive Officer

(R. T. Agarwal)  
Director  
DIN 01937329

(R. N. Nayak)  
Chairman  
DIN 02658070

As per our report of even date

**For Dinesh Mehta & Co.**  
Chartered Accountants  
Firm Regn.  
No. -000220N  
(Vijay Batra)  
Partner  
Membership No.509259

**For S.C. Ajmera & Co.**  
Chartered Accountants  
Firm Regn  
No.-002908C  
(Arun Sarupria)  
Partner  
Membership No.078398

Place: New Delhi  
Date: 30th June 2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax (Excluding REC Surplus)	84.47	124.17
Add: Gross Surplus of REC	6.49	6.18
Profit Before Tax	<b>90.96</b>	<b>130.35</b>
<b>Adjustment for :</b>		
Depreciation	8.40	12.27
Transfer from Grants in Aid	0.71	(0.77)
Net Loss on Disposal / Write off of Fixed Assets	0.96	0.06
Interest and Finance Charges	19.19	(5.04)
Interest on Bank Flexi Deposits	(43.14)	(34.87)
Provisions made	0.02	-
<b>Operating profit before Working Capital Changes</b>	<b>77.10</b>	<b>102.00</b>
<b>Adjustment for :</b>		
Increase/(Decrease) in Other Long Term Liabilities	99.66	(16.11)
Increase/(Decrease) in Long Term Provisions	3.16	(0.28)
Increase/(Decrease) in Other Long Term Borrowings	-	-
(Increase)/Decrease in Trade and other Receivables	(0.74)	1.59
Increase/(Decrease) in Trade Payables & current liabilities	(505.66)	218.24
Increase/(Decrease) in Short Term Provisions(Excluding REC TAX provision)	8.36	(10.90)
Increase/(Decrease) in Short Term Provisions( REC TAX provision)	2.20	2.01
(Increase)/Decrease in Other current assets	(2.45)	(0.38)
(Increase)/Decrease in Long Term Loans and Advances	(39.99)	(2.75)
(Increase)/Decrease in Trade Receivables	-	-
(Increase)/Decrease in Short Term Loans and Advances	31.76	(33.49)
(Increase)/Decrease in Loans and Advances	-	-
	<b>(403.70)</b>	<b>157.93</b>
Direct taxes paid	(71.77)	(63.94)
<b>Net Cash from operating activities</b>	<b>(398.37)</b>	<b>195.99</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase)/Decrease in Tangible and Intangible Assets	(4.22)	(7.44)
(Increase)/Decrease in Work in Progress	(20.33)	(2.99)
(Increase)/Decrease in Construction Stores	-	0.06
Interest on Bank Flexi Deposits	51.80	36.76
<b>Net cash used in investing activities</b>	<b>27.25</b>	<b>26.39</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(26.04)	(10.73)
Dividend tax paid	(4.43)	(2.48)
Interest and Finance Charges Paid	(19.19)	5.05
<b>Net Cash from Financing Activities</b>	<b>(49.66)</b>	<b>(8.16)</b>
D. Net change in Cash and Cash equivalents(A+B+C)	(420.79)	214.22
E. Cash and Cash equivalents(Opening balance)	889.31	675.09



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014 (contd...)

F. Cash and Cash equivalents(Closing balance) (D+E)	468.52	889.31
---	--------	--------

### Note:

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

Cash and cash equivalents	377.70	705.90
Other Bank balances (*)	90.82	183.41
	<b>468.52</b>	<b>889.31</b>

(\*) Amounts available for specific use only

In designated current accounts / flexi deposit accounts operated and maintained in terms of CERC regulations (refer note 2.15 )	77.37	177.13
In Flexi Deposit accounts -REC (refer note 2.15)	13.45	6.28
	<b>90.82</b>	<b>183.41</b>

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

### For and on behalf of the Board of Directors

**(Priti Chaturvedi)**  
Company Secretary  
ACS 17639

**(M.K.Gupta)**  
Chief Financial Officer

**(S. K. Soonee)**  
Chief Executive Officer

**(R. T. Agarwal)**  
Director  
DIN 01937329

**(R. N. Nayak)**  
Chairman  
DIN 02658070

### As per our report of even date

#### For Dinesh Mehta & Co.

Chartered Accountants

Firm Regn.  
No. -000220N

**(Vijay Batra)**

Partner

Membership  
No.509259

#### For S.C. Ajmera & Co.

Chartered Accountants

Firm Regn  
No.-002908C

**(Arun Sarupria)**

Partner

Membership No.078398

Place: New Delhi

Date: 30th June 2014

## NOTE NO. 1 - ACCOUNTING POLICIES

### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under historical cost convention and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified there under.

### 1.2 USE OF ESTIMATES

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

### 1.3 RESERVES AND SURPLUS

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

### 1.4 GRANTS IN AID

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

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

### 1.5 FIXED ASSETS

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

### 1.6 CAPITAL WORK IN PROGRESS

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

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

### 1.7 INTANGIBLE ASSETS

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

### 1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

### 1.9 BORROWING COST

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

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

### 1.10 TRANSACTIONS IN FOREIGN CURRENCY

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



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

## 1.11 REVENUE RECOGNITION

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

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

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

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

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

### 1.11.5 Supervision Charges

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

### 1.11.6 Registration fees

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

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

- 1.11.8 Bank Interest earned on the fixed deposits lying in unscheduled Interchange Pool Account Fund, Congestion 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 and 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 The liability for retirement benefits of employees in respect of gratuity, which is ascertained annually on actuarial valuation at the year end, is provided and funded separately.
- 1.15.2 The liability for compensated absence (both for earned & half pay leave), leave encashment, post retirement medical benefits & settling allowance to employees are ascertained annually on actuarial valuation at the year end and provided for.
- 1.15.3 Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss.

## 1.16 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognised for liabilities whose future outcome cannot be ascertained with reasonable estimate. Such contingent liabilities are not recognised but are disclosed in the schedule of contingent liability on the basis of judgement of the management/ independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

## 1.17 INCOME TAX

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



## Note 2.1/Share capital

Description	(₹ in Crore)	
	As at 31-Mar-2014	As at 31-Mar-2013
<b>Equity Share Capital</b>		
<b>Authorised Capital</b>		
20,00,00,000 (Previous Year 20,00,00,000) equity shares of ₹ 10/- each	200.00	200.00
<b>Issued Subscribed and paid up</b>		
3,06,40,000 (Previous Year 3,06,40,000) equity shares of ₹ 10/-each fully paid up	30.64	30.64
<b>Total</b>	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, 2014		As at 31st March, 2013	
	No. of Shares	(₹ in Crores)	No. of Shares	(₹ in Crores)
Shares outstanding at the beginning of the year	30,640,000	30.64	30,640,000	30.64
Shares Issued during the year	NIL	NIL	NIL	NIL
Share bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	30,640,000	30.64	30,640,000	30.64

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

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

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

## Note 2.2/Reserves and surplus

Description	(₹ in Crore)	
	As at 31-Mar-2014	As at 31-Mar-2013
<b>Corporate Social Responsibility (CSR) Activity Reserve</b>		
As per last balance sheet	0.46	-
Additions during the year	0.06	0.46
Deductions during the year	0.46	-
Closing Balance	0.06	0.46
<b>General Reserve</b>		
As per last balance sheet	13.80	5.20
Additions during the year	6.10	8.60
Deductions during the year	-	-
Closing Balance	19.90	13.80
<b>REC Fund</b>		
As per last balance sheet	4.17	-
Additions during the year	4.29	4.17
Deductions during the year	-	-
Closing Balance	8.46	4.17
<b>Load Despatch &amp; Communication Development (LDC) Fund</b>		
As per Last Balance Sheet	102.28	70.24
Additions during the year	100.66	95.00
Deductions during the year	78.18	62.96
Closing Balance	124.76	102.28
<b>Surplus (Balance in Statement of Profit and Loss)</b>		
As per last balance sheet	36.77	10.68
Add: Profit After tax as per Statement of Profit and Loss	60.81	85.65
<b>Less: Appropriations</b>		
Corporate Social Responsibility (CSR) Activities Reserve	0.06	0.46
LDC Development Reserve	22.48	32.04

## Note 2.2/Reserves and surplus

Description	( ₹ in Crore )	
	As at 31-Mar-2014	As at 31-Mar-2013
General Reserve	6.10	8.60
REC Reserve	4.29	4.17
Interim dividend paid	15.32	6.13
Dividend tax on Interim Dividend	2.61	0.99
Proposed Final Dividend	10.72	6.13
Dividend tax on Proposed Dividend	1.82	1.04
Closing Balance	<b>34.18</b>	<b>36.77</b>
<b>TOTAL</b>	<b>187.36</b>	<b>157.48</b>

## Note 2.3/Deferred Revenue

Description	( ₹ in Crore )	
	As at 31-Mar-2014	As at 31-Mar-2013
<b>Grants in aid</b>		
As per Last Balance Sheet	0.50	1.27
Additions during the year	0.80	-
Deductions during the year	0.09	0.77
Closing Balance	1.21	0.50
<b>TOTAL</b>	<b>1.21</b>	<b>0.50</b>

## Note 2.4/Other Long term liabilities

Description	( ₹ in Crore )	
	As at 31-Mar-2014	As at 31-Mar-2013
i) Deposits/ Retention money from contractors and others.	0.09	0.71
ii) Liability on account of Truing up (refer Note No.2.35 of Other Notes on Accounts)	107.03	6.75
<b>Total</b>	<b>107.12</b>	<b>7.46</b>

## Note 2.5/Long-term provisions

Description	( ₹ in Crore )	
	As at 31-Mar-2014	As at 31-Mar-2013
<b>Employee Benifits</b>		
As per last balance sheet	26.67	26.95
Additions during the year	6.17	6.50
Amounts utilised/paid during the year	3.01	6.78
<b>TOTAL</b>	<b>29.83</b>	<b>26.67</b>

## Note 2.6/Trade payables

Description	( ₹ in Crore )	
	As at 31-Mar-2014	As at 31-Mar-2013
For goods and services	4.57	8.38
For Accrued Expenses	1.22	0.74
<b>Total</b>	<b>5.79</b>	<b>9.12</b>

### 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 2014 and as on 31st March 2013.

**Note 2.7/Other current liabilities**

(₹ in Crore)

Description	As at 31-Mar-2014	As at 31-Mar-2013
i) Employee related liability	0.80	0.85
ii) Deposits/Retention money from contractors and others.	5.62	2.33
iii) Advances from Customers	121.61	495.52
iv) Others	2.61	4.71
v) Other Liabilities- Third Party (Net)	84.63	203.75
(Liabilities in respect of Designated accounts operated and maintained in terms of CERC Regulations (Refer Note no.2.27 of Other Notes on Accounts))		
vi) Liabilities in respect of Third Parties under Short Term Open Access Regulation		
a) CTU-POWERGRID	49.96	44.18
b) STU	26.44	17.65
vii) Statutory Dues	1.91	4.40
viii) Related parties -Holding Company	38.23	60.29
<b>Total</b>	<b>331.81</b>	<b>833.68</b>

**Note 2.8/Short-term provisions**

(₹ in Crore)

Description	As at 31-Mar-2014	As at 31-Mar-2013
<b>A) Provision for Employee Benefits</b>		
<b>i) Transmission incentive / special incentive</b>		
As per last balance sheet	7.65	10.48
Addition during the year	10.48	13.16
Amount paid/adjusted during the year	6.07	15.99
Closing Balance	12.06	7.65
<b>ii) Provision for Wage revision</b>		
As per last balance sheet	-	6.15
Additions during the year	-	-
Amounts utilised/paid during the year	-	6.15
Closing Balance	-	-
<b>iii) Other Employee Benefits (Leave Encashment, Settlement Allowance, Post retirement medical benefits etc.)</b>		
As per last balance sheet	2.12	2.03
Additions during the year	1.01	2.01
Amounts utilised/paid during the year	0.23	1.92
Closing Balance	2.90	2.12
<b>Total (A)</b>	<b>14.96</b>	<b>9.77</b>
<b>B) Others</b>		
<b>i) Taxation</b>		
As per last balance sheet	91.87	51.26
Additions during the year	43.21	40.61
Amount adjusted during the year	-	-
Nett of against Taxes paid (Refer Note no. 2.16)	135.08	91.87
Closing Balance	-	-
<b>ii) Proposed Dividend</b>		
As per last balance sheet	6.13	4.60
Additions during the year	26.04	12.26
Amounts paid during the year	21.45	10.73
Closing Balance	10.72	6.13
<b>iii) Dividend Tax</b>		
As per last balance sheet	1.04	1.49
Additions during the year	4.43	2.03
Amounts paid during the year	3.65	2.48
Closing Balance	1.82	1.04
<b>Total (B)</b>	<b>12.54</b>	<b>7.17</b>
<b>Total (A+B)</b>	<b>27.50</b>	<b>16.94</b>

## Note 2.9/Tangible assets

(₹ in Crore)

Description	Gross Block					Depreciation/Amortisation					Net Block	
	As at 01-Apr-2013	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31-Mar-2014	Upto 31-Mar-2013	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31-Mar-2014	As at 31-Mar-2014	As at 31-Mar-2013
<b>Civil Works-on Leased Buildings</b>												
a) RLDCs	10.58	-	-	0.70	9.88	2.13	0.33	-	0.20	2.26	7.62	8.45
b) Township	0.05	-	-	0.05	-	0.01	-	-	0.01	-	-	0.04
Temporary Erection	0.11	-	-	0.05	0.06	0.11	-	-	0.05	0.06	-	-
Water Supply Drainage & Sewerage	0.07	-	-	-	0.07	0.01	-	-	-	0.01	0.06	0.06
<b>Plant &amp; Machinery</b>												
a) RLDCs	2.86	-	-	-	2.86	0.95	0.15	-	-	1.10	1.76	1.91
b) SCADA Hardware	57.02	0.81	-	7.42	50.41	47.46	4.01	-	7.11	44.36	6.05	9.56
c) Communication	0.52	-	-	-	0.52	0.22	0.03	-	-	0.25	0.27	0.30
Furniture Fixtures ***	7.74	0.19	0.01	0.11	7.81	3.57	0.44	0.01	0.06	3.94	3.87	4.17
Office equipment	2.72	0.35	0.06	0.06	2.95	1.15	0.22	0.04	0.05	1.28	1.67	1.57
Electronic Data Processing & Word Processing Machines	9.98	0.77	0.40	0.18	10.17	5.26	1.08	0.38	0.19	5.77	4.40	4.72
Vehicles	0.01	-	-	-	0.01	-	-	-	-	-	0.01	0.01
Constrn. and Workshop equipment	0.01	-	-	-	0.01	0.01	-	-	-	0.01	-	-
Electrical Installation	0.89	0.06	-	-	0.95	0.05	0.05	-	-	0.10	0.85	0.84
Miscellaneous Assets/ Equipments	0.11	-	-	-	0.11	0.09	-	-	-	0.09	0.02	0.02
<b>Grand Total</b>	<b>92.67</b>	<b>2.18</b>	<b>0.47</b>	<b>8.57</b>	<b>85.81</b>	<b>61.02</b>	<b>6.31</b>	<b>0.43</b>	<b>7.67</b>	<b>59.23</b>	<b>26.58</b>	<b>31.65</b>
Previous Year ***	87.91	4.66	0.22	(0.32)	92.67	52.17	9.16	0.14	0.17	61.02	31.65	35.74

### Note:

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

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

## Note 2.10/Intangible assets

(₹ in Crore)

Description	Gross Block					Depreciation/Amortisation					Net Block	
	As at 01-Apr-2013	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31-Mar-2014	Upto 31-Mar-2013	Additons during the year	Sale / Disposal during the year	Adjustment during the year	As at 31-Mar-2014	As at 31-Mar-2014	As at 31-Mar-2013
SCADA Software	192.85	0.54	-	-	193.39	191.61	0.44	-	-	192.05	1.34	1.24
Electronic Data Processing Software ***	5.58	1.57	-	-	7.15	1.92	1.65	-	(0.09)	3.66	3.49	3.66
<b>Grand Total</b>	<b>198.43</b>	<b>2.11</b>	<b>-</b>	<b>-</b>	<b>200.54</b>	<b>193.53</b>	<b>2.09</b>	<b>-</b>	<b>(0.09)</b>	<b>195.71</b>	<b>4.83</b>	<b>4.90</b>
Previous Year	193.59	4.10	-	(0.74)	198.43	190.08	3.11	-	(0.34)	193.53	4.90	3.51

### Note:

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

1) Gross Block	0.32
2) Accumulated Depreciation	0.27
3) Net Block	0.05

**Note 2.11/Capital work in progress****( ₹ in Crore )**

Description	As at 01-Apr-2013	Additions during the year	Adjustments during the year	capitalised during the year	As at 31-Mar-2014
<b>Civil Works</b>					
Regional Load Despatch Centre & Office (Incl. civil work)	0.12	-	-	-	0.12
Township	0.30	0.94	-	-	1.24
<b>Plant &amp; Equipments (including associated civil works)</b>					
SCADA	3.20	18.85	-	-	22.05
Other office equipments	-	0.54	-	-	0.54
<b>TOTAL</b>	<b>3.62</b>	<b>20.33</b>	<b>-</b>	<b>-</b>	<b>23.95</b>

**Note 2.12/Deferred tax Assets (Net)****( ₹ in Crore )**

Description	As at 31-Mar-2014	As at 31-Mar-2013
<b>Deferred Tax Asset</b>		
Employee Benefits-Leave encashment, Incentive u/s 43B Including Wage Revision Provision	15.26	8.36
Provisions	-	0.03
Interest on Truing up	6.11	-
<b>Sub-total (A)</b>	<b>21.37</b>	<b>8.39</b>
<b>Deferred Tax Liability</b>		
Less: Towards Fixed Assets (Net)	5.71	5.79
<b>Sub-total (B)</b>	<b>5.71</b>	<b>5.79</b>
<b>Net Deferred Tax Assets</b>	<b>15.66</b>	<b>2.60</b>

**Note 2.13/Long-term loans and advances**

(Unsecured Considered Good unless otherwise stated)

**( ₹ in Crore )**

Description	As at 31-Mar-2014	As at 31-Mar-2013
<b>Other loans and advances</b>		
<b>i) Employees (including Interest Accrued)</b>		
a) Secured Considered good	7.57	6.52
b) Unsecured - Considered good	0.32	0.38
- Considered doubtful	0.07	0.05
	7.96	6.95
Less: Provision for Bad & Doubtful Advances	0.07	0.05
		7.89
<b>ii) Advances recoverable in cash or in kind or for value to be received (Unsecured considered good)</b>		
a) Contractors & Suppliers	44.64	0.39
b) Employees	0.42	0.30
c) Capital Advance -Holding Company	-	4.91
d) Others	1.40	1.83
e) Balance with Customs Port Trust and other authorities	0.10	0.15
	46.56	7.58
Less: Provision for Bad & Doubtful Advances	0.04	0.04
		7.54
<b>TOTAL</b>	<b>54.41</b>	<b>14.44</b>
Due from		
Directors	-	-
Officers	1.22	0.66

## Note 2.14/Trade receivables (Unsecured considered good unless otherwise stated)

	( ₹ in Crore )	
Description	As at 31-Mar-2014	As at 31-Mar-2013
<b>i) Debts Outstanding for a period exceeding Six Months</b>		
Considered Good	-	1.10
Considered Doubtful	-	-
<b>ii) Other Debts</b>	5.35	3.51
	5.35	4.61
Less: Provision for bad & doubtful debts	-	-
<b>TOTAL</b>	<b>5.35</b>	<b>4.61</b>

## Note 2.15/Cash and Bank Balances

	( ₹ in Crore )	
Description	As at 31-Mar-2014	As at 31-Mar-2013
<b>1) Cash and Cash Equivalents</b>		
Balance with Banks		
-In Current Accounts / Flexi deposit Accounts	184.46	582.06
-In LDC Development Account	116.83	62.00
Cash on hand	0.01	-
Drafts/Cheques in Hand	-	0.01
	<b>301.30</b>	<b>644.07</b>
<b>2) Other Bank Balances</b>		
-In Designated Current Accounts / Flexi Deposit accounts operated & maintained in terms of CERC regulations (Refer Note no. 2.27 of Other Notes on Accounts)	77.37	177.13
-In Current Accounts/Flexi Deposit Accounts(held on account of Third Parties under Short Term Open Access Regulation)		
a) CTU-POWERGRID	49.96	44.18
b) STU	26.44	76.40
		17.65
-In Flexi Deposit accounts -REC (Refer Note no.2.33 of Other Notes on Accounts)	13.45	6.28
	<b>167.22</b>	<b>245.24</b>
<b>TOTAL</b>	<b>468.52</b>	<b>889.31</b>

## Note 2.16/Short-term loans and advances

	( ₹ in Crore )	
Description	As at 31-Mar-2014	As at 31-Mar-2013
<b>A) Loans</b>		
<b>a) Employees including interest accrued</b>		
Secured considered good	1.24	1.21
Unsecured considered good	0.25	0.23
	1.49	1.44
<b>Total(A)</b>	<b>1.49</b>	<b>1.44</b>
<b>B) Advances recoverable in cash or in kind or for value to be received</b>		
<b>a) Employees</b>	0.86	0.97
Contractors & Suppliers	2.13	6.02
Capital Advance -Holding Company	8.18	15.26
In Designated A/c	0.54	21.03
Contractors & Suppliers- REC (Refer Note no.2.33 of Other Notes on Accounts)	0.09	0.11
Advance Tax & TDS	221.75	149.98
Less : Provision for Taxation (Refer Note no. 2.8)	135.08	91.87
Others	0.18	0.39



**Note 2.16/Short-term loans and advances (contd...)**

(₹ in Crore)

Description	As at 31-Mar-2014	As at 31-Mar-2013
	97.79	100.92
<b>Total (B)</b>	<b>98.65</b>	<b>101.89</b>
<b>Total(A+B)</b>	<b>100.14</b>	<b>103.33</b>
Directors	-	-
Officers	0.45	0.41

**Note 2.17/Other current assets**

(₹ in Crore)

Description	As at 31-Mar-2014	As at 31-Mar-2013
a) Interest accrued but not due		
Interest accrued on Flexi Deposits with Bank	3.10	11.83
Interest accrued on Flexi Deposit with Deposits-In Designated A/c	0.13	0.25
Interest accrued on Flexi Deposits-REC (Refer Note no. 2.33 of Other Notes on Accounts)	0.21	0.02
b) Unbilled Revenue	18.38	15.93
<b>TOTAL</b>	<b>21.82</b>	<b>28.03</b>

**Note :** Unbilled revenue ₹ 18.38 cr (PY ₹15.93 cr) represents amount of RLDC fees and charges- ₹ 17.67 cr for the month of Mar 2014 and ₹ 0.71 cr for earlier period billed in Apr 2014.

**Note 2.18/Revenue from operations**

(₹ in Crore)

Description	For the Year ended 31-Mar-2014	For the Year ended 31-Mar-2013
<b>A.Sales of services</b>		
Revenue from System and Market Operation (Gross)	212.65	191.19
Less: Truing up Adjustment (Net)	54.46	4.67
Net Revenue	158.19	186.52
<b>B. Short Term Open Access-Other Charges</b>	36.86	32.42
<b>C. Registration Money</b>	2.00	1.10
<b>Total</b>	<b>197.05</b>	<b>220.04</b>

**Note 2.19/Other income**

(₹ in Crore)

Description	For the Year ended 31-Mar-2014	For the Year ended 31-Mar-2013
<b>A) Interest from</b>		
Indian Banks	43.14	34.87
Employees Loans and Others	0.44	0.37
<b>Total (A)</b>	<b>43.58</b>	<b>35.24</b>
<b>B) Others</b>		
Consultancy Project Management and Supervision Fees	1.33	1.45
REC Surplus	6.49	4.49
Deferred Income (Transferred from Grants-in-aid)	0.09	0.77
Surcharge	0.06	0.17
Interest From Others	0.08	0.79
Provision written back	1.23	-
Interest on Truing up	-	1.20
Miscellaneous income	0.38	2.22
<b>Total (B)</b>	<b>9.66</b>	<b>11.09</b>
<b>TOTAL</b>	<b>53.24</b>	<b>46.33</b>

## Note 2.20/Employee benefits expense

(₹ in Crore)

Description	For the Year ended 31-Mar-2014	For the Year ended 31-Mar-2013
Salaries wages allowances & benefits	71.99	68.86
Contribution to Provident and other funds	8.84	7.67
Staff Welfare expenses	5.19	6.70
<b>TOTAL</b>	<b>86.02</b>	<b>83.23</b>

## Note 2.21/Finance costs

(₹ in Crore)

Description	For the Year ended 31-Mar-2014	For the Year ended 31-Mar-2013
A) Interest on Loan from Others (Interest on truing up Liability)	6.76	(5.05)
	<b>6.76</b>	<b>(5.05)</b>
B) Other Borrowing Cost		
Other finance charges	0.01	0.01
	<b>0.01</b>	<b>0.01</b>
C) Foreign Exchange Rate Variation	3.96	11.47
Less: Recoverable from Beneficiaries at the time of Truing Up (Refer Note No. 2.35 (iii) of Other Notes on Accounts).	3.96	11.47
	<b>6.77</b>	<b>(5.04)</b>
<b>TOTAL</b>	<b>6.77</b>	<b>(5.04)</b>

## Note 2.22/Depreciation and amortization expense

(₹ in Crore)

Description	For the Year ended 31-Mar-2014	For the Year ended 31-Mar-2013
Depreciation/Amortization-Tangible Assets	6.31	9.16
Amortization-Intangible Assets	2.09	3.11
<b>Total</b>	<b>8.40</b>	<b>12.27</b>

## Note 2.23/Operation , Maintenance and Other Administrative Expenses

(₹ in Crore)

Description	For the Year ended 31-Mar-2014	For the Year ended 31-Mar-2013
<b>Repair &amp; Maintenance</b>		
Buildings	0.80	0.86
Plant & Machinery		
RLDCs	19.87	21.19
Others	2.14	1.44
	<b>22.01</b>	<b>22.63</b>
Power charges	3.10	2.96
Training & Recruitment Expenses	1.58	1.12
Communication expenses	1.11	0.98
Travelling & Conv.exp.(excluding foreign travel)	3.42	3.16
Foreign travel	0.36	0.12
	<b>3.78</b>	<b>3.28</b>
Statutory Audit Fees	0.07	0.08
Tax Audit Fees	0.02	0.02
Capital Expenditure on assets not owned by the Company	-	4.99
Miscellaneous expenses	5.36	4.73
Security Expenses	3.09	2.59
Expenditure on Corporate Social Responsibility (CSR)	2.28	1.05
Expenditure on Sustainable Development	0.10	0.26
Rebate to Customers	3.25	2.74
	<b>46.55</b>	<b>48.29</b>
Loss on Disposal/Write off of Fixed Assets	0.96	0.06
<b>Total</b>	<b>47.51</b>	<b>48.35</b>

**Note 2.24/Prior period items**

( ₹ in Crore )

Description	For the Year ended 31-Mar-2014	For the Year ended 31-Mar-2013
PRIOR PERIOD AND EXTRAORDINARY ITEMS		
Prior Period items		
<b>Income</b>		
REC Surplus	-	1.69
Others	1.89	1.31
<b>(A)</b>	<b>1.89</b>	<b>3.00</b>
<b>Expenditure</b>		
Interest cost	12.42	-
Others	0.10	0.21
<b>(B)</b>	<b>12.52</b>	<b>0.21</b>
Nett Prior period expenditure/(income ) (B - A)	<b>10.63</b>	<b>(2.79)</b>
<b>Total</b>	<b>10.63</b>	<b>(2.79)</b>

**OTHER NOTES :-****2.25 Nature Of Operations:-**

The company was incorporated on 20th March 2009 as a wholly owned subsidiary of the Power Grid Corporation of India Limited, a Government of the India Enterprise, to take over the business of the System Operations and Market Operations, which were earlier carried out by the Holding Company(POWERGRID). POSOCO is responsible for the following operations:-

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

**2.26** 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.

**2.27 Unscheduled Interchange Pool Account Fund(UI), Congestion Charge 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 Regional Load Dispatch Centres in each region to operate and maintain Unscheduled Interchange Pool Account Fund, Congestion Charge Account, Reactive Energy Charges Account ,Deviation Pool account fund & Inter Regional Exchange account(IRE)

NLDC/RLDC's has 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 surpluses 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 funds 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 funds called the "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, RLDC 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 Funds" 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 funds called the "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 31/03/2014, the total balance in these designated bank accounts were amounting to ₹ 77.37 Crores as against the liability in these funds amounting to ₹ 84.63 Crores. The net difference in the Liability and the designated bank accounts amounting to ₹ 7.26 Crores on account of the Interest accrued and TDS on interest is subject to reconciliation and consequential adjustments if any.

## 2.28 LDC Development Fund

Revenue during the year on account of Depreciation, Interest on Loan, Return on Equity (based on truing-up adjustment) amounting to ₹ 17.33 Crores and other income amounting to ₹ 83.33 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 Corporate Social Responsibility Exp. & Sustainable Development Exp. of ₹ 2.38 Crores, income tax of ₹ 41.00 Crores, dividend of ₹ 30.47 Crores (including dividend tax) & Capex ₹ 4.33 Crores resulting in net accretion of ₹ 22.48 Crores to fund.

A sum of ₹ 116.83 Crores is lying in the designated bank account against LDC Development Fund of ₹ 124.76 Crores as on 31.03.2014. The amount required to be contributed during the FY 2014-15 is ₹ 7.93 Crores.

2.29 The CERC while giving approval under sub-section (4) of the section 28 of the Electricity Act 2003, read with the CERC(Fees and charges of Regional Load despatch Centre and other related matters ) Regulations 2009 for the RLDCs charges has noted that at present the System Operation is not subject to the service tax.

2.30 In the Current year unspent expenditure of ₹ 0.06 Cr (previous year ₹ 0.46 Crores) out of the budget for the year towards Corporate Social Responsibility (CSR) and Sustainable Development(SD) has been transferred to CSR reserve by appropriation of profit.

2.31 No Capital expenditure was incurred on assets not owned by the company during FY 2013-14

2.32 Other income includes ₹ 0.09 Crores (Previous Year ₹ 0.77 Crores) being the amount transferred from Grants-in-aid received (as per accounting policy note no. 1.4)

2.33 The company is responsible for discharging the functions of NLDC, is required to maintain books of accounts pertaining to REC Mechanism Account also. The assets and liabilities of REC Mechanism have been merged with company books of account with the concurrence of Central Electricity Regulatory Commission (CERC).

Gross Surplus of REC Mechanism to the tune of ₹ 6.49 Crores (Previous Year ₹ 6.18 Crores) has been accounted for in the books of accounts of the company during the year pending amendment in REC Mechanism Regulations. Income Tax provisions of ₹ 2.20 Crores (Previous Year ₹ 2.01 Crores) has been made against the above surplus. Net surplus after provisions of Income Tax amounting to ₹ 4.29 Crores (Previous Year ₹ 4.17 Crores) is transferred to REC fund, which shall be utilized only for the expenses allowed under REC Regulation ,2010

2.34 a) Balances in TDS certificates, receivables/recoverable, STOA Advance from customers, Sundry Creditors, Advances from Customers for designated accounts, third party accounts and Sundry Debtors are subject to reconciliation, confirmation and consequential adjustments, if any.

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

2.35 i) In respect of System and Market Operation charges ₹ 54.46 Crores (Previous Year ₹ 29.54 Crores) 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 after the expiry of the control period (2009-14) as per accounting policy note no 1.11.1 regarding revenue recognition.

ii) Human Resource and Operation & Maintenance Expenses 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."

The Company has sought an opinion from The Institute of Chartered Accountants of India (ICAI) regarding recognizing revenue of Human Resource and Operation & Maintenance expenses components of tariff on actual basis. Pending clarification from ICAI, the Company has followed the same treatment as in last year.

Considering certainty of receipt as per AS-9, matching revenue concept and accrual system of accounting policy of revenue recognition based on actual HR and O&M expenditure has been adopted.

iii) Total FERV allocated by POWERGRID on IBRD II & III till 31.03.2014 is ₹ 51.90 Crores.(upto Previous year ₹ 33.89 Crore) .Total FERV which was adjusted against truing up liability was gross FERV (actual & provisional ) till F.Y 2012-13 .During the current F.Y 2013-14 out of ₹ 51.90 Crore of total FERV the Company has considered FERV of ₹ 7.26 Crore based on actual payment of IBRD-II & III loan recoverable from constituents in line with regulations of CERC and the same shall be considered by CERC. However, no truing up adjustment has been carried out on provisional FERV of ₹ 44.64 Crores (which is based on outstanding principal balance of IBRD-II & III loan as on 31.03.2014 ). The same has resulted into increase in truing up liability to the tune of ₹ 44.64 Crore. Furthermore, the above treatment has also resulted in increase in interest on truing up liability to the tune of ₹ 12.77 Crores.

iv) 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.

2.36 Provisions for Performance Related Pay (PRP) 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.

2.37 The company is following AS-15 (revised 2005) 'Employee Benefits'.

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

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

b) Liability on account of Leave encashment, Post Retirements Medical Plan, Baggage Allowance, Gratuity and Superannuation liability is based on actuarial liability calculated as per the report of Actuary Valuer

**Defined Employee Benefit Schemes are as under:-**

**A. Provident Fund**

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

**B. Gratuity**

The company has a defined benefit gratuity plan with a separate trust maintained by the Holding Company in the name of the Power Grid Employees Gratuity fund Trust. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 10 Lacs. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis on Balance Sheet date.

**C. Post-Retirement Medical Facility (PRMF)**

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

**D. Pension**

The company has scheme of Employees Defined Pension Contribution. Company contribution is paid to separate Trust. Amount of contribution paid/payable for the year is ₹ 3.38 Crores (Previous year ₹ 2.97 Crores) has been recognised as expense and is charged to Statement of Profit & Loss.

**E. Other Defined Retirement Benefits (ODRB)**

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

**F. Other Employee Benefits**

Provision for Leave Encashment for the year amounting to ₹ 2.99 Crores (Previous Year ₹ 5.72 Crores) for the year up to 31st March 2014 has been made on the basis of actuarial valuation for the POSOCO employees(After required adjustment)

The summarised position of various defined benefits recognized in the Profit and Loss Account, Balance Sheet and the funded status are as under :-

**a) Expenses recognized in Profit and Loss Account**

(₹ in Crores)

	GRATUITY	PRMF	ODRB	Leave Encashment
	Current Year	Current Year	Current Year	Current Year
Current Service Cost	1.15	0.36	0.04	0.96
Interest cost on benefit obligation	1.83	0.88	0.06	1.49
Expected return on plan assets	(1.98)	-	-	-
Net actuarial (gain)/loss recognized in the year	(0.51)	(0.33)	(0.06)	2.11
Expenses recognized in the Profit and Loss a/c.	0.49	0.91	0.04	4.56

**b) Expenses recognized in Profit and Loss Account**

(₹ in Crores)

	GRATUITY	PRMF	ODRB	Leave Encashment
	Current Year	Current Year	Current Year	Current Year
(i) Present value of obligation as at 31/03/2014	23.90	11.96	0.85	20.90
(ii) Fair value of plan assets as at 31/03/2014 (*)	25.39	-	-	-
Difference (i) – (ii)	(1.49)	(11.96)	(0.85)	(20.90)
Net Asset(Liability) recognized in Balance Sheet	(1.49)	(11.96)	(0.85)	(20.90)

(\*) 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 Crores)

	GRATUITY	PRMF	ODRB	Leave Encashment
	Current Year	Current Year	Current Year	Current Year
Present value of obligation as at 31/03/2013	22.90	11.05	0.81	18.68
Interest cost	1.83	0.88	0.06	1.49
Current Service Cost	1.14	0.36	0.04	0.96
Benefits paid	(1.55)	(0.00)	-	(2.34)
Net actuarial (gain)/loss on obligation	(0.43)	(0.33)	(0.06)	2.11
Present Value of obligation as at 31/03/2014	23.90	11.96	0.85	20.90

**G. Details of the Plan Asset (Gratuity)**

The details of the plan assets at cost as on 31st March, 2014 are not given in view of the fact, that the Fund is maintained with POWERGRID Employees Gratuity Fund Trust as a whole for employees of Power Grid Corporation of India Ltd and employees of Power System Operation Corporation Ltd. on secondment basis.

**H. Actuarial Assumptions**

Principal assumptions used for actuarial valuation are:

- Method used - Projected Unit Credit ( PUC)
- Discount rate – 8.5% (Previous period 8%)
- Expected rate of return on assets (Gratuity only) – 8.5 % (Previous period 8.5%)
- Future salary increase- 6.5 % (Previous period 6%)

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

**2.38 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.

**2.39 Related Party Disclosures**

**A) Joint Ventures with Holding Company:-**

- Powerlinks Transmission Limited
- Torrent Power Grid Limited
- Jaypee POWERGRID Limited
- Parbati Koldam Transmission Company Ltd
- Teestavalley Power Transmission Limited
- North East Transmission Company Limited
- National High Power Test Laboratory Private Limited
- Energy Efficiency Services Limited.
- Bihar Grid Company Limited w.e.f. 04.01.2013
- Kalinga Bidyut Prasaran Nigam Private Ltd. w.e.f. 31.12.2012
- Cross Border Power Transmission Company Ltd. w.e.f. 11.08.2012
- Power Transmission Co. Nepal Ltd

**B) Holding Company:-**

Power Grid Corporation of India Limited

**C) Power System Development Fund (PSDF)-.** During the F.Y 2013-14 ₹. 1693.69 Crores (Previous year ₹1053.53 Crores ) surplus/ residual have been transferred from Regulatory Pool accounts to PSDF.

**D) Key Management Personnel**

- Shri R. N. Nayak Chairman
- Shri R. T. Agarwal Director



- iii) Shri I. S. Jha                      Director  
iv) Shri Santosh Saraf                  Director  
v) Smt. Rita Acharya                  Director ( from 18.07.2013 to 28.02.2014)  
vi) Smt. Neerja Mathur                Director (from 18.07.2013 to 23.12.2013)  
vii) Shri P.K. Pahwa                    Director (from 13.02.2014 to till date)  
viii) Smt. Jyoti Arora                  Director (from 20.03.2014 to till date)

E) Transactions with the POWERGRID - Holding Company are as follows:

(₹ in Crore)

Particulars	Current Year	Previous Year
RLDC Fee and charges billed to POWERGRID	17.55	16.29
Amount paid by POWERGRID for RLDC Fee & Charges	14.97	13.31
Transmission Charges paid/payable to POWERGRID STOA-POC	2143.27	1802.68
UI, RE, IRE Payments received paid to POWERGRID	3.49	8.35
Other payments/transactions with the Company	29.25	21.50

F) Director's sitting fee ₹ 3,14,608 (Previous Year ₹ 2,28,540) for independent director.

## 2.40 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 ₹ 4.39 Crores (Previous Year ₹ 4.18 Crores) towards lease payments net of recoveries in respect of premises for residential use of employees.

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

Numerator	As at (FY 2013-14)	As at (FY 2012-13)
Profit after tax as per Profit and Loss Account (Used as Numerator (₹ In Crore) excluding net surplus of REC.	56.52	81.48
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)	18.45	26.59
-Diluted Earning Per Share (₹ / per share) (Face value of ₹. 10/each)	18.45	26.59

## 2.42 During the year company has ₹ 15.66 Crores (Previous Year ₹ 2.60 Crores ) as net deferred tax assets.

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

(₹ in Crore)

Particulars	Balance as at 31.03.2014	Balance as at 31.03.2013
<b>Deferred Tax Liability</b>		
Towards Depreciation(Diff. of WDV as per Income Tax and Books) (A)	5.71	5.79
<b>Deferred Tax Asset</b>		
Liabilities towards 43B incl. Wage Revision Provision	15.26	8.36
Other Provisions	-	0.03
Towards Interest on Truing-up of income	6.11	-
<b>Sub Total (B)</b>	21.37	8.39
<b>Net Deferred Tax Assets (B-A)</b>	<b>15.66</b>	<b>2.60</b>

2.43 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 (In POWERGRID time).The company has assessed as on the balance sheet date whether they are any indications with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore no formal estimate of recoverable amount has been made .Accordingly ,no impairment loss has been provided in the accounts.

2.44 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.



**2.45** Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 33.77 Crores (Previous Year ₹ 16.16 Crores).

**2.46** Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets:

**Contingent Liabilities:**

Demand of Rent for the office and staff quarters accommodation raised by the WREB, Mumbai till date is ₹ 7.03 Crores (Previous Year ₹ 5.00 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.

**2.47 a) VALUE OF IMPORTS CALCULATED ON CIF BASIS**

(₹ in Crore)

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

**b) EXPENDITURE IN FOREIGN CURRENCY :**

(₹ in Crore)

	Current Year	Previous Year
i) Repair & Maintenance	4.29	5.14
ii) Foreign Travel	0.36	0.04
iii) Others	Nil	0.33

**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

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

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

**For and on behalf of the Board of Directors**

**(Priti Chaturvedi)**

Company Secretary  
ACS 17639

**(M.K.Gupta)**

Chief Financial Officer

**(S. K. Soonee)**

Chief Executive Officer

**(R. T. Agarwal)**

Director  
DIN 01937329

**(R. N. Nayak)**

Chairman  
DIN 02658070

**For Dinesh Mehta & Co.**

Chartered Accountants

Firm Regn.  
No. -000220N

**(Vijay Batra)**

Partner  
Membership  
No.509259

**For S.C. Ajmera & Co.**

Chartered Accountants

Firm Regn  
No.-002908C

**(Arun Sarupria)**

Partner  
Membership No.078398

Place: New Delhi

Date: 30th June 2014



## INDEPENDENT AUDITORS' REPORT

### To the Members of POWER SYSTEM OPERATION CORPORATION LIMITED

We have audited the accompanying financial statements of **POWER SYSTEM OPERATION CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, the Statement of Profit & Loss, and Cash Flow Statement for the year ended 31<sup>st</sup> March 2014, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Principles generally accepted in India including Accounting Standards notified under the Companies Act, 1956 of India (the "Act"), read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Company Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks, material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Basis for Qualified Opinion

- (i) *The Company is accounting for Human Resource and Operation & Maintenance Expenses components of tariff on the basis of actual expenditure (Refer Note No. 2.35(ii) of Other Notes). Same is subject to being admissible by Central Electricity Regulatory Commission (CERC) after prudence check at the time of truing up. The extent of uncertainty involved on account of additional revenue is dependent upon outcome of CERC order. Recognition of such additional revenue to the extent of uncertainty involved is departure from the Accounting Standards referred to in sub-section 3C of Section 211 of the Companies Act 1956, read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Company Affairs in respect of Section 133 of the Companies Act, 2013. This has resulted in increase in Profit (decrease in truing up liability of the company by ₹ 15.86 crores) for the year by ₹ 15.86 crores, Income Tax Provision by ₹ 5.39 crores and shareholders' funds by ₹ 10.47 crores.*

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31 March, 2014;
- b) In the case of the Statement of Profit & Loss, the Profit of the Company for the year ended on that date.
- c) In the case of the Cash Flow Statement, of Cash Flows of the Company for the year ended on that date.

### Emphasis of Matter

#### We draw attention to

- (i) *Note No. 2.35 (iii) of Other Notes regarding actual payment of FERV on IBRD-II & III Loans considered for the purpose of truing up in current year as against the entire FERV amount considered in preceding years.*
- (ii) *Note No. 2.35 (iv) of Other Notes regarding treating interest earned on Short Term Open Access (STOA) as income of the company whereas clarification from CERC regarding the same is still pending.*
- (iii) *Note No. 2.34 of Other Notes regarding TDS certificates Receivables/Recoverable, STOA Advances from customers and Third Party Balances are subject to reconciliation, confirmations and consequential adjustments, if any.*

Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by 'The Companies (Auditor's Report) Order 2003' (hereinafter referred to as the "Order"), as amended by the 'The Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub section (4A) of

section 227 of the Act and on the basis of the information and explanations given 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 enclose in the annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.

2. As required by section 227 (3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit & loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013;
- e) In pursuance to notification No. GSR 829(E) dated 21.10.2003, issued by the Department of Company Affairs; clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

**For Dinesh Mehta & Co. Chartered Accountants**  
**Firm No. : 000220N**

**(Vijay Batra – Partner)**  
**M. No. 509259**

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

**(Arun Sarupria – Partner)**  
**M.No. 078398**

**Place: New Delhi**  
**Date: 30.06.2014**



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

**Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date**

1.
  - a) The Company has generally maintained records of Fixed Assets, showing full particulars including quantitative details and situations of Fixed Assets.
  - b) The Assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled / adjusted in the books of accounts. In our opinion, frequency of verification is reasonable.
  - c) During the year the company has not disposed off substantial part of its Fixed Assets.
2. There was no inventory carried on by the Company. Therefore, Clause 4(ii)(a), (b) and (c) of the Order is not applicable for the year.
3. According to information and explanation given to us the Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, with regard to fixed assets and income from system operation and market operation. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the underlying internal control systems.
5. According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956, during the year, to be entered in the register maintained under that section. Accordingly Clause (v) of paragraph 4 of the Order is not applicable.
6. Since the Company has not accepted any deposit from the public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under, does not arise.
7. In our opinion, the Company has an Internal Audit System commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records Under Section 209(1)(d) of the Companies Act, 1956.
  - a) According to the information and explanation given to us, and 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, Employees State Insurance, Value Added Tax, Wealth Tax, Sales 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 undisputed amount payable in respect of such statutory dues which have remained outstanding as on March 31, 2014, for a period of six months from the date from which they became payable .

As informed, the provisions of the Employees 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 Value Added tax, Income tax, Wealth Tax, Excise duty, cess, which have not been deposited on account of dispute with the appropriate authorities.
10. 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.
11. On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.
12. The Company has not granted any loan or advances on the basis of security by way of Pledge of Shares, Debentures, and Other Securities.
13. The Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society. Accordingly, Clause (xiii) of paragraph 4 of the Order is not applicable.
14. According to information and explanation given to us, the company is not dealing or trading in shares, securities, debentures, other Investments. Accordingly, Clause (xiv) of paragraph 4 of the Order is not applicable.
15. According to information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to information and explanation given to us, the Company has not taken any term loan during the year.
17. According to information and explanation given to us, the company has not used the funds raised on short-term basis for long term Investments.

18. During the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued debentures and hence requirement of reporting regarding creation of securities or charge in respect of debentures issued does not arise.
20. During the year, the company has not raised any money by public issue(s).
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally acceptance auditing practices in India, and according to the information and explanations given to us by the management, we have neither come across any instances of fraud on or by the company, noticed or reported during the period nor have we been informed of any such case by the Management.

For **Dinesh Mehta & Co. Chartered Accountants**  
Firm No. : 000220N

(Vijay Batra – Partner)

M. No. 509259

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

(Arun Sarupria – Partner)

M.No. 078398

Place: New Delhi

Date: 30.06.2014





# **POWERGRID NM Transmission Limited**

(CIN : U40106DL2011GOI219542)

## **Subsidiary Company**



## POWERGRID NM TRANSMISSION LIMITED

### DIRECTORS' REPORT

To

The Members,

POWERGRID NM Transmission Limited, formerly known as Nagapattinam-Madhugiri Transmission Company Limited 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. Awards for black angles supply, tower fabrication and tower erection have been placed and construction of the Project is in progress.

#### Board of Directors

At present Shri I. S. Jha, Shri R. T. Agarwal, Shri Ravi P. Singh and Shri N. Ravi Kumar are on the Board of the Company.

Shri N. Ravi Kumar has been appointed as an additional Director on 14<sup>th</sup> August, 2014 and Shri Bharat Bhushan resigned from Directorship of the Company w.e.f. 14<sup>th</sup> August, 2014.

#### Share Capital

The Authorised Share Capital and Paid up Share Capital as on 31<sup>st</sup> March, 2014 of the Company were ₹ 5 lakh. The Authorised Share Capital has been increased from ₹ 5 lakh to ₹65 crore in July, 2014. The paid up Share capital of the Company has been increased from ₹ 5 lakh to ₹ 11 crore in August, 2014.

#### Statutory Auditors

M/s. Nainegli & Co., Chartered Accountants, Bengaluru were appointed by C&AG as Statutory Auditors of the company for the Financial Year 2013-14.

#### Comptroller and Auditor General's Comments

Comptroller and Auditor General's vide its letter dated 14<sup>th</sup> August, 2014 decided not to review the report of Statutory Auditors on the accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2014. Copy of the letter received is annexed as **Annexure-I** to this report.

#### Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- that in the preparation of the accounts for the period ending 31<sup>st</sup> March, 2014 the applicable accounting standards have been followed;
- that 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 year and of the profit or loss of the Company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared accounts for period ended 31<sup>st</sup> March, 2014 on a going concern basis.

#### Particulars of Employees

There is no employee whose particulars are required to be given in terms of Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo.

Since no commercial activity was carried out by the Company, furnishing of information in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

#### Acknowledgement

The Board extends its sincere thanks to POWERGRID, Comptroller & Auditor General of India and the Auditors of the Company.

For and on behalf of  
**POWERGRID NM Transmission Limited.**

Sd/-  
**(I. S. Jha)**  
Chairman

Date: 14<sup>th</sup> August, 2014  
Place: New Delhi

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWERGRID NM TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH, 2014

The preparation of financial statements of Powergrid NM Transmission Limited for the year ended 31 March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11 July, 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Powergrid NM Transmission Limited for the year ended 31 March, 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

Place: New Delhi

Dated: 14 August, 2014.



## BALANCE SHEET AS AT 31.03.2014

(Amount in ₹)

Description	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Share Holder's Funds</b>			
(a) Share Capital	3	500000	500000
(b) Reserves & Surplus	4	(38158)	(34034)
		<b>461842</b>	<b>465966</b>
<b>(2) Current Liabilities</b>			
<b>Other Current Liabilities</b>			
Payable to Powergrid (Holding company)	5	207469589	205435581
Other Current Liabilities	5	58180	142626
		<b>207527769</b>	<b>205578207</b>
<b>Total</b>		<b>207989611</b>	<b>206044173</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets		-	-
(ii) Capital Work in Progress	6	207980049	206034611
		<b>207980049</b>	<b>206034611</b>
<b>(2) CURRENT ASSETS</b>			
(a) Cash and cash equivalents	7	9562	9562
		<b>9562</b>	<b>9562</b>
<b>Total</b>		<b>207989611</b>	<b>206044173</b>

Significant Accounting Policies and Notes on Financial Statements 1 to 23

### As per our report of even date

For and on behalf of  
**NAINEGLI & CO**  
 CHARTERED ACCOUNTANTS  
 Firm Reg No. 002297S

**Mallinath Nainegli**  
 Proprietor  
 Mem. No. 025894

Place: Bangalore  
 Date: 11<sup>th</sup> July, 2014

### For and on behalf of Board of Directors

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

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

Place: Gurgaon  
 Date: 10<sup>th</sup> July, 2014

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

(Amount in ₹)

Description	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>I Revenue from Operations</b>		-	-
<b>II Other Income</b>		-	-
<b>III Total (I + II)</b>		-	-
<b>IV EXPENSES</b>			
<b>Employee benefit Expenses</b>	<b>8</b>	-	-
<b>Finance costs</b>	<b>9</b>	-	-
<b>Administration &amp; other expenses</b>	<b>10</b>	4124	-
<b>Total</b>		4124	-
<b>V Profit before exceptional and extraordinary items and tax (III-IV)</b>		(4124)	-
<b>VI Exceptional itmes/ Prior Period Expense</b>		-	-
<b>VII Profit before exceptional and extraordinary items and tax (V-VI)</b>		(4124)	-
<b>VIII Extraordinary itmes</b>		-	-
<b>IX Profit Before Tax (VII-VIII)</b>		(4124)	-
<b>X Tax Expenses</b>			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
<b>XI Profit (Loss) for the period (IX-X)</b>		(4124)	-
<b>XII Earnings per equity shares:</b>			
(1) Basic		(0.01)	-
(2) Diluted		(0.01)	-

Company information and significant Accounting Policies

1 to 23

As per our report of even date

For and on behalf of Board of Directors

For and on behalf of  
**NAINEGLI & CO**  
CHARTERED ACCOUNTANTS  
Firm Reg No. 002297S

(R. T. Agarwal)  
Director

(I. S. Jha)  
Chairman-part-time

Place: Gurgaon  
Date: 10<sup>th</sup> July, 2014

**Mallinath Nainegli**  
Proprietor  
Mem. No. 025894

Place: Bangalore  
Date: 11<sup>th</sup> July, 2014



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

		(Amount in ₹)	
PARTICULARS		For the year ended 31.03.2014	For the year ended 31.03.2013
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) as per Profit & Loss A/c	(4124)	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	(4124)	-
	<b>Adjustment For Increase/Decrease in:</b>		
	Current Assets	-	-
	Current Liabilities & Provisions	1949562	10919274
	<b>TOTAL</b>	<b>1945438</b>	<b>10919274</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital Work in Progress	(1945438)	(10919534)
	<b>TOTAL</b>	<b>(1945438)</b>	<b>(10919534)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
	Issue of Share Capital	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>
	<b>NET INCREASE/(DECREASE) IN CASH FLOW (A+B+C)</b>	<b>-</b>	<b>(260)</b>
	<b>CASH &amp; CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>	<b>9562</b>	<b>9822</b>
	<b>CASH &amp; CASH EQUIVALENT AT THE END OF THE YEAR</b>	<b>9562</b>	<b>9562</b>

As per our report of even date

For and on behalf of

**NAINEGLI & CO**

CHARTERED ACCOUNTANTS

Firm Reg No. 002297S

**Mallinath Nainegli**

Proprietor

Mem. No. 025894

Place: Bangalore

Date: 11<sup>th</sup> July, 2014

For and on behalf of Board of Directors

**(R. T. Agarwal)**

Director

**(I. S. Jha)**

Chairman-part-time

Place: Gurgaon

Date: 10<sup>th</sup> July, 2014

## Notes to Financial Statements for the Year ended 31.03.2014

### 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).

Consequent to the selection of successful bidder (M/s Power Grid Corporation of India Limited) as per Tariff based competitive bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/06 (as amended from time to time) and as per issued bidding documents, the company was transferred to Power Grid Corporation of India Limited (Successful Bidder) (hereafter called "PGCIL") vide Share purchase Agreement dated 29th March 2012 by the PFCL (transferor). After transfer, the company ceases to be a subsidiary of PFCL and 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 the previous year. Project is in initial inception stage and necessary tendering processes are underway. Accordingly, the Company has not commenced commercial operations as up to 31 March 2014.

### 2 Summary of Significant Accounting Policies

#### A Basis of Preparation

These financial statements have been prepared to comply with Accounting Principles generally accepted in India (Indian GAAP), the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and therelevant provisions of the Companies Act, 1956. The financial statements are prepared on accrual basis under the historical cost convention.

#### B Use of Estimates:

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.

#### C Recognition of Income / Expenditure

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

#### D Fixed Asset

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.

#### E Depreciation/ Amortisation

a) Depreciation / amortization is provided on straight line method following the rates and methodology notified by the Central Electricity Regulatory Commission (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:

i) Computers & Peripherals	30%
ii) Mobile Phones	33.33%
iii) Software	33.33%

b) ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levelized tariff

c) Depreciation on assets of telecom and consultancy business is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

d) Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis.

e) Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956

f) 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.

g) Other fixed assets costing upto ₹ 5,000/- are fully depreciated in the year of acquisition.

h) Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised.

#### F Capital Work in Progress

Expenditure incurred on Survey /Studies /Investigations /Consultancy /Administration /Interest /Manpower Charges and other incidental expenses during construction period including those brought forward from previous year are carried under "incidental expenses during construction pending allocation" and grouped as part of Capital Work In Progress and will be capitalised by allocation to fixed assets to be capitalised to fixed assets on completion of project and subsequent commercial use.



### G Preliminary Expenses:

Preliminary expense has been charged to the Profit and Loss account in the year in which such expenditure has been incurred.

### H 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.

### I 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.

### J Cash Flow Statement

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

### K Prior-period Expenses

Income and expenses which arise in the current year as a result of errors or omissions in the preparation of financial statements of one or more prior periods are shown as prior period adjustments.

## 3 Share Capital

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
<b>Authorised :</b>		
50,000 Equity shares of ₹ 10/- each	500000	500000
<b>Issued, subscribed and fully paid up shares :</b>		
50,000 Equity shares of ₹ 10/- each fully paid-up	500000	500000
<b>Total Issued, subscribed and fully paid up share capital</b>	<b>500000</b>	<b>500000</b>

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

##### Equity Shares

Description	31-Mar-14		31-Mar-13	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the period	50000	500000	50000	500000
Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>50000</b>	<b>500000</b>	<b>50000</b>	<b>500000</b>

#### b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Description	(Amount in ₹)	
	31-Mar-14	31-Mar-13
Power Grid Corporation of India Limited, the Holding Company	500000	500000
50,000 equity shares of ₹ 10 each fully paid		

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

Description	As at 31-Mar-14		As at 31-Mar-13	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	50000	100%	50000	100%
Power Grid Corporation Limited, the Holding Company	50000	100%	50000	100%

\* Out of 50,000 equity shares 600 shares are held by nominees of Power Grid Corporation of India limited on its behalf.

#### 4 Reserves & Surplus

(Amount in ₹)

Description	As at 31.03.2014	As at 31.03.2013
<b>Surplus/(Deficit) in the statement of Profit and Loss Account</b>		
As per Last balancesheet	(34034)	(34034)
Add: Additions	(4124)	-
Closing balance	(38158)	(34034)

#### 5 Other Current Liabilities

(Amount in ₹)

Description	As at 31.03.2014	As at 31.03.2013
Payable to Holding Company (PGCIL)	207469589	205435581
<b>Sub Total</b>	<b>207469589</b>	<b>205435581</b>
Other Current Liabilities		
Deposits Retention money from contractors and others.	-	70439
Payable to Contractors - Survey contract work	-	30861
Audit Fees Payable	56180	35393
TDS Payable	-	3933
Others	2000	2000
<b>Sub Total</b>	<b>58180</b>	<b>142626</b>
<b>Total</b>	<b>207527769</b>	<b>205578207</b>

#### 6 Capital Work in Progress

(Amount in ₹)

Description	As at 31-Mar-2013	Additions	Adjustments	Capitalised during the year	As at 31-Mar-2014
<b>Expenditure During Construction Period Pending Allocation</b>					
i) Survey Investigation Consultancy Charges	339802	-	86	-	339716
ii) Expenditure during Construction	205694809	1945524	-	-	207640333
Grand total	206034611	1945524	86	-	207980049
Previous Year	195115077	10721550	(197984)	-	206034611

#### Details of Additions to Expenditure During Construction

(Amount in ₹)

Description	2013-14	2012-13
1. Employee benefit Expenses	1089540	561103
2. Finance Cost	-	3826403
3. Administration and Other Expenses	855984	5994242
<b>Total</b>	<b>1945524</b>	<b>10381748</b>

Previous Year Figures of Administration and Other Expenses (IEDC) includes a sum of ₹ 25,00,000/- paid to CERC towards application fee for adoption of transmission charges.

#### 7 Cash and Cash Equivalents

(Amount in ₹)

Description	As at 31.03.2014	As at 31.03.2013
Balances with banks:		
In current accounts	9562	9562
<b>Total</b>	<b>9562</b>	<b>9562</b>

#### 8 Employee Benefit Expenses

(Amount in ₹)

Description	For the year ended 31.03.2014	For the year ended 31.03.2013
Manpower Charges	1089540	561103
	1089540	561103
Less: Transferred to Incidental Exp. During Constuction (CWIP) (Refer Note 6)	1089540	561103
<b>Total</b>	<b>-</b>	<b>-</b>

## 9 Finance Cost

(Amount in ₹)

Description	For the year ended 31.03.2014	For the year ended 31.03.2013
Finance charges	-	3826403
	-	3826403
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 6	-	3826403
<b>Total</b>	-	-

## 10 Administration and Other Expenses

(Amount in ₹)

Description	For the year ended 31.03.2014	For the year ended 31.03.2013
Audit Fees	56180	39326
Professional Charges	-	197630
Printing & Stationery	8431	108643
Advertisement	-	812681
Vehicle Hiring	51040	250414
Rates & Taxes	4124	-
Tour & Travelling	55862	128995
Tendering Expenses	557008	147314
CERC Application fee and Other Charges	100000	4200000
Other Administrative Expenses	27463	109239
	860108	5994242
Less: Transferred to Incidental Exp During Constuction (CWIP) Note 6	855984	5994242
<b>Total</b>	4124	-

## 11 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 and actual execution of works are expected to take place in the next 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.

## 12 Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from PGCIL and are working on time share basis. 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 PGCIL and allocated to the company on the basis of time spent by the employees on the basis of cost to PGCIL. The manpower charges ₹10,89,540/- (previous year ₹5,61,103/-) for employees are charged by PGCIL on the basis of cost to PGCIL based on actual time utilised by the employees for the Company. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc.

## 13 Current Liabilities and Expenses Incurred by PGCIL on behalf of Company:

The Current liabilities include a sum of ₹ 20,74,69,589 arising mainly due to expenses incurred by PGCIL on behalf of the Company. PGCIL 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 PGCIL are retained by PGCIL of which copies are available with the Company. PGCIL has confirmed that it has complied with statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to respective expenses.

## 14 Contingent liabilities and Commitments:

		(Amount in ₹)
i) Contingent liabilities	2013-14	2012-13
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)	4500000	4500000
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	1464120500	1464120500
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.

# 15 **Auditors Remuneration:**

(Amount in ₹)

S. No.	Description	2013-14	2012-13
1	Statutory Audit Fees	50000	35000
2	Service Tax	6180	4326
	Total	56180	39326

# 16 **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:

(Amount in ₹)

Sl. No.	Description	PGCIL	
		2013-14	2012-13
A)	<b>Equity Contribution</b>	500000	500000
B)	<b>In the ordinary course of business</b>		
1	Contracts for Works/services		
a)	<b>For Services Received by the Company</b>		
(i)	<b>Amount Payable</b>		
	Opening Balance		
	Add: Transactions during the year		
	Less: Amount paid during the year		
	Closing Balance		
(ii)	<b>Advance Recoverable</b>		
	Opening Balance		
	Add: addition during the year		
	Less: Adjusted during the year		
	Closing Balance		
b)	<b>For Services Provided by the Company</b>		
(i)	<b>Amount Recoverable</b>		
	Opening Balance		
	Add: Transactions during the year		
	Less: Amount received during the year		
	Closing Balance		
2	<b>Deputation of Employees</b>		
	Opening Balance[Amount Recoverable/(payable)]		
	Add: Transaction during the year		
	Less : Amount received during the year		
	Closing Balance[ Amount Recoverable/(payable)]		
3	<b>Others</b>		
	Opening Balance[Amount Recoverable/(payable)]	(205435581)	(194658933)
	Add: Transaction during the year		
	Less : Amount received during the year *	2034008	10776648
	Closing Balance [Amount Recoverable/(payable)]	(207469589)	(205435581)

4	<b>Contracts awarded during the year</b>		
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 during the year		
7	Amount written back during the year		
8	Outstanding value of Bank Gurantee & collaterals received		
9	Dividend received during the year		
10	Finance including loans and equity contributions		
C)	Material individual transactions which are not in the normal course of Business		
D)	Material individual transactions which are not on an Arm's Length Basis		

\*Expenditure of ₹ 20,34,008/- incurred by PGCIL on behalf of company during the year 2013-14 is directly attributable to the Company, not qualified as related party transaction, and has been included in CWIP and shown as Current Liability.

#### 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	Continuing
4	Shri Sanjay Rai	Director	20.05.2011	04.04.2012
5	Shri Ravi P Singh	Director	29.11.2012	Continuing
6	Shri R N Singh*	CEO (Part-time)	29.03.2012	Continuing

\*In case of CEO (part-time), 10% of his employee cost is allocated to the company by PGCIL which amounts to ₹2,43,525 (Previous Year ₹1,71,598).

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

#### 17 Information Regarding Micro, Small and Medium Enterprises:

The Company owes no dues to small-scale units for the period ended and hence provision of interest does not arise. Based on the information available with the Company, there are no suppliers who are registered as Micro, Small and Medium Enterprises as per MSME Act, 2006 and hence, disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid / payable as required under the said Act have not been given. Further, there is no amount due to small scale industrial undertakings for a period over 30 days and in excess of ₹ 1 lakh.

#### 18 Disclosure of Earning Per Share as required under Accounting Standard 20:

In terms of AS 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2013-14	2012-13
1	Nominal Value of share ₹	10	10
2	Number of Equity shares (No.)	50000	50000
3	Net Profit after tax ₹	-	-
4	Earning per share ₹	-	-

#### 19 Disclosure of Segment information as required under Accounting Standard 17:

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.

**20 Foreign Currency Transactions:**

- a) Expenditure in foreign Currency – Nil (Previous Year – Nil)  
b) Income in foreign exchange – Nil (Previous Year – Nil)

**21 Events occurring after Balance sheet:**

Events occurring after Balance sheet date have been factored in the preparation of financial statements

**22 Previous Year Figures:**

Previous year's figures have been regrouped, reclassified wherever necessary to correspond with the current year's classification/disclosure

**23 Rounding Off:**

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

**As per our report of even date**

For and on behalf of

**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: 10<sup>th</sup> July, 2014

**Mallinath Nainegli**

Proprietor

Mem. No. 025894

Place: Bangalore

Date: 11<sup>th</sup> July, 2014



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

**POWERGRID NM TRANSMISSION LIMITED**

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statement of the POWERGRID NM TRANSMISSION LIMITED ("the Company"), which comprise Balance sheet as at march 31, 2014, 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 FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. In the case of the Statement of Profit and Loss, of the 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.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 1 As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the Order.
- 2 As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
  - c. The Balance Sheet, the statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account
  - d. In our opinion, the Balance Sheet, the statement of Profit and Loss, the Cash Flow Statement comply with accounting standards notified under the Act read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - e. As per the Notification No. G.S.R. 829(E) dated 21/10/2003, issued under section 620 (1) of the Companies Act, 1956, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, is not applicable to Government Companies.

### As per our report of even date

For and on behalf of

**NAINEGLI & CO**

CHARTERED ACCOUNTANTS

Firm Reg No. 002297S

**Mallinath Nainegli**

Proprietor

Mem No. 025894

Place: Bangalore

Date: 11<sup>th</sup> July, 2014



## Annexure to Independent Auditors' Report

### Re: Powergrid NM Transmission Limited

(Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date)

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 :

- 1 In respect of its fixed assets:  
In our opinion and according to information and explanations given to us, provision of Para 4 (i) (a) to (c) of the Companies (Auditors Report) Order, 2003 relating to fixed assets are not applicable to company as it does not have fixed assets.
- 2 As the company has not purchased/sold goods during the year nor are there any stock, reporting on clause 4 (ii) (a) to (c) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- 3 As explained to us, the Company has not taken nor granted any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly clause 4 (iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 4 In our opinion according to the information and explanations given to us, the company does not have fixed assets and inventories and has no commercial activities during the year, reporting on clause 4 (iv) of the Companies (Auditor's Report) Order, 2003 relating to internal control procedure for the purchase of inventory and fixed assets and for sale of goods and services are not applicable to the company.
- 5 According to information and explanation given to us, there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- 6 According to information and explanation given to us, the company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- 7 As the paid up capital and free reserves is not exceeding ₹ 50 Lakhs at the commencement of the financial year, nor the average turnover did exceed ₹ 500 lakhs for a period of 3 consecutive financial years immediately proceeding the financial year covered under audit, the provision of para 4 (vii) of the Order are not applicable for commenting on internal audit system in the company.
- 8 According to the information and explanations given to us, the maintenance of cost records have not been prescribed by the Central Government under section 209(1) (d) and had no business activities during the year, therefore reporting on this clause under para 4 (viii) of the Order is not applicable to the company.
- 9 In respect of statutory dues:
  - 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 due with the appropriate authorities **through holding company i.e. Power Grid Corporation of India Limited.** According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March, 2014 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 dues of income tax, wealth tax, which have not been deposited on account of any dispute.
- 10 The Company is in its inception stage and has been registered for less than 5 years, and hence reporting on clause 4 (x) of the Order regarding accumulated loss or cash loss is not applicable to the Company.
- 11 According to the information and explanation given to us, the Company has not availed any loans from financial institutions and banks or by way of debentures, accordingly, the provision of Clause 4 (xi) of the Order are not applicable to the Company.
- 12 The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence Clause 4 (xii) of the Order is not applicable.
- 13 The Company is not a chit fund or a nidhi/mutual benefit fund/society. Hence, Clause 4 (xiii) of the Order is not applicable to the Company.
- 14 The Company is not dealing or trading in shares, securities, debentures and other investment. Clause 4 (xiv) of the Order is not applicable to the Company.
- 15 The company has not given any guarantee for loans taken by others from bank or financial institution. Hence, clause 4 (xv) of the Order is not applicable to the Company.
- 16 The Company has not availed any of the term loans and hence clause 4 (xvi) of the Order is not applicable.
- 17 **On the basis of an overall examination of the financial statements of the company, we report that current liability of ₹ 20,74,69,589 has been used for long term investment purpose. Current liability represents an accumulated amount of expenses incurred by PGCIL on behalf of the company towards initial and project related incidental expenses of the Company on the terms of repayment on demand.**



- 18 The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- 19 No debentures have been issued by the Company during the year.
- 20 The Company has not raised any money by way of public issue during the year.
- 21 According to the information and explanations given to us, no fraud on or by the company, has been noticed or reported during the year that causes financial statements to be materially misstated.

**As per our report of even date**

For and on behalf of

**NAINEGLI & CO**

CHARTERED ACCOUNTANTS

Firm Reg No. 002297S

**Mallinath Nainegli**

Proprietor

Mem. No. 025894

Place: Bangalore

Date: 11<sup>th</sup> July, 2014

# **POWERGRID Vemagiri Transmission Limited**

**(CIN : U40300DL2011GOI217975)**

## **Subsidiary Company**



## POWERGRID VEMAGIRI TRANSMISSION LIMITED

### DIRECTORS' REPORT

To

The Members,

POWERGRID Vemagiri Transmission Limited (POWERGRID VTL), formerly known as Vemagiri Transmission System Limited 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, POWERGRID VTL became wholly owned subsidiary of POWERGRID. The transmission system comprising 765kV D/C is to traverse the state of Andhra Pradesh. As on 31.03.2014, POWERGRID VTL has Authorized and Paid-up share capital of ₹5 Lac. 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.

#### Board of Directors

At present Shri I. S. Jha, Shri R. P. Sasmal and Shri V. Sekhar are on the Board of the Company and Shri R. T. Agarwal resigned from directorship of the Company w.e.f 1<sup>st</sup> July, 2014.

#### Share Capital

The Authorised Share Capital of the Company is ₹5 lac. The paid up Share capital of the Company is ₹ 5 lac.

#### Statutory Auditors

M/s. S. B. S. Murthy & Co., Chartered Accountants, Hyderabad were appointed by C&AG as Statutory Auditors of the company for the Financial Year 2013-14.

#### Comptroller and Auditor General's Comments

Comptroller and Auditor General's vide its letter dated 11<sup>th</sup> August, 2014 decided not to review the report of Statutory Auditors on the accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2014. Copy of the letter received is annexed as **Annexure-I** to this report.

#### Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- that in the preparation of the accounts for the period ending 31<sup>st</sup> March, 2014 the applicable accounting standards have been followed;
- that 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 year and of the profit or loss of the Company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared accounts for period ended 31<sup>st</sup> March, 2014 on a going concern basis.

#### Particulars of Employees

There is no employee whose particulars are required to be given in terms of Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo.

Since no commercial activity was carried out by the Company, furnishing of information in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

#### Acknowledgement

The Board extends its sincere thanks to POWERGRID, Comptroller & Auditor General of India and the Auditors of the Company.

For and on behalf of  
**POWERGRID Vemagiri Transmission Limited.**

Sd/-  
**Chairman**

Date: 13<sup>th</sup> August, 2014

Place: New Delhi

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWERGRID VEMAGIRI TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH, 2014

The preparation of financial statements of POWERGRID Vemagiri Transmission Limited for the year ended 31 March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 31 May, 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of POWERGRID Vemagiri Transmission Limited for the year ended 31 March, 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

Place: New Delhi

Dated: 11<sup>th</sup> August, 2014.



## BALANCE SHEET AS AT 31 March, 2014

(Amount in ₹)

Description	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I . EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	500000	500000
(b) Reserves & Surplus	2	(19406338)	(28033)
		(19356338)	471967
<b>(2) Current Liabilities</b>			
Other Current Liabilities	3	193581288	192087871
Short Term Provisions	4	1500	1500
		193582788	192089371
<b>Total</b>		<b>19450</b>	<b>192561338</b>
<b>II . ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets			
(ii) Capital Work in Progress	5	-	192541888
		-	192541888
<b>(2) CURRENT ASSETS</b>			
(a) Cash and cash equivalents	6	19450	19450
		19450	19450
<b>Total</b>		<b>19450</b>	<b>192561338</b>
Accounting policies	12		
Notes to accounts	13		
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. T. Agarwal)**  
Chairman-part time

**(I. S. Jha)**  
Director

Place : Hyderabad  
Date : 31<sup>st</sup> May, 2014

Place : Gurgaon  
Date : 31<sup>st</sup> May, 2014

# STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 March, 2014

(Amount in ₹)

Description	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>I. Revenue from Operations</b>			
(a) Consultancy Income		-	-
<b>II. Other Income</b>			
Other Income		-	-
<b>III. Total (I+II)</b>		-	-
<b>IV. EXPENSES</b>			
Employee benefit Expenses		-	-
Finance costs		-	-
Administration & other expenses		194035305	-
Preliminary Expenses		-	-
<b>Total</b>		194035305	-
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		(194035305)	-
<b>VI. Exceptional itmes/ Prior Period Expense</b>		-	-
<b>VII. Profit before exceptional and extraordinary items and tax (V-VI)</b>		(194035305)	-
<b>VIII. Extraordinary itmes</b>		-	-
<b>IX. Profit Before Tax (VII-VIII)</b>		(194035305)	-
<b>X. Tax Expenses</b>			
(1) Current Tax			
for current year		-	-
for earlier year		-	-
(2) Deferred Tax		-	-
<b>XI. Profit (Loss) for the period (IX-X)</b>		(194035305)	-
<b>XVI. Earnings per equity shares:</b>			
(1) Basic		(3880.71)	-
(2) Diluted		(3880.71)	-
Other Income	7		
Employee benefit Expenses	8		
Finance costs	9		
Administration & other expenses	10		
IEDC	11		
Summary of significant Accounting Policies	12		
Notes to accounts	13		

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. T. Agarwal)**  
Chairman-part time

**(I. S. Jha)**  
Director

Place : Hyderabad  
Date : 31<sup>st</sup> May, 2014

Place : Gurgaon  
Date : 31<sup>st</sup> May, 2014





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March, 2014

(Amount in ₹)

Description	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) as per Profit & Loss A/c	(194035305)	-
Prior Period Expenses/ Preliminary expenses	-	-
Operating profit before working capital changes	(194035305)	-
<b>Adjustment For Increase/Decrease in:</b>		
Trade Payables	-	(162547024)
Other current Liabilities	1493417	175487106
Short Term Provisions	-	1500
<b>TOTAL</b>	<b>(192541888)</b>	12941582
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Work in Progress	192541888	(12941582)
<b>TOTAL</b>	<b>192541888</b>	(12941582)
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Issue of Share Capital	-	-
<b>TOTAL</b>	-	-
<b>NET INCREASE/(DECREASE) IN CASH FLOW (A+B+C)</b>	-	-
<b>CASH &amp; CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>	<b>19450</b>	19450
<b>CASH &amp; CASH EQUIVALENT AT THE END OF THE YEAR</b>	<b>19450</b>	19450
Cash on hand and balance with banks	19450	19450
Other Cash and Cash Equivalents	-	-

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

For 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. T. Agarwal)**  
Chairman-part time

**(I. S. Jha)**  
Director

Place : Hyderabad  
Date : 31<sup>st</sup> May, 2014

Place : Gurgaon  
Date : 31<sup>st</sup> May, 2014

## 1 SHARE CAPITAL

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
<b>Authorised :</b>		
50,000 Equity shares of ₹ 10/- each	500000	500000
<b>Issued, subscribed and fully paid up shares :</b>		
50,000 Equity shares of ₹ 10/- each fully paid-up	500000	500000
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>		
<b>Equity Shares</b>		

	31st March, 2014		31st March, 2013	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the period	50000	500000	50000	500000
Issued During the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>50000</b>	<b>500000</b>	<b>50000</b>	<b>500000</b>

### 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 ₹)	
	As at 31.03.2014	As at 31.03.2013
50,000 equity shares of ₹10 each fully paid	500000	500000

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

	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of Rs 10 each fully paid	50000	100%	50000	100%
Power Grid Corporation Limited, the Holding Company	50000	100%	50000	100%

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

## 2 RESERVES & SURPLUS

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
<b>Opening Balance-Profit &amp; Loss Account</b>	(28033)	(28033)
<b>Add: Transferred from Statement of Profit &amp; Loss Account</b>	(194035305)	-
<b>TOTAL</b>	<b>(194063338)</b>	<b>(28033)</b>

## 3 OTHER CURRENT LIABILITIES

Description	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Payable to PowerGrid Corporation of India Ltd-Holding company	193536344	192047871
TDS Recovered	-	-
Statutory Auditor's fee	44944	40000
<b>TOTAL</b>	<b>193581288</b>	<b>192087871</b>



#### 4 SHORT TERM PROVISIONS

(Amount in ₹)

Description	As at 31.03.2014	As at 31.03.2013
Provision for ROC Filing fees	1500	1500
	1500	1500

#### 5 CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31-Mar-2013	Additions	Adjustments	Capitalised during the year	As at 31-Mar-2014
IEDC	192541888	1521508	28090	-	194035305
	192541888	1521508	28090	-	194035305
Less: Allocated to Capital Work in Progress					
Total	192541888	1521508	28090	-	194035305
Less: Charged off to Expenditure					194035305
<b>Grand Total</b>					-
Previous year		12941582	-	-	192541888

#### 6 CASH AND CASH EQUIVALENTS

(Amount in ₹)

Description	As at 31.03.2014	As at 31.03.2013
Balances with banks:		
On current accounts	19450	19450
<b>Total</b>	19450	19450

#### 7 Other income

(Amount in ₹)

	For the year ended 31.03.2013	For the year ended 31.03.2013
Income from sale tender documents	-	500000
Less: Transferred to Incidental Exp During Constuction Sch 5 Line (ii)	-	500000
<b>Total</b>	-	-

#### 8 Employee benefit Expenses

(Amount in ₹)

Description	For the year ended 31.03.2014	For the year ended 31.03.2013
Manpower Charges	1259502	661928
	1259502	661928
Less: Transferred to Incidental Exp During Constuction Sch 5 Line (ii)	1259502	661928
<b>Total</b>	-	-

#### 9 Finance Cost

(Amount in ₹)

Description	For the year ended 31.03.2014	For the year ended 31.03.2013
Finance charges	-	3044253
	-	3044253
Less: Transferred to Incidental Exp During Constuction Sch 5 Line (ii)	-	3044253
<b>Total</b>	-	-

## 10 Administration and Other Expenses

	(Amount in ₹)	
Description	For the year ended 31.03.2014	For the year ended 31.03.2013
Audit Fees	44944	40000
Professional Charges	-	1686354
Printing & Stationary	1740	32104
Advertisement	-	1013697
Vehicle Hiring	1146	376
Telephone charges	13199	70614
Legal & Filing Charges	-	2800880
Tour & Travelling	185073	241302
Training Expenses	3666	
Tender Expenses	-	600000
Other Expenses	12238	104330
<b>(ii) Exp before take over from REC</b>		
Expenses allocated by REC TPCL	-	3117654
Auditors Remuneration	-	28090
	262006	9735401
Less: Transferred to Incidental Exp During Constuction Sch 5 Line (ii)	262006	9735401
<b>Total</b>	-	-
Add: CWIP charged off to to Revenue	194035305	
<b>Total</b>	194035305	-

## 11 INCIDENTAL EXPENDITURE DURING CONSTRUCTION

	(Amount in ₹)	
Description	For the year ended 31.03.2014	For the year ended 31.03.2013
Employee benefit Expenses	1259502	661928
Finance Cost	-	3044253
Administration and Other Expenses	262006	9735401
Other Income	-	(500000)
<b>Total</b>	1521508	12941582

## Note No:12-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, 1956.

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

### 2.1 Summary of Significant Accounting Policies

#### a. Recognition of Income / Expenditure

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

#### b. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

#### c. Depreciation / Amortisation

Depreciation / 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%

ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levelized tariff

Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

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 XIV of the Companies Act, 1956

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

Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised

#### 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:13 - 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 13/04/06 (as amended from time to time) and as per issued bidding documents, the company was transferred to M/s Power Grid Corporation of India Limited (Successful Bidder) vide Share purchase Agreement dated 18th April 2012 by the RECTPCL (transferor). After transfer, the company ceases to be a subsidiary of RECTPCL and became a subsidiary of Power Grid Corporation of India Ltd.. Thus the Balance Sheet, Profit & Loss Account and Cash Flow Statement along with notes reflect the financial position of the Company as at 31/03/2014.

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	Continuing
2	Shri I S Jha	Director	18-Apr-2012	Continuing
3	Shri R P Sasmal	Director	29-Nov-2012	Continuing
4	Shri V. Sekhar	Director	18-Apr-2012	Continuing
5	Shri Sunil Kumar	Director & Chairman	21-Apr-2011	18-Apr-2012
6	Shri T S C Bosh	Director	21-Apr-2011	18-Apr-2012
7	Shri V K Singh	Director	21-Apr-2011	18-Apr-2012
8	Shri R Y Rao	CEO (Part-time)	18-Apr-2012	Continuing

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

4 The expenditure for taking over the Company were incurred by Power Grid Corporation of India Ltd. and liability in this regard has been shown under the head "Current Liabilities".

5 i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹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	2013-14 (Amount in ₹)
1	Statutory Audit Fees	44,944

7 The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

8 The disclosure as per AS 18 – Related Party Disclosure :

The Powergrid Vemagiri Transmission Limited is a wholly owned subsidiary of Power Grid Corporation of India Ltd. All key decisions are taken by the Board of Powergrid Vemagiri Transmission Limited where the Power Grid nominees exercise control.

### Details of Related parties and nature of relationship

S. No.	Name of the Related Party	Nature of Relationship
1	POWERGRID CORPORATION OF INDIA LIMITED	Holding Company
2	RECTPCL	Erstwhile Holding Company

### Details of Related party transactions

S. No.	Particulars	2013-14		
		REC	RECTPCL	POWERGRID
1	Equity Contribution (₹)	-	-	500000
2	Closing Balances: -	-	-	-
	(a) Payable to Power Grid Corporation of India Limited	-	-	193536344

Expenditure of ₹19,35,36,344/- incurred by POWERGRID has been included in CWIP and depicted as Current Liability

## 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. Accordingly, a provision of ₹ 19,40,35,305/- on account of CWIP has been made in the accounts.

- 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 The Company has paid a sum of ₹18,27,93,533/- (₹ Eighteen Crore twenty seven lakhs ninety three thousand and five hundred thirty three only) as acquisition price to RECTPCL.
- 12 Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

## 13 Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2013-14
1	Nominal Value of share (₹)	10
2	Number of Equity shares (No.)	50,000
3	Net Profit after tax (₹)	-
4	Earning per share (₹)	-

- 14 Most of the additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start operation.
  - (a) Expenditure in foreign currency – Nil
  - (b) Income in foreign exchange – Nil
- 15 Figures have been rounded off to the nearest Rupee unless otherwise stated.

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. T. Agarwal)**  
Chairman-part time

**(I. S. Jha)**  
Director

Place : Hyderabad  
Date : 31<sup>st</sup> May, 2014

Place : Gurgaon  
Date : 31<sup>st</sup> May, 2014



## AUDITORS' REPORT

### TO THE MEMBERS OF POWER GRID VEMAGIRI TRANSMISSION LIMITED

1. We have audited the attached balance sheet of **POWER GRID VEMAGIRI TRANSMISSION LIMITED** as at 31 March 2014 and the statement of profit and Loss and the Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 read with the Companies (Auditor's Report) (Amendment) order, 2004 issued by the Ministry of Corporate affairs in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement of the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (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 Cash Flow statement dealt with by this report are in agreement with the books of accounts.
  - (iv) In our opinion, the Balance sheet and statement of profit and loss and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act to the extent applicable.
  - (v) In Pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs: clause (g) of sub-section (1) of section 274 of companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.
  - (vi) In our opinion, to the best of our information and according to information and explanations given to us, the said financial statements, read together with the notes on accounts and Accounting policies annexed thereto, give the information required by the Act, 1956 in the manner so required and give a true and fair view in conformity with 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<sup>st</sup> march 2014;
    - b) In the case of statement of profit and Loss, of the Loss of the company for the year ended 31<sup>st</sup> March 2014; and
    - c) In case of Cash Flow Statement, of the Cash flows of the company for the year ended 31<sup>st</sup> March 2014.

**For S.B.S. MURTHY & CO.,**  
 CHARTERED ACCOUNTANTS  
 Firm Reg. No:002213S

**S. B. Srinivasa Murthy**  
 (Partner)  
 Membership No. 026755

Place : Hyderabad  
 Date : 31<sup>st</sup> May, 2014



## ANNEXURE TO AUDITORS' REPORT OF POWERGRID VEMAGIRI TRANSMISSION SYSTEM LIMITED (REFERRED TO IN PARAGRAPH(3) OF OUR REPORT OF EVEN DATE)

1. a) In our opinion and according to information and explanations given to us, provision of Para 4(i) (a) of the Companies (Auditors Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.
- b) In our opinion and according to information and explanations given to us, provision of para 4(i) (b) of the Companies (Auditors Report) Order, 2003 relating to physical verification of its fixed assets by the management is not applicable to company as it does not have fixed assets.
- c) In our opinion and according to information and explanations given to us, provision of para 4(i) (c) of the Companies (Auditors Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the year are not applicable to company as it does not have Fixed assets .
2. As the company has not purchased/sold goods during the year nor are there any stocks. Accordingly clauses 4(ii)(a),(b)and (c) of the companies (auditor's Report) Order, 2003 are not applicable to the company.
3. As explained to us, the company has not taken nor granted any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained Under section 301 of the Companies Act 1956. Accordingly clauses 4(iii) (a),(b),(c)and(d) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
4. In our opinion according to the information and explanations given to us, the company does not have fixed assets and inventories and has no commercial activities during the year, the provision of para 4(iv) of the companies (Auditor's Report) Order, 2003 relating to adequate internal control procedure commensurate with the size of company and nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services are not applicable to company.
5. According to the information and explanation given to us, there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section 301 of the companies Act, 1956.
6. According to the information and explanation given to us, the company has not accepted any deposits from the public.
7. The company does not have paid up capital and reserves of ₹50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a year of their consecutive financial years immediately preceding the financial year concerned, the provision of para 4 (vii) of the companies (Auditor's Report) Order, 2003 are not applicable to company.
8. The company does not have any business activities during the year, the provision of para 4(viii) of the companies (Auditor's Report) Order, 2003 relating to maintaining of cost records under section 209 (1)(d) of the companies act is not applicable to the company.
9. (a) According to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and protection Fund, Employees state insurance, income Tax, wealth Tax and other statutory dues with the appropriate Authorities **through holding company i.e. Power Grid Corporation of India Limited**. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, there are no dues of Income tax, wealth Tax, which have not been deposited on account of any dispute.
10. Clause No. 4(x) of the Companies (Auditor's Report) Order, 2003 relating to accumulated losses is not applicable to the Company as the period of 5 years has not completed from the date of registration of the Company.
11. According to the records made available to us and information and explanation given by the management, the company has not taken any loan, from any financial institutions or bank or debenture holder, hence clause (xi) of paragraph 4 of the order is not applicable to the company.
12. In our opinion and according to the explanations given to us, provision of para 4 (xii) of the companies (Auditor's Report) Order, 2003 are not applicable to company as it has not given any loans and advance on security of shares, Debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the company is not a chit fund, Nidhi/Mutual benefit, Trust/society. According, provision of para 4 (xiii) of the companies (Auditor's Report) Order, 2003 is not applicable to company .
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments and hence the requirement of para 4 (xiv) of the companies (Auditor Report) Order, 2003 is not applicable to company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from the Banks or financial institutions.
16. In our opinion and according to information and explanation given to us, the company has not obtained any term loan and hence the requirement of para 4 (xvi) of the companies (Auditor Report) Order, 2003 are not applicable to company.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet and cash Flow statement of the company, we report that no funds raised on short-term basis have been used for long term investment purposes.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. According to the information and explanations given to us the company does not have any debentures and hence the requirement of para 4 (xix) of the companies (Auditor Report) Order, 2003 are not applicable to company.
20. According to the information and explanations given to us the company has not raised any money from public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

**For S.B.S. MURTHY & CO.,**  
CHARTERED ACCOUNTANTS  
Firm Reg. No:002213S

**S. B. Srinivasa Murthy**  
(Partner)  
Membership No. 026755

Place : Hyderabad  
Date : 31<sup>st</sup> May, 2014



# Vizag Transmission Limited

(CIN:U40300DL2011GOI228136)

## Subsidiary Company



## VIZAG TRANSMISSION LIMITED

### DIRECTORS' REPORT

To

**The Members,**

VIZAG Transmission Limited (VTL) 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 transmission system comprising 765kV D/C and 400kV D/C is to traverse the state of Andhra Pradesh.

The company has been granted transmission license by CERC in January, 2014. The transmission charges have also been adopted by CERC in January, 2014. Awards for Tower supply and Erection have been placed and construction of the Project is in Progress.

#### Board of Directors

At present Shri R. P. Sasmal, Shri I. S. Jha, Shri Ravi P. Singh and Shri V. Sekhar are on the Board of the Company.

#### Share Capital

The Authorised Share Capital and Paid up Share Capital as on 31<sup>st</sup> March, 2014 of the Company were ₹ 5 lakh. The Authorised Share Capital has been increased from ₹ 5 lakh to ₹ 90 crore in June, 2014. The paid up Share capital of the Company has since been increased from ₹ 5 lakh to ₹ 41.78 crore.

#### Statutory Auditors

M/s. Ramu & Ravi, Chartered Accountants, Hyderabad were appointed by C&AG as Statutory Auditors of the company for the Financial Year 2013-14.

#### Comptroller and Auditor General's Comments

The Company has not done any business during the financial year ended 31<sup>st</sup> March, 2014. Comptroller and Auditor General (C&AG) has selected the company for audit for the financial year 2013-14 and comments of C&AG are awaited.

#### Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- that in the preparation of the accounts for the period ending 31<sup>st</sup> March, 2014 the applicable accounting standards have been followed;
- that 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 year and of the profit or loss of the Company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared accounts for period ended 31<sup>st</sup> March, 2014 on a going concern basis.

#### Particulars of Employees

There is no employee whose particulars are required to be given in terms of Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo.

Since no commercial activity was carried out by the Company, furnishing of information in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

#### Acknowledgement

The Board extends its sincere thanks to POWERGRID, Comptroller & Auditor General of India and the Auditors of the Company.

For and on behalf of  
**VIZAG Transmission Limited.**

Sd/-  
**(R. P. Sasmal)**  
Chairman

Date: 7<sup>th</sup> August, 2014

Place: New Delhi

## BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note Ref	(Amount in ₹)	
		As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	3	500000	500000
Reserves and Surplus	4	(28543)	(28543)
		471457	471457
<b>2. Non Current Liabilities</b>			
Other Long Term Liabilities	5	161352367	-
		161352367	-
<b>3. Current Liabilities</b>			
Trade Payables	6	-	13930769
Short-Term Provisions	7	50562	100186
		50562	14030955
<b>TOTAL</b>		<b>161874386</b>	<b>14502412</b>
<b>II. ASSETS</b>			
<b>1. Non-current Assets</b>			
Capital Work - In - Progress	8	161855786	10983262
		161855786	10983262
<b>2. Current Assets</b>			
Cash and Cash Bank Balances	9	18600	3519150
		18600	3519150
<b>TOTAL</b>		<b>161874386</b>	<b>14502412</b>

Notes 1 & 2 relate to General Information and Summary of Significant Accounting Policies respectively.  
The Notes 3 to 9 are an integral part of these financial statements.

As per our Report of even date attached

**For Ramu & Ravi**

FRN: 006610S

Chartered Accountants

**K V R Murthy**

Partner

Membership No. 200021

Place : Hyderabad

Date : 31<sup>st</sup> May, 2014

**For and on behalf of the Board**

**(Ravi. P. Singh)**

Director

**(I. S. Jha)**

Director

Place : Gurgaon

Date : 31<sup>st</sup> May, 2014





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

Particulars	Note Ref	For the Year ended 31.03.2014	For the Year ended 31.03.2013
<b>I. REVENUE</b>			
Revenue from Operations:		-	-
Other Income		-	-
<b>Total Revenue</b>		-	-
<b>II. EXPENSES</b>			
Employee Benefit Expenses	11	-	-
Administration & other expenses and provisions	12	-	-
<b>Total Expenses</b>		-	-
<b>Profit before exceptional and extraordinary items</b>		-	-
Exceptional Items		-	-
<b>Profit before extraordinary items and tax</b>		-	-
Extraordinary Items		-	-
<b>Profit Before Tax</b>		-	-
Tax Expense of continuing operations		-	-
<b>Profit/(Loss) for the period from continuing operations</b>		-	-
<b>Profit/(Loss) from discontinuing operations</b>		-	-
Tax Expense of discontinuing operations		-	-
<b>Profit/(Loss) from discontinuing operations (after tax)</b>		-	-
<b>Profit/ (Loss) for the period</b>		-	-
<b>Basic &amp; Diluted Earning per share of Rs 10 each</b>		-	-

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

The Notes 11 & 12 are an integral part of these financial statements.

As per our Report of even date attached

**For Ramu & Ravi**

FRN: 006610S

Chartered Accountants

**K V R Murthy**

Partner

Membership No. 200021

Place : Hyderabad

Date : 31<sup>st</sup> May, 2014

**For and on behalf of the Board**

**(Ravi. P. Singh)**

Director

**(I. S. Jha)**

Director

Place : Gurgaon

Date : 31<sup>st</sup> May, 2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in ₹)

Particulars	For the Year ended 31.03.2014	For the Year ended 31.03.2013
<b>Cash Flow from Operating Activities:</b>		
Net profit/Loss as per Statement of Profit & Loss	-	-
Operating Profit/Loss before Working Capital Changes	-	-
<b>A. Adjustments for Increase/Decrease in:</b>		
- Trade Payables	(13930769)	10375899
- Other Current Liabilities	161352367	51309
- Short Term Provisions	(49624)	15169
<b>Total</b>	<b>147371974</b>	<b>10442377</b>
<b>B. Cash Flow from Investing Activities:</b>		
- Purchase of Fixed Assets	-	-
- Capital Work in Progress	(150872524)	(6942677)
<b>Total</b>	<b>(150872524)</b>	<b>(6942677)</b>
<b>C. Cash Flow from Financing Activities:</b>		
- Share capital	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Net Increase/ Decrease in Cash Flow</b>	<b>(3500550)</b>	<b>3499700</b>
Cash and Cash Equivalents at the beginning of the period	3519150	19450
Cash and Cash Equivalents at the end of the period	18600	3519150
<b>Net Increase/Decrease in Cash and cash Equivalents</b>	<b>(3500550)</b>	<b>3499700</b>

As per our Report of even date attached

**For Ramu & Ravi**

FRN: 006610S

Chartered Accountants

**K V R Murthy**

Partner

Membership No. 200021

Place : Hyderabad

Date : 31<sup>st</sup> May, 2014

**For and on behalf of the Board**

**(Ravi. P. Singh)**

Director

**(I. S. Jha)**

Director

Place : Gurgaon

Date : 31<sup>st</sup> May, 2014

## Notes to the Financial Statements

### 1. General Information

**Vizag Transmission Limited** (referred to as the "Company" or "Vizag Transmission Limited") is engaged in the business of Development of Power Transmission systems Network, construction, operation and maintenance of transmission lines and other related activities.

### 2. Summary of Significant Accounting Policies

#### 2.1 Basis for preparation of Financial Statements

The Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These Financial Statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended from time to time] and the other relevant provisions of the Companies Act, 1956.

All Assets and Liabilities have been classified as current or non-current as the case may be, as per the Company's normal operative cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Since the Company is in the business of Development of Power Transmission systems Network etc, the Company's management has determined its operative cycle as 12 months for the purpose of current and noncurrent classification of Assets and Liabilities.

#### 2.2 Use of Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimates and the assumptions used in these financial statements are purely based upon the management's evaluation of relevant facts and circumstances as of the date of the financial statements.

#### 2.3 Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation along with accumulated impairment losses, if any. The cost comprises of the purchase price and other attributable indirect expenses including cost of borrowings till the date of capitalization. In the case of assets involving material investment and substantial lead time for their set up, those assets are valued at cost including inward freight, expenses, taxes and duties etc, as applicable.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond items previously assessed standard of performance.

Gains or Losses arising from the retirement or disposal of fixed assets which are carried at cost are recognized in the statement of Profit and Loss. The Company does not have Fixed Assets on the Balance Sheet date.

#### 2.4 Depreciation on Tangible Assets

Depreciation 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 is provided at the rates mentioned below:

a)	Computers & Peripherals	30.00%
b)	Mobile Phones	33.33%
c)	Software	33.33%

ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levelized tariff.

Depreciation on assets of telecom and consultancy business is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.

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 XIV of the Companies Act, 1956

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.

Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised.

#### 2.5 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, as the case may be. Intangible assets are amortized on a straight line basis over their estimated period based on the decision of the management of the Company. The amortization period and the amortization method are reviewed by the management at each financial year end. If the expected period of usage is significantly different from the previous estimates, the amortization period is accordingly changed based on the management decision.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal

proceeds and the carrying amount of the asset and are recognized as income or expense as the case may be, in the Statement of Profit and Loss.

## 2.6 Impairment of Tangible and Intangible Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. Assets, which are impaired by disuse or obsolescence, are segregated from the concerned asset category and shown as deletions in the Fixed Assets (schedule) and appropriate provision is made for the difference between the net carrying cost, and the net realizable value in respect of the disused or deleted assets.

## 2.7 Capital Work In Progress:

Expenditure incurred on survey /studies / investigations /consultancy /administration /depreciation / interest etc., has been treated as Capital Work In Progress.

## 2.8 Investments

Investments that are readily realisable and are intended to be held for not more than one year, from the date of such investments, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, suitable provision for diminution in value is made to recognize the decline, other than temporary, in the value of the relevant investments, individually.

## 2.9 Inventories

The inventories except stores and spares are valued at lower of Cost or Net Realisable Value. The method of determination of cost of various categories of inventories is as follows:

2.9.1 *Raw Material:* Weighted Average Cost which includes purchase cost and attributable expenses for the said acquisition.

2.9.2 *Work-in-Process:* Net Relisable Value

2.9.3 *Scrap:* Net Relisable Value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2.10 Revenue Recognition

Transmission Income will be recognized as allowed by the CERC as per the Terms of "Tariff Based Competitive Bidding".

## 2.11 Sundry Debtors and Advances

Sundry Debtors and Advances are considered at the realizable value. Specific debts and advances identified as irrecoverable and doubtful are written off or provided for respectively and the same are suitably considered in the Profit and Loss for the year.

## 2.12 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that necessarily take a substantial period of time to get ready for their intended use of operation or sale, are added to the cost of the respective assets. All other borrowing costs are recognized as financial costs in Statement of Profit and Loss for the period in which they are incurred.

## 2.13 Cash and Cash Equivalents

In the Financial Statements, cash and cash equivalents include cash in hand, cash at banks and fixed deposits with banks.

## 2.14 Foreign Currency Translation

Transactions effected during the year in foreign currency are recorded at the exchange rate prevailing at the time of respective transactions. Assets and Liabilities related to foreign currency transactions remaining unsettled at the year-end are translated at contract rates, which are covered by foreign exchange contracts and at applicable year-end rate in other cases. Realized gains/losses, particularly in respect of Commercial Debts realized by way of foreign exchange transactions other than those relating to fixed assets, and are considered appropriately in the Statement of Profit and Loss. Gain/Loss on transaction of long-term liabilities incurred to acquire fixed assets is treated as an adjustment to the carrying cost of the respective fixed assets.

## 2.15 Employee Benefits

Gratuity & Leave Encashment: Liability in respect of gratuity and leave encashment benefit on retirement is accounted for as and when paid. Hence no provision has been made.

## 2.16 Current and Deferred Tax

2.16.1 *Current Tax:* Tax expense for the period, comprising of current tax and deferred tax, are included in the determination of the net profit or loss for the year. Provision for Current tax is made for the amount expected to be paid in respect of the taxable income for the year in accordance with the taxation laws.

2.16.2 *Deferred Tax:* Deferred Tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and is capable of reversal in subsequent periods, subject to consideration of prudence.

2.16.3 *Minimum Alternative Tax:* MAT credit is recognized as an asset only to the extent that there is possible evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and



the carrying amount of the MAT credit asset is written down to the extent there is no longer possible evidence to the effect that the Company will pay normal income tax during the specified year.

## 2.17 Provisions and Contingent Liabilities

- 2.17.1 *Provisions:* Provisions are recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.
- 2.17.2 *Contingent Liabilities:* Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

## 2.18 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operative leases. The company's significant leasing arrangements are in respect of operating leases of office premises. The leasing arrangements are for a period ranging between one year to three years generally and are either renewable or cancelable by mutual consent and on agreed terms. Payments made under operating leases are charged in the Statement of Profit and Loss.

The company does not have any finance leases.

## 2.19 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.

## 2.20 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 31.03.2014	As at 31.03.2013
<b>Authorised:</b>		
50,000( March 31,2013 : 50,000) Equity shares of ₹10/- each	500000	500000
<b>Issued:</b>		
50,000( March 31,2013 : 50,000) Equity shares of ₹10/- each	500000	500000
<b>Subscribed and Paidup:</b>		
50,000( March 31,2013 : 50,000) Equity shares of ₹10/- each	500000	500000
<b>Total</b>	<b>500000</b>	<b>500000</b>

	As at March 31, 2014		As at March 31, 2013	
	No. of shares	% Held	No. of shares	% Held
<b>(a) The details of shareholders holding more than 5% shares</b>				
<b>Name of the Shareholder</b>				
Power Grid Corporation Limited, the Holding Company	50000	100%	-	-
REC Transmission Projects Company Limited	-	-	49994	99.99

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

Equity Shares:	As at 31.03 2014		As at 31.03 2013	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year (50,000 shares @ ₹ 10/- each)	50000	500000	50000	500000
Add: Shares issued during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>50000</b>	<b>500000</b>	<b>50000</b>	<b>500000</b>

### **(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.

Note: Out of 50,000 equity shares 6 shares are held by nominees of Powergrid Corporation Of India Ltd on its behalf.

#### 4. Reserves and Surplus

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>a) Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(28543)	(28543)
Add: Profit / (Loss) for the Year	-	-
<b>Total</b>	<b>(28543)</b>	<b>(28543)</b>

#### 5. Other Long Term Liabilities

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Holding company - PowerGrid Corporation of India Ltd	161352367	-
	<b>161352367</b>	<b>-</b>

#### 6. Trade Payables

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Trade Payables	-	13930769
<b>Total</b>	<b>-</b>	<b>13930769</b>

#### 7. Short-term Provisions

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Audit Fee Payable	50562	45506
With hold Tax (TDS)	-	54680
<b>Total</b>	<b>50562</b>	<b>100186</b>

#### 8. Capital Work-In-Progress

(Amount in ₹)

Particulars	As at 31.03.2013	Additions	Adjustment	Capitalised during the year	As at 31.03.2014
Transferred from Incidental Expenditure during Construction ( Ref Note No. 10)	10983262	150872524	-	-	<b>161855786</b>
Previous Year	4040585	6942677			10983262

#### 9. Cash And Cash Equivalents

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Bank Balances		
In Current Accounts	18600	3519150
<b>Total</b>	<b>18600</b>	<b>3519150</b>

#### 10. Incidental Expenditure During Construction

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Trasferred from :		
Employee Benefit Expenses	276910	-
Administration & other expenses and provisions	150595614	6942677
<b>Total (Balance transferred to Capital Work in Progress)</b>	<b>150872524</b>	<b>6942677</b>

### Notes relating to Profit & Loss Account

#### 11. Employee Benefit Expenses

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Salary Benefits [See Note Below]	276910	-
Less: Transferred to Incidental Exp. During Construction	(276910)	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note:** Represents costs allocated by the holding company M/s PowerGrid Corporation of India Ltd in respect of services rendered by Chief Executive Officer

**12. Administration & other expenses and provisions**

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Expenses Allocated by REC TPCL	143666920	10391815
Bank Charges	2732305	300
Payments to Auditors	50562	50562
Professional charges	2600000	-
Advertisement	1306490	-
Tender expenses	674160	-
Other Expenses	65177	-
<b>Less: (b) Other Income</b>		
Sale of Tender/Bid/Documents	500000	3500000
Less: Transferred to Incidental Exp. During Construction	(150595614)	(6942677)
<b>Total</b>	-	-

13. Consequent to the selection of Successful Bidder (M/s Power Grid Corporation of India Limited) as per Tariff based competitive bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/06, as amended from time to time, and as per issued bidding documents, the company was transferred to M/s Power Grid Corporation of India Limited Transferee based on the Share purchase Agreement dated 30<sup>th</sup> August 2013 from RECTPCL (transferor). After the said transfer, the company ceases to be a subsidiary company of RECTPCL and became a subsidiary company of Power Grid Corporation of India Limited.

14. The Company is a wholly owned subsidiary of M/s Powergrid Corporation of India Limited. The Key Management Personnel (CEO) of the Company are employee of holding company, deployed on a part time basis. No management remuneration is paid to such representative by the company except costs allocated by the holding company based on the time spent by the said management personnel (CEO). The details of such Key Management Personnel are as follows:

S.No	Name	Designation	Date of Appointment	Date of Separation
1	Shri R P Sasnal	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 Ravi	CEO (Part-time)	30.08.2013	Continuing

15. Wherever, payments relating to the company are made by the Holding Company, procedural and statutory requirements with regard to deduction at Tax at Source and deposit thereof as applicable are also complied with by the Holding Company and the ultimate Holding Company against payments released on their account.

16. 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.

17. The company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and Section 211 of the Companies Act, 1956.

18. The disclosure as per AS-18-Related Party Disclosure:

The Company is a wholly owned subsidiary of Powergrid Corporation Of India Limited.

**Details of Related party and nature of Relation ship**

S.No	Nature of Related party	Nature of Relation ship
1	Powergrid Corporation Of India Limited	Holding company
2	RECTPCL	Erstwhile holding company

**Details of Related party transaction**

(Amount in ₹)

S.No	Particulars	As on 31-Mar-2014		
		REC	RECTPCL	POWERGRID
1	Equity Contribution	Nil	Nil	500000/-
2	Closing Balances: -			
(a)	Payable to Power Grid Corporation of India Limited	Nil	Nil	161352367/-

**19. Contingent Liabilities**

There are no contingent liabilities.



## 20. Capital and other commitments

Capital Commitments are amounting to ₹ 3,063,910,760/- as on the date of Balance Sheet.

## 21. Exceptional and Extraordinary items

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

	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
<b>22. Value of Imports</b>	₹ Nil	₹ Nil
<b>23. Expenditure in Foreign Currency</b>	₹ Nil	₹ Nil
<b>24. Details of Consumption and Purchases</b>	₹ Nil	₹ Nil
<b>25. Earnings in Foreign Currency</b>	₹ Nil	₹ Nil
<b>26. Auditors Remuneration</b>		
Audit Fee	₹ 45000	₹ 30000
Other Services	Nil	₹ 15000
Service Tax	₹ 5562	₹ 5562

## 27. 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

The Company does not have eligible employees and therefore the obligation as per Accounting Standard-15 (Revised) does not arise.

### c. Taxation

Current tax is reckoned based on the current period's income and tax payable in accordance with the prevailing tax laws.

Since there are no timing differences on account of Depreciation or any Expenditure, the provisions pertaining to Deferred Tax are not applicable to the Company for the year.

### d. Leases

Operating Lease: The Company has no operating leases.

Finance Lease: The Company has no finance leases.

### e. Amount payable to Power Grid Corporation of India

The expenditure incurred during the takeover process by Power Grid Corporation of India Limited, and liability in this regard has been shown under the head "Non Current Liabilities".

### f. 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.

### 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 Ramu & Ravi**

FRN: 006610S

Chartered Accountants

**K V R Murthy**

Partner

Membership No. 200021

Place : Hyderabad

Date : 31<sup>st</sup> May, 2014

**For and on behalf of the Board**

**(Ravi. P. Singh)**

Director

**(I. S. Jha)**

Director

Place : Gurgaon

Date : 31<sup>st</sup> May, 2014



## Independent Auditor's Report

To the Members of VIZAG TRANSMISSION LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of **M/s VIZAG TRANSMISSION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year then ended March 31, 2014 and cash flow statement for the year ended March 31, 2014 along with a summary of significant accounting policies and other explanatory information. (herein after referred to as Financial Statements)

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India in case of the:

- Balance Sheet, of the state of affairs of the Company as at March 31, 2014 and;
- Statement of Profit and Loss of the company for the year ended March 31, 2014;
- Cash flow statement, of the cash flows of the company for the year ended March 31, 2014.

### Report on Emphasis of Matter(s) (EOM)

There are no specific matters of emphasis to be referred to in this report.

### Report on Other Matters.

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
- As required by subsection(3) of the section 227 of the Act, we report that:
  - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - the Balance Sheet, Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account.
  - in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - In the pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs: Clause (g) of sub - section (1) of section 274 of the companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

**For Ramu & Ravi**

FRN: 006610S

Chartered Accountants

**K V R Murthy**

Partner

Membership No. 200021

Place : Hyderabad

Date : 31<sup>st</sup> May, 2014

## ANNEXURE TO THE AUDITORS' REPORT

### (Referred to in our report of even date)

- i. (a) In our opinion and according to information and explanations given to us, provision of para 4 (i) (a) of the Companies (Auditors Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets is not applicable to the Company as it does not have any fixed assets.
- (b) In our opinion and according to information and explanations given to us, provision of para 4 (i) (b) of the Companies (Auditors Report) Order, 2003 relating to physical verification of its fixed assets by the management is not applicable to the Company as it does not have any fixed assets.
- (c) In our opinion and according to information and explanations given to us, provision of para 4 (i) (c) of the Companies (Auditors Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the year is not applicable to the Company as it does not have any fixed assets.
- ii. As the company has not purchased/sold goods during the year nor are there any stocks. Accordingly, provisions of paragraph 4 (ii) of the Order are not applicable to the Company.
- iii. Based on the audit procedures applied by us and information and explanations provided by the management, the Company has not taken nor granted any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly provisions of Paragraph 4 (iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- iv. In our opinion and according to information and explanations given to us, the company does not have any fixed assets and inventories and has no commercial activities during the year, the Provisions of Paragraph 4 (iv) of the Companies (Auditor's Report) Order, 2003 relating to adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and sale of goods and services are not applicable to the Company.
- v. Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with Companies, firms or other parties which need to be listed in the register maintained under Section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public, within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- vii. Based on our examination, the Company has an adequate internal audit review commensurate with the size of the Company and nature of its business.
- viii. The Company does not have any business activities during the year. The provisions of para 4(viii) of the Companies (Auditor's Report) Order, 2003 relating to maintaining of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, are not applicable to the Company.
- ix. (a) Based on the information and explanations given to us and the records of the Company examined by us the Company is generally regular in depositing with appropriate authorities undisputed statutory dues applicable to it through its Holding Company i.e. Power Grid Corporation of India Limited.
- (b) According to the information and explanations given to us, there are no arrears of undisputed statutory dues payable, as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) As explained to us, there are no disputed tax dues which have not been deposited as at 31st March, 2014.
- x. The provisions of para 4 (x) of the Companies (Auditor's Report) Order, 2003 relating to accumulated losses is not applicable to the Company as the period of 5 years has not been completed from the date of registration of the company.
- xi. Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has not taken any loans from any financial institutions or bank or debenture holders, and hence Clause (xi) of paragraph 4 of the order is not applicable to company.
- xii. According to the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by the way of pledge of shares, debenture and other securities and hence Clause (xii) of paragraph 4 of the order is not applicable to the Company.
- xiii. According to the information and explanations given to us, the company is not a chit fund or a nidhi/mutual benefit fund/society to which the provisions of special statute relating to Chit Funds are applicable.
- xiv. According to the information and explanations given to us, the company is not dealing in shares, securities and debentures and other investments.
- xv. 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.
- xvi. According to the information and explanations given to us and on the basis of the records of the company examined by us, the Company has not availed any term loans and hence clause (xvi) of paragraph 4 of the order is not applicable to Company.



- xvii. According to the information and explanations given to us and on the basis of verification of the records of the company, funds raised on short term basis, prima facie, have not been used during the year for long term investment.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(xviii) is not applicable.
- xix. The company has not issued any debentures during the period covered by our report. Accordingly, provisions of clause 4 (xix) of the order are not applicable.
- xx. The company has not raised any money by way of public issue during the year. Accordingly, provisions of clause 4 (xx) of the order are not applicable.
- xxi. According to the information and explanations given to us and on the basis of the audit procedures applied by us, no fraud on or by the Company has been noticed or reported during the year.

**For Ramu & Ravi**

FRN: 006610S

Chartered Accountants

**K V R Murthy**

Partner

Membership No. 200021

Place : Hyderabad

Date : 31<sup>st</sup> May, 2014

# Unchahar Transmission Limited

(CIN:U40300DL2012GOI246341)

## Subsidiary Company



## UNCHAHAR TRANSMISSION LIMITED

### DIRECTORS' REPORT

To,

The Members,

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, the Special Purpose Vehicle incorporated to establish the transmission system on build, own operate and maintain (BOOM) basis, was acquired on 24<sup>th</sup> March, 2014 by POWERGRID from REC Transmission Projects Company Limited (RECTPCL), the Bid Process Coordinator.

The transmission system comprising 400 kV D/c 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.

#### Board of Directors

On acquisition of the Company by POWERGRID from RECTPCL, Shri Ravi. P. Singh, Director (Personnel) POWERGRID, Shri D.K. Valecha, Executive Director (Engg-TL, S/S, Civil & TBCB), POWERGRID and Shri Prabhakar Singh, Executive Director (NR-I), POWERGRID, have been appointed as Additional Directors (part time) in the Company 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 Ravi. P. Singh, Shri D.K. Valecha and Shri Prabhakar Singh as Directors, liable to retire by rotation in the ensuing Annual General Meeting.

Shri Dinesh Kumar, Shri Sanjay Shilendra Kumar Kulshrestha and Smt. Valli Natrajan, who were the Directors of the Company till 24<sup>th</sup> March, 2014, tendered their resignation on acquisition of the Company by POWERGRID in terms of 'Share Purchase Agreement' dated 24<sup>th</sup> March, 2014.

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

#### Share Capital

As on March 31, 2014, the Company had Authorised, subscribed and Paid up share capital of ₹5 lac.

#### 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 2013-14.

#### Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the year ended 31st March, 2014 the applicable accounting standards have been followed and no material departure have been made under the same;
- that 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 year and of the profit / loss of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared accounts for year ended 31<sup>st</sup> March, 2014 on a going concern basis.

#### Comptroller and Auditor General's Comments

Comptroller and Auditor General vide letter dated 8<sup>th</sup> August, 2014 has decided not to review the report of the Auditors on the accounts of the Company for the financial year ended on 31<sup>st</sup> March, 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. Copy of letter dated 8<sup>th</sup> August, 2014 of NIL comments received from C&AG is placed at **Annexure-I** to this report.

#### Particulars of Employees

There is no employee whose particulars are required to be given in terms of Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo

Since no commercial activity was carried out by the Company, furnishing of information in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

#### Acknowledgement

The Board extends its sincere thanks to POWERGRID, Comptroller & Auditor General of India and the Auditors of the Company.

For and on behalf of  
**UNCHAHAR TRANSMISSION LIMITED.**

Sd/-  
(Ravi. P. Singh)  
Chairman

Date: 13<sup>th</sup> August, 2014  
Place: New Delhi

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UNCHAHAR TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH, 2014

The preparation of financial statements of Unchahar Transmission Limited for the year ended 31 March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 31 May, 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Unchahar Transmission Limited for the year ended 31 March, 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

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

Place: New Delhi

Dated: 08 August, 2014.





# UNCHAHAR TRANSMISSION LIMITED

## BALANCE SHEET AS at 31<sup>st</sup> MARCH 2014

(Figures in ₹)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
<b>I EQUITY AND LIABILITIES:</b>			
<b>(1) Shareholder's Funds:</b>			
(a) Share Capital	1	500000	500000
(b) Reserves & Surplus	2	(23851)	(23851)
<b>(2) Current Liabilities :</b>			
(a) Other Liabilities	3	27558197	4213771
(b) Short Term Provisions	4	-	15169
<b>Total</b>		<b>28034346</b>	<b>4705089</b>
<b>II ASSETS:</b>			
<b>(1) Non-current Assets:</b>			
(a) Fixed Assets			
(i) Capital work-in-progress	5	28015196	4685639
<b>(2) Current Assets:</b>			
(a) Cash and bank balances	6	19150	19450
<b>Total</b>		<b>28034346</b>	<b>4705089</b>
<b>Expenditure During Construction Period</b>	7		
<b>Significant accounting policies</b>	8		
<b>Notes to accounts</b>	9		

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

In terms of our report of even date  
**For Raj K Sri & Co**  
Chartered Accountants  
ICAI Firm Registration No. 014141N

For and on behalf of the Board

Partner: Raj Kumar  
Membership No. 086525

**(Ravi P Singh)**  
Director & Chairman (Part-time)

**(D K Valecha)**  
Director

**(Prabhakar Singh)**  
Director

Place : New Delhi  
Date : 31<sup>st</sup> May, 2014

# UNCHAHAAR TRANSMISSION LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDING 31<sup>st</sup> MARCH, 2014

(Figures in ₹)

Particulars	Note No.	For the Year ended 31.03.2014	For the Period ended 31.03.2013
<b>REVENUE:</b>			
I Revenue from Operations:		-	-
II Other Income		-	-
<b>III Total Revenue (I + II)</b>		-	-
<b>EXPENSES:</b>			
Preliminary Expenses		-	23851
<b>IV Total Expenses</b>		-	23851
<b>V Profit before exceptional and extraordinary items(III-IV)</b>		-	(23851)
VI Exceptional Items		-	-
<b>VII Profit before extraordinary items and tax (V-VI)</b>		-	(23851)
VIII Extraordinary Items		-	-
<b>IX Profit Before Tax (VII-VIII)</b>		-	(23851)
X Tax Expense of continuing operations		-	-
<b>XI Profit/(Loss) for the period from continuing operations (IX - X)</b>		-	(23851)
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax Expense of discontinuing operations		-	-
<b>XIV Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)</b>		-	-
<b>XV Profit/ (Loss) for the period (XI + XIV)</b>		-	(23851)
<b>XVI Basic &amp; Diluted Earning per share of Rs 10 each</b>		<b>0.00</b>	<b>(0.48)</b>
<b>Expenditure During Construction Period</b>	<b>7</b>		
<b>Significant accounting policies</b>	<b>8</b>		
<b>Notes to accounts</b>	<b>9</b>		

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 Raj K Sri & Co**

Chartered Accountants

ICAI Firm Registration No. 014141N

Partner: Raj Kumar

Membership No. 086525

**(Ravi P Singh)**

Director & Chairman (Part-time)

**(D K Valecha)**

Director

**(Prabhakar Singh)**

Director

Place : New Delhi

Date : 31<sup>st</sup> May, 2014



**UNCHAHAR TRANSMISSION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD FROM 1<sup>st</sup> APRIL 2013 TO 31<sup>st</sup> MARCH, 2014**

(Figures in ₹)

Particulars	Note No.	For the Year ended 31.03.2014	For the Period ended 31.03.2013
<b>A. Cash Flow from Operating Activities:</b>			
Net profit/Loss as per Statement of Profit & Loss		-	-23851
Operating Profit/Loss before Working Capital Changes		-	-23851
<b>Adjustments for Increase/Decrease in:</b>			
- Other Current Liabilities		23344426	4213771
- Short Term Provisions		(15169)	15169
<b>Total</b>		<b>23329257</b>	<b>4205089</b>
<b>B. Cash Flow from Investing Activities:</b>			
- Other Liabilities		-	-
- Purchase of Fixed Assets		-	-
- Capital Work in Progress		(23329557)	(4685639)
<b>Total</b>		<b>(23329557)</b>	<b>(4685639)</b>
<b>C. Cash Flow from Financing Activities:</b>			
- Share capital		-	500000
<b>Total</b>		<b>-</b>	<b>500000</b>
<b>Net Increase/ Decrease in Cash Flow</b>		<b>(300)</b>	<b>19450</b>
Cash and Cash Equivalents at the beginning of the period		19450	-
Cash and Cash Equivalents at the end of the period		19150	19450
<b>Net Increase/Decrease in Cash and cash Equivalents</b>		<b>(300)</b>	<b>19450</b>
<b>Expenditure During Construction Period</b>	<b>7</b>		
<b>Significant accounting policies</b>	<b>8</b>		
<b>Notes to accounts</b>	<b>9</b>		

**Note Nos. 1 to 11 form an integral part of these Financial Statements**

In terms of our report of even date

**For and on behalf of the Board**

**For Raj K Sri & Co**

Chartered Accountants

ICAI Firm Registration No. 014141N

Partner: Raj Kumar  
Membership No. 086525

**Ravi P Singh**  
Director & Chairman (Part-time)

**D K Valecha**  
Director

**Prabhakar Singh**  
Director

Place : New Delhi  
Date : 31<sup>st</sup> May, 2014

## NOTE No. '1' - SHARE CAPITAL:

(Figures in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Authorised Share Capital</b>		
50,000 Equity shares of ₹ 10/- each	500000	500000
<b>Issued, Subscribed and Fully Paid up Share Capital</b>		
50,000 fully paid up Equity shares of ₹ 10/- each	500000	500000
<b>Total Issued, subscribed and fully paid up share capital</b>	500000	500000

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

Equity Shares	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the period	50000	500000	-	-
Issued During the period	-	-	50000	500000
<b>Outstanding at the end of the period</b>	<b>50000</b>	<b>500000</b>	<b>50000</b>	<b>500000</b>

### 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 ₹)	
	31.03.2014	31.03.2013
<b>REC Transmission Projects Company Limited, the erstwhile Holding Company</b>		
50,000/- equity shares of ₹ 10/- each fully paid	-	500000
<b>Power Grid Corporation of India Limited, the Holding Company</b>		
50,000/- equity shares of ₹ 10/- each fully paid	500000	-

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

	31.03.2014		31.03.2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity Shares of ₹ 10/- each fully paid</b>				
REC Transmission Projects Company Limited, the erstwhile Holding Company	-	-	50000	100%
<b>Equity Shares of ₹ 10/- each fully paid</b>				
Power Grid Corporation Limited, the Holding Company*	50000	100%	-	-
	50000	100%	50000	100%

\* Out of 50,000 equity shares 6 shares are held by nominees of POWERGRID jointly with POWERGRID.

## NOTE No. '2' - RESERVES & SURPLUS:

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Opening Balance - Profit & Loss Account	(23851)	-
Add: trfd from Statement of Profit & Loss for the year	-	(23851)
<b>Closing Balance</b>	<b>(23851)</b>	<b>(23851)</b>

## NOTE No. '3' - OTHER CURRENT LIABILITIES:

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Audit Fees	11236	-
Power Grid Corporation of India Limited (Holding Company)-Creditors	27546961	-
REC Transmission Projects Company Limited (erstwhile Holding Company) - Creditors	-	4211015
TDS Recovered	-	2756
<b>Total</b>	<b>27558197</b>	<b>4213771</b>

## NOTE No. '4' - SHORT TERM PROVISIONS:

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
Provision for expenses	-	15169
<b>Total</b>	<b>-</b>	<b>15169</b>

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

(Amount in ₹)

Particulars	As at 31.03.2013	Additions during the year	Adjustment during the year	Capitalised during the year	As at 31.03.2014
CWIP trfd from Statement of Expenditure during Construction Period (Note No. 7)	4685639	23329557	-	-	28015196

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

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>a) Cash and Balance with Banks</b>		
In current account with Scheduled Bank	19150	19450
<b>b) Other bank balances</b>	-	-
<b>Total</b>	<b>19150</b>	<b>19450</b>

## NOTE No. '7' - EXPENDITURE DURING CONSTRUCTION PERIOD

Particulars	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
<b>a) Expenses</b>		
Expenses Allocated by REC TPCL	21263017	4668235
Bank charges	-	550
Auditors Remuneration	11236	16854
Bank Charges	355304	-
License Application Fee	100000	-
Adoption Application Fee	2500000	-
Bidding Documents	600000	-
<b>Total (a)</b>	<b>24829557</b>	<b>4685639</b>
<b>b) Other Income</b>		
Sale of Bid Documents	1500000	-
<b>Total (b)</b>	<b>1500000</b>	<b>-</b>
<b>Balance (a-b) carried to CWIP (Note No. 6)</b>	<b>23329557</b>	<b>4685639</b>

## 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, 1956.

### 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. DEPRECIATION

3.1 Depreciation / amortization is provided on straight line method following the rates and methodology notified by the CERC

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

3.3 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.

3.4 Plant and machinery, loose tools and items of scientific appliances, if any, 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.

3.5 Other fixed assets costing upto ₹ 5,000/- are fully depreciated in the year of acquisition.

### 4. CAPITAL WORK IN PROGRESS

Expenditure incurred on Survey / Studies / Investigations / Consultancy / Administration / Depreciation / Interest etc. has been treated as Capital Work In Progress.

### 5. CURRENT LIABILITIES

Expenditure incurred by the company for the Projects upto the Share Purchase Agreement date i.e. 24th March 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 24th March 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.

Consultancy charges charged by REC Transmission Projects Company Limited (erstwhile Holding Company) for transmission projects put on tariff based bidding are accounted for in the year in which the invoice is raised.



## NOTE NO. '9' - NOTES TO ACCOUNTS

1. The Company was incorporated on 17-12-2012 and Certificate of Commencement of Business was issued on 15-02-2013. The Company is a special purpose vehicle incorporated to develop ATS of Unchahar TPS. REC Transmission Projects Company Limited (erstwhile Holding Company) has been appointed as Bid Process Co-ordinator by Government of India for selection of the developer for the project. Consequent to the selection of Successful Bidder (M/s. Power Grid Corporation of India Limited) as per the Tariff Based Competitive Bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/06 (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.
2. The Company was incorporated as a wholly owned subsidiary of REC Transmission Projects Company Limited (REC-TPCL), which is further wholly owned by Rural Electrification Corporation Limited (REC), a Government of India Undertaking. Pursuant to the bid process, Power Grid Corporation of India Limited has been selected as the successful bidder and has acquired on 24th March 2014 one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities. The Key Management Personnel of the Company till 24th March 2014 are employees of REC, deployed on part time basis. 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 Dinesh Kumar	Chairman & Director	17-Dec-2012	24-Mar-2014
2	Smt. Valli Natrajan	Director	17-Dec-2012	24-Mar-2014
3	Shri. Sanjay kulshrestha	Director	17-Dec-2012	24-Mar-2014
4	Shri Ravi P Singh	Chairman (Part-time) & Director	24-Mar-2014	Continuing
5	Shri D K Valecha	Director	24-Mar-2014	Continuing
6	Shri. Prabhakar Singh	Director	24-Mar-2014	Continuing
7	Shri. C N Suresh Babu	CEO (Part-time)	24-Mar-2014	Continuing

The other personnel working for the Company till 24th March 2014 were also from REC. The related expenses in respect of personnel working for the Company till 24th March 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 24th March 2014 is handled by REC (the Ultimate holding company). With effect from 24th March 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.. Further, interest of Rs 5,92,955/- has been charged by RECTPCL till 24th March 2014 for the funds deployed by them.

3. 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.
4. The company has not yet commenced its commercial operations. Incidental Expenditures incurred during construction period by the company and the expenses allocated by REC TPCL (erstwhile holding company) till 24th March 2014 and expenses allocated by POWERGRID with effect from 24th March 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.
5. The Company has complied with all the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and section 211 of the Companies Act, 1956.
6. 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 24th March 2014 one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities. All key decisions till 24th March 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 24th March 2014 are taken by Power Grid Corporation of India Limited.

The related Party Transactions done with REC-TPCL, REC and POWERGRID are as follows:-

Non - Current Liabilities payable to present and erstwhile Holding Companies:



Sr. No.	Name	2013-14		2012-13	
		Out standing Balance at the year end	Maximum Balance during the period	Out standing Balance at the period end	Maximum Balance during the period
1	REC Transmission Projects Company Ltd. (erstwhile Holding Company) - Liabilities	23991957	23991957	4211015	4211015
2	Power Grid Corporation of India Limited (Holding Company) - Liabilities	27558197	27558197	0	0

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 ₹ Nil . Contingent Liabilities of the Company and claims against the company not acknowledged as debt by the Company is ₹ Nil.
9. Expenditure in Foreign Currency - Nil (Previous Year – Nil)  
Earning in Foreign Currency - Nil (Previous Year – Nil)

10. Auditors Remuneration

Particulars	2013-14	2012-13
Audit Fee	44944	16854

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 and on behalf of the Board

**For Raj K Sri & Co**

Chartered Accountants

ICAI Firm Registration No. 014141N

Partner: Raj Kumar  
Membership No. 086525

**Ravi P Singh**  
Director & Chairman (Part-time)

**D K Valecha**  
Director

**Prabhakar Singh**  
Director

Place : New Delhi  
Date : 31<sup>st</sup> May, 2014



## AUDITORS REPORT

To,

The Members,

**UNCHAHAH TRANSMISSION LIMITED,**

We have audited the Balance Sheet of M/s. UNCHAHAH TRANSMISSION LIMITED as at 31<sup>st</sup> March, 2014 and statement of Profit Account and Cash Flow Statement for the year ended on that date annexed and report that:-

These financial statements are the responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion, proper books 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 Profit and Loss Account dealt with by this report are in agreement with the books of account (and the audited returns from the branches).
  - iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. Vide notification No. 2/5/2001-CL V dated 22/03/2002 of the Department of Company Affairs, Government of India, Government Companies have been exempted from applicability of the provision of Section 274 (1) (g) of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given o us, the said accounts give the information required by the Companies Act, 1956, in accounting principles generally accepted in India
1. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014 and
  2. In so far as it relates to the Profit and Loss Account, of the Profit /(Loss) of the company for the period ended on that date.
  3. In case of Cash Flow Statement, of the cash flow of the company for the period ended on that date.

In terms of our report of even date

**For Raj K Sri & Co**

Chartered Accountants

ICAI Firm Registration No. 014141N

Partner: Raj Kumar

Membership No. 086525

Place : Gurgaon

Date : 31<sup>st</sup> May, 2014

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the Accounts) for the period ended 31<sup>st</sup> March, 2014 of UNCHAHAAR TRANSMISSION LIMITED,

In terms of the information and explanation given 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 state as under:-

- 1 (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register, maintained under section 301 of the Companies Act 1956.
- 1 (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register, maintained under section 301 of the Companies Act 1956. However, there exists Current Liability on the Balance Sheet in the name of Power Grid Corporation of India Limited (Holding Company) on account of various expenditure incurred by the. The amount outstanding at the period end and the maximum amount outstanding during the period were as under:-

Company	Balance at end of the period	Maximum balance during the period
REC Transmission Projects Company Ltd. (holding Company)	NIL	23991957/-
Power Grid Corporation of India Limited (Holding Company)	27546961/-	27546961/-

2. There is an adequate internal control procedure commensurate with the size of the company.
- 3 (a) The company is regular in depositing undisputed statutory dues including Provident Fund Employees' State Insurance, Income Tax, Cess and any other statutory dues with the appropriate authorities. Wherever payments relating to the company are made by REC Transmission Projects Company Limited (erstwhile Holding Company upto 24th March 2014) and Rural Electrification Corp. Limited (holding company of erstwhile Holding Company upto 24th March 2014) and Power Grid Corporation of India Limited (Holding Company w.e.f. 24th March 2014), statutory dues with regard to payments released by them are deposited by them.
- 3 (b) No undisputed amounts payable in respect of above Statutory Dues were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable as explained to us.
- 4 During the course of audit no fraud cases has come to our notice, Further as informed to us the company has not noticed/reported any fraud case during the year.
- 5 The provision of Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 vide para I, II, V, VI, VII, VIII, X, XI, XII, XIII, XIV, XV, XVI, XVII, XVIII, XIX, and XX are not applicable during the period ended 31st March, 2014.

In terms of our report of even date

**For Raj K Sri & Co**

Chartered Accountants

ICAI Firm Registration No. 014141N

Partner: Raj Kumar

Membership No. 086525

Place : Gurgaon

Date : 31<sup>st</sup> May, 2014



# CONSOLIDATED FINANCIAL STATEMENTS



## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014

			(₹ in Crore)	
Particulars	Note No.		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>I. EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
(a) Share capital	2.1	5231.59		4629.73
(b) Reserves and surplus	2.2	29466.35		21773.38
			<b>34697.94</b>	26403.11
<b>Deferred revenue</b>	2.3		<b>4567.05</b>	3766.48
<b>Non-current liabilities</b>				
(a) Long-term borrowings	2.4	77772.13		64030.14
(b) Deferred tax liabilities (Net)	2.5	2452.45		1975.03
(c) Other long term liabilities	2.6	1466.91		1036.80
(d) Long-term provisions	2.7	554.97		469.89
			<b>82246.46</b>	67511.86
<b>Current liabilities</b>				
(a) Short-term borrowings	2.8	2700.00		2027.06
(b) Trade payables	2.9	349.01		245.93
(c) Other current liabilities	2.10	15938.84		12632.85
(d) Short-term provisions	2.11	990.44		796.79
			<b>19978.29</b>	15702.63
<b>Total</b>			<b>141489.74</b>	113384.08
<b>II. ASSETS</b>				
<b>Non-current assets</b>				
(a) Fixed assets				
(i) Tangible assets	2.12	73584.00		62031.37
(ii) Intangible assets	2.13	667.67		537.12
(iii) Capital work in progress	2.14	32016.80		19256.27
(iv) Intangible assets under development	2.15	374.34		215.33
			<b>106642.81</b>	82040.09
(b) Construction stores	2.16		<b>17677.93</b>	15793.82
(c) Non-current investments	2.17	206.27		390.63
(d) Deferred foreign currency fluctuation asset		2490.57		1716.29
(e) Long-term loans and advances	2.18	4700.19		6213.99
			<b>7397.03</b>	8320.91
<b>Current assets</b>				
(a) Current investments	2.19	217.17		195.74
(b) Inventories	2.20	713.44		552.85
(c) Trade receivables	2.21	1618.29		1491.38
(d) Cash and Bank balances	2.22	4974.37		2678.89
(e) Short-term loans and advances	2.23	461.79		420.70
(f) Other current assets	2.24	1786.91		1889.70
			<b>9771.97</b>	7229.26
<b>Total</b>			<b>141489.74</b>	113384.08
Accounting Policies	1			
Notes on Accounts	2			
Notes referred above are integral part of the Balance Sheet				

### For and on behalf of the Board of Directors

(Divya Tandon)  
Company secretary

(R.T. Agarwal)  
Director (Finance)

(R. N. Nayak)  
Chairman & Managing Director

### As per our Report of even date

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

(CA. Rohit Mehta)  
Partner  
Membership No. 091382

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

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

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

(CA. B. Aruna)  
Partner  
Membership No. 216454

Place: New Delhi  
Date: 29<sup>th</sup> May, 2014

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014

(₹ in Crore)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
I. Revenue from operations	2.25	15675.43	13163.90
II. Other income	2.26	470.69	563.22
<b>III. Total Revenue (I + II)</b>		<b>16146.12</b>	<b>13727.12</b>
IV. Expenses:			
Purchases of stock-in-trade		219.40	63.50
Employee benefits expense	2.27	1033.61	974.72
Finance costs	2.28	3253.66	2599.44
Depreciation and amortization expense	2.29	4079.38	3427.80
Transmission, administration and other Expenses	2.30	1158.54	911.83
Prior period items (net)	2.31	42.53	(25.80)
<b>Total expenses</b>		<b>9787.12</b>	<b>7951.49</b>
<b>V. Profit before tax (III-IV)</b>		<b>6359.00</b>	<b>5775.63</b>
VI. Tax expense:			
(1) Current tax - Current Year	1337.98		1122.47
- Earlier years	(0.18)		(22.26)
		1337.80	1100.21
(2) Credit for MAT entitlement		(11.69)	(17.66)
(3) Deferred tax - Current Year	485.31		363.99
- Earlier years	-		16.48
		485.31	380.47
<b>VII. Profit for the year (V-VI)</b>		<b>1811.42</b>	<b>1463.02</b>
<b>VIII. Earnings per equity share (Par value ₹ 10/- each):</b>	2.44	<b>9.47</b>	<b>9.32</b>
Basic & Diluted (₹)			
Accounting Policies	1		
Notes on Accounts	2		
Notes referred above are integral part of the Statement of Profit and Loss			

### For and on behalf of the Board of Directors

(Divya Tandon)  
Company secretary

(R.T. Agarwal)  
Director (Finance)

(R. N. Nayak)  
Chairman & Managing Director

### As per our Report of even date

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

(CA. Rohit Mehta)  
Partner  
Membership No. 091382

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

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

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

(CA. B. Aruna)  
Partner  
Membership No. 216454

Place: New Delhi  
Date: 29<sup>th</sup> May, 2014



## Consolidated Cash Flow Statement for the Year ended 31<sup>st</sup> March, 2014

(₹ in crore)		
Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	6359.00	5775.63
<b>Adjustment for :</b>		
Depreciation (including prior period)	4094.23	3457.39
Transfer from Grants in Aid	(22.05)	(23.06)
Deferred revenue - Advance against Depreciation	(76.89)	(48.82)
Provisions	22.43	2.75
Change in previous year profit of JVs and Subsidiaries after Audit	28.42	-
Transfer from Self Insurance Reserve	(5.83)	(0.25)
Net Loss on Disposal / Write off of Fixed Assets	5.66	6.34
Interest and Finance Charges	3253.66	2599.44
Provisions Written Back	(6.50)	(59.34)
Interest earned on Deposits, Bonds and loans to State Govts.	(235.41)	(305.74)
Dividend received	(1.92)	(1.80)
	7,055.80	5626.91
<b>Operating profit before Working Capital Changes</b>	<b>13,414.80</b>	<b>11,402.54</b>
<b>Adjustment for :</b>		
(Increase)/Decrease in Inventories	(160.61)	(111.59)
(Increase)/Decrease in Trade Receivables	(127.53)	95.23
(Increase)/Decrease in Loans and Advances	(42.48)	19.98
(Increase)/Decrease in Other current assets	145.31	(591.85)
Increase/(Decrease) in Liabilities & Provisions	2958.64	1996.07
Increase/(Decrease) in Deferred income/Exp. from Foreign Currency Fluctuation (Net)	(140.11)	(120.48)
(Increase)/Decrease in Deferred Foreign Currency Fluctuation Asset/Liability (Net)	264.54	135.33
	2897.76	1422.69
<b>Cash generated from operations</b>	<b>16312.56</b>	<b>12825.23</b>
Direct taxes paid	(1230.15)	(1135.55)
<b>Net Cash from operating activities</b>	<b>15082.41</b>	<b>11689.68</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed assets (including incidental expenditure during construction)	(880.24)	(779.52)
Capital work in progress	(25630.41)	(18447.05)
Construction Stores & Advances for Capital Expenditure	(402.26)	(3387.97)
(Increase)/Decrease in Investments	162.88	187.33
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	15.42	7.72
Lease receivables	(24.85)	(46.32)
Interest earned on Bonds and loans to State Govts.	192.89	331.84
Dividend from JV Companies (Adj. through Surplus Account)	65.64	48.16
Dividend received	1.92	1.80
<b>Net cash used in investing activities</b>	<b>(26499.01)</b>	<b>(22084.01)</b>

## Consolidated Cash Flow Statement for the Year ended 31<sup>st</sup> March, 2014 (Contd.)

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Shares	601.86	-
Premium on issue of shares (net of share issue expenses)	4694.74	-
Loans raised during the year	18091.85	18200.05
Loans repaid during the year	(5367.49)	(4313.30)
Interest and Finance Charges Paid	(2837.39)	(2297.02)
Dividend paid	(1257.84)	(1400.05)
Dividend Tax paid	(213.65)	(227.80)
<b>Net Cash from Financing Activities</b>	<b>13712.08</b>	<b>9961.88</b>
D. Net change in Cash and Cash equivalents (A+B+C)	2295.48	(432.45)
E. Cash and Cash equivalents (Opening balance)	2678.89	3111.34
F. Cash and Cash equivalents (Closing balance)	<b>4974.37</b>	<b>2678.89</b>

Notes:

**Cash and cash equivalents consists of Cash in hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of following balance sheet amounts as per Note 2.22.**

Cash and cash equivalents	1794.91	2444.64
Other Bank balances (*)	3179.46	234.25
	<b>4974.37</b>	<b>2678.89</b>
(*) Break up of Other Bank balances		
1. Balance in current accounts (unclaimed dividend)	11.23	8.46
2. In Current accounts / Flexi Deposits (Operated and maintained in terms of CERC regulations)	153.77	177.38
3. In term deposits having maturity over 3 months (FPO proceeds)	2975.00	-
4. In term deposits having maturity over 3 months	39.46	48.41
	<b>3179.46</b>	<b>234.25</b>

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

**For and on behalf of the Board of Directors**

**(Divya Tandon)**  
Company secretary

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

**(R. N. Nayak)**  
Chairman & Managing Director

**As per our Report of even date**

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

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

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

**(CA. Rohit Mehta)**  
Partner  
Membership No. 091382

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

**(CA. B. Aruna)**  
Partner  
Membership No. 216454

Place: New Delhi  
Date: 29<sup>th</sup> May, 2014

## NOTE 1 - ACCOUNTING POLICIES

### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared on accrual basis of accounting under the historical cost convention and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) including Accounting Standards notified there under.

### 1.2 USE OF ESTIMATES

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

### 1.3 RESERVES AND SURPLUS

Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under mega insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as "Self insurance reserve" under 'Reserves & Surplus'.

### 1.4 GRANTS-IN-AID

1.4.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as "grants-in-aid" till the utilization of grant.

1.4.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the Statement of Profit and Loss over the useful life of related asset and in proportion to which depreciation on these assets is provided.

### 1.5 FIXED ASSETS

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

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

1.5.3 Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments

1.5.4 Transmission system assets are considered when they are 'Ready for intended use', for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stabilization period wherever technically required.

1.5.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken,

1.5.6 Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

1.5.7 Insurance spares, which can be used only in connection with an item of fixed asset and whose use is expected to be at irregular intervals and Mandatory spares in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies, are capitalized and depreciated over the residual useful life of the related plant & machinery. In case the year of purchase and consumption is same, amount of such spares are charged to revenue.

### 1.6 CAPITAL WORK-IN-PROGRESS (CWIP)

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

1.6.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

1.6.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 1.6.2 above (allocated to the projects on 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 the CWIP Schedule .

1.6.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

1.6.5 Unsettled liability for price variation/ exchange rate variation in case of contracts are accounted for on estimated basis as per terms of the contracts.

### 1.7 INTANGIBLE ASSETS

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

1.7.2 Afforestation charges paid for acquiring right-of-way of laying transmission lines are accounted for as intangible assets and same are amortized over the period of 35 years following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulation.

1.7.3 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.

- 1.7.4 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.

## 1.8 CONSTRUCTION STORES

Construction stores are valued at cost.

## 1.9 BORROWING COST

- 1.9.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, discount on bonds, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.
- 1.9.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.

## 1.10 TRANSACTION IN FOREIGN CURRENCY

- 1.10.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.
- 1.10.2 Foreign Exchange Rate Variation (FERV) arising on settlement / translation of foreign currency loans relating to fixed assets/ capital work-in-progress are adjusted to the carrying cost of related assets.
- 1.10.3 FERV accounted for as per policy no 1.10.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central Electricity Regulatory Commission (CERC) norms w.e.f. 1<sup>st</sup> April, 2004 or Date of Commercial Operation (DOCO) which ever is later. The above FERV to the extent recoverable or payable as per the CERC norms is accounted for as follows:
- FERV recoverable/payable adjusted to carrying cost of fixed assets is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'
  - 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
  - The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding debit / credit to the trade receivables.
- 1.10.4 FERV earlier charged to Statement of Profit and Loss & included in the capital cost for the purpose of tariff is adjusted against 'Deferred foreign currency fluctuation asset/liability a/c' in the following manner:
- Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c in the transmission charges.
  - Balance 10% is adjusted against Deferred foreign currency fluctuation asset/liability a/c in the transmission charges over the tenure of respective loans.
- 1.10.5 FERV arising out of settlement/translation of long term monetary items (other than foreign currency loans) relating to fixed assets/ CWIP are adjusted in the carrying cost of related assets.
- 1.10.6 FERV arising during the construction period from settlement/translation of monetary items denominated in foreign currency (other than long term) to the extent recoverable/payable to the beneficiaries as capital cost as per CERC tariff Regulation are accounted as 'Deferred foreign currency fluctuation asset/liability a/c'. Transmission charges recognised on such amount is adjusted against above account.
- 1.10.7 Other exchange differences are recognized as income or expenses in the period in which they arise.

## 1.11 INVESTMENTS

- 1.11.1 Current investments are valued at lower of cost and fair value determined on an individual investment basis.
- 1.11.2 Long term investments are carried at cost. Provision is made for diminution other than temporary, in the value of such investments.

## 1.12 INVENTORIES

- 1.12.1 Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.
- 1.12.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
- 1.12.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
- 1.12.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.
- 1.12.5 The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

## 1.13 REVENUE RECOGNITION

- 1.13.1 Transmission Income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by the CERC in similar cases. Difference, if any, is adjusted based on issuance of final notification of tariff orders by the CERC. Transmission Income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on actual expenditure incurred on year to year basis as per tariff norms of the CERC.

- 1.13.2 Income from short term open access is accounted for on the basis of regulations notified by the CERC.
- 1.13.3 The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the norms notified / approved by the CERC.
- 1.13.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.
- 1.13.4.2 The outstanding deferred income in respect of AAD is recognized as transmission income, after twelve years from the end of the financial year in which the asset was commissioned, to the extent depreciation recovered in the tariff during the year is lower than depreciation charged in the accounts.
- 1.13.5 Surcharge recoverable from trade receivables and liquidated damages / warranty claims / interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.
- 1.13.6 Income from Telecom Services are accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 1.13.7 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 1.13.8 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:
- 10% on the issue of Notice Inviting Tender for execution
  - 5% on the Award of Contracts for execution
  - Balance 85% on the basis of actual progress of work including supplies
- 1.13.9 Income from Sale of Goods is recognized on the transfer of significant risks and reward of ownership to the buyer.
- 1.13.10 Application Fees received on account of Long Term Open Access (LTOA) Charges is accounted for as and when received in accordance with CERC Guidelines.
- 1.13.11 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 1.13.12 Dividend income is recognized when right to receive payment is established.
- 1.14 LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)**
- 1.14.1 State sector unified load dispatch centre (ULDC) assets leased to the beneficiaries are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under Long Term Loans & Advances. Wherever grant-in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.
- 1.14.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levelled tariff notified/to be notified by the CERC.
- 1.14.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenure of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.
- 1.15 DEPRECIATION / AMORTIZATION**
- 1.15.1 Depreciation / amortization on Fixed assets is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation / amortization is provided at the rates mentioned below:
- |                            |        |
|----------------------------|--------|
| a) Computers & Peripherals | 30%    |
| b) Mobile Phones           | 33.33% |
| c) Software                | 33.33% |
- 1.15.2 ULDC assets are depreciated on Straight Line Method @ 6.67% per annum as determined by the CERC for levelled tariff.
- 1.15.3 Depreciation/ Amortization on Fixed assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- 1.15.4 Depreciation/ Amortization on additions to/deductions from fixed assets during the year is charged on pro-rata basis.
- 1.15.5 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations, except for telecom assets where residual life is determined on the basis of rates of depreciation as specified in Schedule XIV of the Companies Act, 1956.
- 1.15.6 Plant and machinery, loose tools and items of scientific appliances, included under different heads of fixed 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.
- 1.15.7 Other fixed assets costing upto ₹5,000/- are fully depreciated in the year of acquisition.
- 1.15.8 Leasehold Land is fully amortized over 25 years or lease period whichever is lower in accordance with the rates and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Lease hold Land acquired on perpetual lease is not amortised.
- 1.15.9 In the case of fixed assets of National thermal power corporation limited (NTPC) , National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1,

1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.

#### **1.16 EXPENDITURE**

- 1.16.1 Pre-paid/prior-period expenses/Income of items up to ₹100,000/- are charged to natural heads of account.
- 1.16.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.
- 1.16.3 Capital expenditure on assets not owned by the company is charged off to revenue as and when incurred

#### **1.17 IMPAIRMENT OF ASSETS**

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

#### **1.18 EMPLOYEE BENEFITS**

- 1.18.1 Company contribution paid/payable during the year to defined pension contribution scheme and provident fund scheme is recognized in the Statement of Profit and Loss. The same is paid to a fund administered through a separate trusts.
- 1.18.2 The liability for retirement benefits of employees in respect of Gratuity, is ascertained annually on actuarial valuation at the year end, is provided and funded separately.
- 1.18.3 The liabilities for compensated absences, leave encashment, post retirement medical benefits, settlement allowance & long term awards to employees are ascertained annually on actuarial valuation at the year end and provided for.
- 1.18.4 Short term employee benefit are recognized at the undiscounted amount in the Statement of Profit and Loss in the year in which the related services are rendered.
- 1.18.5 Actuarial gains/losses are recognized immediately in the Statement of Profit & Loss.

#### **1.19 PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to its present value. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed on the basis of judgment of the management / independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

#### **1.20 INCOME TAX**

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



## Note 2.1/Share capital

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Equity Share Capital</b>		
<b>Authorised</b>		
10000000000 (Previous year 10000000000 ) equity shares of ₹ 10/- each	10000.00	10000.00
<b>Issued, subscribed and paid up</b>		
5231589648 (Previous Year 4629725353) equity shares of ₹ 10/-each fully paid up	5231.59	4629.73
<b>Total</b>	5231.59	4629.73

### Further Notes:

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

Particulars	For the year ended 31 <sup>st</sup> March, 2014		For the year ended 31 <sup>st</sup> March, 2013	
	No. of Shares	Amount (₹ in crore)	No. of Shares	Amount (₹ in crore)
Shares outstanding at the beginning of the year	4629725353	4629.73	4629725353	4629.73
Shares Issued during the year	601864295	601.86	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5231589648	5231.59	4629725353	4629.73

2) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

3) Shareholders holding more than 5% equity shares of the Company

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
i) Government of India	3028835198	57.90	3214024212	69.42
ii) Europacific Growth Fund	296023422	5.66	-	-

4) Disclosure with regard to Follow on Public Offer (FPO) and offer of sales of equity shares being disinvestment on behalf of President of India made by the Company during the year is given in Note 2.35

## Note 2.2/Reserves and surplus

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Securities Premium Reserve</b>		
As per last balance sheet	4875.15	4875.15
Additions during the year	4703.14	-
Deductions during the year	-	-
Closing Balance	9578.29	4875.15
<b>Bonds Redemption Reserve</b>		
As per last balance sheet	4005.29	3224.03
Additions during the year	1365.25	1166.79
Deductions during the year	483.93	385.53
Closing Balance	4886.61	4005.29
<b>Self Insurance Reserve</b>		
<b>Through appropriation</b>		
As per last balance sheet	304.50	251.38
Additions during the year	61.40	53.58
Deductions during the year*	97.22	0.46
Closing Balance	268.68	304.50



## Note 2.2/Reserves and surplus (Contd.)

		(₹ in Crore)	
Particulars		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Through charge to Profit</b>			
As per last balance sheet	68.96		69.31
Additions during the year	0.74		-
Deductions during the year	5.83		0.35
Closing Balance	63.87		68.96
		<b>332.55</b>	<b>373.46</b>
<b>Corporate Social Responsibility( CSR) Activity Reserve</b>			
As per last balance sheet	26.52		-
Additions during the year	20.68		11.26
Deductions/Adjustments during the year	0.46		(15.26)
Closing Balance		<b>46.74</b>	<b>26.52</b>
<b>General Reserve</b>			
As per last balance sheet	12362.36		10450.75
Additions during the year	2068.42		1911.39
Deductions during the year	(30.35)		(0.22)
Closing Balance		<b>14461.13</b>	<b>12362.36</b>
<b>Load Despatch &amp; Communication (LDC) Development Fund</b>			
As per Last Balance Sheet	108.38		70.24
Additions during the year	27.85		38.14
Deductions during the year	6.10		-
Closing Balance		<b>130.13</b>	<b>108.38</b>
<b>REC Fund</b>			
As per Last Balance Sheet	-		-
Additions during the year	4.29		-
Deductions during the year	(4.17)		-
Closing Balance		<b>8.46</b>	<b>-</b>
<b>Capital Reserve</b>			
As per Last Balance Sheet	1.73		1.85
Additions during the year	-		-
Deductions during the year	0.11		0.12
Closing Balance		<b>1.62</b>	<b>1.73</b>
<b>Short Term Open Access( STOA) Reserve</b>			
As per Last Balance Sheet	-		-
Additions during the year	134.42		276.34
Deductions during the year [being utilisation of STOA income (Net of Taxes) (Note No.2.25) in accordance with the CERC (Open Access Inter-state transmission) Regulations, 2008 as amended up to date]	134.42		276.34
Closing Balance		<b>-</b>	<b>-</b>
		<b>29445.53</b>	<b>21752.89</b>
<b>Surplus (Balance in statement of Profit and Loss)</b>			
As per last balance sheet	20.49		10.77
Add: Additions			
Profit after tax as per Statement of Profit & Loss	4547.58		4312.61
Transfer from Bond Redemption Reserve	483.93		385.53
Transfer from STOA Reserve	134.42		276.34
Transfer from Self Insurance Reserve	-		0.46
Dividend Adjustment	65.64		48.16
Dividend tax adjusted	0.04		-

## Note 2.2/Reserves and surplus (Contd.)

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Less: Appropriations		
STOA Reserve	134.42	276.34
Bonds Redemption Reserve	1365.25	1166.79
CSR Activities Reserve	20.68	26.52
LDC Development Reserve	27.85	38.14
REC Fund	4.29	
Self Insurance Reserve	62.14	53.58
Dividend tax adjusted	-	0.73
General Reserve	1971.20	1911.39
Interim dividend paid	715.10	778.64
Tax on Interim dividend	121.45	126.27
Proposed Dividend	690.50	542.74
Tax on proposed Dividend	118.40	92.24
Closing Balance	<b>20.82</b>	20.49
Total	<b>29466.35</b>	21773.38

Further Notes:

\* Amount spent for procurement of Fixed assets utilised from Self Insurance Reserve as per the direction of the Board and the same has been transferred to general reserve.

## Note 2.3/Deferred Revenue

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
a) Advance against depreciation	<b>2066.45</b>	2143.34
b) Grants in aid	<b>96.28</b>	117.53
c) Deferred income from foreign currency fluctuation (Net)	<b>2404.32</b>	1505.61
Total	<b>4567.05</b>	3766.48

## Note 2.4/Long-term borrowings

(₹ in Crore)

Description	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) BONDS</b>		
<b>A1) Secured (Taxable, Redeemable, Non-Cumulative, Non-Convertible)</b>		
<b>A1.1 i)</b> Bonds of ₹10 Lakh each		
XXXIX Issue- 9.40% redeemable at par on 29.03.2027	1800.00	1800.00
XXXVIII Issue- 9.25% redeemable at par on 09.03.2027	855.00	855.00
XLII Issue-8.80% redeemable at par on 13.03.2023	1990.00	1,990.00*
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
<b>ii)</b> Bonds of ₹10 Lakh each redeemable at par in 3 equal annual instalments on 15.07.2018, 15.07.2023 and 15.07.2028		
XLIV Issue-8.70% redeemable w.e.f. 15.07.2018	3966.00	-
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		

## Note 2.4/Long-term borrowings (Contd.)

(₹ in Crore)

Description	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>iii)</b> Bonds of ₹1.2 crores each consisting of 12 STRPPs of ₹ 10 lakhs each redeemable at par in 12 (twelve) equal annual instalments <b>XLV Issue-9.65% redeemable w.e.f. 28.02.2018 **</b>	1999.20	-
<b>XLIII Issue-7.93% redeemable w.e.f. 20.05.2017</b>	3126.00	-
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
<b>iv)</b> Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments. <b>XLI Issue-8.85% redeemable w.e.f. 19.10.2016</b>	2842.50	2,842.50
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
<b>v)</b> Bonds of ₹1.50 crores each, consisting of 15 STRPPs of ₹10.00 Lakhs each redeemable at par in 15 (fifteen) equal annual instalments <b>XXXVI Issue- 9.35% redeemable w.e.f. 29.08.2016</b>	3090.00	3090.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
<b>vi)</b> Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments. <b>XL Issue-9.30% redeemable w.e.f. 28.06.2016</b>	3997.50	3,997.50
<b>XXXVII Issue- 9.25% redeemable w.e.f. 26.12.2015</b>	1995.00	1995.00
<b>XXXV Issue- 9.64% redeemable w.e.f. 31.05.2015</b>	1957.50	1957.50
<b>XXXIV Issue- 8.84% redeemable w.e.f. 21.10.2014</b>	3196.88	3487.50
<b>XXXIII Issue- 8.64% redeemable w.e.f. 08.07.2014</b>	2640.00	2880.00
<b>XXXII Issue- 8.84% redeemable w.e.f. 29.03.2014</b>	862.50	948.75
<b>XXXI Issue- 8.90% redeemable w.e.f. 25.02.2014</b>	1706.25	1876.88
<b>XXX Issue- 8.80% redeemable w.e.f. 29.09.2013</b>	1943.75	2138.12
<b>XXIX Issue- 9.20% redeemable w.e.f. 12.03.2013</b>	973.12	1081.25
<b>XXVIII Issue- 9.33% redeemable w.e.f. 15.12.2012</b>	1800.00	2000.00
<b>XXVII Issue- 9.47% redeemable w.e.f. 31.03.2012</b>	470.00	528.75
<b>XXVI Issue- 9.30% redeemable w.e.f. 07.03.2012</b>	666.00	749.25
<b>XXV Issue- 10.10% redeemable w.e.f. 12.06.2011</b>	710.00	798.75

## Note 2.4/Long-term borrowings (Contd.)

(₹ in Crore)

Description	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
XXIV Issue- 9.95% redeemable w.e.f 26.03.2011	466.38	533.00
XXIII Issue- 9.25% redeemable w.e.f 09.02.2011	179.37	205.00
XXII Issue- 8.68% redeemable w.e.f 07.12.2010	402.50	460.00
XXI Issue- 8.73% redeemable w.e.f 11.10.2010	297.50	340.00
XX Issue- 8.93% redeemable w.e.f 07.09.2010	875.00	1000.00
XIX Issue- 9.25% redeemable w.e.f 24.07.2010	288.75	330.00
XVIII Issue- 8.15% redeemable w.e.f 09.03.2010	499.50	582.75
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
vii) Bonds of ₹1.00 crores each, consisting of 10 STRPPs of ₹10.00 Lakhs each redeemable at par in 10 (ten) equal annual instalments.		
XVII Issue- 7.39% redeemable w.e.f 22.09.2009	400.00	500.00
XVI Issue- 7.10% redeemable w.e.f 18.02.2009	225.00	300.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
viii) Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.		
XV Issue-6.68% redeemable w.e.f. 23.02.2008	300.00	375.00
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.		
A1.2 Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments		
XIII issue-8.63% redeemable w.e.f 31.07.2006	202.50	270.00
Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission System		
A1.3 Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 lakh each redeemable at par in 12 (twelve) equal annual instalments		
XII issue-.9.70% redeemable w.e.f 28.03.2006	30.75	46.12

Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System

## Note 2.4/Long-term borrowings (Contd.)

		(₹ in Crore)	
Description		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A1.4</b> Bonds of ₹3 crores each consisting of 12 STRPPs of ₹25 lakh each redeemable at par in 12 (twelve) equal annual instalments			
<b>XI issue-9.80% redeemable w.e.f 07-12-2005</b>	90.50		135.75
Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta, Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram-Allahbad, LILO of Singrauli-Kanpur and Allahabad Sub-Station			
<b>A1.5</b> Bonds of ₹1000/-each redeemable at par in 10(Ten) equal annual instalments			
<b>VIII issue-10.35% redeemable w.e.f. 27.04.2005</b>	-		2.00
Secured by floating charge over the Fixed Assets of the Company			
<b>A1.6</b> Bonds of ₹1.5 crores each consisting of 12 STRPPs of ₹12.50 Lakhs each redeemable at par in 12 (twelve) equal annual instalments.			
<b>XIV issue-6.10% redeemable w.e.f 17.07.2004</b>	58.25		116.50
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.			
<b>A1.7</b> Bonds of ₹12 lakh each redeemable at par in 12 (twelve) equal annual instalments			
<b>X issue-10.90% redeemable w.e.f 21.06.2004</b>	63.46		126.92
Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-Farakka & Chamera Transmission system			
		<b>46966.66</b>	<b>40339.79</b>
<b>A2) Unsecured</b>			
<b>A2.1</b> Redeemable Foreign Currency Bonds			
<b>3.875% Foreign Currency Bonds to be redeemed at par on 17.01.2023</b>		<b>3030.50</b>	<b>2745.50</b>
<b>Total (A)</b>		<b>49997.16</b>	<b>43085.29</b>
<b>B) Term loans from Banks</b>			
<b>B1) Rupee Loan (Secured)</b>			
<b>B1.1</b> i) Punjab National Bank-Loan-II	25.00		50.00
ii) Oriental Bank of Commerce	20.83		41.67
Secured by a floating charge on the fixed assets of the Company			
<b>B1.2</b> i) Line of Credit (LOC) from State Bank of India	5000.00		1500.00
Secured by way of pari passu charge on assets of the company except investments, Land and Buildings and Current Assets.			
ii) State Bank of India	88.40		102.13
iii) Central Bank of India	28.83		32.22
iv) Jammu and Kashmir Bank	19.22		21.48
v) Punjab National Bank	38.44		42.95
Secured by a Hypothecation of JV Company (JayPee Power Grid Ltd and Powerlinks Transmission Ltd.) Tangible and Intangible Assets, Movable assets, and Current assets			

## Note 2.4/Long-term borrowings (Contd.)

(₹ in Crore)

Description		As at 31 <sup>st</sup> March,2014	As at 31 <sup>st</sup> March,2013
<b>vi) Bank of Baroda</b>	37.11		42.41
Secured by first pari passu charge over the Immovable, movable assets and Intangible Assets of JV Company (Torrent Powergrid Ltd.)			
<b>vii) Other Banks</b>	103.55		83.00
Secured by First mortgage and charge on all the immovable and movable assets of JV Company (Teestavalley Power Transmission Ltd.)			
<b>Total (B1)</b>		5361.38	1915.86
<b>B2) Foreign Currency Loans(Secured)</b>			
<b>B2.1 Bank of India Cayman Islands</b>	255.20		260.10
Secured by a Floating charge on the immovable properties of the company			
<b>B2.2 i) Nordic Investment Bank (PIL5120)</b>	639.39		556.71
<b>ii) ADB-VIII (2788-IND)</b>	251.00		124.86
<b>iii) International Finance Corporation</b>	1333.42		1,208.02*
<b>iv) ICF Debt Pool LLP</b>	303.05		274.55*
Secured by pari passu interest in the liens created on the assets as security for the debts.			
<b>v) Asian Development Bank</b>	47.92		59.90
Secured by first paripasu charge on tangible/ intangible , all movable assets & current assets of JV Company ( Powerlinks Transmission Ltd.)			
<b>B2.3 Guaranteed by Government of India</b>			
From Asian Development Bank (ADB)			
<b>ADB-I (1405-IND)</b>	-		146.15
<b>ADB-II (1764-IND)</b>	882.25		892.71
<b>ADB-III (2152-IND)</b>	1922.47		1847.57
<b>ADB-IV (2415-IND)</b>	2130.90		1764.94
<b>ADB-V (2510-IND)</b>	578.62		518.64
<b>ADB-VI (2823-IND)**</b>	283.25		96.05
<b>ADB-VII (2787-IND)**</b>	427.38		212.61
From International Bank for Reconstruction and Development (IBRD)			
<b>PSDP-II (4603-IN)</b>	1466.73		1489.44
<b>PSDP-III (4813-IN)</b>	1920.79		1861.59
<b>PSDP-IV (4890-IN)</b>	3239.80		2970.23
<b>PSDP-IV (Addl.) (7593-IN)</b>	1864.05		1668.72
<b>PSDP-V (7787-IN)</b>	2862.55		1706.89
Secured by pari passu interest in the lien created on the assets as security for the debts.			
<b>Total B2</b>		20408.77	17659.68
<b>B3) Foreign currency Loans (Unsecured)</b>			
<b>B3.1 Skandinaviska Enskilda Banken AB(publ) Sweden</b>	49.49		67.03
<b>AB Svensk Exportkredit,Sweden</b>	1045.49		382.42
<b>B3.2 Guaranteed by Government of India</b>			

## Note 2.4/Long-term borrowings (Contd.)

		(₹ in Crore)	
Description		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Natixis Banque (Formerly Credit National) France	106.27		98.01
Japan International Cooperation Agency (Formerly Japan Bank for International Cooperation ) Japan	129.02		138.43
<b>Total (B3)</b>	<b>1330.27</b>		<b>685.89</b>
<b>Total B</b>		<b>27100.42</b>	<b>20261.43</b>
<b>C Term Loan From Others</b>			
<b>Rupee Loans (Secured)</b>			
<b>C1 Life Insurance Corporation of India-II</b>	55.16		110.32
<b>Life Insurance Corporation of India-III</b>	0.95		3.32
Secured by a floating charge on the fixed assets of the Company.			
<b>International Finance Corporation</b>	53.89		67.37
<b>Infrastructure Development Finance Corporation</b>	40.48		50.61
Secured by way of first charge ranking paripasu on tangible/ intangible on all movable assets & current assets of JV company (Powerlinks Transmission Ltd)			
<b>Power Finance Corporation Limited</b>	467.00		411.97
<b>Rural Electrification corporation</b>	57.07		39.83
Secured by First Mortgage of immovable properties and Hypothecation of all movable assets and current assets of JV companies (Parbati Koldam Transmission Company Ltd, North East Transmission Company Limited & National Highpower Test lab Pvt Ltd)			
		<b>674.55</b>	<b>683.42</b>
<b>TOTAL (A TO C)</b>		<b>77772.13</b>	<b>64030.14</b>

### Further notes:

The Term loans are repayable in installments as per the terms of respective agreement generally over the period of 10 to 20 years after the moratorium period of 3 to 5 years.

\* Security is created in the Current Year.

\*\*Securities are yet to be created

## Note 2.5/Deferred tax liabilities (Net)

		(₹ in Crore)	
Particulars		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Deferred Tax liability</b>			
Towards Fixed Assets( Net) (A)		<b>6034.84</b>	5549.19
<b>Deferred Tax Assets</b>			
Income during Construction Period		<b>92.83</b>	86.58
Self Insurance Reserve		<b>20.13</b>	22.22
Provisions allowable on payment basis		<b>108.13</b>	68.82
Advance Against Depreciation		<b>685.94</b>	711.78
Others		<b>15.01</b>	9.48
<b>Sub-total (B)</b>		<b>922.04</b>	898.88
Deferred Tax Liability (Net) ( A-B)		<b>5112.80</b>	4650.31
Less : Recoverable from Beneficiaries		<b>2660.35</b>	2675.28
<b>Net Deferred Tax Liability</b>		<b>2452.45</b>	1975.03

Charge of ₹ 485.31 crore( Previous year ₹ 380.47 crore) has been made in the statement of Profit & Loss account. Deferred tax credit amounting to ₹ 8.40 crores (previous year NIL) has been adjusted in security premium reserve, relating to share issue expenses directly adjusted against security premium reserve. Further charge of ₹ 0.51 crore on account of difference in liability as per provisional accounts and audited accounts of JV/subsidiary companies for the last year is adjusted in reserves account.





## Note 2.6/Other Long term liabilities

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Other liabilities</b>		
i) Deposits /Retention money from contractors and others.	902.81	512.84
Less: Investments held as security	0.04	-
	<b>902.77</b>	512.84
ii) Advance from customers (Consultancy contracts)	<b>358.41</b>	448.53
iii) Dues for Capital Expenditure	<b>76.94</b>	28.53
iv) Liability on account of Truing up	<b>108.43</b>	27.83
v) Others	<b>20.36</b>	19.07
<b>Total</b>	<b>1466.91</b>	1036.80

### Further Notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 2.41

## Note 2.7/Long-term provisions

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Employee Benefits</b>		
As per last balance sheet	469.89	448.95
Additions/adjustments during the year	85.08	20.94
Closing Balance	<b>554.97</b>	469.89
<b>TOTAL</b>	<b>554.97</b>	469.89

## Note 2.8/Short-term borrowings

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Short Term Loans</b>		
<b>From Banks</b>		
Secured*	-	6.97
Unsecured	<b>2700.00</b>	2000.00
<b>From Others</b>		
Unsecured	-	20.09
<b>Total</b>	<b>2700.00</b>	2027.06

\* Secured by hypothecation of fixed deposits and movable assets of the Joint Venture Companies

## Note 2.9/Trade payables

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
For goods and services	<b>349.01</b>	245.93
<b>Total</b>	<b>349.01</b>	245.93

### Further Notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 2.41

## Note 2.10/Other current liabilities

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) Current maturities of long term borrowings</b>		
<b>Secured</b>		
Bonds	2464.34	1933.71
Rupee Term Loans	171.18	170.81
Foreign Currency Loans	1066.29	849.44
	3701.81	2953.96
<b>Un-secured</b>		
Foreign Currency Loans	45.64	222.24
	45.64	222.24
	<b>3747.45</b>	<b>3176.20</b>
<b>B) Interest accrued but not due on borrowings from</b>		
Indian Banks, Financial Institutions & Corporations	25.04	27.97
Foreign Banks & Financial Institutions	36.80	41.89
Secured/Unsecured redeemable Bonds	2013.23	1588.94
	<b>2075.07</b>	<b>1658.80</b>
<b>C) Others</b>		
i) Dues for capital expenditure	4799.83	2822.24
ii) Employee related liabilities	112.79	68.44
iii) Unpaid matured bonds	0.10	0.09
iv) Unclaimed dividends*	11.23	8.46
v) Deposits/Retention money from contractors and others.	3049.32	2183.29
Less: Investments held as security	6.94	5.98
	3042.38	2177.31
vi) Advances from customers	1528.17	2230.48
vii) Statutory dues	158.71	130.36
viii) Related parties**	12.57	22.99
ix) Liabilities in respect of designated a/c operated and maintained in terms of CERC Regulations	84.63	203.75
x) Liabilities in respect of Third Parties under Short Term open Access Regulations	76.40	-
xi) Others	289.51	133.73
	<b>10116.32</b>	<b>7797.85</b>
<b>Total</b>	<b>15938.84</b>	<b>12632.85</b>

### Further notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 2.41

\* No amount is due for payment to Investor Education and Protection Fund

\*\*Breakup of related parties is provided in Note 2.45(b)

## Note 2.11/Short-term provisions

(₹ in Crore)

Description	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March 2013
<b>a) Employee Benefits</b>		
<b>i) Transmission incentive/special incentive</b>		
As per last balance sheet	130.69	225.58
Addition during the year	170.45	137.62
Amount paid/adjusted during the year	167.95	232.51
Closing Balance	133.19	130.69
<b>ii) Retirement benefit/Wage revision</b>		
As per last balance sheet	-	100.75
Additions during the year	-	-
Amounts utilised/paid during the year	-	100.75
Closing Balance	-	-



## Note 2.11/Short-term provisions (Contd.)

(₹ in Crore)

Description	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March 2013
<b>iii) Other Employee Benefits</b> (Leave Encashment, Settlement Allowance and Long Service Award etc.)		
As per last balance sheet	27.37	26.51
Additions/adjustments during the year	13.59	0.86
Closing Balance	40.96	27.37
<b>Total (A)</b>	<b>174.15</b>	<b>158.06</b>
<b>b) Others</b>		
<b>i) Taxation (Including interest on tax )</b>		
As per last balance sheet	-	51.26
Additions during the year	1337.98	1122.47
Amount adjusted during the year	(2027.59)	(1543.01)
Net off against taxes paid (Note 2.18)	3365.47	2716.74
Closing Balance	0.10	0.00
<b>ii) Proposed Dividend</b>		
As per last balance sheet	542.74	621.41
Additions during the year	690.50	542.74
Amounts paid during the year	542.74	621.41
Closing Balance	690.50	542.74
<b>iii) Tax on proposed Dividend</b>		
As per last balance sheet	92.24	100.80
Additions during the year	118.40	92.24
Amounts paid/adjusted during the year	92.24	100.80
Closing Balance	118.40	92.24
<b>iv) Downtime Service Credit-Telecom</b>		
As per last balance sheet	3.74	3.21
Additions during the year	2.18	1.71
Amounts adjusted/paid during the year	0.69	1.18
Closing Balance	5.23	3.74
<b>v) Provision for Corporate Social Responsibility (CSR) Activity</b>		
As per last balance sheet	-	15.26
Additions during the year	-	-
Amounts adjusted/paid during the year	-	15.26
Closing Balance	-	-
<b>vi) Provision Others</b>		
As per last balance sheet	0.01	1.53
Additions during the year	2.06	0.01
Amounts adjusted/paid during the year	0.01	1.53
Closing Balance	2.06	0.01
<b>Total (B)</b>	<b>816.29</b>	<b>638.73</b>
<b>Total (A+B)</b>	<b>990.44</b>	<b>796.79</b>

## Note 2.12/Tangible assets

(₹ in Crore)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 <sup>st</sup> April, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	Upto 31 <sup>st</sup> Mar, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Land</b>												
a) Freehold	1354.23	272.46	-	(41.76)	1668.45	-	-	-	-	-	1668.45	1354.23
b) Leasehold	251.91	9.18	-	(3.31)	264.40	26.81	8.88	-	(0.18)	35.87	228.53	225.10
<b>Buildings</b>												
a) Sub-Stations & Office	572.66	78.43	-	(6.37)	657.46	173.25	20.38	-	1.05	192.58	464.88	399.41
b) Township	455.23	38.97	-	(3.01)	497.21	115.73	17.80	-	0.53	133.00	364.21	339.50
c) RLDC	10.58	-	-	0.70	9.88	2.13	0.33	-	0.20	2.26	7.62	8.45
Temporary Erection	7.66	1.20	-	(0.99)	9.85	7.65	1.15	-	(1.04)	9.84	0.01	0.01
Roads & Bridges	139.61	19.55	-	(3.92)	163.08	40.05	6.48	-	0.34	46.19	116.89	99.56

## Note 2.12/Tangible assets (Contd.)

(₹ in Crore)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 1 <sup>st</sup> April, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	Upto 31 <sup>st</sup> Mar, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Water Supply Drainage & Sewerage	93.95	6.90	-	(3.24)	104.09	26.32	4.00	-	(0.02)	30.34	73.75	67.63
<b>Plant &amp; Equipment</b>												
a) Transmission	49029.60	8673.35	0.85	(725.15)	58427.25	11145.43	2549.31	-	4.09	13690.65	44736.60	37884.17
b) Substation	27179.98	4837.77	0.24	(770.92)	32788.43	6859.81	1429.98	0.15	3.55	8286.09	24502.34	20320.17
c) Unified Load Despatch & Communication	435.28	27.97	-	(3.19)	466.44	308.23	27.85	-	6.36	329.72	136.72	127.05
d) Telecom	1366.69	100.40	-	(17.73)	1484.82	517.22	81.71	-	(4.44)	603.37	881.45	849.47
Furniture Fixtures	86.28	9.90	0.02	0.42	95.74	39.41	5.13	0.02	0.13	44.39	51.35	46.87
Office equipment	89.55	13.79	0.17	0.48	102.69	39.19	5.90	0.12	0.58	44.39	58.30	50.36
Electronic Data Processing & Word Processing Machines	104.92	4.75	0.61	0.71	108.35	69.46	12.21	0.53	0.43	80.71	27.64	35.46
Vehicles	5.01	0.05	0.10	0.07	4.89	2.33	0.38	0.08	0.23	2.40	2.49	2.68
Construction and Workshop equipment	132.86	35.63	-	(0.55)	169.04	31.36	7.23	-	(0.14)	38.73	130.31	101.50
Electrical Installation	117.42	5.50	-	(1.60)	124.52	37.61	5.67	-	(0.15)	43.43	81.09	79.81
Laboratory Equipments	64.33	7.09	-	(0.02)	71.44	30.92	2.93	-	-	33.85	37.59	33.41
Workshop & Testing Equipments	22.54	7.98	-	(0.09)	30.61	14.82	0.82	-	-	15.64	14.97	7.72
Miscellaneous Assets/Equipments	0.82	0.01	-	-	0.83	0.25	0.03	-	-	0.28	0.55	0.57
<b>Total</b>	81521.11	14150.88	1.99	(1579.47)	97249.47	19487.98	4188.17	0.90	11.52	23663.73	73585.74	62033.13
Less: Provision for assets discarded	10.47	-	-	0.07	10.40	8.71	-	-	0.05	8.66	1.74	1.76
<b>Grand Total</b>	81510.64	14150.88	1.99	(1579.54)	97239.07	19479.27	4188.17	0.90	11.47	23655.07	73584.00	62031.37
<b>Previous Year</b>	64154.60	16148.42	0.98	(1219.07)	81521.11	16155.14	3530.12	0.61	196.67	19487.98	62033.13	
Less: Provision for assets discarded	10.47	-	-	-	10.47	8.71	-	-	-	8.71	1.76	
<b>Total</b>	64144.13	16148.42	0.98	(1219.07)	81510.64	16146.43	3530.12	0.61	196.67	19479.27	62031.37	

### Further Notes:

- The company owns 6525 hectare (previous Year 5957 hectare) of land amounting to ₹ 1932.85 crore (previous Year ₹ 1606.14 crore) which has been classified into freehold ₹ 1668.45 crore (previous year ₹ 1354.23 crore) and leasehold ₹ 264.40 crore (previous year ₹ 251.91 crore) based on available documentation
- The land classified as leasehold land held in the State of Jammu and Kashmir amounting to ₹ 64.97 crore (Previous Year ₹ 59.72 crore) is acquired by state Government as per procedures under State Land Acquisition Act. As per prevailing law the state government remains the owner of the land so acquired and company is only given possession for the specific use.
  - The transmission system situated in the state of Jammu and Kashmir have been taken over by the company w.e.f 1<sup>st</sup> April 1993 from National Hydroelectric Power Corporation of India Ltd. (NHPC) upon mutually agreed terms pending completion of legal formalities.
- Freehold land includes ₹ 36.02 crore (previous year ₹ 55.32 crore) and ₹ 234.95 crore (previous year ₹ 197.71 crore) in respect of land acquired by the Company for which conveyance deed in favour of the Company and mutation in revenue record respectively is pending.
- Leasehold land includes ₹ 7.64 crore (previous year ₹ 7.64 crore) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence not amortised
- Leasehold land includes ₹ 13.97 crore (previous year ₹ 13.97 crore) in respect of land acquired by the company for which legal formalities are pending.
- Township buildings includes ₹ 7.27 crore (previous year ₹ 7.27 crore) for 28 flats at Mumbai, for which registration in favour of the company is pending.
- Plant and machinery under substation in fixed assets includes company's share of ₹ 3.8 crore (previous year ₹ 3.8 crore) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board (UPSEB) and Rajasthan state electricity board (RSEB) pending execution of formal agreements for joint ownership.

## Note 2.13/Intangible assets

(₹ in Crore)

Particulars	Gross Block					Amortisation					Net Block	
	As at 1 <sup>st</sup> April, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	Upto 31 <sup>st</sup> Mar, 2013	Additions during the year	Sale / Disposal	Adjustment during the year	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Electronic Data Processing Software	12.24	6.25	-	0.01	<b>18.48</b>	6.79	1.64	-		<b>8.43</b>	<b>10.05</b>	5.45
Right of Way-Afforestation Expenses	600.24	134.26	-	(38.29)	<b>772.79</b>	69.81	37.56	-	(8.87)	<b>116.24</b>	<b>656.55</b>	530.43
SCADA Software	192.85	1.48			<b>194.33</b>	191.61	1.65			<b>193.26</b>	<b>1.07</b>	1.24
<b>Total</b>	<b>805.33</b>	<b>141.99</b>		<b>(38.28)</b>	<b>985.60</b>	<b>268.21</b>	<b>40.85</b>		<b>(8.87)</b>	<b>317.93</b>	<b>667.67</b>	537.12
Previous Year	375.06	224.74	-	(205.53)	805.33	50.95	27.44	-	(189.82)	268.21	537.12	

## Note 2.14/Capital work in progress

(₹ in Crore)

Particulars	As at 1 <sup>st</sup> April, 2013	Additions during the year	Adjustments	Capitalised during the year	As at 31 <sup>st</sup> March, 2014
<b>Land</b>					
Development of land	50.20	17.23	4.31	6.69	<b>56.43</b>
<b>Buildings</b>					
a) Sub-Stations & Office	123.34	191.10	12.13	66.87	<b>235.44</b>
b) Township	58.69	34.04	1.45	28.96	<b>62.32</b>
Temporary erection	0.67	0.31	0.11	-	<b>0.87</b>
Roads & Bridges	22.14	22.64	6.43	14.36	<b>23.99</b>
Water Supply Drainage and Sewerage	6.09	8.18	0.39	4.16	<b>9.72</b>
<b>Plant &amp; Equipments (including associated civil works)</b>					
a) Transmission	13486.14	17849.38	(39.71)	8621.43	<b>22753.80</b>
b) Sub-Station	1821.96	5845.30	44.23	4605.52	<b>3017.51</b>
c) Unified Load Despatch & Communication	5.89	218.85	10.06	26.65	<b>188.03</b>
d) Telecom	66.59	102.83		99.00	<b>70.42</b>
e) DELP Project Puducherry		0.83			<b>0.83</b>
Furniture & Fixtures	0.76	0.58	0.28	0.15	<b>0.91</b>
Other office equipments	0.17	1.09	0.15		<b>1.11</b>
Electrical Installations	11.10	6.47	0.30	1.04	<b>16.23</b>
<b>Expenditure pending allocation</b>					
i) Survey, investigation, consultancy & supervision Charges	183.14	13.90	129.70	2.52	<b>64.82</b>
ii) Difference in Exchange on foreign currency loans	437.23	1035.11	136.85	127.97	<b>1207.52</b>
iii) Expenditure during construction period(net) ( Note 2.32)	2982.16	2637.56	1292.82	0.65	<b>4326.25</b>
<b>Total</b>	<b>19256.27</b>	<b>27985.40</b>	<b>1599.50</b>	<b>13605.97</b>	<b>32036.20</b>
Less: Provision for abandoned project					<b>19.40</b>
<b>Grand total</b>	<b>19256.27</b>	<b>27985.40</b>	<b>1599.50</b>	<b>13605.97</b>	<b>32016.80</b>
Previous Year	16248.75	20393.04	1882.66	15502.86	19256.27

## Note 2.15/Intangible assets under development

(₹ in Crore)

Particulars	As at 1 <sup>st</sup> April, 2013	Additions	Adjustments	Capitalised during the year	As at 31 <sup>st</sup> March, 2014
Electronic Data Processing Software	0.70	16.97	-	-	17.67
Right of Way-Afforestation expenses	213.29	210.34	4.89	126.86	291.88
Development Expenditure	1.34	-	(63.45)	-	64.79
<b>Total</b>	<b>215.33</b>	<b>227.31</b>	<b>(58.56)</b>	<b>126.86</b>	<b>374.34</b>
Previous Year	93.08	325.04	(7.24)	210.03	215.33

## Note 2.16/Construction stores

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Towers	4209.34	3961.79
Conductors	5087.57	7038.36
Other Line Materials	2615.22	2320.23
Sub-Station Equipments	2507.46	1736.62
High Voltage Direct Current (HVDC) Equipments	3022.46	389.71
Unified Load Despatch & Communication(ULDC) Materials	88.73	48.47
Telecom Materials	19.32	35.97
Others	127.93	262.68
	<b>17678.03</b>	<b>15793.83</b>
Less: Provision for shortages and obsolete material	<b>0.10</b>	<b>0.01</b>
<b>TOTAL</b>	<b>17677.93</b>	<b>15793.82</b>
<b>Construction Stores include:</b>		
<b>i) Material in transit</b>		
Towers	9.45	27.51
Conductors	-	31.58
Other Line Materials	46.74	136.25
Sub-Station Equipments	219.63	131.16
High Voltage Direct Current (HVDC) Equipments	904.31	220.75
Telecom Materials	-	1.74
Others	66.72	87.65
Total	<b>1246.85</b>	<b>636.64</b>
<b>ii) Material with Contractors</b>		
Towers	4199.89	3931.64
Conductors	5087.57	7006.78
Other Line Materials	2568.48	2178.97
Sub-Station Equipments	2259.94	1600.05
High Voltage Direct Current (HVDC) Equipments	2118.06	168.96
Unified Load Despatch & Communication(ULDC) Materials	59.02	10.59
Telecom Materials	19.32	5.85
Others	42.42	105.91
Total	<b>16354.70</b>	<b>15008.75</b>
Grand total	<b>17601.55</b>	<b>15645.39</b>

### Further Notes:

- Pending reconciliation, materials amounting to ₹100.91 crore (previous year ₹63.55 crore) in commissioned lines is shown as construction stores lying with contractors.
- Construction Stores includes ₹ 50.68 crore (Previous year ₹ 91.61 crore) representing the value of conductors supplied by a supplier but found to be defective. The supplier has agreed to replace the defective conductors.



## Note 2.17/Non-current investments

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>LONG TERM</b>		
<b>A. TRADE INVESTMENTS (AT COST)</b>		
<b>I. Equity Instruments-Fully Paid up :-</b>		
<b>Quoted</b>		
PTC India Limited 12000006 (Previous year 12000006) Shares of ₹10/- each {Market Value ₹ 81.36 crore @ ₹67.80 (NSE) per share (Previous year ₹ 71.94 crore @ ₹59.95 (NSE) per share)}	12.00	12.00
<b>II. Govt. Securities ( Unquoted ):-</b>		
<b>a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f.</b>		
<b>1.10.2006 of :</b>		
Andhra Pradesh	18.05	36.10
Arunachal Pradesh	0.52	1.04
Assam	16.78	33.56
Bihar	16.22	32.43
Gujarat	7.00	14.01
Haryana	8.05	16.10
Himachal Pradesh	0.28	0.57
Jammu & Kashmir	16.20	32.40
Kerala	2.41	4.82
Madhya Pradesh	10.41	20.81
Maharashtra	1.35	2.69
Manipur	3.17	6.34
Meghalaya	0.04	0.09
Mizoram	-	0.01
Nagaland	1.39	2.79
Punjab	4.69	9.39
Rajasthan	2.18	3.27
Sikkim	1.13	2.25
Tripura	0.09	0.18
Uttar Pradesh	46.15	92.29
Uttaranchal	5.13	10.25
West Bengal	8.05	16.10
Jharkhand	11.15	22.30
	<u>180.44</u>	<u>359.79</u>
<b>b) Other Bonds:-</b>		
15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 30.11.2007	5.77	8.09
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable in 20 half yearly instalments w.e.f 31.03.2008	8.06	10.75
	<u>13.83</u>	<u>18.84</u>
<b>Total (A)</b>	<b>206.27</b>	<b>390.63</b>
<b>B. Non-trade investments ( Unquoted )</b>		
Equity shares- Fully Paid up		
500 (Previous year 500) shares of ₹ 10/- each in Employees Co-op Society Limited Itarsi (₹ 5000/-)		
500 (Previous year 500) shares of ₹ 10/- each in Employees Co-op Society Limited Nagpur (₹ 5000/-)		
500 (Previous year 500) shares of ₹ 10/- each in Employees Co-op Society Limited Jabalpur (₹ 5000/-)		
1 (Previous year Nil) shares of ₹ 10/- each in Bharat Broadband Network Ltd. (₹ 10/-)		
<b>Total (B)</b>		
<b>GRAND TOTAL (A+B)</b>	<b>206.27</b>	<b>390.63</b>
<b>Further notes:</b>		
1) Aggregate amount of Quoted Investments		
Book value	12.00	12.00
Market Value	81.36	71.94
Aggregate amount of Unquoted Investments		
Book value	194.27	378.63
2) Investments have been valued as per accounting policy no. 1.11 (Note no 1)		



## Note 2.18/Long-term loans and advances

(Unsecured considered good unless otherwise stated)

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) Advances for Capital Expenditure</b>		
i) Secured	8.40	7.73
ii) Unsecured		
a. Against bank guarantees	3268.35	4783.48
b. Others	600.55	568.03
iii) Unsecured considered doubtful	1.21	1.19
	3870.11	5352.70
Less: Provision for bad & doubtful Advances	1.21	1.19
	<b>3868.90</b>	<b>5351.51</b>
	<b>3877.30</b>	<b>5359.24</b>
<b>B) Loans</b>		
i) Employees (including interest accrued)		
Secured	152.05	111.30
Unsecured	8.79	5.50
	160.84	116.80
ii) Long term loan (Under securitisation Scheme)	23.14	38.56
iii) Lease receivables	437.34	447.36
	<b>621.32</b>	<b>602.72</b>
<b>C) Security Deposits</b>	<b>4.87</b>	<b>4.34</b>
<b>D) Advances recoverable in cash or in kind or for value to be received</b>		
Contractors & Suppliers( including material issued on Loan)	48.10	16.94
Employees	10.66	5.61
Others (Including MAT Credit Entitlement)	34.95	25.37
Balance with Customs Port Trust and other authorities	1.50	2.42
Advance tax and Tax deducted at source	3466.96	2914.09
Less: Provision for taxation	3365.47	2716.74
	101.49	197.35
	196.70	247.69
Considered doubtful	6.24	7.91
	202.94	255.60
Less: Provision for doubtful Advances	6.24	7.91
	<b>196.70</b>	<b>247.69</b>
<b>Total</b>	<b>4700.19</b>	<b>6213.99</b>
Due from:		
Directors	0.04	0.05
Officers	8.52	9.60

## Note 2.19/Current investments

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>CURRENT MATURITIES OF LONG TERM INVESTMENTS (AT COST)</b>		
<b>TRADE INVESTMENTS</b>		
<b>I) Govt. Securities ( Unquoted ):-</b>		
<b>a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :</b>		
Andhra Pradesh	18.05	18.05
Arunachal Pradesh	0.52	0.52
Assam	16.78	16.78
Bihar	16.21	16.21
Gujarat	7.00	7.00
Haryana	8.05	8.05
Himachal Pradesh	0.28	0.28
Jammu & Kashmir	16.20	16.20
Kerala	2.41	2.41
Madhya Pradesh	10.41	10.41
Maharashtra	1.35	1.35



## Note 2.19/Current investments

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Manipur	3.17	3.17
Meghalaya	0.04	0.04
Nagaland	1.39	1.39
Punjab	4.70	4.70
Rajasthan	1.09	-
Sikkim	1.13	1.13
Tripura	0.09	0.09
Uttar Pradesh	46.15	46.15
Uttaranchal	5.13	5.13
West Bengal	8.05	8.05
Jharkhand	11.15	11.15
	<u>179.35</u>	<u>178.26</u>

### b) Other Bonds:-

15 years 8.5% J&K Govt. Bonds 2017 Interest payable semi-annually redeemable w.e.f 30.11.2007	2.31	2.31
15 years 8.5% J&K Govt. Bonds 2018 Interest payable semi-annually redeemable w.e.f 31.03.2008	2.69	2.69
	<u>5.00</u>	<u>5.00</u>

### Total (I)

**184.35**      **183.26**

### II) Mutual Funds (Unquoted)

ICICI Prudential Liquid Growth	2.49	-
IDFC Cash Fund	2.24	-
Birla Sunlife Cash Fund	0.59	2.39
Axis Liquid Fund Growth	7.51	-
Baroda Pioneer Liquid Fund Plan A Growth	5.02	-
ICICI Prudential FMP series 69-369 days Growth*	12.26	-
Kotak FMP Series 116- Growth	2.16	-
Tata Fixed Maturity Plan series 40 *	-	10.09
Sundaram Money Fund Regular- Growth	0.55	-

### Total (II)

**32.82**      **12.48**

### GRAND TOTAL

**217.17**      **195.74**

### Further notes:

1) Aggregate amount of Unquoted Investments Book value	<b>217.17</b>	<b>195.74</b>
---	---------------	---------------

2) Investments have been valued as per accounting policy no. 1.11(Note no 1)

\* Under Lien for Debt Service Reserve Agreement and Accrual Account

## Note 2.20/Inventories

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
(As taken valued and certified by the Management) (For mode of valuation refer Note 1.12)		
Loose tools	<b>0.96</b>	0.68
Consumable stores	<b>2.10</b>	5.27
Components, Spares & other spare parts:		
Towers	<b>158.21</b>	130.35
Conductors	<b>57.27</b>	41.82
Other Line Materials	<b>190.86</b>	149.14
Sub-Station Equipments/Spares	<b>199.99</b>	136.72
High Voltage Direct Current Equipments/spares	<b>61.05</b>	60.78
Unified Load Despatch Centre Spares	<b>1.66</b>	2.26
Telecom Spares	<b>5.69</b>	8.06
Other Stores	<b>35.92</b>	18.02
	<u><b>713.71</b></u>	<u>553.10</u>
Less Provision for Shortages	<b>0.27</b>	0.25
Total	<u><b>713.44</b></u>	<u>552.85</u>
Inventories includes material in transit		
Other Line Materials	<b>0.08</b>	-
Total	<u><b>0.08</b></u>	<u>-</u>

## Note 2.21/Trade receivables

(Unsecured considered good unless otherwise stated)

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
i) Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	146.43	285.03
Considered doubtful	21.31	20.65
	<b>167.74</b>	<b>305.68</b>
ii) Others	<b>1471.86</b>	<b>1206.35</b>
	<b>1639.60</b>	<b>1512.03</b>
Less: Provision for bad & doubtful trade receivables	<b>21.31</b>	<b>20.65</b>
<b>Total</b>	<b>1618.29</b>	<b>1491.38</b>

## Note 2.22/Cash and Bank balances

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>1) Cash and Cash Equivalents</b>		
Balance with banks-		
- In Current accounts	970.13	1528.62
- In designated current accounts( to be utilised for consultancy assignments)	653.13	788.15
- In term deposits (having maturity period upto 3 months)	54.78	61.43
- In LDC Development Account	116.83	62.00
Drafts/Cheques in hand	0.01	4.39
Cash in hand	0.01	0.04
Stamps and Imprest	0.02	0.01
	<b>1794.91</b>	<b>2444.64</b>
<b>2) Other Bank Balances</b>		
- In current account (Unclaimed dividend)	<b>11.23</b>	<b>8.46</b>
- In Current Accounts / Flexi Deposits (Operated and maintained in terms of CERC regulations)	<b>77.37</b>	<b>177.38</b>
- In Term Deposits having maturity over 3 months (FPO proceeds to be utilised for identified projects)	<b>2975.00</b>	<b>-</b>
- In Current Accounts / Flexi Deposits (Held on account of Third Parties under Short Term Open Access Regulations)	<b>76.40</b>	<b>-</b>
- In other Term/Flexi Deposits Deposits having maturity over 3 months	<b>39.46</b>	<b>48.41</b>
<b>TOTAL</b>	<b>4974.37</b>	<b>2678.89</b>

Further notes:

Balance with Banks in current accounts and designated current accounts under cash and cash equivalents above, includes liquid flexi term deposit ₹150.97 crore (previous year ₹115.71 crore ) and ₹ 611.82 crore (previous year ₹775.15 crore) respectively

## Note 2.23/Short-term loans and advances

(Unsecured considered good unless otherwise stated)

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) Loans</b>		
<b>a) Employees including interest accrued</b>		
i) Secured	25.63	51.34
ii) Unsecured	5.65	5.10
	31.28	56.44
<b>b) Others</b>		
Current maturities of Long Term Advances (Under securitisation Scheme)	23.14	23.14
Current Maturities of Lease Receivables	98.31	63.44
	121.45	86.58
<b>Total (A)</b>	<b>152.73</b>	<b>143.02</b>
<b>B) Advances to related parties*</b>	<b>22.71</b>	<b>20.50</b>
<b>C) Advances recoverable in cash or in kind or for value to be received</b>		
<b>a) Employees</b>	20.12	21.38
<b>b) Others</b>		
Contractors & Suppliers (Including Material issued on loan)	19.57	61.05
Balance with Customs Port Trust and other authorities	28.78	15.87
Others	217.88	158.88
	266.23	235.80
<b>Total (C)</b>	<b>286.35</b>	<b>257.18</b>
<b>Total(A+B+C)</b>	<b>461.79</b>	<b>420.70</b>
<b>Due from</b>		
Directors	0.01	0.02
Officers	2.78	3.22

Further notes:

\*Breakup of advances to related parties is provided in Note 2.45(b)

**Note 2.24/Other current assets**

(Unsecured considered good unless otherwise stated)

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
a) Unbilled Revenue	1654.85	1785.92
b) Interest accrued but not due		
Interest accrued on Investments (Bonds)	20.19	27.94
Interest accrued on Term/Fixed Deposits	74.45	24.18
c) Claims recoverable	3.86	8.91
d) Others	33.56	42.75
e) Doubtful claims	1.09	1.09
	<b>1788.00</b>	1890.79
Less: Provision for doubtful claims	<b>1.09</b>	1.09
<b>TOTAL</b>	<b>1786.91</b>	1889.70

**Further notes:**

Unbilled revenue ₹ 615.33 crore ( Previous year ₹754.28 crore) represent amount for which the company is yet to raise bills in view of recognition of revenue as per CERC Tariff norms applicable for 2009-2014 and also includes transmission charges for the month of March, 2014 amounting to ₹ 1039.52 crore (previous year ₹1031.64 crore) billed to beneficiaries in the month of April, 2014(Previous year April, 2013).

**Note 2.25/Revenue from operations**

Particulars	(₹ in Crore)	
	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>i) Transmission Business</b>		
Sales of services		
<b>Transmission Charges</b>	14232.83	11925.85
Add: Revenue recognised out of advance against depreciation	76.88	48.82
Add: -Short term open access	242.50	442.58
Add: System & Market Operation Charges	140.66	153.62
	14692.87	12570.87
<b>Other operating revenue</b>		
Interest on differential between Provisional and Final Tariff by CERC	77.54	48.40
	<b>14770.41</b>	12619.27
<b>ii) Telecom Business</b>		
Sales of services		
NLD	268.41	227.06
IP-1	8.62	10.31
ISP	1.68	1.36
Others	8.48	4.85
	287.19	243.58
<b>Less: Inter Divisional Transfer</b>		
NLD	5.65	6.88
IP-1	5.16	5.16
ISP	0.24	0.15
	11.05	12.19
	<b>276.14</b>	231.39
<b>iii) Consultancy Project Management and Supervision</b>		
Sales of services	334.81	226.80
Sales of products	294.07	86.44
	<b>628.88</b>	313.24
<b>Total</b>	<b>15675.43</b>	13163.90

**Further notes:**

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

- ₹ 3791.82 crore (previous year ₹3552.38 crore ) for which provisional tariff orders have been issued by the Central Electricity Regulatory Commission ( CERC) allowing provisional billing at 85-95% of the tariff claimed ;
- ₹ 9988.83 crore (previous year ₹ 8260.59 crore ) for which final tariff orders have been issued by CERC
- ₹ 476.68 crore (previous year ₹ 96.44 crore) based on CERC Tariff norms applicable for the tariff block 2009-14 for which tariff orders are yet to be issued by CERC.

## Note 2.25/Revenue from operations (Contd.)

- d) Transmission charges for the current year include ₹ 52.38 crore (Previous year ₹ 65.26 crore ) on account of deferred tax materialised during the year which is recoverable from beneficiaries as per CERC Tariff Regulations 2009 notified by the CERC.
- e) CERC issued tariff order dated 29.04.2011 in respect of Barh-Balia Transmission line considering the date of commercial operation (DOCO) 01.07.10. Against this tariff order, one of the beneficiaries filed appeal before the Appellate Tribunal for Electricity (ATE) challenging the tariff approved by CERC based on above DOCO claimed by the company. The ATE vide its orders dated 2.07.12 observed that the DOCO of 1.7.10 was not correct as the appellant had reported that the transmission line was actually commissioned in August 2011 i.e. when it was successfully test charged at both ends as the work which was in scope of generating Company have been completed in August 2011. Accordingly, the ATE remanded CERC for redetermination of DOCO and tariff of the Transmission line. ATE vide order dated 8.11.12 also rejected the review petition of the company in this regard. Upon this, the company filed an appeal in the Supreme Court explaining that the DOCO of 1.7.10 was as per CERC Regulations. The Hon'ble Supreme Court on 15.03.2013 had stayed all the proceedings before the CERC for the said Transmission System based on the appeal filed by the Company against the order of Appellate Tribunal for Electricity (ATE) directing CERC for redetermination of date of commercial operation.

The Company had also filed petition on 15.01.2013 before the Central Electricity Regulatory Commission (CERC) for determination of revised transmission tariff on the basis of revised cost estimate approved by the Board of Directors. Subsequently on 08.10.2013, in its interim order, the Hon'ble Supreme Court has directed the CERC to proceed with determination of tariff for the said Transmission System pending disposal of the appeal regarding determination of DOCO date.

Considering above, during the year, the Company has recognised differential tariff of ₹ 168.79 crore for the period from 01.07.2010 to 31.03.2014 (including ₹124.46 crore for the period upto 31.03.2013) attributable to differential revised cost as per CERC tariff norms.

Pending decision of the Supreme Court, and considering that 01.07.2010 is correct DOCO as per CERC Regulations, no adjustment has been made in respect of Revenue of ₹ 144.91 crore recognised for the period 01.07.2010 to 31.08.2011.

- f) The CERC vide notification dated 11th September,2013 has directed to disburse the entire amount collected under Short Term Open Access (STOA) without retaining the 25% ( 25% for intra region and 12.5% for each of the inter region) of the amounts which was allowed as per the earlier regulation.

Accordingly, STOA charges of ₹ 203.64 crore of PGCIL are for the period from 01st April,2013 to 10th September,2013.

## Note 2.26/Other income

(₹ in Crore)		
Particulars	For the year ended 31st March, 2014	For the year ended 31st March,2013
<b>A) Income from non-current Investments</b>		
<b>i) Dividend</b>		
Others	1.92	1.80
<b>ii) Interest on Govt.securities</b>	43.68	59.26
<b>B) Other Interest</b>		
Loan to State Govt. in settlement of dues	4.26	5.57
Indian Banks	241.11	260.69
Interest from advances to contractors	231.71	268.13
Interest on outstanding dues from DESU	-	91.38
Others	12.48	9.23
	<b>535.16</b>	<b>696.06</b>
<b>C) Others</b>		
Profit on sale of Fixed Assets	<b>0.10</b>	0.31
Deferred Income (Transferred from Grants-in-aid)	<b>22.05</b>	23.06
Transfer from Insurance Reserve on A/c of Losses of Fixed Assets	<b>5.83</b>	0.35
Lease Income-State Sector ULDC	<b>38.84</b>	35.66
Surcharge	<b>75.03</b>	73.64
Hire charges for equipments	<b>0.12</b>	0.28
FERV gain	-	1.16
Rebate	<b>0.35</b>	0.27
Provisions written back	<b>6.50</b>	59.34
Miscellaneous income	<b>89.52</b>	56.73
	<b>773.50</b>	<b>946.86</b>
Less: Income transferred to expenditure during construction (Net)-Note 2.32	<b>302.81</b>	<b>383.64</b>
<b>Total</b>	<b>470.69</b>	<b>563.22</b>



## Note 2.27/Employee benefits expense

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
Salaries wages allowances & benefits	1205.15	1161.93
Contribution to provident and other funds	168.77	148.60
Staff Welfare expenses	122.25	108.78
	<b>1496.17</b>	1419.31
Less: Transferred to Expenditure during Construction(Net)-Note 2.32	<b>462.56</b>	444.59
Total	<b>1033.61</b>	974.72

### Further notes:

Pending approval of Ministry of Power and Department of Public Enterprises, special allowance up to 10% of Basic pay amounting to ₹17.43 crore for the financial year 2013-14 (Cumulative amounting to ₹ 78.86 crore upto 31.03.2014) is being paid to employees who are posted in the difficult and far flung areas. The above allowance is above the maximum ceiling of 50% of Basic Pay as per DPE office memorandum no. 2(70)/08-DPE(WC)-GL-XVI/08 dated 26-Nov-2008.

## Note 2.28/Finance costs

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>A) i) Interest on loans from</b>		
Indian Banks, Financial Institutions & Corporations	693.39	471.48
Foreign Banks and Financial Institutions	222.49	230.40
Secured/Unsecured redeemable Bonds	4238.37	3507.02
Foreign Currency Bonds	126.71	23.02
ii) Interest-Others	20.62	6.66
	<b>5301.58</b>	4238.58
<b>B) Other borrowing costs</b>		
Commitment charges	18.20	18.34
Guarantee Fee	204.59	212.03
Other finance charges	48.88	79.87
	<b>271.67</b>	310.24
<b>C) ERV as adjustment to Borrowing Cost</b>		
ERV as adjustment to Borrowing Cost	3.96	(660.42)
Less: FERV recoverable	3.96	(586.50)
		(73.92)
	<b>5573.25</b>	4474.90
Less: Transferred to Expenditure during Construction(Net)-Note 2.32	<b>2319.59</b>	1875.46
Total	<b>3253.66</b>	2599.44

## Note 2.29/Depreciation and amortization expense

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
Depreciation/amortisation on Tangible Assets	<b>4188.17</b>	3530.12
Amortisation of Intangible Assets	<b>40.85</b>	27.44
	<b>4229.02</b>	3557.56
Less: Transferred to Expenditure During Construction(Net)-Note 2.32	<b>9.52</b>	11.10
	<b>4219.50</b>	3546.46
Less: Depreciation amortised due to FERV adjustment	<b>140.12</b>	118.66
Charged To Statement of Profit & Loss	<b>4079.38</b>	3427.80

## Note 2.30/Transmission, Administration and other expenses

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>Repair &amp; Maintenance</b>		
Buildings	31.11	28.88
Plant & Machinery		
Sub-Stations	192.10	124.32
Transmission lines	74.34	71.85
Telecom equipments	25.99	25.61
RLDC	19.87	21.19
Others	10.83	10.03
	323.13	253.00
System and Market Operation Charges		0.51
Power charges	125.49	108.74
Less: Recovery from contractors	1.12	0.77
	124.37	107.97
Expenses of Diesel Generating sets	5.72	6.23
Stores consumed	0.06	0.09
Water charges	1.04	1.03
Right of Way charges(Telecom)	4.94	5.43
Patrolling Expenses-Telecom	1.71	1.51
Last Mile connectivity-Telecom	0.12	0.30
Training & Recruitment Expenses	20.89	18.43
Less:Fees for training and application	0.15	0.05
	20.74	18.38
Legal expenses	8.13	8.01
Professional charges(Including TA/DA)	24.53	10.87
Consultancy expenses(Including TA/DA)	7.81	3.79
Communication expenses	15.59	13.16
Travelling & Conv.exp.(excluding foreign travel)	92.64	88.60
Foreign travel	12.25	7.66
	104.89	96.26
Tender expenses	18.48	13.30
Less: Sale of tenders	3.69	4.19
	14.79	9.11
<b>Remuneration to auditors</b>		
Statutory Auditors*		
Audit Fees	0.71	0.70
Tax Audit Fees	0.13	0.13
In Other Capacity	0.64	0.69
Arrears	0.15	0.24
Out of pocket Expenses	0.66	0.68
	2.29	2.44
Advertisement and publicity	7.85	7.02
Printing and stationery	6.77	4.81
Books Periodicals and Journals	1.29	0.99
EDP hire and other charges	4.11	3.26
Entertainment expenses	1.80	1.67
Brokerage & Commission	0.53	0.20
Research & Development expenses	0.69	1.08
Cost Audit and Physical verification Fees	0.67	0.45
Rent	11.99	10.68
Capital Expenditure on assets not owned by the Company	3.07	12.86
CERC petition & Other charges	32.82	22.33





## Note 2.30/Transmission, Administration and other expenses (Contd.)

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
Miscellaneous expenses	48.79	36.43
Horticulture Expenses	10.67	8.80
Security Expenses	92.75	70.63
Hiring of Vehicle	94.69	74.05
Insurance	57.88	50.23
Rates and taxes	7.16	10.84
License Fees to DOT	22.59	15.93
Bandwidth charges dark fibre lease charges (Telecom) etc	20.56	16.61
Expenditure on Corporate Social Responsibility (CSR) & Sustainable development	24.04	23.15
Non operating expenses	0.74	0.32
Transit Accomodation Expenses	8.63	6.50
Less : Income from Transit Accomodation	0.95	0.78
	7.68	5.72
Rebate to Customers	120.21	82.89
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)	8.35	-
<b>Provisions</b>		
Provision-Others	22.43	2.75
	22.43	2.75
	1301.10	1030.67
Less: Transferred to Expenditure during Construction(Net)-Note 2.32	148.32	125.49
	<b>1152.78</b>	905.18
Loss on Disposal/Write off of Fixed Assets	<b>5.76</b>	6.65
Total	<b>1158.54</b>	911.83
Stores consumption included in repair and maintenance	<b>110.52</b>	83.46

### Further Notes:

The Company has allowed rebate against payment received through LC / cheques / RTGS for effecting better and timely recovery of dues from State Power Utilities on consistent basis

\*Excluding professional fees paid for FPO certification work ₹0.36 crore (Previous Year NIL) which is directly adjusted against security premium reserve.

## Note 2.31/Prior period items(Net)

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>Income</b>		
Transmission charges	(16.89)	51.20
Depreciation/amortisation written back	-	0.15
Depreciation amortised due to FERV	-	1.82
Others	8.13	21.61
	<b>(8.76)</b>	74.78
<b>Expenditure</b>		
Rates and taxes	0.73	1.20
Depreciation/amortisation	14.85	29.74
Interest	13.21	12.66
Others	5.36	5.52
	<b>34.15</b>	49.12
<b>Prior period expenditure/(income )(Net)</b>	<b>42.91</b>	(25.66)
Less: Transferred to Expenditure during Construction(Net) -Note 2.32	0.38	0.14
<b>Total</b>	<b>42.53</b>	(25.80)

## Note 2.32/ Expenditure during Construction (Net)

(₹ in Crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>A. Employees Remuneration &amp; Benefits</b>		
Salaries wages allowances and benefits	384.05	380.60
Contribution to provident and other funds	53.18	43.78
Welfare expenses	25.33	20.21
Total(A)	<b>462.56</b>	444.59
<b>B. Other Expenses</b>		
Repair and maintenance		
Buildings	2.66	2.54
Others	2.13	3.63
	4.79	6.17
Power charges	18.70	16.45
Less: Recovery from contractors	0.60	0.60
	18.10	15.85
Expenses on Diesel Generating sets	1.05	1.45
Water charges	0.25	0.17
Training & Recruitment Expenses	0.03	0.05
Legal expenses	2.02	2.05
Professional charges	2.63	1.86
Consultancy expenses	1.40	2.31
Communication expenses	3.01	2.89
Travelling & Conv.exp. (Including Foreign Travel)	40.94	36.47
Tender expenses	8.28	5.90
Less: Sale of tenders	3.36	3.88
	4.92	2.02
Payment to Auditors	0.15	0.08
Advertisement and Publicity	0.41	1.56
Printing and stationery	0.77	0.65
Books,Periodicals and Journals	0.02	-
EDP hire and other charges	0.30	0.26
Entertainment expenses	0.26	0.21
Brokerage and commission	0.06	0.06
Rent	4.33	4.09
Miscellaneous expenses	5.57	7.18
Horticulture Expenses	0.61	0.54
Security Expenses	18.37	10.73
Hiring of Vehicles	34.28	24.89
Insurance	1.39	0.63
Rates and taxes	1.41	2.45
Bandwidth charges, dark fibre lease charges (Telecom)	0.11	-
Non-operating expenses	0.09	-
Transit Accomodation Expenses	1.09	0.91
Less : Income from Transit Accomodation	0.04	0.04
	1.05	0.87
Sub-total	<b>148.32</b>	125.49
Prior Period adjustment (net)	<b>0.38</b>	0.14
<b>Total (B)</b>	<b>148.70</b>	125.63
<b>C. Depreciation/Amortisation</b>	<b>9.52</b>	11.10

## Note 2.32/ Expenditure during Construction (Net) (Contd.)

(₹ in Crore)

Particulars		For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>D. Finance Costs</b>			
a) Interest on Loans from			
Indian Banks, Financial Institutions and Corporations	316.52		173.61
Foreign Banks and Financial Institutions	110.67		84.98
Secured/Unsecured Redeemable Bonds	1665.16		1432.09
Foreign Currency Bonds	125.93		22.43
		2218.28	1713.11
b) Other borrowing costs			
Commitment charges	17.99		18.20
Guarantee fee	56.56		76.88
Other Finance Charges	26.76		67.27
		101.31	162.35
<b>Total (D)</b>		<b>2319.59</b>	<b>1875.46</b>
<b>E. Less: Other Income</b>			
Interest from			
Indian banks	60.05		114.60
Contractors	225.30		264.69
Others	1.88		0.91
		287.23	380.20
Miscellaneous income		15.58	3.20
Hire charges		-	0.24
<b>Total (E)</b>		<b>302.81</b>	<b>383.64</b>
<b>GRAND TOTAL (A+B+C+D-E)</b>		<b>2637.56</b>	<b>2073.14</b>

## OTHER NOTES

### 2.33. BASIS OF CONSOLIDATION

1.1 The consolidated financial statements relate to Power Grid Corporation of India Limited (the Company), its Subsidiaries and interest in Joint Venture Companies.

a) Basis of Accounting:

- The financial statements of the subsidiary companies and joint venture companies in the consolidation are drawn up to the same reporting date as of the Company.
- The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21- 'Consolidated Financial Statements' and Accounting Standard (AS) -27 'Financial Reporting of Interests in Joint Ventures notified under Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles.

b) Principles of Consolidation:

The consolidated financial statements have been prepared as per the following principles:-

- The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions, unrealised profits or losses.
- The consolidated financial statements include the interest of the company in joint ventures, which has been accounted for using proportionate consolidation method of accounting and reporting whereby the company's share of each asset, liability, income and expense of a joint controlled entity is considered as a separate line item after eliminating proportionate share of unrealised profit in accordance with the Accounting Standard (AS-27) ' Financial Reporting of Interests in Joint Ventures'.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements except as otherwise stated in the notes to the accounts.

c) Difference in Accounting Policies and Impact thereon

For certain items the company and its Subsidiaries & joint ventures have followed different accounting policies. However the impact of the same is not material.

1.2 The Subsidiaries and Joint Venture Companies considered in the financial statements are as follows:-

Name of the Company	Proportion (%) of Share holding as on 31 <sup>st</sup> March, 2014	Proportion (%) of Share holding as on 31 <sup>st</sup> March, 2013
<b>Subsidiary Companies</b>		
1. Power System Operation Corporation Limited (POSOCO) *	100%	100%
2. Powergrid NM Transmission Limited*	100%	100%
3. Powergrid Vemagiri Transmission Limited*	100%	100%
4. Vizag Transmission Limited *	100%	-
5. Unchahar Transmission Limited*	100%	-
<b>Joint Venture Companies</b>		
1.Powerlinks Transmission Limited	49%	49%
2.Torrent Power Grid Limited*	26%	26%
3. Jaypee Powergrid Limited *	26%	26%
4. Parbati Koldam Transmission Company Limited	26%	26%
5.Teestavalley Power Transmission Limited *	26%	26%
6.North East Transmission Company Limited*	26%	26%
7.National High Power Test Laboratory Private Limited	20%	20%
8.Energy Efficiency Services Limited *	25%	25%
9.Bihar Grid Company Limited *	50%	50%
10.Kalinga Vidyut Prasaran Nigam Private Limited*	50%	50%
11.Cross Border Power Transmission Company Limited*	26%	26%

\* Financial statements used for consolidation are unaudited.

## OTHER NOTES (Contd.)

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The above joint venture companies are incorporated in India. The company's share in assets, liabilities, contingent liabilities and capital commitment as on 31<sup>st</sup> March 2014 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

₹ in crore			
		As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
A.	Assets		
	• Non Current Assets		
	• Fixed Assets	1626.64	1557.88
	• Long term loans and advances	22.98	24.15
	• Current Assets	232.04	250.09
	<b>Total</b>	<b>1881.66</b>	<b>1832.12</b>
B.	Liabilities		
	• Non current liabilities	1077.78	1040.73
	• Current Liabilities	145.56	196.73
	<b>Total</b>	<b>1223.34</b>	<b>1237.46</b>
C.	Contingent Liabilities	20.49	23.56
D.	Capital Commitments	148.40	158.23
		<b>Current Year</b>	<b>Previous Year</b>
E.	Income	282.91	233.48
F.	Expenses( Including provision for taxes)	201.59	160.53

- 1.3 The Company has made further investment of ₹ 15.60 crore (previous year ₹ 5.08 crore) in Teestavalley Power Transmission Limited, a Joint Venture Company in which 26% shares are held by the company and balance 74% shares is held by Teesta Urja Limited.
- 1.4 The Company has made further investment of ₹ 15.25 crore (previous year ₹ 19.50 crore) in Parbati Koldam Transmission Company Limited, a Joint Venture Company in which 26% shares are held by the company and balance 74% shares is held by Reliance Infrastructure Limited.
- 1.5 The Company has made further investment of ₹ 3.82 crore (previous year ₹ 8.43 crore) in National High Power Test Laboratory Limited, a Joint Venture Company in which 20% shares are held by the company and balance shares held by NTPC Limited, NHPC Limited, Damodar Valley Corporation & Central Power Research Institute equally.
- 1.6 The Company has made further investment of ₹ 4.93 crore (previous year ₹ 0.01 crore) in Cross Border Power Transmission Company Limited, a Joint Venture Company in which 26% shares are held by the company and balance 74% shares are held by IL&FS Energy Development Company Limited, SJVN Limited & Nepal Electricity Authority.
- 1.7 During the year company has made investment of ₹ 0.05 crore in Vizag Transmission Limited. The Company was taken over from REC Transmission Projects Company Limited vide share purchase agreement dated 30<sup>th</sup> August, 2013 to carry over the business awarded under tariff based bidding. After the transfer Vizag Transmission Limited becomes the wholly owned subsidiary company of the company.
- 1.8 During the year company has made investment of ₹ 0.05 crore in Unchahar Transmission Limited. The Company was taken over from REC Transmission Projects Company Limited vide share purchase agreement dated 24<sup>th</sup> March, 2014 to carry over the business awarded under tariff based bidding. After the transfer Unchahar Transmission Limited becomes the wholly owned subsidiary company of the company.

- 2.34 Cash equivalent of deemed export benefits availed of ₹ 209.99 crore in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt. of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP project and the same was capitalised in the books of accounts. Thereafter, World Bank had financed both the ESI project and STP project as originally envisaged and they

## OTHER NOTES (Contd.)

became eligible for deemed export benefits. Consequently, the company has lodged claims with the Customs and Excise Authorities.

In the regard the Cumulative amount received and de-capitalized upto 31<sup>st</sup> March 2014 is ₹ 12.12 crore (Previous year ₹ 12.12 crore). The company continued to show the balance of ₹ 197.87 crore as at 31<sup>st</sup> March 2013 (Previous year ₹ 197.87 crore) in the capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.

- 2.35 During the year company made Follow on Public Offer (FPO) and allotted 601,864,295 fresh equity shares of face value of ₹ 10 each at a premium of ₹ 80 each (₹ 75.50 for retail investors and employees) and further company has made an offer for Sale of 185,189,014 equity shares of ₹ 10 each for a consideration of ₹ 90 each (₹ 85.50 each to retail investors and employees) being disinvestment on behalf of President of India on 16<sup>th</sup> December 2013. The company received ₹ 5321.31 crore through fresh issue of shares including share premium of ₹ 4719.45 crore and sale proceeds of equity of Government of India amounting to ₹ 1637.33 crore which was paid to Government of India. The issue proceeds of ₹ 2346.31 crore have been utilized during the year (₹ 2332.16 crore for part financing of capital expenditure on the projects specified for utilization and ₹ 14.15 crore for share issue expenses spent out of total amount of ₹ 31.64 crore) and the balance amount of ₹ 2975.00 crore is kept in the banks as term deposits.

Issue expenses of ₹ 16.31 crore (Net after adjustment of Share of expenses recoverable from Government of India ₹ 6.93 crore and tax benefit ₹ 8.40 crore respectively) has been adjusted against Securities Premium Reserve (Note - 2.2).

- 2.36 a) Certain balances in Loans and Advances & Trade Payables are subject to confirmation and consequential adjustments, if any.
- b) In the opinion of the management, the value of any of the assets other than fixed assets and non current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.
- 2.37 Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts " is provided as under :

₹ in crore

Particulars		Year ended 31.03.2014	Year ended 31.03.2013
i)	The amount of revenue recognised on cost plus consultancy contract works	259.08	176.90
ii)	<b>The methods used to determine the contract revenue recognised</b> 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	Accounting Policy -1.13.8	Accounting Policy -1.13.8
iii)	Cumulative amount of costs incurred on construction contracts	13123.72	11519.24
iv)	Cumulative amount of advance received from customers as at the year end	14648.74	13251.85
v)	Amount of retention money with customers as at the year end	52.88	96.01
vi)	Gross amount due from customers for contract works as an asset as at the year end	75.72	35.52
vii)	Gross amount due to customers for contract works as a liability as at the year end	943.96	1413.25

- 2.38 The company has been entrusted with the responsibility of billing collection and disbursement (BCD) of the transmission charges on behalf of all the ISTS (Inter state transmission System) licensees through the mechanism of the POC (Point of Connection) charges introduced w.e.f. 01st July 2011 which involves billing based on approved drawl/injection of power in place of old mechanism based on Mega Watt allocation of power by Ministry of Power. By this mechanism, revenue of the company will remain unaffected.

Some of the beneficiaries aggrieved by the POC mechanism have preferred appeal before various High Courts of India. All such appeals have been transferred to Delhi High Court as per order of the Supreme Court on the appeal preferred by the company and company has also requested for directing agitating states to pay full transmission charges as per new methodology pending settlement of the matter. Honorable Delhi High Court has directed all the above beneficiaries to release payments and accordingly the beneficiaries have started making payments as per the said directions. Unrealized amount of ₹ 151.09 crore (Previous Year ₹ 273.27 crore) is included in trade receivables.

- 2.39 (i) FERV Loss of ₹ 2258.15 crore (Previous Year ₹ 1660.02 crore ) has been adjusted in the respective carrying amount of Fixed Assets/ Capital work in Progress (CWIP)/lease receivables.

(ii) FERV Loss of ₹ 8.35 crore (Previous Year FERV Gain ₹ 1.16 crore) has been recognised in the Statement of Profit and Loss.

- 2.40 Borrowing cost capitalised during the year is ₹ 2319.59 crore (previous Year ₹ 1875.46 crore) as per AS 16- "Borrowing Cost".

- 2.41 Based on information available with the company, there are few suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by MSMED Act, 2006 is given as under:

## OTHER NOTES (Contd.)

(₹ in crore)

Sr. No	Particulars	Current Year	Previous Year
1	Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest	9.25 0.05	Nil Nil
2	The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil

### 2.42 Disclosures as per Accounting Standard (AS) 15 - "Employee Benefits"

Defined employee benefit/ contribution schemes are as under:-

#### A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The contribution to the fund for the year amounting to ₹ 75.36 crore (previous year ₹74.79 crore) has been recognized as expense and is charged to Statement of Profit and Loss. The obligation of the company is limited to such fixed contribution and to ensure a minimum rate of interest on contributions to the members as specified by GOI. As per the report of actuary over all interest earning and cumulative surplus 'is more' than statutory interest payment requirement. Hence, no further provision is considered necessary.

#### B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of ₹ 10 lacs. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

#### C. Pension

The Company has scheme of employees defined Pension Contribution. Company contribution is paid to separate trust. Amount of contribution paid/payable for the year is ₹ 63.46 crore (Previous Year ₹ 55.21 crore) has been recognised as expense and is charged to statement of profit & loss.

#### D. Post-Retirement Medical Facility (PRMF)

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

#### E. Other Defined Retirement Benefits (ODRB)

The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents to superannuated employees. The scheme is unfunded and liability for the same is recognised on the basis of actuarial valuation on annual basis on the Balance Sheet date.

**The summarised position of various defined benefits recognized in the Statement of Profit & Loss and Balance Sheet and funded status is as under:-**

a) Expenses recognised in Statement of profit and loss



## OTHER NOTES (Contd.)

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	22.32	20.23	7.62	6.46	0.77	0.69
Interest cost on benefit obligation	33.03	30.40	15.22	12.55	1.13	1.07
Expected return on plan assets	(34.62)	(31.99)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	5.22	4.58	23.32	16.44	(0.50)	(0.45)
Expenses recognized in the Statement of profit and loss	25.95	23.22	46.16	35.45	1.40	1.31

b) Actual return on plan assets is ₹ 37.15 crore (previous year ₹ 30.25 crore)

c) The amount recognized in the Balance Sheet

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(i) Present value of obligation as at the year end	453.65	412.88	231.28	190.32	15.11	14.23
(ii) Fair value of plan assets as at the year end	448.91	407.23	-	-	-	-
Difference (ii) – (i)	(4.74)	(5.64)	(231.28)	(190.32)	(15.11)	(14.23)
Net asset (liability) recognized in the Balance Sheet	(4.74)	(5.64)	(231.28)	(190.32)	(15.11)	(14.23)

d) Changes in the present value of the defined benefit obligations:

(₹ in crore)

Description	GRATUITY		PRMF		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at the beginning of the year	412.88	380.01	190.32	156.92	14.23	13.44
Interest cost	33.03	30.40	15.22	12.55	1.13	1.07
Current Service Cost	22.32	20.24	7.62	6.46	0.77	0.70
Benefits paid	(22.35)	(21.66)	(5.20)	(2.06)	(0.52)	(0.50)
Net actuarial (gain)/loss on obligation	7.77	3.89	23.32	16.45	(0.50)	(0.48)
Present value of the defined benefit obligation as at the end of the year	453.65	412.88	231.28	190.32	15.11	14.23

e) Changes in the fair value of plan assets:

(₹ in crore)

Description	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at beginning of the year	407.23	376.87
Expected return on plan assets	34.62	31.99
Contribution by employer	26.80	19.34
Benefits paid	(22.35)	(21.66)
Actuarial gain/(loss)	2.55	0.69
Fair value of plan assets as at end of the year	448.91	407.23



## OTHER NOTES (Contd.)

### F. Other Employee Benefits

Provision for Leave encashment (including compensated absences) amounting to ₹ 55.00 crore (previous Year ₹ -5.85 crore) 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.

Provision for Long Service Award amounting to ₹ 0.84 crore (Previous Year ₹ 1.19 crore) have been made on the basis of actuarial valuation at the year end.

### G. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost are as follows:-

(₹ in crore)

Description	(At Purchase Value)	
	As at 31 March 2014	As at 31 March 2013
i) State Government Securities	83.71	68.84
ii) Central Government Securities	106.63	88.43
iii) Corporate Bonds/Debentures	237.94	228.63
iv) RBI Special Deposit	5.13	5.13
v) Other Assets	15.50	16.20
<b>Total:-</b>	<b>448.91</b>	<b>407.23</b>

### H. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- Method used - Projected unit credit ( PUC) (Previous Year (PUC))
- Discount rate - 8.50% (previous Year 8.00 %)
- Expected rate of return on assets (Gratuity only) – 8.50 % (previous Year 8.50%)
- Future salary increase- 6.50% (previous Year 6%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market. Further the expected return on plan assets is determined considering several applicable factors mainly the composition of plan assets, assessed risk of asset management and historical return for plan assets.

I. The Company's best estimate of contribution towards gratuity for the financial year 2014-15 is ₹ 4.68 crore (previous year ₹ 8.13 crore)

J. The effect of the percentage point increase/decrease in the medical cost of PRMF will be as under:-

(₹ in crore)

Description	Increase by		Decrease by	
	Current Year	Previous Year	Current Year	Previous Year
Service and Interest Cost	12.22	2.77	(15.61)	(3.29)
Present value of obligation	41.54	17.05	(26.72)	(20.21)

### K. Experience Adjustments

(₹ in crore)

	For the Year ended 31 <sup>st</sup> March, 2014	For the Year ended 31 <sup>st</sup> March, 2013
Gratuity		
i) Plan assets – Loss/(Gain)	(2.54)	0.27
ii) Obligation- Loss/(Gain)	8.04	2.43
PRMF		
Obligation – Loss/(Gain)	(23.65)	(1.99)
ODRB		
Obligation – Loss/(Gain)	1.41	0.99

## OTHER NOTES (Contd.)

### 2.43 Segment information (AS 17):

#### a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

#### b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses.

#### c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, current assets and loan and advances. Construction work-in-progress, construction stores & advances and investments are included in unallocated assets. Segment liabilities include operating liabilities and provisions.

### Segment Reporting

(₹ in crore)

	Transmission		Consultancy		Telecom		Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Revenue:</b>										
Revenue from Operations (including allocable other income)	14985.96	12861.86	635.07	318.03	277.16	231.57			15898.19	13411.46
Inter Segment Revenue					11.05	12.19	(11.05)	(12.19)		
Net Revenue from Operations	14985.96	12861.86	635.07	318.03	288.21	243.76	(11.05)	(12.19)	15898.19	13411.46
Segment results	9004.16	7862.57	280.05	133.25	93.73	76.05			9377.94	8071.87
Unallocated Interest and Other Income									247.93	315.86
Unallocated Finance Costs									3266.87	2612.10
Profit before Tax									6359.00	5775.63
Provision for Taxes									1811.42	1463.02
Profit after Tax									4547.58	4312.61
<b>Other information:</b>										
Segment Assets	82104.20	70036.05	850.97	890.39	853.11	829.57			83808.28	71756.01
Unallocated Assets									57681.46	41628.07
Total Assets									141489.74	113384.08
Segment Liabilities:	6585.20	5800.00	1478.37	1746.15	475.86	521.25			8539.43	8067.40
Unallocated Other Liabilities (including loans)									98252.37	78913.57
Total liabilities									106791.80	86980.97
Depreciation and Amortisation	4024.07	3391.77	0.44	0.42	69.72	63.38			4094.23	3455.57
Non-cash expenditure other than Depreciation	28.19	6.77	-	1.99	-	0.64			28.19	9.40
Capital Expenditure	28766.45	20765.11	1.37	0.29	79.75	161.15			28847.57	20926.55

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

### 2.44 Disclosure as per AS -20 "Earning Per Share"

The elements considered in calculation of Earning Per Share (Basic and Diluted) are as under:

## OTHER NOTES (Contd.)

	Current Year	Previous Year
Net Profit after tax used as numerator (₹ in crore)	4547.58	4312.61
Weighted average number of equity shares used a denominator	4804513340	4629725353
Earning per share (Basic & Diluted) (in ₹)	9.47	9.32
Face Value per share (in ₹)	10.00	10.00

### 2.45 Disclosure as per AS 18- "Related Party Disclosure"

#### a) List of Related Parties:-

##### i) Key Management Personnel

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

##### ii) Joint Ventures:-

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

#### b) Transactions with the related parties at 2.45 (a) above during the year are as follows:

(₹ in crore)

Description	Current Year		Previous Year	
Transactions for services received by the company		0.44		-
North East Transmission Company Limited	0.19		-	
Bihar Grid Company Limited	0.25		-	
Transactions for services provided by the company		30.21		24.36
Parbati Koldam Transmission Company Limited	2.07		0.17	
Torrent Power Grid Limited	0.03		0.03	
Jaypee Powergrid Limited	0.32		0.06	
North East Transmission Company Limited	13.21		22.22	
National High Power Test Laboratory Private Limited	8.31		1.54	
Powerlinks Transmission Limited	0.09		0.34	
Energy Efficiency Services Limited	0.05		-	
Cross Border Power Transmission Company Limited	6.13		-	
Amount recoverable at the end of the year		22.71		20.50
Parbati Koldam Transmission Company Limited	0.01		0.01	
Torrent Power Grid Limited	0.07		0.03	
North East Transmission Company Limited	16.09		20.12	

## OTHER NOTES (Contd.)

National High Power Test Laboratory Private Limited	0.09		0.19	
Energy Efficiency Services Limited	0.11		0.02	
Bihar Grid Company Limited	2.38		0.08	
Kalinga Vidyut Prasaran Nigam Private Limited	0.65		0.05	
Cross Border Power Transmission Company Limited	3.29		-	
Powerlinks Transmission Limited	0.01		-	
Jaypee Powergrid Limited	0.01		-	
Amount payable at the end of the year		12.57		22.99
Parbati Koldam Transmission Company Limited	0.09		0.09	
Jaypee Powergrid Limited	0.13		0.50	
North East Transmission Company Limited	1.25		2.08	
National High Power Test Laboratory Private Limited	7.99		20.07	
Powerlinks Transmission Limited	3.11		0.25	
Investment made during the year		39.60		71.92
Jaypee Powergrid Limited	-		2.08	
Teestavalley Power Transmission Limited	15.60		5.08	
Parbati Koldam Transmission Company Limited	15.25		19.50	
North East Transmission Company Limited	-		14.92	
Energy Efficiency Services Limited	-		21.87	
Cross Border Power Transmission Company Limited	4.93		0.01	
Bihar Grid Company Limited	-		0.02	
Kalinga Bidyut Prasaran Nigam Private Limited	-		0.01	
National High Power Test Laboratory Private Limited	3.82		8.43	
Dividend Received		65.64		48.16
Powerlinks Transmission Limited	51.60		48.16	
Jaypee Powergrid Limited	9.36		-	
Torrent Power Grid Limited	4.68		-	
Recovery for Deputation of Employees		0.40		0.89
Energy Efficiency Services Limited	-		0.21	
National High Power Test Laboratory Private Limited	-		0.68	
Cross Border Power Transmission Company Limited	0.33		-	
Parbati Koldam Transmission Company Limited	0.07		-	

- c) As per Central Electricity Regulatory commission (CERC) (Sharing of Interstate Transmission charges and losses) Regulation 2010, the Company being the Central Transmission Utility (CTU) under the regulation is entrusted with the responsibility of the Billing, Collection and Disbursement of Transmission charges on behalf of all Inter State Transmission System (ISTS) licensee. Accordingly, the transactions of the company for collection made in capacity of CTU for the related parties is as under:

(₹ in crore)

Description	Current Year		Previous Year	
Transactions of the company in capacity of CTU with the related parties		803.94		591.72
Parbati Koldam Transmission Company Limited	0.24		-	
Torrent Power Grid Limited	88.86		50.34	
Jaypee Powergrid Limited	230.24		170.17	
North East Transmission Company Limited	206.42		89.88	
Powerlinks Transmission Limited	278.18		281.33	

- d) Remuneration to whole time directors including chairman and managing director is ₹ 1.92crore (previous year ₹ 2.47 crore) and amount of dues outstanding to the company as on 31<sup>st</sup> March, 2014 are ₹ 0.05 crore (previous year ₹ 0.07 crore).

### 2.46 Disclosure as per AS 19-“Leases”

- a) Finance Leases :-

Long Term Loans and Advances and Short Term Loans and Advances include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 “Leases” notified under the Companies Act, 1956.

## OTHER NOTES (Contd.)

- (i) The reconciliation of the lease receivables (as per project cost data submitted to / approved by the CERC for tariff fixation) is as under:

(₹ in crore)

	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	Gross value of assets acquired and leased at the beginning of the year	1063.93	995.92
Add	Adjustment for gross value of assets acquired prior to the beginning of the year	(1.64)	Nil
	Revised Gross value of the assets at the beginning of the year	1062.29	995.92
Less	Capital recovery provided up to the beginning of the year	642.89	582.45
Add	Capital recovery for assets acquired prior to the beginning of the year	1.88	Nil
	Revised Capital recovery provided up to the beginning of the year	644.77	582.45
	Capital recovery outstanding as on 31 <sup>st</sup> March of last financial year	417.52	413.47
Add	Gross value of assets acquired and leased during current financial year	37.27	68.01
Less	Capital recovery for the current year	61.67	60.44
	Lease receivables at end of the year	393.12	421.04

- (ii) Details of gross investment in lease and present value of minimum lease payments receivables at the end of financial year is given as under:

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Gross investment in Lease	545.21	581.63
Un-earned Finance Income	152.09	160.59
Present value of Minimum Lease Payment (MLP)	393.12	421.04

- (iii) The unearned finance income as at 31<sup>st</sup> March, 2014 is ₹ 152.09 crore (previous year ₹ 160.59 crore).

- (iv) The value of contractual maturity of such leases as per AS-19 are as under :

(₹ in crore)

Particulars	Gross Investment in Lease		Present Value of MLPs	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Not later than one year	98.31	95.23	66.91	60.74
Later than one year and not later than five years	287.20	336.22	214.76	253.58
Later than five years	159.70	150.18	111.45	106.72
Total	545.21	581.63	393.12	421.04

- b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include ₹ 38.19 crore (previous Year ₹ 37.46 crore) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of ₹ 11.99 crore (previous Year ₹ 10.68 crore) in respect of premises for offices and guest house/transit camps are shown under the head Rent in Note 2.30 Transmission, Administration and Other expenses.

### 2.47 Disclosure as per AS 28- "Impairment of assets"

In accordance with Accounting Standard (AS-28) "Impairment of Assets", 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. Accordingly, no impairment loss has been provided in the books of accounts.

### 2.48 Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 30998.64 crore (previous year ₹ 43699.18 crore).

### 2.49 Contingent Liabilities

1. Claims against the Company not acknowledged as debts in respect of :

- (i) Capital Works

Some of the contractors for supply and installation of equipments and execution of works at our projects have lodged claims on the company for ₹ 211.73 crore (previous year ₹ 172.60 crore) seeking enhancement of the contract price, revision of work schedule

with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Company as being not admissible in terms of the provisions of the respective contracts.

The company is pursuing various options under the dispute resolution mechanism available in the contract for settlement of these claims. It is not practicable to make a realistic estimate of the outflow of resources, if any, for settlement of such claims pending resolution.

(ii) Land Compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ 2393.45 crore (previous year ₹ 2522.64 crore) has been estimated.

(iii) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 5.80 crore (previous year ₹ 2.73 crore) has been estimated.

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

Disputed Income Tax/Sales Tax/Excise/Municipal Tax Matters amounting to ₹ 481.01 crore (previous year ₹ 294.86 crore) are pending before various Appellate Authorities and contested before various Appellate Authorities. Many of these matters are disposed off in favour of the company but are disputed before higher authorities by the concerned departments.

(v) Others

- Other contingent liabilities amounts to ₹ 799.73 crore (previous year ₹ 118.34 crore)
- Some of the beneficiaries have filed appeals against the tariff orders of the CERC. The amount of contingent liability in this regard is not ascertainable.

2. Special purpose vehicle (SPV) companies namely Powergrid NM Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Nagapattinam Madugiri Transmission Company Ltd.), Powergrid Vemagiri Transmission Company Ltd. (wholly owned subsidiary) (erstwhile Vemagiri Transmission System Limited), Vizag Transmission Limited and Unchahar Transmission Limited has been taken over to carry over the business awarded under Tariff based bidding. Bank guarantee of ₹ 45.00 crore (previous year ₹ 45.00 crore), ₹ Nil (previous year ₹ 36.00 crore), ₹ 45.00 crore and ₹ 5.40 crore respectively has been given by the company on behalf of SPV Companies towards performance of the work awarded.

2.50 Vemagiri Transmission Limited was acquired for execution of Vemagiri Transmission system based 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 and directed CTU to return the bank guarantees of identified long term transmission customers and also directed the customer to return the contract performance guarantee given by the Company. Based on the CERC order action for winding up Special Purpose Vehicle and recovery of cost incurred by the Company will be taken. Pending any decision for recovery of cost incurred, provision of ₹ 19.40 crore has been made in respect of abandoned project under Capital Work in Progress.

- Figures have been rounded off to nearest rupees in crore up to two decimal.
- Previous year figures have been regrouped / rearranged wherever considered necessary.

**For and on behalf of the Board of Directors**

**(Divya Tandon)**  
Company secretary

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

**(R. N. Nayak)**  
Chairman & Managing Director

**As per our Report of even date**

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

**(CA. Rohit Mehta)**  
Partner  
Membership No. 091382

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

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

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

**(CA. B. Aruna)**  
Partner  
Membership No. 216454

Place: New Delhi  
Date: 29<sup>th</sup> May, 2014





## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### To the Board of Directors of Power Grid Corporation of India Limited

We have audited the accompanying consolidated financial statements of Power Grid Corporation of India Limited ("the Company") and its five subsidiaries and eleven Joint Ventures (Collectively referred to as Power Grid Corporation of India Limited Group) which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us read with the comments as stated in paragraph "Other Matter" below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Power Grid Corporation of India Limited Group as at 31<sup>st</sup> March, 2014;
- in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to:

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

Our opinion is not qualified in respect of these matters.

### Other Matter

- We did not audit the financial statements of Subsidiaries and Joint Ventures.
- The financial statements of following Joint Ventures have been audited by the other auditors, whose reports have been furnished to us by the management and our opinion so far as it relates to the amounts included in respect of these Companies, is based solely on the report of other auditors. The details of the total assets, total revenues and net cash flows in respect of these Joint Ventures to the extent to which they are reflected in the Consolidated Financial Statements are given below:

(₹ in Crore)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
<b>Joint Ventures</b>			
Powerlinks Transmission Limited	569.21	131.80	(42.57)
National High Power Test Laboratory Private Limited	21.43	-	(4.88)
Parbati Koldam Transmission Company Limited	215.40	0.31	8.11
<b>Total</b>	<b>806.04</b>	<b>132.11</b>	<b>39.34</b>

- The financial statements of the following Subsidiaries and Joint Ventures are unaudited and our opinion so far it relates to the amounts included in respect of these Companies are based solely on the financial statements certified by the management of the

respective entities. The details of the total assets, total revenues and net cash flows in respect of these Subsidiaries and Joint Venture entities to the extent to which they are reflected in the Consolidated Financial Statements are given below:

(₹ in Crore)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
<b>Subsidiaries</b>			
Power System Operation Corporation Limited (POSOCO)	705.60	250.29	(420.79)
Powergrid NM Transmission Limited	20.92	-	-
Powergrid Vemagiri Transmission Limited	19.41	-	-
Vizag Transmission Limited	16.19	-	(0.35)
Unchahar Transmission Limited	2.80	-	-
<b>Joint Ventures</b>			
Jaypee Powergrid Limited	257.37	51.98	5.65
Energy Efficiency Services Limited	31.16	8.39	1.38
Bihar Grid Company Limited	1.27	-	-
Kalinga Vidyut Prasaran Nigam Private Limited	0.49	-	-
Cross Border Power Transmission Company Limited	5.96	0.03	(0.69)
Torrent Power Grid Limited	77.19	15.86	0.11
Teestavalley Power Transmission Limited	156.41	-	0.11
North East Transmission Company Limited	545.77	74.54	(0.38)
<b>Total</b>	<b>1840.54</b>	<b>401.09</b>	<b>(414.96)</b>

**For S. K. MEHTA & CO.**  
Chartered Accountants  
Firm Registration No.000478N

**(CA Rohit Mehta)**  
Partner  
Membership No.091382

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

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

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

**(CA B.Aruna)**  
Partner  
Membership No.216454

Place: New Delhi  
Dated: 29<sup>th</sup> May, 2014

## NOTES





**POWER GRID CORPORATION OF INDIA LTD.**

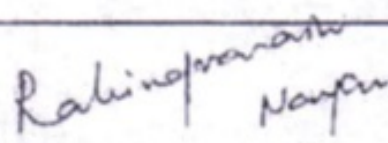
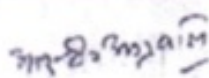
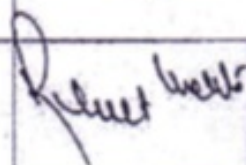
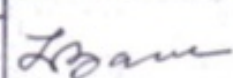
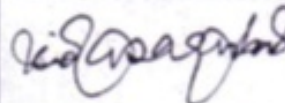

(A Government of India Enterprise)

Registered Office : B-9, Qutab Institutional Area, Katwaria Sarai  
New Delhi-110016

Corporate Office : "Saudamini", Plot No. 2, Sector 29  
Gurgaon, Haryana - 122 001

Website : [www.powergridindia.com](http://www.powergridindia.com) CIN:L40101DL1989GOI038121

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	Power Grid Corporation of India Limited		
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014. (Stand alone & Consolidated)		
3.	Type of Audit observation	Un-qualified / Matter of Emphasis Reference to Note 2.25(a) and 2.25(c) of financial statements of FY 2013-14, in respect of the provisional recognition of revenue from transmission charges (both standalone and consolidated).		
4.	Frequency of observation	Whether appeared first time - No Whether repetitive - Yes Since how long period - Since FY 2009-10 for standalone financial statements and FY 2010-11 for consolidated financial statements.		
5.	To be signed by-			
	• CEO/Managing Director			
	• Director (Finance)/CFO			
	• Auditors of the company			
		S.K. MEHTA & CO.	CHATTERJEE & CO.	SAGAR & ASSOCIATES
	• Audit Committee Chairman	 (Chairman, Audit Committee)		