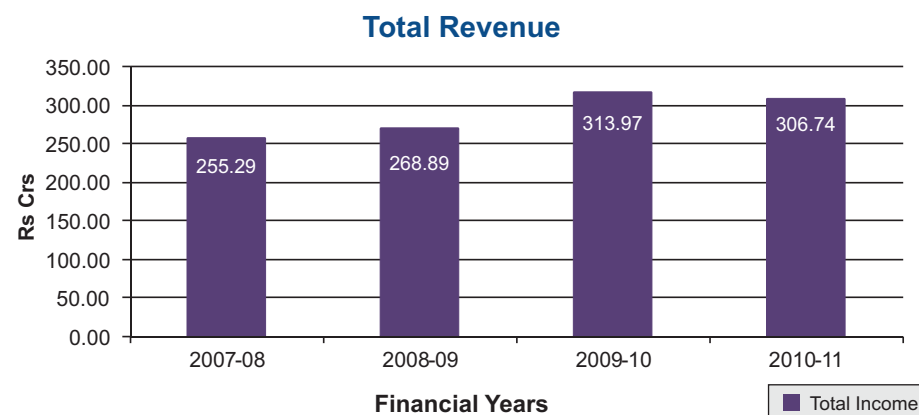
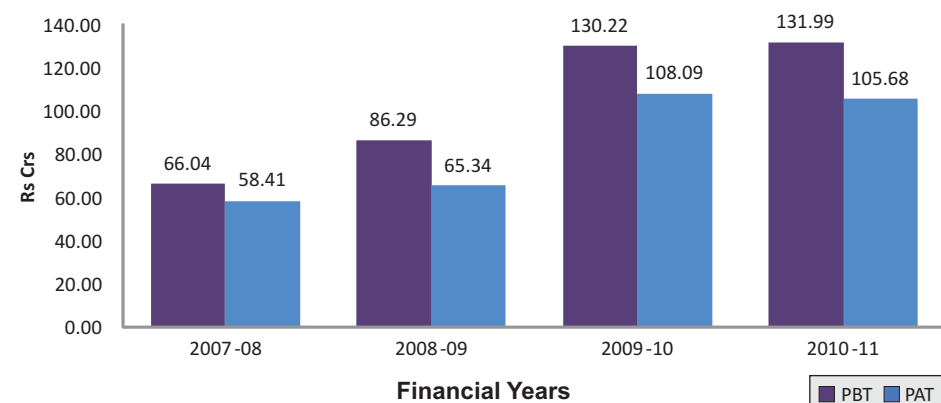
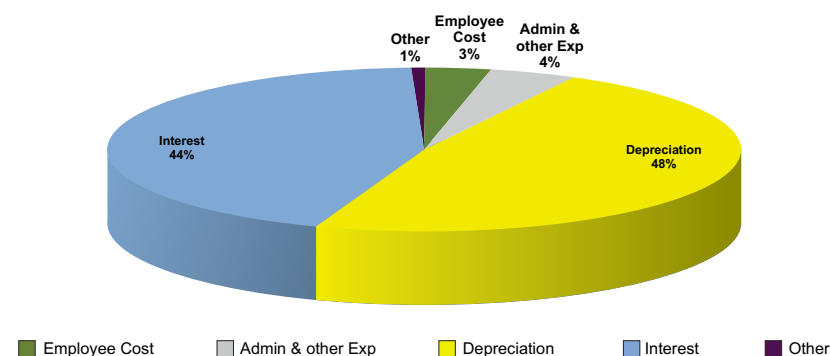


## Financial Highlights



### Break up of expenses Financial Year 2010-11



## Board of Directors



Mr. S K Chaturvedi  
Chairman



Mr. Banmali Agrawala  
Director



Mr. S. Padmanabhan  
Director



Mr. I.S. Jha  
Director



Mr. R.T. Agarwal  
Director



Mr. V. M. Kaul  
Director



Mr. Sunil Wadhwa  
Director



Mr. Sanjay G Patki  
Director



Mr. Arvind Singh  
Executive Director  
& CEO

## Management Team



Mr. P. K. Pal  
General Manager  
(Project & Operation)



Mr. C. B. Samanta  
General Manager  
(Project & Operation)



Mr. Prakash Kumar  
Chief Material Services  
HR & Admin.



Mr. Ajay Bagri  
CAO & Company  
Secretary

### Registered Office:

10th Floor, DLF Tower-A,  
District Center Jasola,  
New Delhi-110 025

### Auditors:

Deloitte Haskins & Sells  
Chartered Accountants

### Bankers:

State Bank of India

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# Directors' Report

To  
The Members,

The Directors are hereby pleased to present their 10th Annual Report on the Company's operations and Financial Statements for the financial year ended on 31st March, 2011.

## 1.0 Financial Highlights

### 1.1 Financial Results

	FY 2010-11 (Rs. Crs)	FY 2009-10 (Rs. Crs)
(a) Operating Income	288.41	300.98
(b) Operating expenditure	14.82	12.84
(c) Operating Profit	273.59	288.14
(d) Other Income	18.33	12.98
(e) Less: Interest and Finance Charges	76.55	90.10
(f) Profit before Depreciation and Tax	215.37	211.02
(g) Less: Depreciation	83.38	80.80
(h) Profit before Tax	131.99	130.22
(k) Less: Provision for Taxes	26.31	22.13
(l) Profit after Tax	105.68	108.09
(m) Insurance reserve	-	2.00
Distributable profit	105.68	106.09
Profit & Loss A/c (opening balance)	22.51	22.77
Distributable profit including P&L opening balance which the directors have appropriated as under:	128.19	128.86
(i) Interim Dividend	65.52	-
(ii) Proposed Dividend	32.76	84.24
(iii) Tax on Dividend	16.20	13.99
(iv) General Reserve	11.00	8.11
Total	125.48	106.34
Profit & Loss A/c (Closing balance)	2.72	22.51

1.2 The total expenditure on the project as of 31st March, 2011 is Rs.1547.12 Crs.

## 2.0 Operational Excellence

The average availability of transmission line was maintained at 98.73% for Eastern Region and 99.60% for Northern Region as against minimum stipulated availability of 98% during the Financial Year 2010-11.

## 3.0 Regulatory Issues

As per the CERC (Terms and Conditions of Tariff) Regulations 2009, effective from 1st April, 2009 for the block period 2009-14, the Return on Equity (ROE) has been increased for 14% p.a. to 15.5% p.a on post tax basis. The ROE is to be further grossed up by the applicable tax rate. The Regulations states that for the purpose of filing Petitions, the tax rate applicable during the FY 2008-09 shall be taken. The difference between tax rate of FY 2008-09 & the tax rate applicable for the relevant Financial Year shall be claimed during the truing up exercise.

The Company had filed a Petition No.17/2010 for allowing grossing up of ROE at the current tax rate as against MAT tax rate for the FY 2008-09 i.e. 11.33% suggested by CERC. The CERC, vide its Order dated 3rd August 2010, has decided to amend the CERC Regulations, 2009 to allow direct settlement of tax liability between the transmission licensee and the beneficiaries based on the tax rate applicable for each relevant Financial Year.

However, for the purpose of recognition of revenue, the Transmission Service Charges has been calculated after grossing up the ROE with the MAT rate applicable during the current Financial Year i.e., 19.93%. The differential transmission charges on this account, has been booked as unbilled revenue, as the same would be billed upon the amendment of Regulations, 2009 by the CERC. Until such amendment, the Company's cash flow would be impacted to this extent.

## 4.0 Dividend

The Directors are pleased to recommend a final dividend of 7% amounting to Rs.32.76 Crore for the financial year 2010-11. The Company had declared an interim dividend @14% amounting to Rs.65.52 Crs in March 2011. Thus, the aggregate dividend for the FY 2010-11 is 21% amounting to Rs.98.28 Crs. (Rs.84.24 Crore for the financial year 2009-10). This shall be paid after your approval at the Annual General Meeting. The dividend distribution tax on the same works out to Rs.16.20 Crore (Rs.13.99 Crore for the financial year 2009-10).

## 5.0 Business development & Consultancy

Powerlinks has been providing the Project Management consultancy services to Jaigad Power Transco Ltd. for implementation of 400 kV D/C Transmission line associated with 1200 MW Thermal Power Project at Jaigad in Ratnagiri District of Maharashtra. The progress on the project has been satisfactory.

## 6.0 Human Resources and Communication

We recognize that our employees are our strength. Our aim has been to employ and retain best-suited workforce. Over years our aim has been sharing, caring and instills sense of belongingness amongst our employees. We have tried to be transparent and fair in dealings with our employees. Due to these initiatives, the attrition has been low and we have been successful

Maintenance work being carried out on 400KV D/C Purnea- Muzaffarpur Transmission Line

Internal Auditor Certification training program in progress at Lucknow



in retaining our personnel. During the year, trained personnel were employed for Jaigad Project and ‘on the job training’ was imparted. Implementation of Tata Code of Conduct has been an area of thrust. Workshops at various locations were organized for its effective implementation.

The company has its own Website: [www.powerlinks.co.in](http://www.powerlinks.co.in) for disseminating information to the various stakeholders. Employees based at site offices have been encouraged to interact.

There is no information which is required to be disclosed in accordance with the provision of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975 as amended regarding employees.

7.0 Environment and Social responsibility

Impact of Powerlinks’ business on environment is minimal. However, the company has adopted the Environmental and Social Policy & Procedures (ESPP) in business activities viz. O&M and Project Management.

The Company has organized programs from time to time on “Safety, Health and Environment Awareness” for the employees of the Company.



Emergency Restoration System deployed in Siliguri- Purnea line

8.0 Quality Assurance, Inspection and Implementation of Integrated Management System

The Company pays topmost attention to quality and is vigorously following the quality checks at all the points of Project operation.

The Company has adopted Integrated Management System, Quality Management System, Environment Management System and Occupational Health and Safety Assessment System and has been re-certified for ISO 9001:2000 (Quality Management System Q.M.S.); ISO 14001:2004 (Environment Management System EMS) and OHSAS 18001:2007 (Occupational Health and Safety Assessment Series) by BSI Management Systems, for both project phase as well as O&M phase.

9.0 Corporate Governance

In accordance with the good corporate governance practices, a report on Corporate Governance and Management Discussion and Analysis Statement are included in the Annual Report.

10.0 Conservation of Energy

The Company makes conscious efforts for conservation of energy in its project right from planning stage. While planning the transmission system, one of the criteria in selection of final system was lower transmission losses. The disclosures required in Form A of Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable to the Company.

11.0 Technology Absorption

The pollution-prone National Capital Region area had been posing a serious challenge for smooth operation of our 400 kV Bareilly – Mandaula line (along-with other EHV lines in the NCR vicinity) on account of deposition of pollutants coupled with enhanced moisture content during winter season.

In order to overcome the problem of tripping caused due to deposition of pollutants on the porcelain disc insulators, it was decided to replace the existing porcelain insulators with the long rod Ploymer Insulators

having better pollution resistance characteristics. The Polymer insulators have high hydrophobicity (property of resisting surface wetting by forming beads of water) and on account of this, salt fog pollution does not affect its flashover. These insulators do not require high pressure washing. They are light in weight (upto 90% weight reduction) and one man can carry them to tower height. These insulators are less prone to breakage, offer lower installation costs, are aesthetically more pleasing, offer improved resistance to vandalism, improved handling of shock loads, improved power frequency insulation, improved contamination performance etc.

The insulators have been replaced covering total line route length of 61.22 Kms. (124 suspension towers & 52 tension towers commencing from Mandaula end) and this winter there has been no tripping reported due to failure of polymer insulators.

12.0 Foreign exchange earnings and outgo

Export	Nil
Purchase of Materials	Nil
Expenditure in foreign currency	Rs. 0.05 Crores
Foreign exchange earned	Nil

13.0 Auditors

The retiring Auditors, M/s Deloitte Haskins & Sells, being eligible have expressed their willingness to be reappointed. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

14.0 Directors

Mr. Suresh Sachdev, Executive Director & CEO had submitted his resignation from Directorship vide his letter dated 23rd June 2010. The Board had placed on record its appreciation of the valuable contribution made to the Company by Mr. Sachdev.

Mr. H L Tayal, Non-Executive Director, consequent to his superannuation from POWERGRID, had submitted his resignation from Directorship vide his letter dated 22nd December, 2010. The Board had placed on record its appreciation of the valuable contribution made to the Company by Mr. Tayal.

Mr. Arvind Singh has been appointed as an Additional Director of the Company with effect from 1st September, 2010. He has been further designated as Executive Director & CEO w.e.f. 1st September 2010 for a period of three years.

Mr. V M Kaul has been appointed as an Additional Director of the Company with effect from 4th February 2011. Mr. V M Kaul holds office only upto the date of the Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956 has been received from the member signifying their intention to propose Mr. V M Kaul appointment as Director.

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr. S Padmanabhan, Mr. Sunil Wadhwa and Mr. S G Patki retires from the Board by rotation and are eligible for reappointment at the forthcoming Annual General Meeting. The Notice convening the AGM includes the proposal for reappointment of Directors.

15.0 Director’s Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, the Directors, based on the representations received from the Operating Management, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 as at the end of the financial year and of the profit of the Company for that period.
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) they have prepared the annual accounts on a going concern basis.

16.0 Acknowledgements

The Directors place on record their grateful thanks for the guidance and co-operation extended all through by the Ministry of Power, Central Electricity Authority, Central Electricity Regulatory Commission, Appellate Tribunal for Electricity, Ministry of Finance and other concerned Government departments / agencies at the Central and State Level who are constantly providing us the active support.

The Board also extends its sincere thanks to POWERGRID and TATA POWER for the support and cooperation extended by them for operation and maintenance phase of the Company.

The Directors further wish to place on record their sincere thanks to the various national /international Financial Institutions and Banks for the continued trust and confidence reposed by them by rendering the continuous timely assistance and patronage for the operation and maintenance of the project.

Last but not the least, the Board of Directors place on record the valuable contribution and the cooperation extended by each member of the POWERLINKS family in the operation and maintenance of the project.

On behalf of the Board of Directors,

New Delhi  
April 21, 2011

(S K Chaturvedi)  
Chairman

Management Discussion and Analysis

Overall Transmission scenario and its Development:

Over the next five years, the substantial increase in generation capacity as well as new emerging requirements of open access, trading and inter-regional transfers would require augmentation / strengthening of existing transmission system and establishment of new transmission system. The transmission system will have to cater to evacuation needs of power sources like merchant plants, captive plants and wind farms as well. The country's transmission perspective for eleventh plan focuses on the creation of a National Grid in a phased manner by adding over 36,000 Ckm of Transmission Network by 2012. This would help in achieving macro objective of Govt. of India i.e. power to all by 2012. Such an integrated grid shall evacuate additional 78,700 MW and carry 60% of the power generated in the country. The existing inter-regional power transfer capacity is 20800 MW, which is to be further enhanced to 32,500 MW by 2012 through creation of "Transmission Super Highways". The estimated investment of Rs.75,000 Crore is envisaged for creation of such a grid. POWERGRID has been entrusted with the projects worth Rs.55,000 Crore whereas balance Rs.20,000 Crores worth of projects are to be implemented by private sector participation. The enactment of Electricity Act, 2003, allows the establishment of transmission line through private sector participation (100% equity by private sector company).

Further, the Indian power sector is also progressing on the policy and regulation front, consequent to the enactment of the Electricity Act, 2003. Various policy initiatives which have taken place are the finalization of National Electricity Policy, National Tariff Policy, Competitive bidding guidelines, 100% Rural Electrification policy, Establishment of National Appellate Tribunal and institutionalizing effective Central and State Electricity Boards.

Powerlinks commitment towards construction of National Grid:

Powerlinks has contributed towards establishment of the National Grid by successful commissioning of transmission line associated with Tala Transmission System from Siliguri in West Bengal to Mandaula in U.P via Bihar. The Company is now maintaining the line with an objective to provide the facility with the highest availability.

The Company believes that the Indian power sector with its growing demand-supply gap is under severe pressure and needs active participation of private sector. The Indian Power sector would need to grow at a pace so as to support the GDP growth targets set by the Govt. of India. This presents enormous growth and investment opportunities.

Risks and Concerns

As per the CERC (Terms and Conditions of Tariff) Regulation 2009, effective from 1st April, 2009 for the block period 2009-14, the Return on Equity (ROE) has been increased for 14% p.a. to 15.5% p.a on post tax basis. The ROE is to be further grossed up by the tax rate applicable. The Regulation states that for the purpose of filing Petitions, the tax rate applicable during the FY 2008-09 is to be taken. The difference between tax rate of FY 2008-09 & the tax rate applicable for the relevant Financial Year shall be claimed during the truing up exercise.

As per the CERC (Terms and Conditions of Tariff) Regulations 2009, effective from 1st April, 2009 for the block period 2009-14, the Return on Equity (ROE) has been increased for 14% p.a. to 15.5% p.a on post tax basis. The ROE is to be further grossed up by the applicable tax rate. The Regulations states that for the purpose of filing Petitions, the tax rate applicable during the FY 2008-09 shall be taken. The difference between tax rate of FY 2008-09 & the tax rate applicable for the relevant Financial Year shall be claimed during the truing up exercise.

The Company had filed a Petition No.17/2010 for allowing grossing up of ROE at the current tax rate as against MAT tax rate for the FY 2008-09 i.e. 11.33% suggested by CERC. The CERC, vide its Order dated 3rd August 2010, has decided to amend the CERC Regulations, 2009 to allow direct settlement of tax liability between the transmission licensee and the beneficiaries based on the tax rate applicable for each relevant Financial Year.

However, for the purpose of recognition of revenue, the Transmission Service Charges has been calculated after grossing up the ROE with the MAT rate applicable during the current Financial Year i.e., 19.93%. The differential transmission charges on this account, has been booked as unbilled revenue, as the same would be billed upon the amendment of Regulations, 2009 by the CERC. Until such amendment, the Company's cash flow would be impacted to this extent.

The Company had filed a Petition for allowing grossing up of ROE at the current tax rate as against MAT tax rate for the FY 2008-09 i.e. 11.33% suggested by CERC. The CERC, vide its Order dated 3rd August 2010 in Petition No.17/2010 filed by the Company, has decided to amend the CERC Regulations, 2009, and has asked for direct settlement of tax liability between the transmission licensee and the beneficiaries based on the tax rate applicable for each relevant Financial Year.

For the purpose of recognition of revenue, the Transmission Service Charges has been calculated after grossing up the Return on Equity with the MAT rate applicable during the current Financial Year i.e., 19.93%. The differential transmission charges on this account, has been booked as unbilled revenue. The same would be billed upon the amendment of Regulation, 2009 by the CERC. Until amendment of the Regulation, the Company's cash flow would be impacted to this extent.

The CERC has issued a Regulation on 18th September 2009 i.e., CERC (fees and charges of Regional Load Despatch Centre and other related matters) Regulation 2009 which is effective 1st April 2009. The tariff are finalized for a control period of five years effective 1st April 2009. The concerned Load Despatch Centers i.e., National & Regional filed their Petitions with the CERC and the Commission has issued Orders in February & March 2011. As per the Orders the Company is required to pay the system operation charges to the Northern Region Load Despatch Center (NRLDC) and Eastern Region Load Despatch Center (ERLDC) for the control period. As per the working, the Company is required to pay a sum of Rs.0.5 Crs. (approx.) on annual basis.

The Company would be filing Petition with the CERC for reimbursement of these expenses from the beneficiaries. CERC has undertaken many regulatory initiatives. The significant being as under:

- a. CERC (Sharing of Inter-state Transmission charges and losses) Regulations 2010 was notified on 16th June 2010 which would be effective 1st April 2011. The Regulations aims to factor distance and direction sensitivity in transmission charges and losses besides quantum of power flow to determine the transmission service charges. This is in line with the tariff policy.
- b. The Regulations on 'Grant of Regulatory Approval for execution of inter-state Transmission Scheme to Central Transmission Utility' notified on 31.05.2010, streamlines the procedure for according regulatory approval to Central Transmission Utility for network expansion in consonance with the National Electricity Plan which stipulates that prior agreement with the beneficiaries would not be a pre-condition for network expansion. The regulations are effective from 30.06.2010.
- c. CERC (Rates, Charges & Terms & Conditions for use of intervening transmission facilities) Regulations 2010 which are effective 23rd September 2010.
- d. CERC has issued orders on Benchmarking of capital cost of the transmission lines and sub-stations during April and June 2010 respectively, for prudence check of the capital cost of Transmission system by the Regulator at the time of tariff determination.
- e. The Regulations on 'Procedures for calculating the expected revenue from tariffs and charges' notified on 12.04.2010 provide a framework for the Regulator to keep a track on the performance of the utilities which would be helpful in determination of norms for the next tariff period. These regulations have been made effective from 16.04.2010.

Integrated Management Policy

Powerlinks is committed to establish and operate efficient and effective linkage for the “National Grid” with thrust on technology, quality, cost, regulatory & statutory compliance, environmental issues, occupational health, safety & social concerns and continually improve its systems to the satisfaction of its stakeholders.

Powerlinks has been recertified for quality, Environment, Occupational Health and Safety requirements of the International Standard ISO 9001: 2000 (Quality Management System), 14001:2004 (Environment Management System) and OHSAS18001: 2007 (Occupational Health & Safety Management System) by BSI Management Systems India Pvt. Ltd. for both project phase as well as O&M phase.

Internal Control systems and their adequacy

The Company has proper and adequate system of internal controls which is commensurate with its size and nature of operations to provide reasonable assurance that all assets are safe guarded, transactions are authorized, recorded and reported properly under applicable statutes, Tata Code of Conduct and corporate policies complied with.

The company has Internal Auditors, which conduct audit of various departments at Corporate office and project offices at Siliguri, Muzaffarpur and Lucknow on quarterly basis.

The annual audit programme is developed by the Internal Auditor and approved by the Audit committee of the Board. The Internal Auditors report their findings and observations to the Audit Committee, which met four times during the year to review the audit observations and to follow up the implementation of preventive and corrective actions. The committee also consults the Company's Statutory Auditors to ascertain their views on the adequacy of the internal control systems in the Company. The Audit Committee constitutes non-executive directors who also oversee financials/risks perception of the Company's operations.

HR Initiatives

To align with the organization strategy, the HR has facilitated manning of the various sites all along the transmission route optimally by recruiting Engineers (O & M) / Field Engineers having rich experience in the field of transmission and also inducted fresh trainee engineers.

By proving to be an equal opportunity employer, extending excellent quality of work life/culture, adequate empowerment and taking care of various concerns, the company has been able to retain most of the key officers who were recruited so far.

To ensure retention of talent and trained manpower, a comparative study of job responsibilities and corresponding salaries was carried out with POWERGRID & TATA Power. Based on the above, the salaries were revised and restructured effective 1st January 2011.

Special Training programs have been developed in house/external for the trainee engineers on transmission lines and on Operation Management.

Cautionary Statement

Statement in the management discussion and analysis describing the Company's objectives, projections and estimates are forward looking statements within the meaning of the applicable laws and regulations. Actual results may vary from those expressed or implied, depending on economic conditions, Government policies, regulatory issues, statutes, tax laws and other incidental factors.



AUDITORS' REPORT

TO THE MEMBERS OF

POWERLINKS TRANSMISSION LIMITED

1. We have audited the attached Balance Sheet of **Powerlinks Transmission Limited** ('the Company'), as at 31 March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
- a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Profit and Loss Account 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2011;
- ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors, as at 31 March, 2011, taken on record by the Board of Directors, none of the Directors is disqualified as at 31 March, 2011, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)

**JITENDRA AGARWAL**  
Partner  
Membership No. 87104

Place: Gurgaon  
Date: April 21, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i. Having regard to the nature of the Company's business, clauses 4(xii) of the order is not applicable.
- ii. In respect of its fixed assets:
- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. According to information and explanations given to us, the fixed assets were physically verified during the year by the management and no material discrepancies were noticed on such verification.
- c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of its inventories:
- a. As explained to us, inventory in the Company's possession has been physically verified by the Management during the year.
- b. In our opinion and according to the information and explanation given to us, 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 and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iv. The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- v. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for sale of services. The Company's operations did not give rise to sale of goods during the current period. During the course of our audit, we have not observed any major weakness in such internal control system.
- vi. 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.
- vii. 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.
- viii. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
- ix. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of transmission of electricity and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- x. According to the information and explanations given to us and the records of the Company examined by us:
- a) The Company has been regular in depositing its undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues applicable to it with the prescribed time with the appropriate authorities during the year and that there are no undisputed amounts payable in respect of these dues which have remained outstanding as at 31 March, 2011 for a period of more than six months from the date they became payable. We are informed that the Company's operations do not give rise to any Investor Education and Protection Fund, Excise Duty, Custom Duty and Sales Tax.
- b) There are no dues in respect of Income Tax, Wealth Tax, Service Tax and Cess which had not been deposited on account of any dispute. We are informed that the Company's operations do not give rise to any Excise Duty, Custom Duty and Sales Tax.
- xi. The Company does not have any accumulated losses nor has incurred any cash losses during the current and the immediately preceding financial year.
- xii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks and financial institutions. The Company has not issued any debentures.
- xiii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- 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 the records of the Company examined by us, the Company has not obtained any term loan during the year.
- xvii. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis 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.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 015125N)

**JITENDRA AGARWAL**  
Partner  
Membership No. 87104

Place: Gurgaon  
Date: April 21, 2011

BALANCE SHEET AS AT 31 <sup>ST</sup> MARCH, 2011			
	Schedule Reference	As at 31.03.2011 (Rs. / Lacs)	As at 31.03.2010 (Rs. / Lacs)
<b>SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUND</b>			
a. Share capital	1	46,800.00	46,800.00
b. Reserves and surplus	2	3,682.90	4,562.45
<b>2. LOAN FUNDS</b>			
Secured loans	3	72,340.10	81,440.10
<b>3. ADVANCE AGAINST DEPRECIATION</b>			
		9,873.21	9,873.21
<b>4. DEFERRED TAX LIABILITY (Net)</b>			
Less: Adjustable from future tariff income (See note 16)		(5,964.00)	(4,947.00)
		<b>132,696.21</b>	<b>142,675.76</b>
<b>APPLICATION OF FUNDS</b>			
<b>5. FIXED ASSETS (At cost)</b>			
a. Gross block	4	154,712.13	153,645.09
b. Less: Accumulated depreciation		37,374.65	29,088.27
c. Net block		117,337.48	124,556.82
d. Capital Work in Progress (CWIP) (See note 9)		1,463.73	1,800.40
		<b>118,801.21</b>	<b>126,357.22</b>
<b>6. INVESTMENTS</b>			
	5	1,655.62	6,751.94
<b>7. CURRENT ASSETS, LOANS AND ADVANCES</b>			
a. Inventories (Stores and spares) (See note 2e)		162.81	24.93
b. Sundry debtors	6	68.34	2,321.43
c. Unbilled revenues		3,298.06	1,026.03
d. Cash and bank balances	7	16,261.09	17,137.11
e. Loans and advances	8	1,032.34	550.49
		<b>20,822.64</b>	<b>21,059.99</b>
<b>8. LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
a. Current liabilities	9	4,681.86	1,591.20
b. Provisions		3,901.40	9,902.19
		<b>8,583.26</b>	<b>11,493.39</b>
<b>9. NET CURRENT ASSETS</b>			
		<b>12,239.38</b>	<b>9,566.60</b>
		<b>132,696.21</b>	<b>142,675.76</b>
Notes forming part of the financial statements	15		
The schedules referred to above form an integral part of the Balance Sheet			
As per our report of even date attached			
For <b>DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants	For and on behalf of the Board		
<b>JITENDRA AGARWAL</b> Partner	<b>S. K. CHATURVEDI</b> Chairman	<b>ARVIND SINGH</b> Executive Director & CEO	
	<b>AJAY BAGRI</b> CAO and Company Secretary		
Place: Gurgaon Date: April 21, 2011	Place: Gurgaon Date: April 21, 2011		

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2011			
	Schedule Reference	Year ended 31.03.2011 (Rs. / Lacs)	Year ended 31.03.2010 (Rs. / Lacs)
<b>1. INCOME</b>			
a. Revenue from operations	10	28,841.29	30,098.19
b. Other income	11	1,833.31	1,298.37
		<b>30,674.60</b>	<b>31,396.56</b>
<b>2. EXPENDITURE</b>			
a. Employees' remuneration and benefits	12	590.46	522.05
b. Transmission, administration and other expenses	13	777.25	551.82
c. Depreciation	4	8,337.82	8,079.73
d. Interest and finance charges	14	7,655.33	9,010.25
e. Loss on Fixed Assets written off		115.08	210.99
		<b>17,475.94</b>	<b>18,374.84</b>
<b>3. PROFIT BEFORE TAX</b>			
		<b>13,198.66</b>	<b>13,021.72</b>
<b>4. PROVISION FOR TAXES</b>			
a. Current tax (See note 3)		2,630.56	2,213.04
b. Deferred tax (See note 16)		1,017.00	2,078.00
Less: Adjustable from future tariff income		(1,017.00)	(2,078.00)
<b>5. PROFIT AFTER TAX</b>			
		<b>10,568.10</b>	<b>10,808.68</b>
<b>6. BALANCE BROUGHT FORWARD FROM THE PREVIOUS YEAR</b>			
		<b>2,251.45</b>	<b>2,277.00</b>
<b>7. APPROPRIATIONS</b>			
Transferred to self insurance reserve		-	200.00
Interim dividend		6,552.00	-
Dividend distribution tax- interim dividend		1,088.20	-
Proposed dividend		3,276.00	8,424.00
Provision for dividend distribution tax-final dividend		531.45	1,399.23
Transfer to general reserve		1,100.00	811.00
<b>8. BALANCE CARRIED TO BALANCE SHEET</b>			
		<b>271.90</b>	<b>2,251.45</b>
<b>Earnings per equity share (See note 18)</b>			
(Face value Rs. 10 per share)			
-Basic and diluted (Rupees)		2.26	2.31
Notes forming part of the financial statements	15		
The schedules referred to above form an integral part of the Profit and Loss Account			
As per our report of even date attached			
For <b>DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants	For and on behalf of the Board		
<b>JITENDRA AGARWAL</b> Partner	<b>S. K. CHATURVEDI</b> Chairman	<b>ARVIND SINGH</b> Executive Director & CEO	
	<b>AJAY BAGRI</b> CAO and Company Secretary		
Place: Gurgaon Date: April 21, 2011	Place: Gurgaon Date: April 21, 2011		

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011**

	Schedule Reference	Year ended 31.03.2011 (Rs. / Lacs)	Year ended 31.03.2010 (Rs. / Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net profit before tax		13,198.66	13,021.72
Adjustments for:			
Depreciation		8,337.82	8,079.73
Interest expense		7,018.64	8,234.72
Interest income		(1,137.07)	(725.18)
Rebate on transmission charges		615.79	617.61
Loss on Fixed Assets written off		115.08	210.99
Profit on sale of fixed assets		(0.20)	(0.71)
Income from sale of short term investments		(581.46)	(540.24)
Unclaimed balances written back		(5.09)	(26.87)
<b>Operating profit before working capital changes</b>		<b>27,562.17</b>	<b>28,871.77</b>
Adjustments for movement in working capital:			
(Increase)/Decrease in loans and advances		20.29	10.30
(Increase)/Decrease in trade receivable		2,253.09	(205.32)
(Increase)/Decrease in unbilled revenue		(2,272.03)	3,399.01
(Increase)/Decrease in inventories		(137.88)	(6.70)
Increase/(Decrease) in trade and other payables		2,149.06	(567.16)
Cash generated from operations		29,574.70	31,501.90
Direct taxes paid		(2,733.51)	(2,466.83)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>A</b>	<b>26,841.19</b>	<b>29,035.07</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of fixed assets		(981.54)	(672.80)
Sale of fixed assets		84.85	0.74
Interest received		737.88	478.17
Purchase of mutual fund units		(45,285.17)	(36,155.56)
Sale of mutual fund units		50,962.96	42,893.86
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>B</b>	<b>5,518.98</b>	<b>6,544.41</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Repayment of loan		(9,100.00)	(9,100.01)
Interest and finance charges		(7,761.07)	(8,959.32)
Dividend paid (including dividend tax)		(16,375.12)	(5,475.37)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>C</b>	<b>(33,236.19)</b>	<b>(23,534.70)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>[A+B+C]</b>	<b>(876.02)</b>	<b>12,044.78</b>
Cash and cash equivalents as at 1 April, 2010		17,137.11	5,092.33
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH, 2011</b>		<b>16,261.09</b>	<b>17,137.11</b>
[Excluding short term investments of Rs. 1,655.62 lacs (Previous period Rs. 6,751.94 lacs)]			
Note: Cash and cash equivalent includes restricted cash		14,119.00	14,000.00

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**JITENDRA AGARWAL**  
Partner

Place: Gurgaon  
Date: April 21, 2011

For and on behalf of the Board

**S. K. CHATURVEDI**  
Chairman

**AJAY BAGRI**  
CAO and Company Secretary

Place: Gurgaon  
Date: April 21, 2011

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2011 (Rs. / Lacs)	As at 31.03.2010 (Rs. / Lacs)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b> 483,600,000 (Previous year 483,600,000) equity shares of Rs. 10 each	<b>48,360.00</b>	<b>48,360.00</b>
<b>Issued, subscribed and fully paid up</b> 468,000,000 (Previous year 468,000,000) equity shares of Rs. 10 each	<b>46,800.00</b>	<b>46,800.00</b>
[Of the above 238,679,997 (Previous year 238,679,997) equity shares are held by The Tata Power Company Limited, the Holding Company]		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
a. General reserve	1,511.00	700.00
i. Opening balance	1,100.00	811.00
ii. Add: Transferred from Profit and Loss account	2,611.00	1,511.00
iii. Closing balance		
b. Self insurance reserve (See note 10)	800.00	600.00
i. Opening balance	-	200.00
ii. Add: Transferred from Profit and Loss account	800.00	800.00
iii. Closing balance	271.90	2,251.45
c. Profit and loss account		
	<b>3,682.90</b>	<b>4,562.45</b>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b> (See note 7)		
<b>Term loans</b>		
a. From banks		
i. State Bank of India	14,256.77	16,096.35
ii. Asian Development Bank	19,559.33	22,004.25
b. From others		
i. International Finance Corporation	21,997.33	24,747.00
ii. Infrastructure Development Finance Company Limited	16,526.67	18,592.50
	<b>72,340.10</b>	<b>81,440.10</b>



SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 4

FIXED ASSETS (At cost)  
(See note 2b)

(All amounts in Rs. / Lacs)

S. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2010	For the year		As at 31.03.2011	As at 01.04.2010	For the year		As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
			Additions	Deletions			Additions	Deletions			
1.	Freehold land	131.39	-	-	131.39	-	-	-	-	131.39	131.39
2.	Non factory building	2,133.83	40.14	-	2,173.97	19.83	35.17	-	55.00	2,118.97	2,114.00
3.	Plant and machinery										
	a. Transmission lines	151,230.47	1,233.82	246.42	152,217.87	29,017.56	8,271.39	47.09	37,241.86	114,976.01	122,212.91
	b. Computers	23.44	11.55	0.69	34.30	12.47	12.74	0.68	24.53	9.77	10.97
	c. Office equipment	28.23	7.09	0.42	34.90	18.30	3.74	0.40	21.64	13.26	9.93
	d. Others	54.57	-	-	54.57	3.75	2.88	-	6.63	47.94	50.82
4.	Furniture and fixtures	34.94	7.98	-	42.92	14.79	5.47	-	20.26	22.66	20.15
5.	Vehicles	8.22	17.63	3.64	22.21	1.57	6.43	3.27	4.73	17.48	6.65
	Total	153,645.09	1,318.21	251.17	154,712.13	29,088.27	8,337.82	51.44	37,374.65	117,337.48	124,556.82
	Previous year	151,686.84	2,218.60	260.35	153,645.09	21,057.87	8,079.73	49.33	29,088.27	124,556.82	130,628.97

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2011 (Rs. / Lacs)	As at 31.03.2010 (Rs. / Lacs)
<b>SCHEDULE 5</b>		
<b>Current Investments (Unquoted)</b> (At lower of cost or fair value) (See note 14)		
6,500,000.00 (Previous year: Nil) units of Rs. 10 each in ICICI Prudential FMP Series 54 - 1 year Plan A Cumulative*	650.00	-
2,624,204.679 (Previous year: Nil) units of Rs. 11.6461 each in Birla Sunlife Ultra Short Term Fund - Institutional Growth	305.62	-
5,528,789.195 (Previous year: Nil) units of Rs. 12.6610 each in Templeton India Ultra Short Bond Fund - Super IP Growth	700.00	
Nil (Previous year: 1,481,041) units of Rs. 167.11 each in ICICI Prudential Flexible Income Plan Premium - Growth)	-	2,475.00
Nil (Previous year: 297,540.853) units of Rs. 1,202.1691 each in UTI Treasury Advantage Fund)	-	3,576.94
Nil (Previous year: 3,470,414.715) units of Rs. 20.1705 each in HDFC Cash Management Fund - Treasury Advantage Plan - Growth)	-	700.00
	<b>1,655.62</b>	<b>6,751.94</b>
Book value of unquoted investments	1,658.60	6,917.35
* Under lien (from 11.04.2010)	650.00	-

SCHEDULE FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 (Rs. / Lacs)	As at 31.03.2010 (Rs. / Lacs)
<b>SCHEDULE 6</b>		
<b>SUNDRY DEBTORS (Unsecured, considered good)</b>		
a. Outstanding for more than six months	48.49	34.43
b. Others (Net of advance)	19.85	2,287.00
	<b>68.34</b>	<b>2,321.43</b>
<b>SCHEDULE 7</b>		
<b>CASH AND BANK BALANCES</b>		
a. Cash in hand	0.48	0.67
b. Balance with scheduled banks in:		
i. Current accounts	1,241.61	236.44
ii. Fixed deposits*	15,019.00	16,900.00
	<b>16,261.09</b>	<b>17,137.11</b>
*Fixed deposits under lien	14,119.00	14,000.00
<b>SCHEDULE 8</b>		
<b>LOANS AND ADVANCES (Unsecured, Considered good)</b>		
a. Advance recoverable in cash or in kind or for value to be received	18.41	12.49
b. Security deposits	3.57	29.78
c. Accrued interest on Fixed deposit	653.62	254.43
d. Advance income tax and TDS [Net of provision for tax Rs. 7,999.92 (Previous year Rs. 5,369.36 lacs) and FBT Rs. 28.61 lacs (Previous year Rs. 42.40 lacs)]	356.74	253.79
	<b>1,032.34</b>	<b>550.49</b>
<b>SCHEDULE 9</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>1. Current liabilities</b>		
a. Sundry creditors		
i. Micro and small enterprises (See note 19)	-	-
ii. Others	694.88	604.25
b. Advance from customers	2,010.79	-
c. Dividend distribution tax on interim dividend	1,088.20	-
d. Other liabilities	51.70	24.02
e. Interest accrued but not due	836.29	962.93
	<b>4,681.86</b>	<b>1,591.20</b>
<b>2. Provisions</b>		
a. Proposed final dividend	3,276.00	8,424.00
b. Provision for dividend distribution tax - final dividend	531.45	1,399.23
c. Provision for leave encashment	83.99	69.33
d. Provision for gratuity (See note 6d)	9.96	9.63
	<b>3,901.40</b>	<b>9,902.19</b>
	<b>8,583.26</b>	<b>11,493.39</b>

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended 31.03.2011 (Rs. / Lacs)	Year ended 31.03.2010 (Rs. / Lacs)
<b>SCHEDULE 10  </b>		
<b>REVENUE FROM OPERATIONS</b>		
a. Transmission service charges	28,063.48	29,322.21
Less: Advance against depreciation	-	96.89
	28,063.48	29,225.32
b. Incentive on Transmission Service charges	513.36	577.58
c. Consultancy, project management and supervision fee	264.45	295.29
	<u>28,841.29</u>	<u>30,098.19</u>
<b>SCHEDULE 11  </b>		
<b>OTHER INCOME</b>		
a. Interest income on fixed deposits [Tax deducted at source Rs. 70.48 Lacs (Previous year Rs. 90.74 Lacs)]	1,137.07	725.18
b. Income from sale of short term mutual fund investments	581.46	540.24
c. Income from Miscellaneous jobs	108.00	-
d. Miscellaneous income	1.49	5.37
e. Profit on sale of fixed assets	0.20	0.71
f. Excess provision written back	5.09	26.87
	<u>1,833.31</u>	<u>1,298.37</u>
<b>SCHEDULE 12  </b>		
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>		
a. Salaries, allowances and incentives	478.72	414.84
b. Company's contribution to provident and superannuation fund	45.21	36.97
c. Employee benefits	40.73	38.56
d. Staff welfare expenses	41.22	31.68
	<u>605.88</u>	<u>522.05</u>
Less: Transferred to fixed assets	15.42	-
	<u>590.46</u>	<u>522.05</u>
<b>SCHEDULE 13  </b>		
<b>TRANSMISSION, ADMINISTRATION AND OTHER EXPENSES</b>		
a. Rent and hire charges	21.77	77.76
b. Rates and taxes	34.34	36.06
c. Electricity charges	13.83	12.77
d. Insurance charges	9.97	7.98
e. Repairs and maintenance		
i. Building	8.42	34.31
ii. Plant and machinery	207.05	55.51
iii. Others	4.61	1.90
f. Travelling and conveyance	135.38	115.78
g. Legal and professional fees (See note 13)	56.06	60.80
h. Office and security expenses	89.25	57.37
i. Director's sitting fees	2.50	1.80
j. Printing, postage and stationery	9.28	10.85
k. Communication expenses	15.64	15.76
l. Fees and subscription	17.14	35.33
m. Training and workshop expenses	26.98	10.71
n. System Operation Charges	107.82	-
o. Miscellaneous expenses	17.21	17.13
	<u>777.25</u>	<u>551.82</u>
<b>SCHEDULE 14  </b>		
<b>INTEREST AND FINANCE CHARGES</b>		
a. Interest on term loans	7,018.64	8,234.72
b. Rebate on transmission charges	615.79	617.61
c. Others	20.90	157.92
	<u>7,655.33</u>	<u>9,010.25</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 15

NOTES FORMING PART OF THE ACCOUNTS

1. Background

Powerlinks Transmission Limited (the Company), which is a Joint Venture of The Tata Power Company Limited and Powergrid Corporation of India Limited (Powergrid) with 51% and 49% shareholding respectively, has been set up to construct, operate and maintain 1,166 Kilometers of five 400 KV Double Circuit Transmission Lines and one 220 KV Double Circuit Transmission Line from Siliguri in West Bengal via Bihar to Mandola in Uttar Pradesh under the “Build-Own-Operate-Transfer” (BOOT) basis. Power being evacuated from the Tala Hydro Electric Power Project in Bhutan, a Project developed by Government of India and Government of Bhutan and surplus power in Eastern India is being transferred to Northern India through the Transmission Lines.

The transmission lines were declared for commercial operation in phases as under:

Transmission line	Date declared for commercial operation
A-5 (Bareilly to Mandola)	1 May, 2006
A-4 (Gorakhpur to Lucknow)	1 August, 2006
A-1 (Siliguri to Purnea)	1 September, 2006
A-2 (Purnea to Muzaffarpur)	
A-3 (Muzaffarpur to Gorakhpur)	
A-6 (Muzaffarpur PGCIL to Muzaffarpur BSEB)	

The Company has been granted transmission license for 25 years by Central Electricity Regulatory Commission (CERC) for the transmission of electricity effective 13 November, 2003.

The Company has also entered into a Transmission Service Agreement and Implementation Agreement with Powergrid according to which entire transmission capacity of the Transmission Lines is being made available to Powergrid for the transmission of power.

2. Significant accounting policies

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company. The significant accounting policies are as follows:

a. Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, foreseeable estimated contract losses provision for income taxes and the useful lives of fixed assets. Actual results could differ from such estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

b. Fixed assets and depreciation

- i. All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.
- ii. Depreciation on all assets is charged pro-rata to the period of use on the straight line method at the rates based on management's estimate of useful lives, or the rates prescribed in Schedule XIV to the Companies Act, 1956 whichever is higher. The depreciation rates are as follows:

Asset class	Rate (%)
Transmission Lines	5.28%
Computer and accessories	60.00%
Office equipment	18.10%
Office equipment – Mobile	33.33%
Furniture & fixture	18.10%
Motor vehicles	25.89%

- iii.

Cost of improvements to leasehold premises are being amortised over the remaining period of lease (including renewal options) of the premises.
- iv.

Assets costing less than Rs. 5,000 individually are fully depreciated in the year of purchase.
- v.

Mandatory spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are capitalised and depreciated over the residual useful life of the related plant and machinery.
- vi.

Capital work in progress includes any advance money paid to the contractor till the capitalisation of the asset.
- c.

**Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.
- d.

**Revenue recognition**

i.

Transmission income is accounted for on accrual basis for the period of operation of transmission lines based on 'Tariff Orders' issued by Central Electricity Regulatory Commission (CERC). In case, where tariff orders are yet to be issued, transmission income is accounted as per the norms issued by CERC.

ii.

The transmission system incentive/disincentive is accounted for based on the norms approved by CERC and 'Certificate of Availability' given by the respective Regional Power Committee and respective regional load dispatch center.

iii.

Revenue on fixed price contracts is recognised according to the 'proportionate completion' method based on work completed.
- e.

**Inventories**

Inventories of stores and spares are valued at cost, net of provision for diminution in value. Cost is determined on weighted average cost basis.
- f.

**Foreign currency transactions**

Foreign exchange transactions are recorded at the rates of exchange prevailing on the date of the transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the profit and loss account.

Monetary items denominated in foreign currencies and outstanding as at the balance sheet date is translated at the exchange rate prevailing at the balance sheet date and the resultant exchange differences are recognised in the profit and loss account.

In case of forward exchange contracts, the premium or discount arising at the inception of such contract, is amortised as income or expense over the life of contract as well as exchange difference on such contracts i.e. difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception/ last reporting date, is recognised as income/ expense for the period.

g. Leases

- i.

**Operating lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.
- ii.

**Finance lease**

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and the present value of minimum lease rentals is capitalised as fixed assets with the corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease liability and the interest component is charged to profit and loss account.

h. Employee benefits

- i.

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include salaries, wages, bonus and performance incentives.
- ii.

**Post-employment benefit plans**

The Company's superannuation scheme and the employee's provident fund scheme are defined contribution plans. The Company's contribution paid/payable under the scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service. The Company has taken a group policy with Life Insurance Corporation of India (LIC) to meet its obligation towards superannuation.

The Company's gratuity is defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the profit and loss account

The Company has also taken the group policy with Life Insurance Corporation of India (LIC) to meet its obligation towards gratuity. Liability with respect to the gratuity plan is determined based on an actuarial valuation done by an independent actuary at the year end and any differential between the fund amount as per LIC and the actuarial valuation is charged to revenue.

Benefits comprising compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the profit and loss account.

- i.

**Expenditure during construction**

Overhead expenses incurred are allocated to respective capital projects based on management estimates of work done on individual projects.
- j.

**Advance against depreciation**

'Advance Against Depreciation' (AAD) forming part of tariff pertaining to subsequent years, to facilitate repayment of loans is reduced from transmission income and considered as deferred revenue to be included in transmission income in subsequent years.
- k.

**Provision for taxation**

Income tax comprises current income tax and deferred tax. Current income tax is recognised in accordance with the provisions of the Income Tax Act, 1961.



Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is considered as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

#### **i. Impairment**

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment in an asset occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net sales price or present value as determined above.

Reversal of impairment loss is recognised immediately as income in the profit and loss account.

#### **m. Investments**

Long term investments are stated at cost, less provision for other than temporary diminution in the carrying value of each of the investment. Current investments are stated at the lower of cost or fair value, determined on a portfolio basis.

#### **n. Earnings per share**

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year except where the result would be anti-dilutive.

#### **o. Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

#### **3. Provision for income tax**

The Company has made a provision of Tax of Rs. 2,630.56 Lacs (Previous Year Rs. 2,213.04 Lacs) as follows:

- Rs. 2,246.09 Lacs (Previous Year Rs. 1992.38 Lacs) under section 115JB of Income Tax Act, 1961 on Transmission business.
- Rs. 384.47 Lacs (Previous Year Rs. 220.66 Lacs) under section 115JB of Income Tax Act, 1961 on income from consultancy and other sources.

The Company had paid income tax amounting to Rs. 1,249.19 lacs (including interest of Rs. 136.55 lacs due to delayed payments) during the year ended 31 March, 2009 towards income taxable on account of Advance against Depreciation (AAD) allowed by the CERC for the year ended 31 March, 2008 and 2009 pursuant to an advance ruling given in case of National Hydroelectric Power Corporation Limited (NHPC) by Income Tax Authorities for Advance Rulings which opined that tax was payable on AAD.

As per the Supreme Court ruling dated 5 January, 2010 in case of “National Hydroelectric Power Corporation Limited Vs Commissioner of Income Tax”, the Supreme Court had opined that AAD cannot be considered as income being income received in advance which would be taxed in the year in which income is accrued.

Accordingly, the Company revised its returns in August 2010 and claimed a refund of Rs. 611.40 lacs and Rs. 636.14 lacs for FY 2007-08 and FY 2008-09 respectively. The accounting for this refund will be done after its receipt and based on the applicable Tariff Regulations and its implication with respect to such refunds.

#### **4. Accrual of Transmission Service Charges**

Transmission Service Charges has been computed as per the CERC (Terms & Conditions of Tariff) Regulations, 2009, effective 1 April, 2009, applicable for the Tariff Block 2009-2014. As per CERC Regulations 2009, the Transmission income is to be computed by taking Return on Equity (ROE) at the rate of 15.50% on post tax basis and after grossing up with the MAT tax rate (11.33%) applicable for the financial year 2008-09. The difference between tax rate of FY 2008-09 and the tax rate applicable for the relevant Financial Year shall be claimed during the truing up exercise.

The Company had filed a Petition No.17/2010 for allowing grossing up of ROE at the tax rate applicable for each financial year for the tariff block period 2009-2014. CERC has passed an Order dated 3 August, 2010 in response to the Petition No.17/2010 and has decided to amend the CERC (Terms & Conditions for determination of Tariff) Regulations 2009 to include a clause for direct settlement of tax liability between the transmission license and the beneficiary based on the tax rate applicable for each relevant financial year for the tariff block period 2009-2014. Pending amendment in the Regulations, the Return on Equity for the financial year ended 31 March, 2011 has been grossed up at the MAT tax rate of 19.93% (as applicable for current financial year) for the purpose of recognition of revenue.

#### **5. Project Expenditure**

Total expenditure of Rs. 17,475.94 lacs (Previous year Rs. 18,374.84 lacs) for the year includes Rs. 90.40 lacs (Previous year Rs. 67.52 lacs) incurred towards total project management of Jaigad Power Transco Limited.

#### **6. Disclosure pursuant to Accounting Standard 15 (revised 2005) on ‘Employee Benefits’**

##### **a. Defined contribution plan**

The Company makes contribution towards provident fund to a defined contribution retirement benefit plan for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited with the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

The Company recognised Rs. 20.03 Lacs (Previous Year Rs. 16.92 Lacs) for provident fund contributions in the Profit & Loss account. The contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

##### **b. Defined benefit plan**

###### **Gratuity plan**

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary) for each completed year of service subject to completion of five years service.

##### **c. Policy for recognising actuarial gains and losses**

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss account as income or expense.

- The following tables set out the funded status of the gratuity plan and amounts recognized in the Company's financial statements as at 31 March, 2011:

(All amounts in Rs. / Lacs)

S. No.	Particulars	Year ended 31.03.2011	Year ended 31.03.2010
<b>i. Change in benefit obligations:</b>			
A	Present value of obligations as on 1.04.10	37.01	25.61
B	Current service cost	10.03	7.68
C	Interest cost	2.89	2.00
D	Actuarial gain on obligation	9.64	5.87
E	Benefits paid	(2.73)	(4.15)
	<b>Present value of obligations (F=A+B+C+D+E)</b>	<b>56.84</b>	<b>37.01</b>
<b>ii. Change in plan assets:</b>			
A	Fair value of plan assets as on 01.04.10	27.38	17.21
B	Actual return on plan assets	2.50	1.57
C	Employer's contributions	19.73	11.07
D	Benefits paid	(2.73)	(2.31)
E	Actuarial gain / (Loss)	0.01	(0.16)
	<b>Fair value of plan assets (F=A+B+C+D+E)</b>	<b>46.89</b>	<b>27.38</b>
<b>iii. Net Liability (i-ii)</b>		<b>9.96</b>	<b>9.63</b>
<b>iv. Expenses recognised in the profit and loss account:</b>			
A	Current service cost	10.03	7.68
B	Interest cost	2.89	2.00
C	Expected return on plan assets	(2.50)	(1.57)
D	Actuarial gain recognised during the year	9.63	6.03
	<b>Net charge/(credit) (E=A+B+C+D)</b>	<b>20.05</b>	<b>14.14</b>

**v. Additional Information:**

	2011	2010	2009	2008
Present Value of benefit obligations	56.84	37.01	25.61	16.61
Fair Value of Plan Asset	46.89	27.38	17.21	13.59
Excess of (obligation over plan asset)/ Plan asset over obligation	9.96	9.63	8.40	(3.02)
<b>Experience Adjustment:</b>				
On Plan Liability	(20.52)	(5.87)	(2.38)	-
On Plan Assets	.01	(0.16)	0.03	-

**vi. Principal actuarial assumptions:**

S. No.	Particulars	Refer note below	Year ended 31.03.2011	Year ended 31.03.2010
i.	Discount rate (p.a.)	1	8.00%	7.80%
ii.	Rate of return on assets (p.a.)	2	9.25%	9.15%
iii.	Salary escalation rate (p.a.)	3	12.00%	15.00%

**Notes:**

1. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
2. The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
3. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**Demographic assumptions:**

1. Retirement age 60 years
2. Mortality rate Published rates under LIC (1994-96) mortality tables

**7. Secured loans–Senior Lenders**

The Company has entered into loan agreements with the Financial Institutions and Banks collectively known as “Senior Lenders” for financing the project. The details are as follows:

(All amounts in Rs. / Lacs)

Senior Lender Name	Sanctioned Loan Amount	Agreement Effective Date	Drawn loan Amount	Repayment of Loan	Balance of Loan
Infrastructure Development Finance Company Limited (IDFC)	18,000.00 7,825.00	09.01.04 20.01.06	18,000.00 6,790.00	8,263.33	16,526.67
International Finance Corporation (IFC)	34,000.00	09.01.04	32,996.00	10,998.67	21,997.33
Asian Development Bank (ADB)	30,000.00	13.01.04	29,339.00	9,779.67	19,559.33
State Bank of India (SBI)	16,000.00 7,000.00	09.01.04 27.01.06	16,000.00 6,075.00	7,818.23	14,256.77
<b>Total</b>	<b>112,825.00</b>		<b>109,200.00</b>	<b>36,859.90</b>	<b>72,340.10</b>

The Company has created a first charge ranking pari passu on:

1. all of its tangible, intangible, movable, fixed and current assets;
2. all products of income from and proceeds of sale or other disposition of and any rights, easements, benefits, options, agreements, indemnities, warranties or covenants in respect of all of the foregoing; both present and future, in favour of the Senior Lenders for the purpose of above mentioned loan amounts.

**8. Contingent liabilities and commitments**

Capital commitments for contracts remaining to be executed on capital account (net of advances) not provided for are Rs. 157.35 lacs (Previous year Rs. 367.96 Lacs).

### 9. Capital work in progress

Capital work in progress includes capital advances aggregating to Rs. 1,177.21 Lacs. (Previous year Rs. 1,218.93 Lacs)

### 10. Self Insurance reserve

The Company has set aside an amount of Rs. Nil (Previous year Rs. 200.00 Lacs) as 'Self Insurance Reserve' to be used for the purpose of future losses, which may arise from uninsured risks, or as determined by the Board.

Particulars	Year ended 31.03.2011 (Rs. / Lacs)	Year ended 31.03.2010 (Rs. / Lacs)
<b>11. Expenditure incurred in foreign currency</b>		
Commitment and supervision charges	4.68	4.88
<b>12. Managerial remuneration</b>		
a. Managerial Remuneration for Directors' (excluding provision for encashable leave and gratuity as separate figures for Whole-time Directors is not available)	55.21	61.66
b. The above is inclusive of:		
▪ Estimated expenditure on perquisites	3.34	3.59
▪ Contribution to Provident and Superannuation Fund	3.71	4.37
▪ Payment for retirement benefits	-	1.85
▪ Commission	15.85	13.50
Non Whole-time Directors:		
a. Sitting fees	2.50	1.80
<b>Computation of Net Profit in accordance with Section 309 (5) of the Companies Act, 1956.</b>		
A. Profit before taxes and exceptional items	13,198.66	13,021.72
B. Add:		
a. Managerial Remuneration	39.36	48.16
b. Directors fees	2.50	1.80
C. Net Profit as per Section 309 (5) of the Companies Act, 1956	<b>13,240.52</b>	<b>13,071.68</b>

### 13. Auditor's remuneration

Legal & Professional fees include Auditors' remuneration \* as follows:

Particulars	Year ended 31.03.2011 (Rs. / Lacs)	Year ended 31.03.2010 (Rs. / Lacs)
Statutory audit fee (including quarterly audit)	9.00	9.00
Tax audit fees	1.50	1.50
Other services		
- Certification for regulatory authorities	0.60	1.10
- Tax Consultancy	8.50	8.80
Out of pocket expenses	0.25	0.29
	<b>19.85</b>	<b>20.69</b>

\* Exclusive of Service Tax

### 14. Investments

a. During the year, the Company has purchased and sold following units of investments:

S. No.	Mutual Funds	Purchase Value (Rs. / Lacs)	Units Purchased (No. in Lacs)	Units Sold (No. in Lacs)
1	Birla Sunlife Savings Fund - Inst. Growth	6,850.00	389.13	389.13
2	Birla Sunlife Ultra Short Term Fund	1,350.00	116.12	89.88
3	Canara Robeco Treasury Advantage Super Inst Growth	4,300.00	294.10	294.10
4	HDFC Cash Management Fund - Treasury Advantage Plan – Growth	-	-	34.70
5	ICICI Pru Flexible Income Plan Premium – Growth	4,275.00	24.80	39.61
6	ICICI Pru Liquid Super IP – Growth	900.00	6.58	6.58
7	ICICI Prudential FMP Series 54 - 1 year Plan	650.00	65.00	-
8	IDFC Cash Fund - Inst Plan B	100.00	5.85	5.85
9	IDFC Money Mgr Fund Treasury Fund Plan C – Growth	5,160.17	450.48	450.48
10	IDFC Ultra Short term Fund Growth	2,450.00	186.71	186.71
11	Kotak Floater - LT Growth	500.00	32.86	32.86
12	L&T Freedom Income STP - Inst.	2,400.00	153.41	153.41
13	SBI SHF-Ultra Short Term Fund	2,400.00	193.23	193.23
14	Tata Floater Fund - Growth	10,050.00	709.06	709.06
15	Templeton India Ultra Short Bond Fund Super IP – Growth	1,400.00	111.52	56.24
16	UTI Treasury Advantage Fund - Institutional Plan	2,500.00	1.93	4.90
	<b>Total</b>	<b>45,285.17</b>	<b>2,740.78</b>	<b>2,646.74</b>



**b. Investments as at 31 March, 2011**

(Rs. / Lacs)

S. No.	Mutual Funds	Purchase Value	Balance No. of units
1	Birla Sunlife Ultra Short Term Fund - Institutional Growth	305.62	26.24
2	ICICI Prudential FMP Series 54 - 1 year Plan A Cumulative	650.00	65.00
3	Templeton India Ultra Short Bond Fund - Super IP Growth	700.00	55.29
<b>Total</b>		<b>1,655.62</b>	<b>146.53</b>

**15. Related party disclosures****a. List of related parties***i. Holding Company*

- The Tata Power Company Limited (TPCL)

*ii. Company Exercising Significant Influence*

- Powergrid Corporation of India Limited (PGCIL)

*iii. Fellow Subsidiaries*

- Industrial Energy Limited (IEL)
- Tata Projects Limited (TPL)
- North Delhi Power Limited (NDPL)

*iv. Associates*

- Power System Operation Corporation Limited (POSOCO)

*v. Key Management Personnel*

- Sh. Suresh Sachdev – Executive Director & CEO (upto 31 August, 2010)
- Sh. Arvind Singh - Executive Director & CEO (w.e.f. 1 September, 2010)

**b. Transactions/balances outstanding with Related Parties**

(All amounts in Rs./ Lacs)

S. No.	Particulars	Holding Company (TPCL)	Company exercising significant influence	Fellow Subsidiaries	Associates (POSOCO)	Key Management Personnel
<b>Transactions during the period:</b>						
<b>1</b>	<b>Reimbursement of expenses paid:</b>	<b>7.09</b>	<b>11.98</b>	<b>104.48</b>	<b>-</b>	<b>-</b>
		<b>(8.37)</b>	<b>(33.58)</b>	<b>(10.37)</b>	<b>(-)</b>	<b>(-)</b>
	TPL	-	-	95.36	-	-
		(-)	(-)	(10.20)	(-)	(-)
	Others	-	-	9.12	-	-
		(-)	(-)	(0.17)	(-)	(-)
<b>2</b>	<b>Purchase of Fixed Assets</b>	<b>-</b>	<b>227.96</b>	<b>-</b>	<b>-</b>	<b>-</b>
		(-)	(-)	(-)	(-)	(-)
<b>3</b>	<b>System Operation Charges</b>	<b>-</b>	<b>80.14</b>	<b>-</b>	<b>27.68</b>	<b>-</b>
		(-)	(-)	(-)	(-)	(-)

(All amounts in Rs./ Lacs)

S. No.	Particulars	Holding Company (TPCL)	Company exercising significant influence	Fellow Subsidiaries	Associates (POSOCO)	Key Management Personnel
<b>4</b>	<b>Dividend paid</b>	<b>7,637.76</b>	<b>7,338.24</b>	<b>-</b>	<b>-</b>	<b>-</b>
		(2,386.80)	(2,293.20)	(-)	(-)	(-)
<b>5</b>	<b>Managerial Remuneration:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.21</b>
		(-)	(-)	(-)	(-)	(61.66)
	a. Suresh Sachdev	-	-	-	-	29.59
		(-)	(-)	(-)	(-)	(61.66)
	b. Arvind Singh	-	-	-	-	25.62
		(-)	(-)	(-)	(-)	(-)
<b>6</b>	<b>Income from operations:</b>	<b>-</b>	<b>28,576.84</b>	<b>20.70</b>	<b>-</b>	<b>-</b>
		(0.28)	(29,802.90)	(5.65)	(-)	(-)
	TPL	-	-	20.70	-	-
		(-)	(-)	(5.65)	(-)	(-)
<b>Balances Outstanding as at the year end:</b>						
<b>7</b>	<b>Capital Advances</b>	<b>-</b>	<b>277.76</b>	<b>-</b>	<b>-</b>	<b>-</b>
		(-)	(277.76)	(-)	(-)	(-)
<b>8</b>	<b>Amounts recoverable</b>	<b>-</b>	<b>48.49</b>	<b>-</b>	<b>-</b>	<b>-</b>
		(-)	(2,298.66)	(1.95)	(-)	(-)
	TPL	-	-	-	-	-
		(-)	(-)	(0.53)	(-)	(-)
<b>9</b>	<b>Unbilled Revenue</b>	<b>-</b>	<b>3,271.59</b>	<b>-</b>	<b>-</b>	<b>-</b>
		(-)	(1,026.03)	(-)	(-)	(-)
<b>10</b>	<b>Amount payable</b>	<b>-</b>	<b>1,908.91</b>	<b>0.39</b>	<b>12.83</b>	<b>-</b>
		(0.12)	(-)	(1.42)	(-)	(-)
	TPL	-	-	0.39	-	-
		(-)	(-)	(-)	(-)	(-)

**16. Deferred tax (Assets)/Liabilities**

- Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.
- The Company expects to avail the tax benefit under section 80IA of the Income Tax Act, 1961, starting from the financial year 2011-12, whereby the Company will be entitled to a tax holiday for 10 years. Deferred tax liabilities as on 31 March, 2011, as detailed below reflect the quantum of tax liabilities accrued up to 31 March, 2011 but payable after the expiry of tax holiday period.

(All amounts in Rs./ Lacs)			
Particulars	Opening	Charged/ (Credited) to P&L*	Closing
<b>Deferred tax liabilities</b>			
Tax impact of differences between carrying amount of fixed assets in the financial statements and in income tax return	4,947.00	1,017.00	5,964.00
<b>Total deferred tax liabilities</b>	<b>4,947.00</b>	<b>1,017.00</b>	<b>5,964.00</b>

\* Adjustable from future tariff income as per the Central Electricity Regulatory Commission tariff regulations.

17. Segmental reporting

Company is engaged in the business of operating and maintaining transmission lines and related operations, primarily in India. As the company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosure prescribed by paragraphs 39 to 51 of Accounting Standard 17-segment reporting have not been provided in these financial statements.

18. Earnings per share

Basic earnings per equity share have been computed by dividing net profit after tax after appropriation by the weighted average number of equity shares outstanding for the period.

S. No.	Particulars	Units	Year ended 31.03.2011	Year ended 31.03.2010
a.	Net profit after tax	Rs. / lacs	10,568.10	10,808.68
b.	Weighted average of number of equity shares used in computing basic earnings per share	No. of Shares	468,000,000	468,000,000
c.	Basic earnings per share (a/b)	Rs.	2.26	2.31

19. The Company has initiated the process of obtaining confirmation from the suppliers who have registered themselves under the Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006). Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the MSMED Act, 2006 is Rs. NIL. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

20. Previous year's amounts have been regrouped / reclassified to conform to current year's presentation.

For and on behalf of the Board

S. K. CHATURVEDI  
Chairman

ARVIND SINGH  
Executive Director & CEO

AJAY BAGRI  
CAO and Company Secretary

Place: Gurgaon  
Date: April 21, 2011

Information pursuant to part IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Details :

Registration Number 1 1 0 7 1 4 State Code 5 5 (Refer Code List)  
Balance Sheet Date 3 1 0 3 2 0 1 1  
Date Month Year

ii. Capital Raised during the year (Amt. in Rs. Thousands)

Public Issue - - - - - - - - Right Issue - - - - - - - -  
Bonus Issue - - - - - - - - Private Placement - - - - - - - -

iii. Position of Mobilisation and Deployment of Funds (Amt. in Rs. Thousands)

Total Liabilities - - 1 3 2 6 9 6 2 1 Total Assets - - 1 3 2 6 9 6 2 1

Source of Funds

Paid up Capital - - - 4 6 8 0 0 0 0 Reserve & Surplus - - - - 3 6 8 2 9 0  
Secured Loans - - - 7 2 3 4 0 1 0 Advance Against Depreciation - - - - 9 8 7 3 2 1

Application of Funds

Net Fixed Assets - - - 1 1 8 8 0 1 2 1 Investment - - - - 1 6 5 5 6 2  
Net Current Assets - - 1 2 2 3 9 3 8 Misc. Expenditure - - - - - - - - - -

iv. Performance of Company :  
(Amt. in Rs. Thousands)

Turnover - - - 3 0 6 7 4 6 0 Total Expenditure - - - 1 7 4 7 5 9 4  
Including Prior Income + -  
Profit/Loss Before Tax + 1 3 1 9 8 6 6 Profit/Loss After tax + 1 0 5 6 8 1 0  
Earning per Share in Rs. - - - - 2 . 2 6 Dividend @ % - - - - - - 2 1

v. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

1) Product Description : Item Code No (ITC Code) N A  
2) Product Description : Transmission

Report on Corporate Governance

1.0 Company's Philosophy on Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance in its dealings with its various stakeholders. It is an integral part of the Company's core values which includes transparency, integrity, honesty and accountability.

The Company follows the philosophy of working towards the creation of wealth by enhancing the value for stakeholders, meeting the needs of customers and employees and the community at large.

The Company has duly complied with the requirements of the Corporate Governance Code, the disclosure requirements of which are given below:

2.0 Board of Directors

Composition:

The Board of Directors at present has Nine members, out of whom, one is Executive Director & CEO and eight are Non-Executive Directors who bring in a wide range of skills and experience to the Board. The Company has a Non Executive Chairman.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he is a Director. The necessary disclosures regarding committee positions have been made by the Directors.

The Composition of the Board as on 31st March, 2011 was as under:

Name of the Director	Business Relationship	Category of Directorship	No. of other Director-ships*	No. of other Committee memberships**	
				Chairman	Member
Mr. S K Chaturvedi	Chairman	Non Executive	8	-	-
Mr. Banmali Agrawala	Director	Non Executive	7	-	4
Mr. S Padmanabhan	Director	Non Executive	6	-	3
Mr. Sanjay G Patki	Director	Non Executive	1	-	-
Mr. Sunil Wadhwa	Director	Non Executive	2	-	2
Mr. V M Kaul	Director	Non Executive	2	-	1
Mr. R T Agarwal	Director	Non Executive	3	1	-
Mr. I S Jha	Director	Non Executive	2	-	-
Mr. Arvind Singh	Executive Director & CEO	Executive	Nil	-	-

\* Directorship in Private Companies, Foreign Companies and associations are excluded.  
\*\* Represent Memberships/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee.

2.1 Changes in Composition of Board during the year

Name of the Director	Details of Change	Date of Change
Mr. Suresh Sachdev	Resigned as ED & CEO	31st August 2010
Mr. Arvind Singh	Appointment as an Additional Director & ED & CEO	1st September 2010
Mr. H L Tayal	Resigned as Director	31st December 2010
Mr. V M Kaul	Appointed as an Additional Director	4th February 2011

2.2 Number of Board Meetings, attendance at Board Meetings and previous Annual General Meeting:

Name of the Director	No. of Board Meetings attended during the year 2010-11	9th Annual General Meeting held on 23 <sup>rd</sup> June, 2010 - Attended
Mr. S. K. Chaturvedi	6	Yes
Mr. Banmali Agrawala	3	Yes
Mr. S. Padmanbhan	4	Yes
Mr. Sanjay G Patki	4	Yes
Mr. R T Agarwal	5	-
Mr. I S Jha	4	Yes
Mr. H. L. Tayal*	4	Yes
Mr. Sunil Wadhwa	6	Yes
Mr. Suresh Sachdev**	3	Yes
Mr. Arvind Singh***	3	-
Mr. V M Kaul****	2	-

\*Resigned on 31st December 2010  
\*\*Resigned on 31st August 2010  
\*\*\*Appointed w.e.f. 1st September, 2010  
\*\*\*\*Appointed w.e.f. 4th February, 2011

Leave of absence was granted by the Board to the Directors who were absent at the respective Board Meeting(s).

2.3 Details of Board Meetings

Six Board Meetings were held during the FY 2010-11 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

22nd April, 2010, 23rd June, 2010, 21st July, 2010, 18th October, 2010, 4th February, 2011 and 22nd March, 2011.

The information as required under Annexure IA to Clause 49 was being made available to the Board.



### 3.0 Committee of Directors

#### 3.1 Audit Committee

The Audit Committee was constituted pursuant to the provision of Section of 292 A of the Companies Act, 1956. The broad terms of reference, role and scope were given as per provision of the said Act.

The composition of the Audit Committee as on 31st March 2011 and details of meetings attended by the Directors are given below:

Name of the Director	Designation	No. of Meetings attended during the year 2010-11
Mr. Sunil Wadhwa	Chairman	5
Mr. H. L. Tayal*	Member	3
Mr. R T Agarwal	Member	4
Mr. V M Kaul**	Member	1

\* Resigned on 31st December 2010

\*\*Appointed w.e.f. 4th February, 2011

The Audit Committee met five times during the year 2010-11. The dates on which the said meetings were held are as follows:

22nd April, 2010, 21st July, 2010, 18th October, 2010, 25th January, 2011 and 22nd March, 2011.

The ED & CEO, COO & Head of Finance also attended the meetings. The Statutory Auditors and Internal Auditors were invited to the meetings. The CAO & Company Secretary acted as the Secretary of the Committee.

#### 3.2 Remuneration Committee

The broad terms of reference of the Committee includes recommending to the Board of Directors specific remuneration packages for Executive Director & CEO.

The composition of the Remuneration Committee as on 31st March, 2011 and the details of meeting attended by the Directors are given below:

Name of the Director	Designation	No. of Meetings attended during 2010-11
Mr. S K Chaturvedi	Chairman	3
Mr. Banmali Agrawala	Member	3
Mr. S Padmanabhan	Member	3

All the above Directors are Non- Executive.

Remuneration Committee Meeting was held thrice during the FY 2010-11 i.e., on 23rd June, 2010, 18th October, 2010 and 4th February, 2011.

The Chairman of the Remuneration Committee, Mr. S K Chaturvedi was present at the Annual General Meeting held on 23rd June, 2010.

### 4.0 Details of remuneration for 2010-11:

#### Non-executive Directors

Name of the Director	Sitting Fees paid (Rs.)
Mr. S K Chaturvedi	Nil
Mr. Banmali Agrawala	Nil
Mr. S. Padmanabhan	Nil
Mr. H. L. Tayal	Nil
Mr. Sanjay G Patki	80,000/-
Mr. R T Agarwal	Nil
Mr. I S Jha	Nil
Mr. V M Kaul	Nil
Mr. Sunil Wadhwa	1,70,000/-

No sitting fee was paid to Mr. Banmali Agrawala, Mr. S Padmanabhan as they are Whole time Directors of The Tata Power Company Limited (Holding Company). With effect from Board meeting dated 20th January 2009, in view of the circular issued by Deptt. Of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India, payment of sitting fees to the Chief Executive & Functional Directors on the Board of CPSEs have been stopped.

#### Executive Director & CEO

Name	Salary & Allowances (Rs. Lakhs)	Commission (Rs. Lakhs)	Perquisite (Rs. Lakhs)	Retirement Benefits* (Rs. Lakhs)	Total (Rs. Lakhs)
Mr. Suresh Sachdev, Executive Director & CEO*	17.44	1.35	1.79	2.00	22.59
Mr. Arvind Singh Executive Director & CEO**	14.86	-	1.55	1.71	18.12

\*Upto 31st August 2010

\*\*w.e.f. 1st September 2010

\*\*\*excluding contribution to Gratuity Fund and provision for leave encashment on the basis of actuarial valuation as separate figures are not available.

### 5.0 General Body Meetings

The last three years Annual General Meetings (AGMs) were held as under:

Financial year ended	Day & Date	Time	Venue
31st March, 2008	Tuesday 27th May, 2008	5.00 P.M.	Kamal Mahal, Hall No.1, The Maurya (ITC Hotel) Diplomatic Enclave, New Delhi – 110021
31st March, 2009	Wednesday 27th May, 2009	3.30 P.M.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016
31st March 2010	Wednesday 23rd June, 2010	12.30 P.M.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016

All the special resolutions moved at the last AGM were passed unanimously on a show of hands by the Shareholders present at the meeting. None of the business required to be transacted at this AGM is proposed to be passed by postal ballot.

6.0 General Shareholder Information

6.1. The Annual General Meeting is scheduled to be held on ----- at ----- at -----  
-----.

6.2. Financial Year : 1st April 2010 to 31st March 2011

6.3. Book closure : From ----- to ----- (both days inclusive)

6.4. Registrars and Transfer Agents:

TSR Darashaw Limited  
6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr E Moses Road (Near Famous Studio)  
Mahalaxmi, Mumbai 400 011, Tel: 91 022 66568484, Fax : 91 022 66568494  
www.tsrdarashaw.com

6.5 Shareholding Pattern as on 31st March, 2011

Name of Shareholder	No. of Shares	% age shareholding (Approx)
The Tata Power Company Limited	23,86,79,997	51
Power Grid Corporation of India Limited	22,93,19,997	49
The Tata Power Company Limited & Individuals on jointly basis	3	–
Individuals of Powergrid Corporation of India Ltd.	3	–
<b>Total</b>	<b>46,80,00,000</b>	<b>100</b>

6.6 Dematerialisation of Shares as on 31st March, 2011.

The Company's shares are dematerialized with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CSDL). 46,79,99,994 Equity shares of the Company representing 99.99% of the share Capital are dematerialized.

Under the depository systems, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE297G01011.

6.7 Disclosure

There were no materially significant related party transactions with its promoters, Directors or the management or relative of the directors that they may have potential conflict with the interests of the Company. No infringement of any of the provisions of the law and regulations has been committed by the Company.

6.8 Address for Correspondence:

CAO & Company Secretary  
**Powerlinks Transmission Limited**  
10th Floor, DLF Tower A, District Centre Jasola  
New Delhi – 110025  
Tel: (011) 45159500, Fax:(011) 45159555  
Email: powerlinks@powerlinks.co.in  
Website: www.powerlinks.co.in