



POWERLINKS TRANSMISSION LTD.

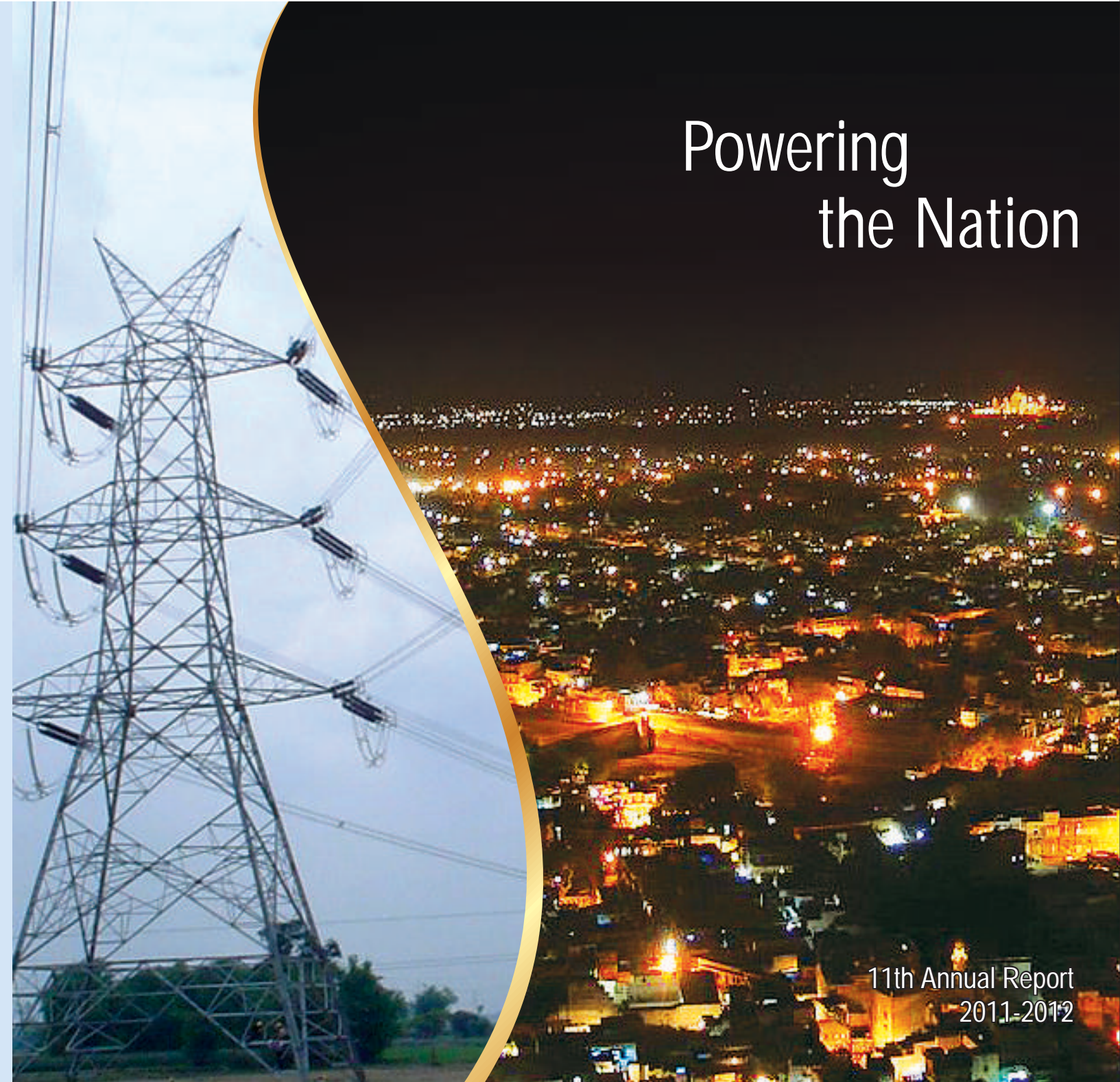
(A Joint Venture of TATA POWER & POWERGRID)

Registered & Corporate Office :
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Tel: +91 11 45159500, Fax: +91 11 45159555
Website : www.powerlinks.co.in



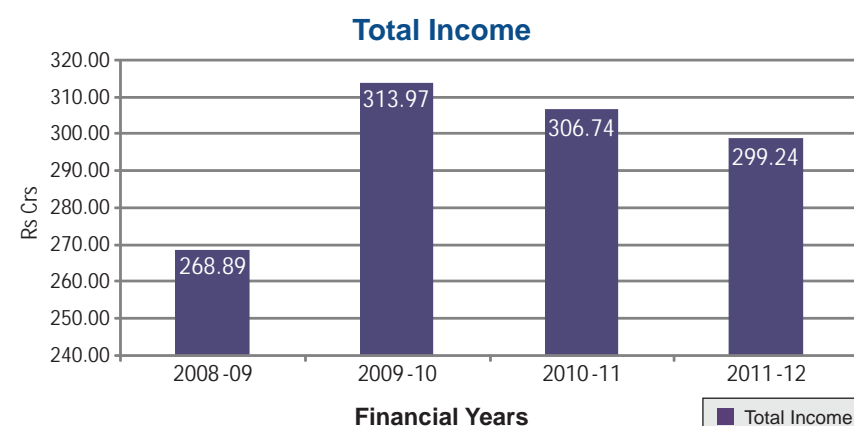
POWERLINKS TRANSMISSION LTD.

Powering
the Nation

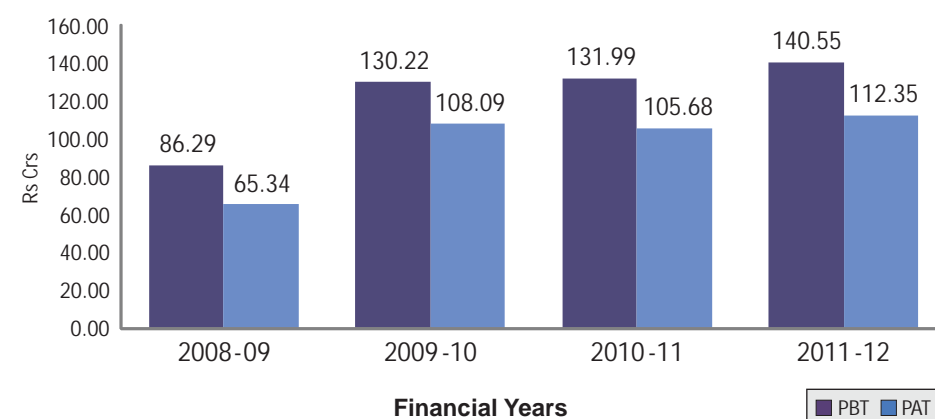
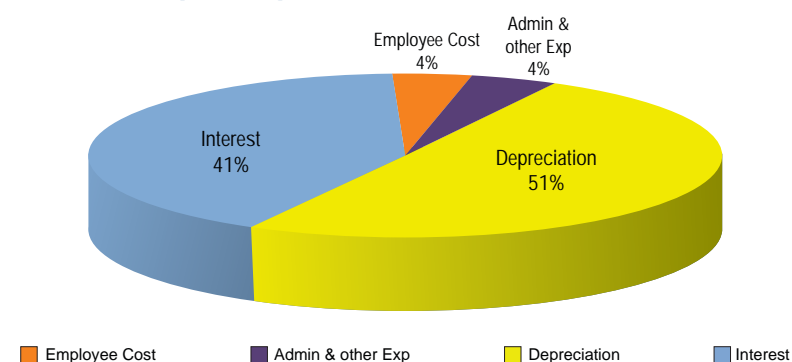


11th Annual Report
2011-2012

Financial Highlights



Break Up of Expenses for Financial Year 2011-12



Board of Directors



Mr. R.N. Nayak
Chairman



Mr. S. Padmanabhan
Director



Mr. I.S. Jha
Director



Mr. R.T. Agarwal
Director



Mr. Ravi P. Singh
Director



Mr. Sanjay G Patki
Director



Mr. Sanjeev Mehra
Director



Mr. Arun Kumar
Srivastava
Director



Mr. Arvind Singh
Executive Director
& CEO

Management Team



Mr. C. B. Samanta
Sr. General Manager
(P&O)



Mr. Arun C Bartakke
DGM (P&O)



Mr. Prakash Kumar
DGM
(HR & Admin.)



Mr. Anand Singh Gusain
Asst. General Manager
(Engg.)



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 11th Annual Report on the Company's operations and financial statements for the financial year ended on 31st March, 2012.

1.0 Financial highlights

1.1 Financial results

	FY 2011-12 (Rs. Crs)	FY 2010-11 (Rs. Crs)
(a) Operating Income	281.63	288.41
(b) Operating expenditure	12.21	14.82
(c) Operating Profit	269.42	273.59
(d) Add: Other Income	17.61	18.33
(e) Less: Interest and Finance Charges	64.84	76.55
(f) Profit before Depreciation and Tax	222.19	215.37
(g) Less: Depreciation	81.64	83.38
(h) Profit before Tax	140.55	131.99
(i) Less: Provision for Taxes	28.20	26.31
(j) Profit after Tax	112.35	105.68
(k) Profit & Loss A/c (Opening balance)	2.72	22.51
(l) Distributable profit including P&L opening balance which the Directors have appropriated as under:	115.07	128.19
(i) Interim Dividend	58.50	65.52
(ii) Proposed Dividend	30.42	32.76
(iii) Tax on Dividend (Interim + Proposed)	14.42	16.20
(iv) General Reserve	9.00	11.00
Total	112.34	125.48
Profit & Loss A/c (closing balance)	2.73	2.72

1.2 The total expenditure on the project cost as approved by CERC as of 31st March, 2012 is Rs. 1,553.28 Crs.

2.0 Operational Excellence

The average availability of transmission line was maintained at 99.66% for Eastern Region and 99.85% for Northern Region as against minimum stipulated availability of 98% during the Financial Year 2011-12.

3.0 The Regulatory issues are covered under the Management Discussion & Analysis section.

4.0 Dividend

The Directors are pleased to recommend a final dividend of 6.5% amounting to Rs. 30.42 Crore for the financial year 2011-12 (Rs. 32.76 Crore for the financial year 2010-11). The Company has declared an interim dividend @12.5% amounting to Rs.58.50 Crore in March 2012. Thus, the aggregate dividend is 19% amounting to Rs. 88.92 Crore for the financial year 2011-12 (Rs. 98.28 Crore for the financial year 2010-11).



Maintenance work in progress on the Siliguri Purnea line.

5.0 Business development & Consultancy

Powerlinks has been providing 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 assignment has been completed in the month of March 2012.

6.0 Human Resource development

We recognize that our employees are our strength. Our aim has been to employ and retain a suitable workforce. Over the years, our aim has been to instill a sense of belongingness amongst our employees. We have tried to be transparent and fair in our dealings with the employees. Due to these initiatives, the attrition rate has been low and we have been successful in retaining our personnel.

The Company has provided 6.9 mandays of training during the year as against the target of 5 mandays. Tailor made training programme was organized at National Power Training Institute (NPTI), Durgapur, West Bengal to enhance the skills of Operation & Maintenance staff.

To create a bench strength of the staff, the Company has recruited engineers with post graduate diploma in the transmission and distribution from the Central Board of Irrigation and Power, New Delhi (CBIP).

Implementation of Tata Code of Conduct has been an area of thrust. The Ethics Counselors and the Local Ethics Counselors have been imparted training on the subject.

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.

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.



Inauguration of Housing Colony at Muzaffarpur on 17th November, 2011

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

8.0 Quality Assurance, Inspection and Implementation of Integrated Management System

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 9001:2008 (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 during the year for a period of three years.



Safety Oath being taken during safety week

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. 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

Nil.

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, Chartered Accountants, Gurgaon, Haryana, 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. The Members will be requested, as usual, to appoint Auditors and to approve their remuneration.

In accordance with The Companies (Cost Audit Report) Rules, 2011, issued by Ministry of Corporate Affairs and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of its Cost Accounting Records every year. Subject to the approval of the Central Government and based on the

recommendation of the Audit Committee, the Board of Directors have appointed M/s. Krishan Berk, Cost Accountant, to audit the Cost Accounting Records for the financial year 2011-12. The last date of the submission of the Cost Audit Report in the prescribed form for the FY 2011-12 is 30th September 2012 and the same would be filed before the due date.

14.0 Directors

Mr. S K Chaturvedi, Chairman, consequent to his superannuation from POWERGRID, had submitted his resignation from Chairmanship and Directorship vide his letter dated 30th August, 2011. The Board had placed on record its appreciation of the valuable contribution made to the Company by Mr. Chaturvedi.

Mr. Banmali Agarwala had submitted resignation from the Directorship of the Company vide his letter dated 29th November 2011. The Board had placed on record its appreciation of the valuable contribution made to the Company by Mr. Agarwala.

Mr. Sunil Wadhwa has submitted resignation from the Directorship of the Company vide his letter dated 26th March 2012. The Board had placed on record its appreciation of the valuable contribution made to the Company by Mr. Wadhwa.

Mr. V M Kaul, consequent to his superannuation from POWERGRID, had submitted his resignation from Directorship vide his letter dated 30th March, 2012. The Board had placed on record its appreciation of the valuable contribution made to the Company by Mr. Kaul.

Mr. R N Nayak has been appointed as an Additional Director of the Company with effect from 13th October 2011. He holds office only up to the date of Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956 has been received from the member signifying his intention to propose Mr. Nayak’s appointment as Director.

Mr. Sanjeev Mehra has been appointed as an Additional Director of the Company with effect from 31st January 2012. He holds office only up to the date of Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956 has been received from the member signifying his intention to propose Mr. Mehra’s appointment as Director.

Mr. Ravi P Singh has been appointed as an Additional Director of the Company with effect from 25th April 2012. He holds office only upto the date of Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956 has been received from the member signifying his intention to propose Mr. Singh’s appointment as Director.

Mr. Arun Srivastava has been appointed as an Additional Director of the Company with effect from 25th April 2012. He holds office only upto the date of Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956 has been received from the member signifying his intention to propose Mr. Srivastava’s appointment as Director.

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr. R T Agarwal and Mr. I S Jha retires by rotation and are eligible for reappointment at the forthcoming AGM. The Notice convening the AGM includes the proposal for their reappointments.

15.0 Directors’ Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act 1956, 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 therefrom.

- (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, POSOCO and The Tata Power Company Ltd. for the support and cooperation extended by them for operation and maintenance phase of the Company. The Board also extended thanks to Powergrid for facilitating revenue collection 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 continuous timely assistance and patronage for 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
3rd May, 2012

(R N Nayak)
Chairman

Management Discussion and Analysis

Overall Transmission scenario and its Development:

The Eleventh five year plan has brought significant developments in the transmission sector. The transmission infrastructure in the country at the Interstate level has been growing at the good rate over the past few years. The transmission network (400 kV) has increased from 75722 ckt Kms. at the end of the tenth five year plan to 113367 ckt Kms. at the end of the Eleventh five year plan*.

The implementation of a new methodology of sharing of Inter state Transmission Charges & Losses effective 1st July 2011, replaced the system of regional postage stamp method thereby obviating the pan caking of the transmission charges.

The Organizational structure of the transmission segment has also undergone change with the separation of the load despatch or system operation function from the Transmission assets ownership.

Private investments formed 14% of the total investments in the transmission sector in the financial year 2010-11. The Tariff based competitive bidding for all interstate transmission projects became mandatory from January 2011. Private investments at the State level received a boost with the State Transmission utilities (STU's) roping in the private developers to expand intra state transmission network. The States which have taken lead include Haryana, Rajasthan, Uttar Pradesh and Maharastra.

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, wind farms etc as well.

The Indian Power sector would need to grow at a pace so as to support the GDP growth targets set by the Government of India. The active participation of the private sector would help the Indian power sector to bridge its growing demand-supply gap.

This may provide opportunities to Powerlinks to provide Project Management Services for upcoming transmission projects.

Powerlinks commitment towards 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 line is in operation for the last six years and is being maintained with the highest availability.

*Source: CEA website

Risks and Concerns

Consequent to implementation of CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010, with effect from 1st July 2011, few beneficiaries States like Maharashtra, Odisha, West Bengal, Bihar and Jharkhand have approached the respective Hon'ble High Courts of the States, challenging the implementation of these Regulations. Except Maharashtra & West Bengal, all other states are paying the transmission charges as per the old methodology pending outcome of the Petition. This has impacted the cash flow position of the Company.

Integrated Management Policy

Powerlinks is committed to ensure efficient and effective operation of the linkage for the “National Grid” with thrust on technology, quality, cost, regulatory & statutory compliances. The Company also addresses environmental issues, occupational health, safety & social concerns and continually improves its systems to the satisfaction of its Stakeholders.

Powerlinks has been certified for Quality, Environment, Occupational Health and Safety requirements of the International Standards i.e ISO 9001: 2008 (Quality Management System), 14001:2004 (Environment Management System) and OHSAS18001: 2007 (Occupational Health & Safety Management System) by BSI India for a period of three years valid upto 31st May 2014.

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.

The Company has Internal Auditors, who 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 meet four times during the year to review the audit observations and to follow up the implementation of corrective and preventive actions. The Committee also consults the Company's Statutory Auditors to ascertain their views on the adequacy of the internal controls in the Company.

HR Initiatives

To align with the organizational strategy, HR Department has facilitated optimum manning of various sites along the transmission route by recruiting Engineers (O & M) having rich experience in the field of transmission and also inducted fresh trainee Engineers.

The Company has been able to retain most of the key officers, by being an equal opportunity employer, ensuring excellent work life balance, adequate empowerment and taking care of various concerns.

Special Training programs have been developed & conducted for the trainee engineers on O&M of transmission lines.

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	
<p>1. We have audited the attached Balance Sheet of Powerlinks Transmission Limited ('the Company') as at 31 March, 2012, the Statement of Profit and Loss 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.</p> <p>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.</p> <p>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.</p> <p>4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>d. in our opinion, the Balance Sheet, Statement of Profit and Loss 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;</p> <p>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:</p> <p>i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2012;</p> <p>ii. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and</p> <p>iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.</p> <p>5. On the basis of written representations received from the Directors, as at 31 March, 2012, taken on record by the Board of Directors, none of the Directors is disqualified as at 31 March, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.</p>	
	<p>For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No. 015125N)</p> <p>JITENDRA AGARWAL Partner Membership No. 87104</p>
Place: Gurgaon Date: May 3, 2012	

ANNEXURE TO THE AUDITORS' REPORT	
(Referred to in paragraph 3 of our report of even date)	
<p>i. Having regard to the nature of the Company's business, clause 4(xiii) of the Order is not applicable.</p> <p>ii. In respect of its fixed assets:</p> <p>a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>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.</p> <p>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.</p> <p>iii. In respect of its inventories:</p> <p>a. As explained to us, inventory in the Company's possession has been physically verified by the Management during the year.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 year. During the course of our audit, we have not observed any major weakness in such internal control system.</p> <p>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.</p> <p>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.</p> <p>viii. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.</p> <p>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.</p>	
	<p>x. According to the information and explanations given to us and the records of the Company examined by us, in respect of statutory dues:</p> <p>a. The Company has deposited its statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Wealth Tax and Cess within 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, 2012 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.</p> <p>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.</p> <p>xi. The Company does not have any accumulated losses nor has incurred any cash losses during the current and the immediately preceding financial year.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>xx. The Company has not raised any money by way of public issues during the year.</p> <p>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.</p>
	<p>For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No. 015125N)</p> <p>JITENDRA AGARWAL Partner Membership No. 87104</p>
Place: Gurgaon Date: May 3, 2012	

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
A. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUND			
a. Share capital	3	46,800.00	46,800.00
b. Reserves and surplus	4	4,583.66	3,682.90
		<u>51,383.66</u>	<u>50,482.90</u>
2. NON-CURRENT LIABILITIES			
a. Long term borrowings	5	54,140.11	63,240.10
b. Deferred tax liabilities (net)	6	6,741.00	5,964.00
Less: Adjustable from future tariff income		(6,741.00)	(5,964.00)
c. Advance against depreciation		9,873.21	9,873.21
d. Other long term liabilities	7	638.99	-
e. Long term provisions	8	70.48	65.59
		<u>64,722.79</u>	<u>73,178.90</u>
3. CURRENT LIABILITIES			
a. Short term borrowings	9	1,690.00	-
b. Trade payables	10	211.12	462.67
c. Other current liabilities	11	1,760.98	4,219.19
d. Current maturities of long-term debt	12	9,100.00	9,100.00
e. Short term provisions	13	3,563.54	3,835.81
		<u>16,325.64</u>	<u>17,617.67</u>
		<u>132,432.09</u>	<u>141,279.47</u>
B. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i. Tangible fixed assets	14A	109,484.89	117,337.48
ii. Intangible fixed assets	14B	8.88	-
iii. Capital work in progress (CWIP)		3.65	286.52
		<u>109,497.42</u>	<u>117,624.00</u>
b. Long term loans and advances	15	1,526.60	1,537.77
2. CURRENT ASSETS			
a. Current investments	16	3,210.00	1,655.62
b. Inventories	17	170.37	162.81
c. Trade receivables	18	3,031.60	68.34
d. Cash and cash equivalents	19	11,316.93	16,261.09
e. Short term loans and advances	20	227.08	18.16
f. Other current assets	21	3,452.09	3,951.68
		<u>21,408.07</u>	<u>22,117.70</u>
		<u>132,432.09</u>	<u>141,279.47</u>
See accompanying notes forming part of the financial statements	1-39		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered AccountantsJITENDRA AGARWAL
PartnerPlace: Gurgaon
Date: May 3, 2012

For and on behalf of the Board

R. N. Nayak
Chairman
ARVIND SINGH
Executive Director
& CEO
AJAY BAGRI
CAO and Company SecretaryPlace: Gurgaon
Date: May 3, 2012STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	Year ended 31.03.2012 (Rs. / Lacs)	Year ended 31.03.2011 (Rs. / Lacs)
1. Revenue from operations	22	28,162.65	28,841.29
2. Other income	23	1,761.02	1,833.31
Total revenue		<u>29,923.67</u>	<u>30,674.60</u>
3. EXPENSES			
a. Employee benefits expenses	24	663.27	590.46
b. Finance costs	25	6,483.60	7,654.64
c. Depreciation and amortisation expense	14	8,163.65	8,337.82
d. Transmission, administration and other expenses	26	557.66	893.02
Total Expenses		<u>15,868.18</u>	<u>17,475.94</u>
4. PROFIT BEFORE TAX		<u>14,055.49</u>	<u>13,198.66</u>
5. TAX EXPENSES			
a. Current tax expenses		2,820.23	2,630.56
b. Deferred tax		777.00	1,017.00
Less: Adjustable from future tariff income		(777.00)	(1,017.00)
6. Profit for the year		<u>11,235.26</u>	<u>10,568.10</u>
7. Earnings per equity share (Face value Rs. 10 per share) -Basic and diluted (Rupees)	37	2.40	2.26
See accompanying notes forming part of the financial statements	1-39		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered AccountantsJITENDRA AGARWAL
PartnerPlace: Gurgaon
Date: May 3, 2012

For and on behalf of the Board

R. N. Nayak
Chairman
ARVIND SINGH
Executive Director
& CEO
AJAY BAGRI
CAO and Company SecretaryPlace: Gurgaon
Date: May 3, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	Year ended 31.03.2012 (Rs. / Lacs)	Year ended 31.03.2011 (Rs. / Lacs)
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	14,055.49	13,198.66
Adjustments for:		
Depreciation and amortisation expense	8,163.65	8,337.82
(Profit) on sale / write off of assets	(2.67)	(0.20)
Loss on fixed assets written off	7.00	115.08
Finance costs	6,170.49	7,018.64
Interest income		
- from banks on deposits	(1,133.18)	(1,137.07)
- on others	(69.07)	-
Rebate on transmission charges	243.99	615.79
Net (gain) / loss on sale of investments	(352.52)	(581.46)
Excess provisions no longer required written back	(27.07)	(5.09)
Operating profit before working capital changes	27,056.11	27,562.17
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(7.56)	(137.88)
Trade receivables	(2,963.26)	2,253.09
Short-term loans and advances	(208.92)	20.53
Long-term loans and advances	(33.13)	(0.24)
Other current assets	723.99	(2,272.03)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(251.55)	145.60
Other current liabilities	(1,892.88)	2,043.03
Other long-term liabilities	638.99	-
Short-term provisions	(0.30)	7.31
Long-term provisions	4.89	(7.68)
Cash generated from operations	23,066.38	29,613.90
Income tax paid	(2,769.73)	(2,733.51)
NET CASH FROM OPERATING ACTIVITIES	A 20,296.65	26,880.39
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(332.97)	(1,020.74)
Proceeds from sale of fixed assets	51.34	84.85
Interest income	908.78	737.88
Purchase of mutual fund units	(35,805.00)	(45,285.17)
Sale of mutual fund units	34,603.14	50,962.96
NET CASH FROM INVESTING ACTIVITIES	B (574.71)	5,479.78
C. Cash flow from financing activities		
Repayment of long-term borrowings	(9,100.00)	(9,100.00)
Proceeds from other short-term borrowings	1,690.00	-
Finance cost	(6,510.45)	(7,761.07)
Dividend paid	(9,126.00)	(14,976.00)
Tax on dividend	(1,619.65)	(1,399.12)
NET CASH USED IN FINANCING ACTIVITIES	C (24,666.10)	(33,236.19)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(4,944.16)	(876.02)
Cash and cash equivalents at the beginning of the year	16,261.09	17,137.11
Cash and cash equivalents at the end of the year (see note 19)	11,316.93	16,261.09

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner

Place: Gurgaon
Date: May 3, 2012

For and on behalf of the Board

R. N. Nayak
Chairman
ARVIND SINGH
Executive Director
& CEO

AJAY BAGRI
CAO and Company Secretary

Place: Gurgaon
Date: May 3, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount (Rs./Lacs)	Number of shares	Amount (Rs./Lacs)
Note 3 : Share Capital				
(a) Authorised				
Equity shares of Rs. 10 (Previous year Rs. 10) each with voting rights	483,600,000	48,360.00	483,600,000	48,360.00
(b) Issued				
Equity shares of Rs. 10 (Previous year Rs. 10) each with voting rights	468,000,000	46,800.00	468,000,000	46,800.00
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 (Previous year Rs. 10) each with voting rights	468,000,000	46,800.00	468,000,000	46,800.00
	468,000,000	46,800.00	468,000,000	46,800.00
See notes (i) to (iii) below				
(i) Details of shares held by each shareholder holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares with voting rights				
The Tata Power Company Limited	238,679,997	51	238,679,997	51
The Tata Power Company Limited and individuals jointly	3	-	3	-
PowerGrid Corporation of India Limited	229,319,997	49	229,319,997	49
Individuals of PowerGrid Corporation of India Limited	3	-	3	-
	468,000,000	100	468,000,000	100
(ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
Particulars	Opening Balance	Movement	Closing Balance	
Equity shares with voting rights				
As at 31 March, 2012				
- Number of shares	468,000,000	-	468,000,000	
- Amount (Rs./Lacs)	46,800.00	-	46,800.00	
As at 31 March, 2011				
- Number of shares	468,000,000	-	468,000,000	
- Amount (Rs./Lacs)	46,800.00	-	46,800.00	
(iii) Details of shares held by The Tata Power Company Limited, the holding Company				
	Aggregate number of shares			
Particulars	As at 31 March, 2012	As at 31 March, 2011		
Fully paid up equity shares with voting rights				
The Tata Power Company Limited	238,679,997	238,679,997		
The Tata Power Company Limited and individuals jointly	3	3		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
Note 4 : Reserves and surplus		
a. General reserve		
i. Opening balance	2,611.00	1,511.00
ii. Add: Transferred from surplus in Statement of Profit and Loss	900.00	1,100.00
iii. Closing balance	3,511.00	2,611.00
b. Self insurance reserve		
i. Opening balance	800.00	800.00
ii. Add: Transferred from surplus in Statement of Profit and Loss	-	-
iii. Closing balance	800.00	800.00
c. Surplus in Statement of Profit and Loss		
i. Opening balance	271.90	2,251.45
ii. Add: Profit for the year	11,235.26	10,568.10
iii. Less: Interim dividend distributed to equity shareholders [Rs. 1.25 per share (Previous year Rs. 1.40 per share)]	5,850.00	6,552.00
iv. Final dividend distributed to equity shareholders [Rs. 0.65 per share (previous year Rs. 0.70 per share)]	3,042.00	3,276.00
v. Tax on interim dividend	949.01	1,088.20
vi. Tax on final dividend	493.49	531.45
vii. Transferred to general reserve	900.00	1,100.00
Closing balance	272.66	271.90
	4,583.66	3,682.90

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
Note 5 : Long term borrowings		
TERM LOANS		
Secured loans (see note 'i' below)		
a. From banks		
i. State Bank of India	10,577.61	12,417.19
ii. Asian Development Bank	14,669.51	17,114.42
b. From others		
i. International Finance Corporation	16,498.00	19,247.66
ii. Infrastructure Development Finance Company Limited	12,394.99	14,460.83
	54,140.11	63,240.10
Note		
(i) Secured loans- Senior Lenders		
a) Security	<p>The Company has entered into loan agreement with the Financial Institutions and Banks collectively known as "Senior Lenders" for financing the project. The Company has created a first charge ranking pari passu on:</p> <p>i. all of its tangible, intangible, movable, fixed and current assets; ii. 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.</p>	
	As at 31.03.2012	As at 31.03.2011
b) Rate of interest	%	%
a. From banks		
i. State Bank of India	9.03%	9.03%
ii. Asian Development Bank	9.11%	9.11%
b. From others		
i. International Finance Corporation	8.76%	8.76%
ii. Infrastructure Development Finance Company Limited	9.20%	9.20%
c) Details of terms of repayment in respect of the secured other long-term borrowings:		
Period	(Rs. / Lacs)	
2013-2014	9,100.00	
2014-2015	9,100.00	
2015-2016	9,100.00	
2016-2017	9,100.00	
2017-2018	9,100.00	
2018-2019	8,640.11	
	54,140.11	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
Note 6 : Deferred tax liabilities		
Deferred tax liabilities (Net)		
a. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.		
b. 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, 2012, as detailed below reflect the quantum of tax liabilities accrued up to 31 March, 2012 but payable after the expiry of tax holiday period.		
<u>Tax effect of items constituting deferred tax liabilities</u> On difference between book balance and tax balance of fixed assets	6,741.00	5,964.00
Tax effect of items constituting deferred tax liabilities (see note below)	6,741.00	5,964.00
Note Adjustable from future tariff income as per the Central Electricity Regulatory Commission Tariff Regulations.		
	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
Note 7 : Other long term liabilities		
Advance from customers	638.99	-
Total	638.99	-
Note 8 : Long term provisions		
Provision for employee benefits		
i. Provision for compensated absences	65.17	55.63
ii. Provision for gratuity (net) (see note 30)	5.31	9.96
Total	70.48	65.59
Note 9: Short term borrowings		
Short term borrowings - Corporation Bank (see note below)	1,690.00	-
	1,690.00	-
Note: Short term loan together with interest, costs and charges are secured by the deposits amounting to Rs. 1,880.07 lacs.		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

						As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)				
Note 10 : Trade payables											
Trade payables-other than acceptances (see note 38)						211.12	462.67				
						211.12	462.67				
Note 11 : Other current liabilities											
a. Interest accrued but not due on borrowings						740.32	836.29				
b. Income received in advance (unearned revenue)						-	51.00				
c. Dividend distribution tax on interim dividend						949.02	1,088.20				
d. Other payables											
i. Statutory remittances (Contributions to PF and ESIC, Withholding taxes, Service tax, etc.)						17.69	35.93				
ii Payables on purchase of fixed assets						13.95	247.98				
iii Advance from customers						-	1,959.79				
iv Interest on delayed payment of income tax						40.00	-				
						1,760.98	4,219.19				
Note 12 : Other current liabilities of long-term borrowings											
Current maturities of long-term debt (see note below)						9,100.00	9,100.00				
Note: Security for 'Current maturities of long-term debt' is stated in note 'i' of Note 5 - 'Long term borrowings'											
Note 13 : Short term provisions											
a. Provision for employee benefits - compensated absences						28.06	28.36				
b. Provision - others											
i. Provision for proposed dividend						3,042.00	3,276.00				
ii Provision for tax on proposed dividend						493.48	531.45				
						3,563.54	3,835.81				
Note 14 : Fixed assets (At cost)						(All amounts in Rs. / Lacs)					
		GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
S. No.	Description	As at 01.04.2011	Additions	Deletions / Adjustments	As at 31.03.2012	As at 01.04.2011	For the Period	Deletions / Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
A	TANGIBLE ASSETS:										
1.	Freehold land	131.39	-	-	131.39	-	-	-	-	131.39	131.39
2.	Non factory building	2,173.97	292.55	30.60	2,435.92	55.00	85.16	2.70	137.46	2,298.46	2,118.97
3.	Plant and equipment										
	a. Transmission lines	152,217.87	49.98	35.00	152,232.85	37,241.86	8,052.51	9.25	45,285.12	106,947.73	114,976.01
	b. Computers	34.30	3.44	0.69	37.05	24.53	4.69	0.62	28.60	8.45	9.77
	c. Others	54.57	-	-	54.57	6.63	2.88	-	9.51	45.06	47.94
4.	Furniture and fixtures	42.92	-	-	42.92	20.26	5.18	-	25.44	17.48	22.66
5.	Vehicles	22.21	11.09	11.44	21.86	4.73	8.77	9.49	4.01	17.85	17.48
6.	Office equipment	34.90	9.10	-	44.00	21.64	3.89	-	25.53	18.47	13.26
	Total	154,712.13	366.16	77.73	155,000.56	37,374.65	8,163.08	22.06	45,515.67	109,484.89	117,337.48
	Previous year	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
B	INTANGIBLE ASSETS:										
1.	License fees	-	9.45	-	9.45	-	0.57	-	0.57	8.88	-
	Total	-	9.45	-	9.45	-	0.57	-	0.57	8.88	-
	Previous year	-	-	-	-	-	-	-	-	-	-
	Grand total	154,712.13	375.61	77.73	155,010.01	37,374.65	8,163.65	22.06	45,516.24	109,493.77	117,337.48
	Previous year	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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
Note 15 : Long term loans and advances (Unsecured, considered good)		
a. Capital advances	1,183.41	1,177.21
b. Security deposits	36.70	3.57
c. Advance income tax and tax deducted at source [net of provision for tax Rs. 10,820.15 lacs (Previous year Rs. 7,999.92 Lacs) and FBT Rs. 28.61 lacs (Previous year Rs. 28.61 Lacs)]	306.24	356.74
d. Other loans and advances	0.25	0.25
	1,526.60	1,537.77
Note 16 : Current investments Investments in mutual funds (Unquoted) (At lower of cost or fair value)		
33,989.131 (Previous year: Nil) units of Rs. 1,471.059 each in L&T Liquid Super Plan - Cumulative	500.00	-
Nil (Previous year: 5,528,789.195) units of Rs. 12.6610 each in Templeton India Ultra Short Bond Fund - Super IP Growth	-	700.00
Nil (Previous year: 2,624,204.679) units of Rs. 11.6461 each in Birla Sunlife Ultra Short Term Fund - Institutional Growth	-	305.62
6,500,000.00 (Previous year: 6,500,000.00) units of Rs. 10 each in ICICI Prudential FMP Series 54 - 1 year Plan A Cumulative*	650.00	650.00
206,00,000.00 (Previous year: Nil) units of Rs. 10 each in Tata Fixed Maturity Plan Series 40 Scheme A - Growth*	2,060.00	-
	3,210.00	1,655.62
Book value of current unquoted investments	3,280.00	1,658.60
* Under lien and held as security against borrowings.		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
Note 17 : Inventories (At lower of cost and net realisable value)		
Stores and spares	170.37	162.81
Note 18 : Trade receivables (Unsecured, considered good)		
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment	-	-
b. Other Trade receivables	3,031.60	68.34
	3,031.60	68.34
Note 19 : Cash and cash equivalents		
a. Cash in hand	0.70	0.48
b. Balance with scheduled banks in:		
i. In current accounts	1,602.23	1,241.61
ii. In deposits accounts*	9,714.00	15,019.00
	11,316.93	16,261.09
*Deposits under lien	9,714.00	14,119.00
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	11,316.93	16,261.09
Note 20 : Short term loans and advances (Unsecured, considered good)		
a. Loans and advances to employees	12.07	1.29
b. Prepaid expenses	24.34	11.16
c. Recoverable system operation charges	178.50	-
d. Other loans and advances	12.17	5.71
	227.08	18.16
Note 21 : Other current assets		
a. Unbilled revenue	2,574.07	3,298.06
b. Accrued interest on deposits	878.02	653.62
	3,452.09	3,951.68

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
Note 22 : Revenue from operations		
Sale of services (see note below)	28,162.65	28,841.29
Note:		
Sale of services comprises:		
a. Transmission service charges	27,412.51	28,063.48
b. Incentive on transmission service charges	497.87	513.36
c. Consultancy, project management and supervision fee	252.27	264.45
	28,162.65	28,841.29
Note 23 : Other income		
a. Interest income [see note (i) below]	1,202.25	1,137.07
b. Net gain on sale of mutual funds	352.52	581.46
c. Other non-operating income [see note (ii) below]	206.25	114.78
	1,761.02	1,833.31
Notes:		
(i) Interest income comprises :		
a. Interest from banks on deposits	1,133.18	1,137.07
b. Other interest	69.07	-
	1,202.25	1,137.07
(ii) Other non-operating income comprises:		
a. Profit on sale of fixed assets	2.67	0.20
b. Excess provision no longer required written back	27.07	5.09
c. Income from miscellaneous jobs	-	108.00
d. Miscellaneous income	176.51	1.49
	206.25	114.78
Note 24 : Employee benefit expenses		
a. Salaries and wages	556.72	497.20
b. Contribution to provident and other funds	61.53	67.46
c. Staff welfare expenses	45.02	41.22
	663.27	605.88
Less: Transferred to fixed assets	-	15.42
	663.27	590.46
Note 25 : Finance costs		
a. Interest expense on - borrowings	6,170.49	7,018.64
b. Rebate on transmission charges	243.99	615.79
c. Others		
i. Other borrowing costs	29.12	20.21
ii Interest on delayed payment of income tax	40.00	-
	6,483.60	7,654.64

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2012 (Rs. / Lacs)	As at 31.03.2011 (Rs. / Lacs)
Note 26 : Transmission, administration and other expenses		
a. Rent and hire charges	13.03	21.77
b. Repairs and maintenance		
i. Building	13.42	8.42
ii. Plant and machinery	121.49	207.05
iii. Others	2.27	4.61
c. Insurance charges	8.68	9.97
d. Rates and taxes (net of reimbursements Rs. 13.08 lacs (Previous year Rs. Nil))	23.02	34.34
e. Communication expenses	14.80	15.64
f. Travelling and conveyance	140.56	135.38
g. Printing, postage and stationery	6.82	9.28
h. Payments to auditors	22.63	19.85
i. Legal and professional fees (see note below)	38.63	36.21
j. Office and security expenses	91.35	89.25
k. Director's sitting fees	2.70	2.50
l. Electricity charges	7.01	13.83
m. Fees and subscription	22.15	17.14
n. Training and workshop expenses	11.62	26.98
o. Loss on fixed assets written off	7.00	115.08
p. Miscellaneous expenses	10.48	17.90
q. System operation charges (net of reimbursements Rs. 50.68 lacs (Previous year Rs. Nil))	-	107.82
	557.66	893.02
Note		
Payment to auditors comprises*		
(a) Statutory audit fee (including quarterly audits)	10.00	9.00
(b) Tax audit fees	1.50	1.50
(c) Certification for regulatory authorities	1.23	0.60
(d) Other services	9.71	8.50
(e) Out of pocket expenses	0.19	0.25
	22.63	19.85
*Exclusive of Service Tax		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 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 Line 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) A-2 (Purnea to Muzaffarpur) A-3 (Muzaffarpur to Gorakhpur) A-6 (Muzaffarpur PGCIL to Muzaffarpur BSEB)	1 September, 2006

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.

Note 2: Significant accounting policies

a. Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

c. 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.

d. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

f. Depreciation and amortization

Depreciation on fixed assets is provided on pro rata basis from the month in which assets is available for use on straight-line method at the rates and methodology notified by the Central Electricity Regulatory Commission (CERC) Tariff Regulations, 2009 except in case of the following assets where depreciation is provided based on estimated useful life:

Asset class	Rate (%)
Computer and accessories	60.00%
Motor vehicles	25.89%
Office Equipment	18.10%
Office Equipment – Mobile	33.33%
Furniture & Fixtures	18.10%
Software	Over the economic useful life or five years, whichever is lower
Assets costing Rs. 5,000 or less individually	Fully depreciated in the year of acquisition

These rates are higher than those prescribed in CERC Tariff Regulation, 2009

g. Revenue recognition

- i. Transmission Service Charges have 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, 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 of 20.008% (as applicable for current financial year) for the purpose of recognition of revenue.
- 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.

h. Other income

Interest income is accounted on accrual basis. Dividend income is accounted when the right to receive it is established.

i. Tangible assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realizable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

j. **Intangible assets**

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

k. **Foreign exchange transactions and translations**

Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date:

Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences:

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

l. **Investments**

Long-term investments are stated at cost, less provision for other than temporary diminution in the carrying value of each investment. Current investments comprising investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis. Cost of investments includes acquisition charges such as brokerage, fees and fair value.

m. **Employee benefits**

Employee benefits include provident fund, gratuity fund, superannuation fund and compensated absences.

Defined benefit plan:

For defined benefit plans in the form of provident fund, superannuation scheme and gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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 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.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- i. in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- ii. in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets, if any out of which the obligations are expected to be settled.

n. **Borrowing costs**

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

o. **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 capitalized 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.

<p>p. Earnings per share</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.</p> <p>q. Taxes on income</p> <p>Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, being the differences between taxable incomes 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.</p> <p>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.</p> <p>r. Impairment of assets</p> <p>The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.</p> <p>s. Provisions and contingencies</p> <p>A provision is recognised when the Company has a present obligation as a result of past events 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.</p> <p>t. Advance against depreciation</p> <p>'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.</p>	<p>Note 27: Provision for income tax</p> <p>The Company has made a provision of Tax of Rs. 2,820.23 Lacs (Previous Year Rs. 2,630.56 Lacs) as follows:</p> <p>a. Rs. 2,434.94 Lacs (Previous Year Rs. 2,246.09 Lacs) under section 115JB of Income Tax Act, 1961 on Transmission business.</p> <p>b. Rs. 385.29 Lacs (Previous Year Rs. 384.47 Lacs) under section 115JB of Income Tax Act, 1961 on income from consultancy and other sources.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Note 28: Accrual of Transmission Service Charges</p> <p>Transmission Service Charges have 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 of 20.008% (as applicable for current financial year) for the purpose of recognition of revenue.</p> <p>Note 29: Project Expenditure</p> <p>Total expenditure of Rs. 15,868.18 lacs (Previous year Rs. 17,475.94 lacs) for the year includes Rs. 87.64 lacs (Previous year Rs. 90.40 lacs) incurred towards total project management of Jaigad Power Transco Limited.</p> <p>Note 30: Disclosure pursuant to Accounting Standard 15 (revised 2005) on 'Employee Benefits'</p> <p>a. Defined contribution plan</p> <p>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.</p> <p>The Company recognised Rs. 24.57 Lacs (Previous Year Rs. 20.03 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.</p> <p>b. Defined benefit plan – Gratuity plan</p> <p>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.</p> <p>c. Policy for recognising actuarial gains and losses</p> <p>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.</p>
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d. The following tables set out the funded status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2012:
(All amounts in Rs. / Lacs)

S. No.	Particulars	Year ended 31.03.2012	Year ended 31.03.2011
i.	Change in benefit obligations:		
A	Present value of obligations as on 1.04.11	56.84	37.01
B	Current service cost	9.33	10.03
C	Interest cost	4.55	2.89
D	Actuarial gain/(loss) on obligation	(4.31)	9.64
E	Benefits paid	(8.13)	(2.73)
	Present value of obligations (F=A+B+C+D+E)	<u>58.28</u>	<u>56.84</u>
ii.	Change in plan assets:		
A	Fair value of plan assets as on 01.04.11	46.88	27.38
B	Actual return on plan assets	4.4	2.50
C	Employer's contributions	10.10	19.73
D	Benefits paid	(8.13)	(2.73)
E	Actuarial gain / (Loss)	(0.22)	0.01
	Fair value of plan assets (F=A+B+C+D+E)	<u>52.97</u>	<u>46.89</u>
iii.	Net Liability (i-ii)	5.31	9.96
iv.	Expenses recognised in the profit and loss account:		
A	Current service cost	9.33	10.03
B	Interest cost	4.55	2.89
C	Expected return/(loss) on plan assets	(4.34)	(2.50)
D	Actuarial gain recognised during the year	(4.10)	9.63
	Net charge/(credit) (E=A+B+C+D)	<u>5.44</u>	<u>20.05</u>

v. Additional Information:

	2012	2011	2010	2009	2008
Present Value of benefit obligations	<u>58.28</u>	<u>56.84</u>	<u>37.01</u>	<u>25.61</u>	<u>16.61</u>
Fair Value of Plan Asset	52.97	46.89	27.38	17.21	13.59
Excess of (obligation over plan asset)/ Plan asset over obligation	5.31	9.96	9.63	8.40	(3.02)

vi. Experience Adjustment:

On Plan Liability	2.42	(20.52)	(5.87)	(2.38)	-
On Plan Assets	0.22	0.01	(0.16)	0.03	-

vii. Principal actuarial assumptions:

S. No.	Particulars	Refer note below	Year ended 31.03.2012	Year ended 31.03.2011
i.	Discount rate (p.a.)	1	8.60%	8.00%
ii.	Rate of return on assets (p.a.)	2	9.25%	9.25%
iii.	Salary escalation rate (p.a.)	3	12.00%	12.00%

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

e. Actuarial assumptions for long –term compensated absences

i. Principal actuarial assumptions:

S. No.	Particulars	Refer note below	Year ended 31.03.2012	Year ended 31.03.2011
i.	Discount rate (p.a.)	1	8.60%	8.00%
ii.	Salary escalation rate (p.a.)	2	12.00%	12.00%

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 estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Note 31: Contingent liabilities and commitments

Capital commitments for contracts remaining to be executed on capital account (net of advances) not provided for are Rs. 58.92 lacs (Previous year Rs. 157.35 Lacs). Other commitments for contracts remaining to be executed on O&M account not provided for are Rs. 195.79 Lacs. (Previous year Rs. Nil Lacs)

Note 32: Capital work in progress

Capital work in progress includes capital advances aggregating to Rs. 1,183.41 Lacs. (Previous year Rs. 1,177.21 Lacs)

Note 33: Self insurance reserve

The Company has set aside an amount of Rs. 800.00 Lacs (Previous year Rs. 800.00 Lacs) in the past years 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.

Note 34: Expenditure incurred in foreign currency

Particulars	Year ended 31.03.2012 (Rs. / Lacs)	Year ended 31.03.2011 (Rs. / Lacs)
Other borrowing cost	4.46	4.68

Note 35: 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 Subsidiary
 - Tata Projects Limited (TPL)
 - Industrial Energy Limited (IEL)
- iv. Associate
 - Power System Operation Corporation Limited (POSOCO)
- v. Key Management Personnel
 - Sh. Arvind Singh - Executive Director & CEO (w.e.f. 1 September, 2010)
 - Sh. Suresh Sachdev – Executive Director & CEO (upto 31 August, 2010)

b. Transactions/balances outstanding with Related Parties

(All amounts in Rs./ Lacs)

S. No.	Particulars	Holding Company	Company exercising significant influence (PGCIL)	Fellow Subsidiaries			Associates (POSOCO)	Key Management Personnel
		(TPCL)		(TPL)	(IEL)	(Others)		
Transactions during the period:								
1	Services received	0.22 (7.09)	17.84 (11.98)	4.46 (95.36)	- (-)	0.06 (2.28)	- (-)	- (-)
2	System operation Charges	- (-)	4.69 (80.14)	- (-)	- (-)	- (-)	46.00 (27.68)	- (-)
3	Interest paid	- (-)	- (-)	- (-)	8.95 (6.84)	- (-)	- (-)	- (-)
4	Purchase of plant and machinery	- (-)	- (227.96)	- (-)	- (-)	- (-)	- (-)	- (-)
5	Dividend paid	4,654.26 (7,637.76)	4,471.74 (7,338.24)	- (-)	- (-)	- (-)	- (-)	- (-)

(All amounts in Rs./ Lacs)

S. No.	Particulars	Holding Company	Company exercising significant influence (PGCIL)	Fellow Subsidiaries			Associates (POSOCO)	Key Management Personnel
		(TPCL)		(TPL)	(IEL)	(Others)		
6	Managerial Remuneration:	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	56.91 (55.21)
	a. Arvind Singh	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	56.91 (29.59)
	b. Suresh Sachdev	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (25.62)
7	Revenue from operations	7.26 (-)	27,910.38 (28,576.84)	9.01 (20.70)	- (-)	- (-)	- (-)	- (-)
8	Reimbursement of expenses	- (-)	13.08 (-)	- (-)	- (-)	5.71 (-)	- (-)	- (-)
9	Other interest	- (-)	69.07 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Balances Outstanding as at the year end:								
10	Recoverable system operation charges	- (-)	178.50 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
11	Capital advances	- (-)	277.76 (277.76)	- (-)	- (-)	- (-)	- (-)	- (-)
12	Trade receivable	- (-)	3,017.81 (48.49)	- (-)	- (-)	- (-)	- (-)	- (-)
13	Unbilled revenue	- (-)	2,533.72 (3,271.59)	- (-)	- (-)	- (-)	- (-)	- (-)
14	Amount payable	- (-)	638.99 (1,908.91)	- (0.39)	- (12.83)	- (-)	3.61 (12.83)	- (-)

Note: Figures in brackets pertain to the previous year.

Note 36: 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.

Note 37: 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 31.03.2012	Year ended 31.03.2011
a.	Net profit after tax	Rs. / lacs	11,235.26	10,568.10
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./share	2.40	2.26

Note 38: Disclosures as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Based on the information available with the Company, the balance due to micro and small enterprises as defined under the Micro, Medium and Small Enterprises Development (MSMED) Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006. The information provided by the Company has been relied upon by the auditors.

Note 39: Previous year's figures

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board

R.N. NAYAK
Chairman

ARVIND SINGH
Executive Director & CEO

AJAY BAGRI
CAO and Company Secretary

Place: Gurgaon
Date: May 3, 2012

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, 2012 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. R N Nayak	Chairman	Non Executive	7	-	-
Mr. Sanjeev Mehra	Director	Non Executive	1	-	1
Mr. S Padmanabhan	Director	Non Executive	7	2	4
Mr. Sanjay G Patki	Director	Non Executive	1	-	-
Mr. V M Kaul	Director	Non Executive	2	-	1
Mr. R T Agarwal	Director	Non Executive	5	1	2
Mr. I S Jha	Director	Non Executive	3	-	2
Mr. Arvind Singh	Executive Director & CEO	Executive	-	-	-

*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 Board Composition during the year

Name of the Director	Details of Change	Date of Change
Mr. S K Chaturvedi	Superannuated as Chairman	31st August 2011
Mr. R N Nayak	Appointed as Chairman	13th October 2011
Mr. Banmali Agarwala	Resigned as Director	30th November 2011
Mr. Sanjeev Mehra	Appointed as an Additional Director	31st January 2012
Mr. Sunil Wadhwa	Resigned as Director	30th March 2012
Mr. V M Kaul	Superannuated as Director	31st March 2012

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 2011-12	10th Annual General Meeting held on 20 th July 2011 - Attended
Mr. S. K. Chaturvedi ⁽¹⁾	2	Yes
Mr. R. N. Nayak ⁽²⁾	2	-
Mr. Banmali Agrawala ⁽³⁾	1	Yes
Mr. S. Padmanbhan	3	Yes
Mr. Sanjay G Patki	5	Yes
Mr. R T Agarwal	5	Yes
Mr. I S Jha	1	-
Mr. Sanjeev Mehra ⁽⁴⁾	1	-
Mr. Sunil Wadhwa ⁽⁵⁾	5	Yes
Mr. V M Kaul ⁽⁶⁾	5	Yes
Mr. Arvind Singh	5	Yes

⁽¹⁾Superannuated on 31st August 2011

⁽²⁾Appointed w.e.f 13th October 2011

⁽³⁾Resigned on 30th November 2011

⁽⁴⁾Appointed w.e.f. 31st January 2012

⁽⁵⁾Resigned on 30th March 2012

⁽⁶⁾Superannuated on 31st March 2012

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

Five Board Meetings were held during the financial year 2011-12 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

21st April, 2011, 20th July 2011, 4th November 2011, 31st January 2012 and 22nd March, 2012.

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 2012 and details of meetings attended by the Directors are given below:

Name of the Director	Designation	No. of Meetings attended during the year 2011-12
Mr. Sunil Wadhwa ⁽¹⁾	Chairman	5
Mr. R T Agarwal	Member	5
Mr. V M Kaul ⁽²⁾	Member	5

⁽¹⁾Resigned on 30th March 2012

⁽²⁾Superannuated on 31st March 2012

The Audit Committee met five times during the FY 2011-12. The dates on which the said meetings were held are as follows:

19th April, 2011, 19th July, 2011, 4th November, 2011, 31st January, 2012 and 22nd March, 2012.

The Executive Director & CEO and CAO & Company Secretary 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, 2012 and the details of meeting attended by the Directors are given below:

Name of the Director	Designation	No. of Meetings attended during FY 2011-12
Mr. S K Chaturvedi ⁽¹⁾	Chairman	1
Mr. Banmali Agrawala ⁽²⁾	Member	1
Mr. S Padmanabhan	Member	1

⁽¹⁾Superannuated on 31st August 2011

⁽²⁾Resigned on 30th November 2011

All the above Directors are Non- Executive.

Remuneration Committee Meeting was held once during the FY 2011-12 i.e., on 20th July 2011.

The Chairman of the Remuneration Committee, Mr. S K Chaturvedi was present at the Annual General Meeting held on 20th July, 2011.

4.0 Details of remuneration for FY 2011-12:

Non-executive Directors

Name of the Directors	Sitting Fees paid (Rs.)
Mr. S K Chaturvedi	Nil
Mr. R N Nayak	Nil
Mr. Banmali Agrawala	Nil
Mr. S. Padmanabhan	Nil
Mr. Sanjay G Patki	100,000/-
Mr. R T Agarwal	Nil
Mr. I S Jha	Nil
Mr. V M Kaul	Nil
Mr. Sunil Wadhwa	150,000/-
Mr. Sanjeev Mehra	20,000/-

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

(in Rs. Lakhs)

Name	Salary & Allowances	Commission	Perquisite	Retirement Benefits*	Total
Mr. Arvind Singh Executive Director & CEO	30.32	15.25	4.60	3.48	53.65

*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, 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
31st March 2011	Wednesday 20th July, 2011	12.15 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 Friday, 27th Day of July 2012 at 4.30 p.m. at Conference Room, Powergrid Corporation of India Ltd., B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016

6.2. Financial Calendar : April to March

6.3. Book closure : From 16th July 2012 to 19th July 2012 (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
Website: www.tsrdarashaw.com

6.5 Shareholding Pattern as on 31st March, 2012

Name of Shareholder	No. of Shares	% age shareholding (approx)
The Tata Power Company Limited	238,67,99,997	51
Powergrid Corporation of India Limited	229,31,99,997	49
The Tata Power Company Limited & Individuals on jointly basis	3	-
Individuals of Powergrid Corporation of India Ltd.	3	-
Total	468,00,00,000	100

6.6 Dematerialisation of Shares as on 31st March, 2012

The Company's shares are dematerialized with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CSDL). 467,99,99,994 Equity shares of the Company representing 99.99% of the share Capital are dematerialized.

Under the depository system, the International Securities Identification No. (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