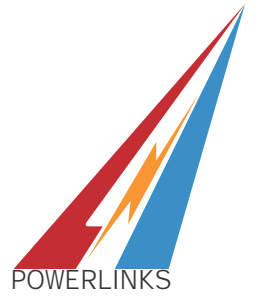


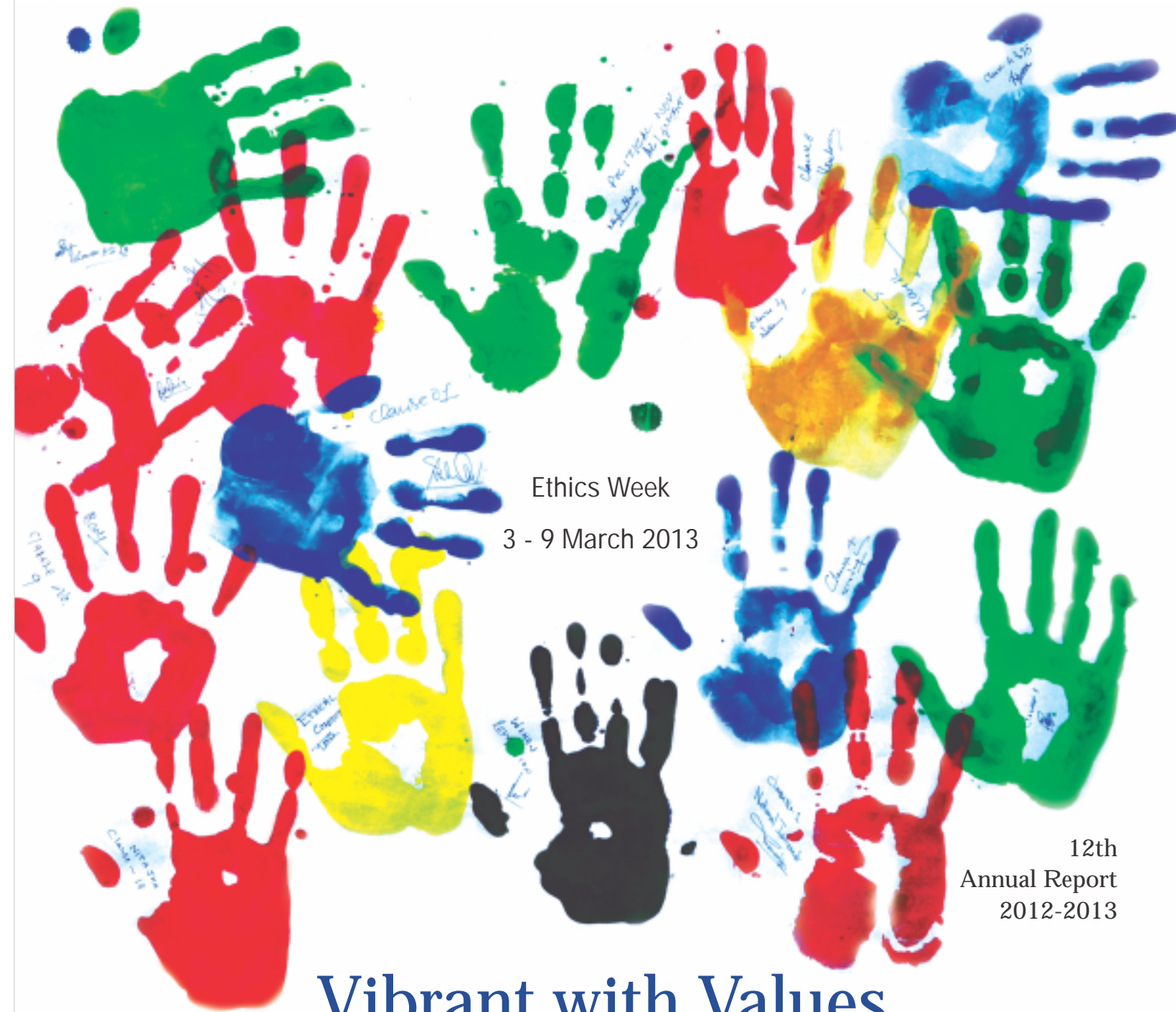


**POWERLINKS TRANSMISSION LTD.**  
(A Joint Venture of TATA POWER & POWERGRID)

Registered & Corporate Office :  
10th Floor, DLF Tower-A, District Center Jasola, New Delhi-110 025  
Tel: +91 11 45159500, Fax: +91 11 45159555  
Website : [www.powerlinks.co.in](http://www.powerlinks.co.in)



**POWERLINKS TRANSMISSION LTD.**



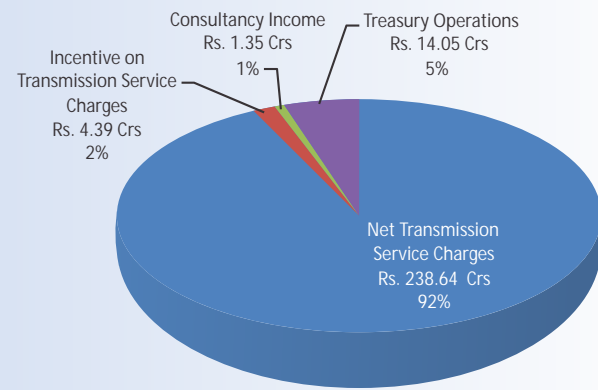
Ethics Week  
3 - 9 March 2013

12th  
Annual Report  
2012-2013

**Vibrant with Values**

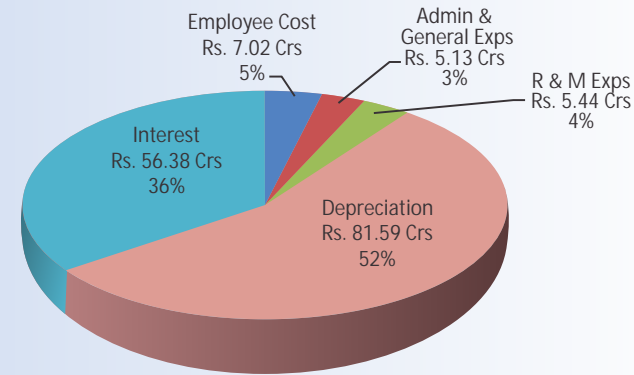
## Financial Highlights

### INCOME BREAK UP FINANCIAL YEAR 2012-13



- Net Transmission Service Charges
- Incentive on Transmission Service Charges
- Consultancy Income
- Treasury Operations

### EXPENSE BREAK UP FINANCIAL YEAR 2012-13

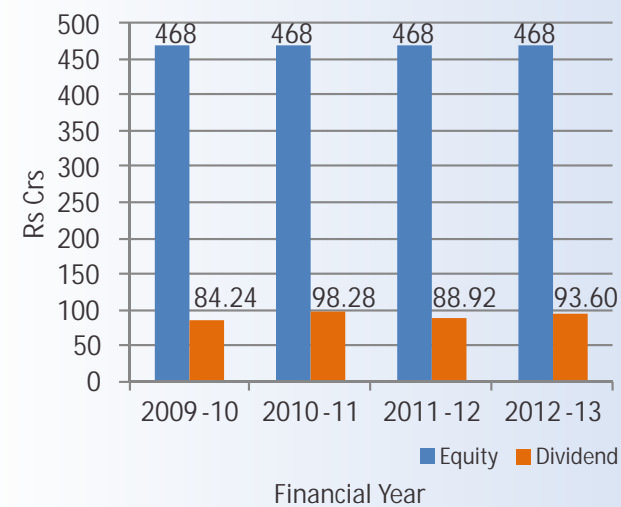


- Employee Cost
- Admin & General Exps
- R & M Exps
- Depreciation
- Interest

### PROFIT AFTER TAX



### EQUITY & DIVIDEND



## 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. Sanjeev Mehra  
Director



Mr. Arun Kumar  
Srivastava  
Director



Mr. Ajay Kapoor  
Director



Mr. Arvind Singh  
Executive Director  
& CEO

## Management Team



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



Mr. Prakash Kumar  
DGM  
(HR & Admin.)



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



Mr. Suranjit Mishra  
Chief  
Finance & Accounts

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

CONTENTS	
Directors' Report	2
Management Discussion and Analysis	8
Auditors' Report	10
Balance Sheet as at 31st March, 2013	14
Statement of Profit & Loss Account	15
Cash Flow Statement	16
Notes Forming Part of the Financial Statements	17
Report on Corporate Governance	41

# Directors' Report

To  
The Members,

The Directors are hereby pleased to present their 12th Annual Report on the Company's operations and financial statements for the financial year ended on 31st March, 2013.

## 1.0 Financial highlights

### 1.1 Financial results

	FY 2012-13 (Rs. Cr)	FY 2011-12 (Rs. Cr)
(a) Operating Income	244.38	281.63
(b) Operating Expenditure	17.59	12.21
(c) Operating Profit	226.79	269.42
(d) Add: Other Income	15.49	17.61
(e) Less: Interest and Finance Charges	56.38	64.84
(f) Profit before Depreciation and Tax	185.90	222.19
(g) Less: Depreciation	81.58	81.64
(h) Profit before Tax	104.32	140.55
(i) Less: Provision for Taxes	(14.75)	28.20
(j) Profit after Tax	119.07	112.35
(k) Less: Insurance reserve	0.59	-
Distributable profit	118.48	112.35
Profit & Loss A/c (Opening balance)	2.73	2.72
Distributable profit including P&L opening balance which the Directors have appropriated as under:	121.21	115.07
(i) Interim Dividend	67.86	58.50
(ii) Proposed Dividend	25.74	30.42
(iii) Tax on Dividend (Interim + Proposed)	15.38	14.42
(iv) General Reserve	9.00	9.00
Total	117.98	112.34
Profit & Loss A/c (closing balance)	3.23	2.73

1.2 The total capital expenditure on the project as approved by Central Electricity Regulatory Commission as of 31st March, 2013 is Rs. 1553.28 Crore.

## 2.0 Operational Excellence

The average availability of transmission line was maintained at 98.60% for Eastern Region and 99.95% for Northern Region as against minimum stipulated availability of 98% during the Financial Year 2012-13.

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 5.5% amounting to Rs. 25.74 Crore for the financial year 2012-13. The Company has declared an interim dividend @14.5% amounting to Rs. 67.86 Crore in March 2013. Thus, the aggregate dividend is 20% amounting to Rs. 93.60 Crore for FY 2012-13 (Rs. 88.92 Crore for FY 2011-12). This shall be paid after your approval at the Annual General Meeting. The dividend distribution tax on the same works out to Rs. 15.38 Crore (Rs. 14.42 Crore for FY 2011-12).



## 5.0 Business Development & Consultancy

Powerlinks has provided Project Management Consultancy to Himachal Sorang Power Ltd., an SPV formed for implementation of Sorang Hydro Electric Project in Himachal Pradesh. The project is 2 x 50 MW Hydro generating plant being set-up in Kinnaur District in the State of Himachal Pradesh. The Company is constructing the LILO of 400 kV D/C Quad Moose Transmission line.

## 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 been 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 7.0 mandays of training during the year as against the target of 5.5 mandays. Tailor made training programme was organized at National Power Training Institute (NPTI), Faridabad, Haryana to enhance the skills of Operations & Maintenance staff.



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

The particulars of employees who were in receipt of remuneration in excess of the limit prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in Annexure I.



## 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 programmes from time to time on "Safety, Health and Environment 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.



## 9.0 Corporate Governance

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

## 10.0 Conservation of Energy

The Company has made 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

The Company has purchased a punctured Insulator detector kit to monitor the health of the Porcelain Insulator in service.

## 12.0 Foreign exchange earnings and outgo

Export	Nil
Purchase of Materials	Rs. 1.42 Crore
Expenditure in foreign currency	Rs. 0.06 Crore
Foreign exchange earned	Nil

## 13.0 Auditors

The retiring Auditors, M/s Deloitte Haskins & Sells, Gurgaon, being eligible have expressed their willingness to be re-appointed. 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 Cost Auditors

Pursuant to the provisions of Section 233B of the Companies Act, 1956, Mr. Krishan Singh Berk (Fellow Membership No 2724), practising Cost Accountant, has been appointed as Cost Auditor of the Company for the financial year ended 31st March 2013 to conduct audit of cost records pertaining to the Transmission Line maintained by the Company. The Cost Audit Report would be submitted to the Central Government within the prescribed time.

## 15.0 Directors

During the year, Mr. S G Patki has ceased to be Director of the Company with effect from 13th February 2013. The Board wishes to place on record its appreciation of the valuable contribution made to the Company by Mr. Patki.

Mr. Ajay Kapoor has been appointed as an Additional Director of the Company with effect from 20th March 2013. 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 a member proposing Mr. Kapoor's appointment as Director.

In accordance with the requirements of the Act and the Articles of Association of the Company, Mr. S. Padmanabhan and Mr. Arun Srivastava retire by rotation and are eligible for re-appointment at the forthcoming Annual General Meeting. The Notice convening the meeting includes the proposal for re-appointment of Directors.

## 16.0 Directors' 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 provisions 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.

## 17.0 Acknowledgements

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

The Board of Directors also extends its sincere thanks to Power Grid Corporation of India Ltd. (POWERGRID) and The Tata Power Company Ltd. for the support to the Company. The Board also extends its gratitude to POWERGRID for facilitating revenue collection for 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.

The Board of Directors also take this opportunity to place on record its gratitude for the valuable contribution and the cooperation extended by each member of the POWERLINKS family.

On behalf of the Board of Directors,

Gurgaon  
18th April, 2013

(R N Nayak)  
Chairman

## Annexure I to the Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 for the year 2012-13

Sr. No.	Name	Age (Yrs)	Designation / Nature of Duties	Gross Remuneration (Rs. Lacs)*	Qualification	Total Experience (Yrs)	Date of Commencement of Employment	Last Employment held and Designation
1	Arvind Singh	52	Executive Director & CEO	60.11	B. Tech (Electrical)	30	1-Sep-2010	The Tata Power Company Ltd., DGM

\*Gross remuneration comprises salary, allowances, incentive remuneration (provisional), monetary value of perquisites, Company's contribution to Provident and Superannuation Funds but excluding contribution to Gratuity Fund and provision for leave encashment.

The nature of employment is contractual.

## 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 network has increased from 198407 ckt Kms<sup>1</sup> at the end of the Tenth five year plan to 257481 ckt Kms<sup>2</sup> at the end of the Eleventh five year plan.

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 focused on the strengthening of National Grid. The estimated investment of Rs.240,000 Crore<sup>3</sup> is envisaged in the Twelfth Five Year Plan. Power Grid Corporation of India Limited has envisaged capital expenditure of Rs 1,00,000 Crore in this Plan period as against Rs 55,000 Crore in the 11th Plan.

### Powerlinks' commitment towards National Grid:

The Company has contributed towards establishment of the National Grid by setting up the transmission line associated with Tala Transmission System from Siliguri in West Bengal to Mandaula in Uttar Pradesh via Bihar which is in operations for about 7 years since July 2006. 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.

### Risks and Concerns

The Central Electricity Regulatory Commission (CERC) (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 that came into effect from 1st July 2011, provide for computation of Point of Connection charges and losses under a new methodology for sharing of transmission charges. Although the Company's revenue remains unaffected, this impacts the operational cash flow of the Company. Few beneficiary 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. States other than Maharashtra continue to pay as per old mechanism.

### 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, environment preservation, occupational health, safety & social concerns and continually improving its systems to the satisfaction of its stakeholders.

<sup>1</sup>Source: CEA website-www.cea.nic.in

<sup>2</sup>Source: CEA website-www.cea.nic.in

<sup>3</sup>Source: Power Transmission in India by India Infrastructure Research

Powerlinks has been re-certified for Quality, Environment, Occupational Health and Safety requirements of the International Standard ISO 9001: 2008 (Quality Management System), 14001:2004 (Environment Management System) and OHSAS 18001: 2007 (Occupational Health & Safety Assessment System) by BSI Management Systems India Pvt. Ltd. for a period of three years upto September 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 complied with.

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 that meets 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 of non-executive directors who also oversee financials/risks perception of the Company's operations.

### HR Initiatives

In order to achieve organization's strategic objectives, HR has facilitated alignment of Strategy Deployment Matrix to Balanced Score Cards thus linking organizational goals with the Key Result Areas of each employee.

With a view to provide career paths to the employees and thereby retaining talent, high potential employees have been given the responsibility of executing new projects under Project Management Consultancy jobs and projects undertaken by other Tata Power Group Companies.

Under Training & Development, employees were imparted training as per their developmental needs, thus making their jobs more meaningful.

The Company has adopted Affirmative Action Policy in line with Tata Affirmative Action plan for improving lives of socially disadvantaged section of society. The Company is committed to the principle of equal employment opportunity, non-discrimination and affirmative action.

### 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.

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF POWERLINKS TRANSMISSION LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Powerlinks Transmission Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- b. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells  
Chartered Accountants  
(ICAI Registration No. 015125N)

Place: Gurgaon  
Date: 18th April 2013

Alka Chadha  
Partner  
(Membership No. 93474)



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. Having regard to the nature of the Company's business/activities/results during the year, clause 4(x), (xiii) and (xiv) 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. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, 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, the inventories were physically verified during the year by the Management at reasonable intervals.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were 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 year and during the course of our audit, we have not observed any major weaknesses 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. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of the Companies Act, 1956.
- viii. In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- ix. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- x. According to the information and explanations given to us in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the Company's operations do not give rise to any balances in the Investor Education and Protection Fund, Excise Duty and Wealth Tax.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Cess and other material statutory dues in arrears as at 31 March, 2013 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 balances in the Investor Education and Protection Fund, Excise Duty and Wealth Tax.
  - c. Details of dues of Sales Tax which have not been deposited as on 31 March, 2013 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
The Central Sales Tax Act, 1956	Disputed demands raised by sales tax authorities	Commercial Tax Tribunal	2004-05 to 2007-08	2,497.74

We are informed that there are no dues in respect of Income Tax, Service Tax, Custom Duty and Cess which have not been deposited on account of any disputes. We are informed that the Company's operations do not give rise to Wealth Tax, Excise Duty.

- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- xii. 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.
- xiii. 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.
- xiv. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- xv. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long term investment.
- xvi. 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.
- xvii. According to the information and explanations given to us, during the period covered by our audit, 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.
- xviii. The Company has not raised any money by way of public issues during the year.



BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

	Note No.	As at 31.03.2013 (Rs. / Lacs)	As at 31.03.2012 (Rs. / Lacs)
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. SHAREHOLDERS' FUND</b>			
a. Share capital	3	46,800.00	46,800.00
b. Reserves and surplus	4	5,592.94	4,583.66
		<u>52,392.94</u>	<u>51,383.66</u>
<b>2. NON-CURRENT LIABILITIES</b>			
a. Long term borrowings	5	45,040.11	54,140.11
b. Deferred tax liabilities (net)	6	7,321.00	6,741.00
Less: Adjustable from future tariff income		(7,321.00)	(6,741.00)
		<u>-</u>	<u>-</u>
c. Advance against depreciation		9,873.21	9,873.21
d. Other long term liabilities	7	2,910.58	638.99
e. Long term provisions	8	94.16	70.48
		<u>57,918.06</u>	<u>64,722.79</u>
<b>3. CURRENT LIABILITIES</b>			
a. Short term borrowings	9	5,364.08	1,690.00
b. Trade payables	10	241.78	211.11
c. Other current liabilities	11	1,831.39	1,760.98
d. Current maturities of long-term debt	12	9,100.00	9,100.00
e. Short term provisions	13	3,031.31	3,563.55
		<u>19,568.56</u>	<u>16,325.64</u>
		<u><b>129,879.56</b></u>	<u><b>132,432.09</b></u>
<b>B. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
a. Fixed assets			
i. Tangible fixed assets	14A	101,488.99	109,484.89
ii. Intangible fixed assets	14B	9.21	8.88
iii. Capital work-in-progress (CWIP)		-	3.65
		<u>101,498.20</u>	<u>109,497.42</u>
b. Long term loans and advances	15	4,779.56	1,526.60
		<u>106,277.76</u>	<u>111,024.02</u>
<b>2. CURRENT ASSETS</b>			
a. Current investments	16	2,060.00	3,210.00
b. Inventories	17	228.03	170.37
c. Trade receivables	18	2,912.53	3,031.60
d. Cash and bank balances	19	14,417.71	11,316.93
e. Short term loans and advances	20	281.80	227.08
f. Other current assets	21	3,701.73	3,452.09
		<u>23,601.80</u>	<u>21,408.07</u>
		<u><b>129,879.56</b></u>	<u><b>132,432.09</b></u>
See accompanying notes forming part of the condensed financial statements	1-38		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants**Alka Chadha**  
PartnerPlace: Gurgaon  
Date: 18th April 2013

For and on behalf of the Board

**R. N. Nayak**  
Chairman  
**Arvind Singh**  
Executive Director  
& CEO**Ajay Bagri**  
CAO & Company SecretaryPlace: Gurgaon  
Date: 18th April 2013STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	Note No.	Year ended 31.03.2013 (Rs. / Lacs)	Year ended 31.03.2012 (Rs. / Lacs)
<b>1. Revenue from operations</b>	22	24,438.15	28,162.65
<b>2. Other income</b>	23	1,549.48	1,761.02
<b>3. Total Revenue (1 +2)</b>		<u><b>25,987.63</b></u>	<u><b>29,923.67</b></u>
<b>4. Expenses</b>			
a. Employee benefits expenses	24	701.84	663.27
b. Finance costs	25	5,637.94	6,483.60
c. Depreciation and amortisation expense	14	8,158.50	8,163.65
d. Transmission, administration and other expenses	26	1,057.08	557.66
<b>5. Total Expenses</b>		<u><b>15,555.36</b></u>	<u><b>15,868.18</b></u>
<b>6. Profit before tax (3 - 5)</b>		<u><b>10,432.27</b></u>	<u><b>14,055.49</b></u>
<b>7. Tax expense / (benefit):</b>			
a. Current tax expenses		2,087.29	2,820.23
b. (Less): MAT credit		(2,982.23)	-
c. Short / (Excess) provision for tax relating to prior years	27	(580.38)	-
d. Net current tax expense		<u>(1,475.32)</u>	<u>2,820.23</u>
e. Deferred tax		580.00	777.00
Less: Adjustable from future tariff income		(580.00)	(777.00)
Net tax expense / (benefit)		<u>(1,475.32)</u>	<u>2,820.23</u>
<b>8. Profit for the year (6-7)</b>		<u><b>11,907.59</b></u>	<u><b>11,235.26</b></u>
<b>9. Earnings per equity share</b> (Face value Rs. 10 per share) -Basic and diluted (Rupees)	36	2.54	2.40
See accompanying notes forming part of the condensed financial statements	1-38		

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants**Alka Chadha**  
PartnerPlace: Gurgaon  
Date: 18th April 2013

For and on behalf of the Board

**R. N. Nayak**  
Chairman  
**Arvind Singh**  
Executive Director  
& CEO**Ajay Bagri**  
CAO & Company SecretaryPlace: Gurgaon  
Date: 18th April 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013

	Year ended 31.03.2013 (Rs. / Lacs)	Year ended 31.03.2012 (Rs. / Lacs)
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	10,432.27	14,055.49
Adjustments for:		
Depreciation and amortisation expense	8,158.50	8,163.65
Profit on sale of assets	(0.45)	(2.67)
Loss on fixed assets written off	-	7.00
Interest expense on - borrowings	5,467.68	6,170.49
Interest income		
a. Interest from banks on deposits	(1,097.62)	(1,133.18)
b. Other interest	-	(69.07)
Rebate on transmission charges	136.61	243.99
Net gain on sale of mutual funds	(307.04)	(352.52)
Excess provisions no longer required written back	(14.35)	(27.07)
<b>Operating profit before working capital changes</b>	<b>22,775.60</b>	<b>27,056.11</b>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(57.66)	(7.56)
Trade receivables	119.07	(2,963.26)
Short-term loans and advances	(54.72)	(208.92)
Long-term loans and advances	(8.56)	(33.13)
Other current assets	299.94	723.99
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	45.02	(251.55)
Other current liabilities	70.47	(1,892.88)
Other long-term liabilities	2,271.59	638.99
Short-term provisions	(8.20)	(0.30)
Long-term provisions	23.68	4.89
Cash generated from operations	25,476.23	23,066.38
Income tax paid	(1,970.36)	(2,769.73)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>A 23,505.87</b>	<b>20,296.65</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets	(60.74)	(332.97)
Proceeds from sale of fixed assets	57.61	51.34
Interest received	548.04	908.78
Purchase of mutual fund units	(27,575.65)	(35,805.00)
Sale of mutual fund units	29,032.69	34,603.14
Deposit placed with banks under lien	(4,780.00)	(4,514.00)
Deposit placed with banks	(2,123.08)	(2,600.00)
Deposit with banks under lien matured	4,510.00	9,819.00
Deposit with banks matured	-	2,600.00
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>B (391.13)</b>	<b>4,730.29</b>
<b>C. Cash flow from financing activities</b>		
Repayment of long-term borrowings	(9,100.00)	(9,100.00)
Proceeds from short-term borrowings	4,100.00	1,690.00
Repayment of short term borrowings	(425.92)	-
Finance cost	(5,710.62)	(6,510.45)
Dividend paid	(9,828.00)	(9,126.00)
Dividend distribution tax paid	(1,442.50)	(1,619.65)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>C (22,407.04)</b>	<b>(24,666.10)</b>
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	707.70	360.84
Cash and cash equivalents at the beginning of the year	1,602.93	1,242.09
<b>Cash and bank balances at the end of the year</b>	<b>2,310.63</b>	<b>1,602.93</b>
a. Deposit placed with banks	2,123.08	-
b. Deposit accounts under lien	9,984.00	9,714.00
	12,107.08	11,316.93
<b>Cash and bank balances at the end of the year (see note 19)</b>	<b>14,417.71</b>	<b>11,316.93</b>

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Alka Chadha**  
Partner

Place: Gurgaon  
Date: 18th April 2013

For and on behalf of the Board

**R. N. Nayak**  
Chairman

**Ajay Bagri**  
CAO & Company Secretary

Place: Gurgaon  
Date: 18th April 2013

**Arvind Singh**  
Executive Director  
& CEO

## 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 Power Grid 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 400kV 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 is 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 and is being transferred to Northern India through the Transmission Lines.

The Company has been granted Transmission License for 25 years by Central Electricity Regulatory Commission (CERC) for the transmission of electricity effective 13th 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. The Transmission Lines are in operation since 2006.

## 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 / materialise.

## c. Inventories

Inventories are valued at the lower of cost determined on weighted average basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

## 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 amortisation

Depreciation on fixed assets is provided on pro rata basis from the month in which asset 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 (%)
Computers	60.00%
Vehicles	25.89%
Office equipment	18.10%
Office equipment – mobile	33.33%
Furniture & fixtures	18.10%
Computer 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 Regulations, 2009

#### g. Revenue recognition

- 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.
- 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.
- 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 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 capitalised 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 realisable value and are disclosed separately in the Balance Sheet.

#### Capital work-in-progress:

Projects under which tangible fixed assets are not ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

#### j. Intangible assets

Intangible assets are carried at cost less accumulated amortisation 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 carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

#### m. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences

##### Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.



Defined benefit plan:

For defined benefit plans in the form of 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 amortised 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.

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 out of which the obligations are expected to be settled.

**n. Borrowing costs**

Borrowing costs include interest, amortisation 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 utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation 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 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.

**p. Earnings per share**

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.

**q. Taxes on income**

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.

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.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

**r. Impairment of assets**

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.

#### s. Provisions and contingencies

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. Contingent assets are not recognised in the financial statements.

#### t. Advance against depreciation (AAD)

'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.

#### u. Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

#### v. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amount (Rs./Lacs)	Number of shares	Amount (Rs./Lacs)
<b>Note 3 : Share Capital</b>				
<b>(a) Authorised</b>				
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>(b) Issued</b>				
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
<b>(c) Subscribed and fully paid up</b>				
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
	<b>468,000,000</b>	<b>46,800.00</b>	<b>468,000,000</b>	<b>46,800.00</b>
<b>See notes (i) to (iv) below</b>				
(i) The Company has one class of equity shares having par value of Rs. 10 each. Each shareholder is eligible for one vote per share held.				
(ii) Details of shares held by each shareholder holding more than 5% shares:				
	As at 31 March, 2013		As at 31 March, 2012	
<b>Class of shares / Name of shareholder</b>	<b>Number of shares held</b>	<b>% holding</b>	<b>Number of shares held</b>	<b>% holding</b>
<b>Equity shares with voting rights</b>				
The Tata Power Company Limited	238,679,997	51	238,679,997	51
The Tata Power Company Limited and individuals jointly	3	-	3	-
Power Grid Corporation of India Limited	229,319,997	49	229,319,997	49
Individuals of Power Grid Corporation of India Limited	3	-	3	-
	<b>468,000,000</b>	<b>100</b>	<b>468,000,000</b>	<b>100</b>
(iii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
<b>Particulars</b>	<b>Opening Balance</b>	<b>Movement</b>	<b>Closing Balance</b>	
Equity shares with voting rights				
As at 31 March, 2013				
- Number of shares	468,000,000	-	468,000,000	
- Amount (Rs./Lacs)	46,800.00	-	46,800.00	
As at 31 March, 2012				
- Number of shares	468,000,000	-	468,000,000	
- Amount (Rs./Lacs)	46,800.00	-	46,800.00	
(iv) Details of shares held by The Tata Power Company Limited, the holding Company				
	<b>Aggregate number of shares</b>			
<b>Particulars</b>	<b>As at 31 March, 2013</b>	<b>As at 31 March, 2012</b>		
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 31.03.2013 (Rs. / Lacs)	As at 31.03.2012 (Rs. / Lacs)
<b>Note 4 : Reserves and Surplus</b>		
a. General reserve		
i. Opening balance	3,511.00	2,611.00
ii. Add: Transferred from surplus in Statement of Profit and Loss	900.00	900.00
iii. Closing balance	<b>4,411.00</b>	<b>3,511.00</b>
b. Self insurance reserve (see note below)		
i. Opening balance	800.00	800.00
ii. Add: Transferred from surplus in Statement of Profit and Loss	152.28	-
iii. Less: Amount utilised during the period	93.83	-
iv. Closing balance	<b>858.45</b>	<b>800.00</b>
c. Surplus in Statement of Profit and Loss		
i. Opening balance	272.66	271.90
ii. Add: Profit for the year	11,907.59	11,235.26
iii. Transferred from self insurance reserve	93.83	-
iv. Less: Interim dividend distributed to equity shareholders [Rs. 1.45 per share (Previous year Rs. 1.25 per share)]	6,786.00	5,850.00
v. Final dividend distributed to equity shareholders [Rs. 0.55 per share (Previous year Rs. 0.65 per share)]	2,574.00	3,042.00
vi. Tax on interim dividend	1,100.86	949.01
vii. Tax on final dividend	437.45	493.49
viii. Transferred to general reserve	900.00	900.00
ix. Transferred to self insurance reserve (see note below)	152.28	-
Closing balance	<b>323.49</b>	<b>272.66</b>
	<b>5,592.94</b>	<b>4,583.66</b>
Note: During the current year self insurance reserve has been created at the rate of 0.10% per annum on gross block of Transmission Assets as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks.		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. / Lacs)	As at 31.03.2012 (Rs. / Lacs)
<b>Note 5 : Long term borrowings</b>		
<b>Secured loans</b> (see note 'I' below)		
a. From banks		
i. State Bank of India	8,738.02	10,577.61
b. From others		
i. International Finance Corporation	13,748.34	16,498.00
ii. Asian Development Bank	12,224.59	14,669.51
iii. Infrastructure Development Finance Company Limited	10,329.16	12,394.99
	<b>45,040.11</b>	<b>54,140.11</b>
<b>Note</b>		
<b>I. Secured loans</b>		
a) Security	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:	
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.	
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
b) Rate of interest		
a. From banks		
i. State Bank of India	9.03%	9.03%
b. From others		
i. International Finance Corporation	8.80%	8.80%
ii. Asian Development Bank	9.14%	9.14%
iii. Infrastructure Development Finance Company Limited	9.20%	9.20%
c) Details of terms of repayment in respect of the secured other long-term borrowings:	<b>(Rs. / Lacs)</b>	
April 2014 - March 2015	9,100.00	
April 2015 - March 2016	9,100.00	
April 2016 - March 2017	9,100.00	
April 2017 - March 2018	9,100.00	
April 2018 - January 2019	8,640.11	
	<b>45,040.11</b>	



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. / Lacs)	As at 31.03.2012 (Rs. / Lacs)
<b>Note 6 : Deferred tax liabilities</b>		
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 has started availing the tax benefit under section 80IA of the Income Tax Act, 1961, with effect 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, 2013, as detailed below reflect the quantum of tax liabilities accrued up to 31 March, 2013 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	7,321.00	6,741.00
<b>Tax effect of items constituting deferred tax liabilities (see note below)</b>	<b>7,321.00</b>	<b>6,741.00</b>
<b>Note</b> Adjustable from future tariff income as per the Central Electricity Regulatory Commission Tariff Regulations.		
<b>Note 7 : Other long term liabilities</b>		
Advance from customers	857.27	638.99
Deferred revenue adjustable in future tariff	2,053.31	-
	<b>2,910.58</b>	<b>638.99</b>
<b>Note 8 : Long term provisions</b>		
a. Provision for employee benefits		
i. Provision for compensated absences	81.41	65.17
ii. Provision for gratuity (net)	12.75	5.31
	<b>94.16</b>	<b>70.48</b>
<b>Note 9 : Short term borrowings</b>		
Short term borrowings -from bank (see note below)	1,264.08	1,690.00
Inter Corporate Deposit from related parties (see note 34)	4,100.00	-
	<b>5,364.08</b>	<b>1,690.00</b>
<b>Note:</b> Short term loan is secured by the fixed deposits of Rs. 1,880.07 Lacs (Previous Year Rs 1,880.07 Lacs).		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. / Lacs)	As at 31.03.2012 (Rs. / Lacs)
<b>Note 10 : Trade payables</b>		
Trade payables-other than acceptances (see note 37)	241.78	211.11
	<b>241.78</b>	<b>211.11</b>
<b>Note 11 : Other current liabilities</b>		
a. Interest accrued but not due on borrowings	633.99	740.32
b. Dividend distribution tax on interim dividend	1,100.86	949.01
c. Other payables		
i. Statutory dues (Contributions to PF and ESIC, withholding taxes, service tax, etc.)	14.01	17.69
ii Payables on purchase of fixed assets	8.38	13.96
iii Advance from customers	74.15	-
iv Interest on delayed payment of income tax	-	40.00
	<b>1,831.39</b>	<b>1,760.98</b>
<b>Note 12 : Current maturities of long-term debt</b>		
a. From banks (see note below)		
i. State Bank of India	1,839.58	1,839.58
b. From others (see note below)		
i. International Finance Corporation	2,749.67	2,749.67
ii. Asian Development Bank	2,444.91	2,444.91
iii. Infrastructure Development Finance Company Limited	2,065.84	2,065.84
	<b>9,100.00</b>	<b>9,100.00</b>
<b>Note:</b> Security for 'Current maturities of long-term debt' is stated in note 'I' of Note 5 - 'Long term borrowings'		
<b>Note 13 : Short term provisions</b>		
a. Provision for employee benefits -compensated absences	19.86	28.06
b. Provision - others		
i. Provision for proposed dividend	2,574.00	3,042.00
ii Provision for tax on proposed dividend	437.45	493.49
	<b>3,031.31</b>	<b>3,563.55</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 14 : Fixed Assets (At cost)

(All amounts in Rs. / Lacs)

S. No.	Description	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK	
		As at 01.04.2012	Additions	Deletions / Adjustments	As at 31.03.2013	For the Year	Deletions / Adjustments	As at 31.03.2013	As at 31.03.2012
<b>A</b>	<b>TANGIBLE ASSETS:</b>								
1.	Freehold land	131.39 (131.39)	- (-)	- (-)	131.39 (131.39)	- (-)	- (-)	131.39 (131.39)	131.39 (131.39)
2.	Non factory building	2,435.92 (2,173.97)	168.05 (292.55)	12.80 (30.60)	2,591.17 (2,435.92)	99.00 (85.16)	1.15 (2.70)	2,355.86 (2,298.46)	2,298.46 (2,118.97)
3.	Plant and equipment								
	a. Transmission lines	152,232.85 (152,217.87)	- (49.98)	56.71 (35.00)	152,176.14 (152,232.85)	8,035.09 (8,052.51)	16.99 (9.25)	98,872.92 (106,947.73)	106,947.73 (114,976.01)
	b. Computers	37.05 (34.30)	1.80 (3.44)	18.53 (0.69)	20.32 (37.05)	2.47 (4.69)	18.46 (0.62)	7.71 (8.45)	8.45 (9.77)
	c. Others	54.57 (54.57)	45.67 (-)	- (-)	100.24 (54.57)	3.76 (2.88)	- (-)	86.97 (45.06)	45.06 (47.94)
4.	Furniture and fixtures	42.92 (42.92)	0.47 (-)	3.87 (-)	39.52 (42.92)	5.25 (5.18)	3.61 (-)	12.44 (17.48)	17.48 (22.66)
5.	Vehicles	21.86 (22.21)	- (11.09)	5.63 (11.44)	16.23 (21.86)	6.57 (8.77)	1.09 (9.49)	6.74 (17.85)	17.85 (17.48)
6.	Office equipment	44.00 (34.90)	1.80 (9.10)	9.52 (-)	36.28 (44.00)	4.39 (3.89)	8.60 (-)	14.96 (18.47)	18.47 (13.26)
	<b>Total</b>	<b>155,000.56</b>	<b>217.79</b>	<b>107.06</b>	<b>155,111.29</b>	<b>8,156.53</b>	<b>49.90</b>	<b>101,488.99</b>	<b>109,484.89</b>
	<b>Previous year</b>	<b>(154,712.13)</b>	<b>(366.16)</b>	<b>(77.73)</b>	<b>(155,000.56)</b>	<b>(8,163.08)</b>	<b>(22.06)</b>	<b>(109,484.89)</b>	<b>(117,337.48)</b>
<b>B</b>	<b>INTANGIBLE ASSETS:</b>								
1.	Computer software	9.45 (-)	2.30 (9.45)	- (-)	11.75 (9.45)	1.97 (0.57)	- (-)	9.21 (8.88)	8.88 (-)
	<b>Total</b>	<b>9.45</b>	<b>2.30</b>	<b>-</b>	<b>11.75</b>	<b>1.97</b>	<b>-</b>	<b>9.21</b>	<b>8.88</b>
	<b>Previous year</b>	<b>(-)</b>	<b>(9.45)</b>	<b>(-)</b>	<b>(9.45)</b>	<b>(0.57)</b>	<b>(-)</b>	<b>(8.88)</b>	<b>(-)</b>
	<b>Grand total</b>	<b>155,010.01</b>	<b>220.09</b>	<b>107.06</b>	<b>155,123.04</b>	<b>8,158.50</b>	<b>49.90</b>	<b>101,498.20</b>	<b>109,493.77</b>
	<b>Previous year</b>	<b>(154,712.13)</b>	<b>(375.61)</b>	<b>(77.73)</b>	<b>(155,010.01)</b>	<b>(8,163.65)</b>	<b>(22.06)</b>	<b>(109,493.77)</b>	<b>(117,337.48)</b>

Note:  
Figures in brackets pertain to the previous year

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. / Lacs)	As at 31.03.2012 (Rs. / Lacs)
<b>Note 15 : Long term loans and advances (Unsecured, considered good)</b>		
a. Capital advances	1,022.13	1,183.41
b. Security deposits	37.08	36.70
c. Advance income tax and tax deducted at source [net of provision for tax Rs. 11,345.29 Lacs (Previous year 10,820.15) and FBT Rs. 16.45 Lacs (Previous year Rs 28.61 Lacs)]	729.69	306.24
d. MAT credit entitlement	2,982.23	-
e. Other loans and advances	8.43	0.25
	<b>4,779.56</b>	<b>1,526.60</b>
<b>Note 16 : Current investments</b>		
<b>Investments in mutual funds (Unquoted)</b> (At lower of cost or fair value)		
206,00,000.00 (Previous year: 206,00,000.00) units of Rs. 10 each in Tata Fixed Maturity Plan Series 40 Scheme A - Growth*	2,060.00	2,060.00
Nil (Previous year: 6,500,000.00) units of Rs. 10 each in ICICI Prudential FMP Series 54 - 1 year Plan A Cumulative*	-	650.00
Nil (Previous year: 33,989.13) units of Rs. 1,471.06 each in L&T Liquid Super Plan - Cumulative	-	500.00
	<b>2,060.00</b>	<b>3,210.00</b>
Book value of current unquoted investments	2,060.00	3,210.00
*Current investments under lien for Debt Service Accrual Account (DSAA)		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2013 (Rs. / Lacs)	As at 31.03.2012 (Rs. / Lacs)
<b>Note 17 : Inventories</b> (At lower of cost and net realisable value)		
Stores and spares	<b>228.03</b>	<b>170.37</b>
<b>Note 18 : Trade receivables (Unsecured, considered good)</b>		
a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment	619.59	-
b. Other trade receivables	2,292.94	3,031.60
	<b>2,912.53</b>	<b>3,031.60</b>
<b>Note 19 : Cash and bank balances</b>		
<b>A Cash and cash equivalents</b>		
a. Cash in hand	1.00	0.70
b. Balance with banks - in current accounts	2,309.63	1,602.23
<b>B Other bank balances</b>		
a. In deposit accounts		
- original maturity more than 3 months	2,123.08	-
b. In earmarked accounts		
- in deposit accounts under lien*	9,984.00	9,714.00
	<b>14,417.71</b>	<b>11,316.93</b>
* Deposit under lien for Debt Service Reserve Account (DSRA), Debt Service Accrual Account (DSAA) and Self Insurance Reserve	9,984.00	9,714.00
<b>Note 20 : Short term loans and advances (Unsecured, considered good)</b>		
a. Loans and advances to employees	2.76	12.07
b. Prepaid expenses	33.16	24.34
c. System operation charges recoverable	217.73	178.50
d. Other loans and advances	28.15	12.17
	<b>281.80</b>	<b>227.08</b>
<b>Note 21 : Other current assets</b>		
a. Unbilled revenue	2,274.13	2,574.07
b. Accrued interest on deposits	1,427.60	878.02
	<b>3,701.73</b>	<b>3,452.09</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2013 (Rs. / Lacs)	Year ended 31.03.2012 (Rs. / Lacs)
<b>Note 22 : Revenue from operations</b>		
Sale of services (see note below)	<b>24,438.15</b>	<b>28,162.65</b>
<b>Note:</b> Sale of services comprises:		
a. Transmission service charges	26,572.26	27,412.51
b. Incentive on transmission service charges	438.96	497.87
c. Consultancy, project management and supervision fee	134.77	252.27
	<b>27,145.99</b>	<b>28,162.65</b>
Less: Adjustment of transmission service charges pertaining to earlier years (see note 27)	654.53	-
Less: Deferred revenue adjustable in future tariff	2,053.31	-
	<b>24,438.15</b>	<b>28,162.65</b>
<b>Note 23 : Other income</b>		
a. Interest income [see note (i) below]	1,097.62	1,202.25
b. Net gain on sale of mutual funds	307.04	352.52
c. Other non-operating income [see note (ii) below]	144.82	206.25
	<b>1,549.48</b>	<b>1,761.02</b>
<b>Notes:</b>		
(i) Interest income comprises :		
a. Interest from banks on deposits	1,097.62	1,133.18
b. Other interest	-	69.07
	<b>1,097.62</b>	<b>1,202.25</b>
(ii) Other non-operating income comprises:		
a. Profit on sale of fixed assets	0.45	2.67
b. Excess provision no longer required written back	14.35	27.07
c. Refund of interest paid on delayed payment of income tax in earlier years	51.19	
d. Miscellaneous income	31.60	176.51
e. Reimbursement of license fees	47.23	-
	<b>144.82</b>	<b>206.25</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2013 (Rs. / Lacs)	Year ended 31.03.2012 (Rs. / Lacs)
<b>Note 24 : Employee benefit expenses</b>		
a. Salaries and wages	583.72	556.72
b. Contribution to provident and other funds	71.66	60.03
c. Staff welfare expenses	46.46	46.52
	<b>701.84</b>	<b>663.27</b>
<b>Note 25 : Finance costs</b>		
a. Interest expense on borrowings	5,467.68	6,170.49
b. Rebate on transmission charges	136.61	243.99
c. Other borrowing costs		
i. Other borrowing costs	33.65	29.12
ii. Interest on delayed payment of income tax	-	40.00
	<b>5,637.94</b>	<b>6,483.60</b>
<b>Note 26 : Transmission, administration and other expenses</b>		
a. Rent and hire charges	15.28	13.03
b. Repairs and maintenance		
i. Building	10.60	11.04
ii. Plant and machinery	528.49	124.71
iii. Others	5.39	1.43
c. Insurance charges	6.68	8.68
d. Rates and taxes (see note 'ii' below)	30.07	23.02
e. Communication expenses	11.78	14.80
f. Travelling and conveyance	153.42	140.56
g. Printing, postage and stationery	6.99	6.82
h. Payments to Auditors (see note 'i' below)	21.95	22.63
i. Legal and professional fees	69.42	38.63
j. Office and security expenses	91.24	91.35
k. Director's sitting fees	3.10	2.70
l. Electricity charges	15.81	7.01
m. Fees and subscription	17.30	22.15
n. Training and workshop expenses	3.03	11.62
o. Loss on fixed assets written off	-	7.00
p. System operation charges (see note 'iii' below)	-	-
q. Miscellaneous expenses	66.53	10.48
	<b>1,057.08</b>	<b>557.66</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31.03.2013 (Rs. / Lacs)	Year ended 31.03.2012 (Rs. / Lacs)
<b>Note</b>		
i. Payment to auditors comprises*		
(a) Statutory audit fee (including quarterly audits)	10.00	10.00
(b) Tax audit fees	1.50	1.50
(c) Certification Fee	0.10	1.23
(d) Other services	9.80	9.71
(e) Out of pocket expenses	0.55	0.19
	<b>21.95</b>	<b>22.63</b>
* Exclusive of service tax		
ii. Rates and taxes	82.09	36.10
Less: reimbursements received for application fee and license fee paid	(52.02)	(13.08)
	<b>30.07</b>	<b>23.02</b>
iii. System operation charges	39.31	50.68
Less: recoverable from beneficiaries	(39.31)	(50.68)
	<b>-</b>	<b>-</b>

**Note 27: Provision for income tax**

The Company has made a provision of Tax of Rs. 2,087.29 Lacs (Previous Year Rs. 2,820.23 Lacs) as follows:

- a. Rs. 1,764.92 Lacs (Previous Year Rs. 2,434.94 Lacs) under section 115JB of Income Tax Act, 1961 on Transmission business.
- b. Rs. 322.37 Lacs (Previous Year Rs. 385.29 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 years 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. The Company had recorded transmission service income of Rs. 594.66 Lacs and Rs. 654.53 Lacs during the year ended 31 March, 2008 and 31 March, 2009 respectively against the aforesaid tax payment.

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 had revised its income tax returns in August 2010 and claimed a refund of Rs. 611.40 Lacs and Rs. 636.14 Lacs for the years ended 31 March, 2008 and 31 March, 2009 respectively.

The Company has received a refund of Rs. 636.14 Lacs (including interest of Rs. 51.19 Lacs) pertaining to the year ended 31 March, 2009 during the current year. Accordingly, the Company has made an adjustment to transmission service charges amounting to Rs. 654.53 Lacs (including tax adjustment related to the refund amount). The refund of interest of Rs. 51.19 Lacs is included under 'other income' and refund of tax amount of Rs. 580.38 Lacs is credited to the Statement of Profit and Loss as current tax adjustment relating to prior years. The refund of tax on Advance Against Depreciation, has been refunded to the beneficiaries.

Further, the necessary accounting pertaining to tax paid on Advance Against Depreciation for the year ended 31 March, 2008 would be done on its receipt and will be based on the prevalent tariff regulations.

**Note 28: Accrual of Transmission Service Charges**

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 considering Return on Equity (RoE) computed on a pre tax base tax rate of 15.50% grossed up by the applicable tax rate.

**Note 29: Project Expenditure**

Total expenditure of Rs. 15,555.36 Lacs (Previous year Rs. 15,868.18 Lacs) for the year includes Rs. 73.02 Lacs (Previous year Rs. 87.64 Lacs) incurred towards total project management consultancy.

**Note 30: 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. 52.47 Lacs (Previous Year Rs. 54.59 Lacs) for Superannuation, Provident Fund and Employees' State Insurance contributions in the Statement of Profit and Loss. 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.

- 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, 2013:

(All amounts in Rs. / Lacs)

S. No.	Particulars	Year ended 31.03.2013	Year ended 31.03.2012
i.	Change in benefit obligations:		
A	Present value of obligations at the beginning of year	58.28	56.84
B	Current service cost	11.02	9.33
C	Interest cost	5.01	4.55
D	Actuarial gain/(loss) on obligation	7.72	(4.31)
E	Benefits paid	(10.60)	(8.13)
F	Present value of obligations at the end of the year (F=A+B+C+D+E)	<u>71.43</u>	<u>58.28</u>
ii.	Change in plan assets:		
A	Fair value of plan assets at the beginning of year	52.97	46.88
B	Actual return on plan assets	4.90	4.34
C	Employer's contributions	7.97	10.10
D	Benefits paid	(6.83)	(8.13)
E	Actuarial gain / (loss)	(0.34)	(0.22)
F	Plan assets at the end of the year (F=A+B+C+D+E)	<u>58.67</u>	<u>52.97</u>
iii.	Net Liability (i-ii)	12.76	5.31
iv.	Expenses recognised in the Statement of Profit and Loss:		
A	Current service cost	11.02	9.33
B	Interest cost	5.01	4.55
C	Expected return/(loss) on plan assets	(4.90)	(4.34)
D	Actuarial gain recognised during the year	8.06	(4.10)
E	Net charge/(credit) (E=A+B+C+D)	<u>19.19</u>	<u>5.44</u>

## v. Additional Information:

	2013	2012	2011	2010	2009
Present Value of benefit obligations	71.43	58.28	56.84	37.01	25.61
Fair Value of Plan Asset	58.67	52.97	46.89	27.38	17.21
Excess of (obligation over plan asset)/ Plan asset over obligation	12.76	5.31	9.96	9.63	8.40

## vi. Experience Adjustment:

On Plan Liability	(5.37)	2.42	(20.52)	(5.87)	(2.38)
On Plan Assets	(0.34)	(0.22)	0.01	(0.16)	0.03

## vii. Principal actuarial assumptions:

S.No.	Particulars	Refer note below	Year ended 31.03.2013	Year ended 31.03.2012
i.	Discount rate (p.a.)	1	8.00%	8.60%
ii.	Rate of return on assets (p.a.)	2	9.00%	9.25%
iii.	Salary escalation rate (p.a.)	3	12.00%	12.00%

## Notes:

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

## Demographic assumptions:

- Retirement age 60 years
- 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 31.03.2013	Year ended 31.03.2012
i.	Discount rate (p.a.)	1	8.00%	8.60%
ii.	Salary escalation rate (p.a.)	2	12.00%	12.00%

## Notes:

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

## Note 31: Contingent liabilities and commitments

Particulars	As at 31.03.2013 (Rs. / Lacs)	As at 31.03.2012 (Rs. / Lacs)
Claims against the Company not acknowledged as debt*		
- Disputed demands raised by sales tax authorities	2,497.74	-
- others	77.56	77.56
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	78.04	58.92

\*No provision is considered necessary since the Company expects favorable decisions.

## Note 32: Value of imports on CIF basis

Particulars	Year ended 31.03.2013 (Rs. / Lacs)	Year ended 31.03.2012 (Rs. / Lacs)
Purchase of stores and spares	142.07	-

## Note 33: Expenditure incurred in foreign currency

Particulars	Year ended 31.03.2013 (Rs. / Lacs)	Year ended 31.03.2012 (Rs. / Lacs)
Other borrowing cost	5.52	4.46

## Note 34: Related Party Disclosures

## a. List of related parties

## i. Holding Company

- The Tata Power Company Limited (TPCL)

## ii. Company Exercising Significant Influence

- Power Grid Corporation of India Limited (PGCIL)

## iii. Fellow Subsidiary

- Industrial Energy Limited (IEL)

## iv. Others

## a) Associate of Holding Company

- Tata Projects Limited (TPL)

## b) Subsidiary of Company Exercising Significant Influence

- Power System Operation Corporation Limited (POSOCO)

## v. Key Management Personnel

- Sh. Arvind Singh - Executive Director & CEO

## b. Transactions/balances outstanding with Related Parties

(All amounts in Rs./ Lacs)

S. No.	Particulars	Holding Company	Company exercising significant influence	Fellow Subsidiaries		Others		Key Management Personnel
				(IEL)	(Others)	(TPL)	(POSOCO)	
		(TPCL)	(PGCIL)	(IEL)	(Others)	(TPL)	(POSOCO)	
Transactions during the period:								
1	Services received	0.24 (0.22)	14.73 (17.84)	- (-)	- (0.06)	11.65 (4.46)	- (-)	- (-)
2	System operation Charges	- (-)	- (4.69)	- (-)	- (-)	- (-)	39.31 (46.00)	- (-)
3	Interest paid	- (-)	- (-)	3.43 (8.95)	- (-)	- (-)	- (-)	- (-)
4	Purchase of plant and machinery	- (-)	257.56 (-)	- (-)	- (-)	- (-)	- (-)	- (-)
5	Dividend paid	5,012.28 (4,654.26)	4,815.72 (4,471.84)	- (-)	- (-)	- (-)	- (-)	- (-)

(All amounts in Rs./ Lacs)

S. No.	Particulars	Holding Company	Company exercising significant influence	Fellow Subsidiaries		Others		Key Management Personnel
				(IEL)	(Others)	(TPL)	(POSOCO)	
		(TPCL)	(PGCIL)	(IEL)	(Others)	(TPL)	(POSOCO)	
6	Managerial Remuneration: Arvind Singh	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	60.11 (56.91)
7	Revenue from operations	24.77 (7.26)	24,303.38 (27,910.38)	- (-)	- (-)	- (9.01)	- (-)	- (-)
8	Reimbursement of expenses	0.22 (-)	91.33 (13.08)	- (-)	- (5.71)	- (-)	- (-)	- (-)
9	Other income	- (-)	- (69.07)	- (-)	- (-)	- (-)	- (-)	- (-)
10	Rebate on transmission charges	- (-)	136.61 (243.99)	- (-)	- (-)	- (-)	- (-)	- (-)
11	Inter corporate deposit received	4,100.00 (-)	- (-)	1,100.00 (700.00)	- (-)	- (-)	- (-)	- (-)
12	Inter corporate deposit repaid	- (-)	- (-)	1,100.00 (700.00)	- (-)	- (-)	- (-)	- (-)
<b>Balances Outstanding as at the year end:</b>								
13	Recoverable system operation charges	- (-)	217.73 (178.50)	- (-)	- (-)	- (-)	- (-)	- (-)
14	Capital advances	- (-)	277.76 (277.76)	- (-)	- (-)	- (-)	- (-)	- (-)
15	Trade receivable	1.54 (-)	2,895.82 (3,017.81)	- (-)	- (-)	- (-)	- (-)	- (-)
16	Unbilled revenue	- (-)	2,272.12 (2,533.72)	- (-)	- (-)	- (-)	- (-)	- (-)
17	Amount payable	- (-)	931.42 (638.99)	- (-)	- (-)	- (-)	3.18 (3.61)	- (-)

Note: Figures in brackets pertain to the previous year.



**Note 35: Segmental reporting**

The 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 36: 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 year.

S. No.	Particulars	Units	Year ended 31.03.2013	Year ended 31.03.2012
a.	Net profit after tax	Rs. / Lacs	11,907.59	11,235.26
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	2.54	2.40

**Note 37: 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, Small and Medium 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 38: Previous year's figures**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosures.

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: 18th April 2013

## 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 (the Board) at present has nine members, out of whom, one is Executive Director & CEO and eight are Non-Executive Directors. They 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, 2013 was as under :

Name of the Director	Business Relationship	Category of Directorship	No. of other Director-Ships*	No. of other Committee Members**	
				Chairman	Member
Mr. R N Nayak	Chairman	Non Executive	9	-	-
Mr. S Padmanabhan	Director	Non Executive	9	3	6
Mr. Sanjeev Mehra	Director	Non Executive	1	-	-
Mr. Arun Kr. Srivastava	Director	Non Executive	2	-	1
Mr. Ajay Kapoor	Director	Non Executive	1	-	1
Mr. Ravi P Singh	Director	Non Executive	2	-	-
Mr. R T Agarwal	Director	Non Executive	5	-	-
Mr. I S Jha	Director	Non Executive	8	-	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 G Patki	Resigned as Director	13th February 2013
Mr. Ajay Kapoor	Appointed as Additional Director	20th March 2013

## 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 2012-13	11th Annual General Meeting held on 27 <sup>th</sup> July 2012 - Attended
Mr. R N Nayak	5	Yes
Mr. S. Padmanabhan	4	Yes
Mr. Sanjay G Patki*	4	Yes
Mr. R T Agarwal	4	Yes
Mr. I S Jha	3	Yes
Mr. Arun Kr. Srivastava	5	Yes
Mr. Sanjeev Mehra	4	Yes
Mr. Ravi P Singh	3	Yes
Mr. Arvind Singh	5	Yes

\*Resigned on 13th February 2013

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 2012-13 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

3rd May 2012, 27th July 2012, 23rd October 2012, 23rd January 2013 and 20th March 2013.

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 has been constituted pursuant to the provisions of Section 292A of the Companies Act, 1956. The broad terms of reference, role and scope were given as per the provisions of the said Act.

The composition of the Audit Committee as on 31st March 2013 and details of meetings attended by the Directors are given below:

Name of the Director	Designation	No. of Meetings attended during the year 2012-13
Mr. S Padmanabhan	Chairman	5
Mr. Arun Kr. Srivastava	Member	5
Mr. R T Agarwal	Member	3
Mr. R P Singh	Member	3

The Audit Committee met five times during the year 2012-13. The dates on which the said meetings were held are as follows:

3rd May 2012, 27th July, 2012, 23rd October 2012, 22nd January 2013 and 20th March 2013.

The Executive Director & CEO and the 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.

The Chairman of the Audit Committee, Mr. S Padmanabhan, was present at the Annual General Meeting held on 27th July, 2012.

### 3.2 Remuneration Committee

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

The composition of the Remuneration Committee as on 31st March, 2013 and the details of meeting attended by the Directors are given below:

Name of the Director	Designation	No. of Meetings attended during FY 2012-13
Mr. R N Nayak	Chairman	2
Mr. S Padmanabhan	Member	2
Mr. S G Patki*	Member	2

\*Resigned on 13th February 2013

All the above Directors are Non- Executive.

Remuneration Committee Meetings were held twice during the year 2012-13 i.e., on 26th June 2012 and 23rd January 2013.

The Chairman of the Remuneration Committee, Mr. R N Nayak, was present at the Annual General Meeting held on 27th July, 2012.

#### 4.0 Details of remuneration for FY 2012-13:

##### Non-Executive Directors

Name of the Directors	Sitting Fees paid (Rs.)
Mr. R N Nayak	Nil
Mr. S. Padmanabhan	Nil
Mr. Sanjay G Patki	80,000/-
Mr. R T Agarwal	Nil
Mr. I S Jha	Nil
Mr. Ravi P Singh	Nil
Mr. Arun Kr. Srivastava	150,000/-
Mr. Sanjeev Mehra	80,000/-

No sitting fee is paid to Mr. S Padmanabhan as per Tata Group policy as he is a whole-time Director of The Tata Power Company Ltd. (Holding Company). No payment of sitting fee is being made to the Directors nominated on the Board of the Company from Power Grid Corporation of India Ltd., being a Central Public Sector Undertaking.

##### Executive Director & CEO

(in Rs. Lakhs)

Name	Salary & Allowances	Incentive Remuneration	Perquisite	Retirement Benefits*	Total
Mr. Arvind Singh Executive Director & CEO	34.56	17.00**	4.60	3.97	60.11

\*excluding contribution to Gratuity Fund and provision for leave encashment.

\*\*Provisional

#### 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 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
31st March 2012	Friday 27th July, 2012	04.00 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 Thursday, 25th July 2013 at 4.30 p.m. at Conference Room, Power Grid Corporation of India Ltd, B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110016.

6.2. Financial Calendar : April to March

6.3. Record Date: 15th July 2013

##### 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

##### 6.5 Shareholding Pattern as on 31st March, 2013

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

##### 6.6 Dematerialization of Shares as on 31st March, 2013

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 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:

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](mailto:powerlinks@powerlinks.co.in)  
Website: [www.powerlinks.co.in](http://www.powerlinks.co.in)