



Replacement of polymer insulator in Bareilly-Mandola Section



Residential Colony at Mandola

Board of Directors



Mr. S K Chaturvedi
Chairman



Mr. Banmali Agrawala
Director



Mr. S. Padmanabhan
Director



Mr. J. Sridharan
Director



Mr. S. Majumdar
Director



Mr. H. L. Tayal
Director



Mr. Sunil Wadhwa
Director



Mr. Sanjay G Patki
Director



Mr. Suresh Sachdev
Executive Director
& CEO

Management Team



Mr. B.A. Chaudhari
Chief Operating Officer



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



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



Mr. Prakash Kumar
Chief Material Services;
HR & Admin.



Mr. Ajay Bagri
CAO & Company Secretary

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

Auditors:
Deloitte Haskins & Sells
Chartered Accountants

Bankers:
State Bank of India

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Directors' Report

To
The Members,

The Directors are hereby pleased to present their 8th Annual Report on the Company's project and Financial Statements for the financial year ended on 31st March, 2009.

1.0 Financial Highlights

1.1 Financial Results

	FY 2008-09 (Rs. Crores)	FY 2007-08 (Rs. Crores)
(a) Operating Income	254.49	245.21
(b) Operating expenditure	9.95	9.00
(c) Operating Profit	244.54	236.21
(d) Other Income	14.40	10.09
(e) Less: Interest and Finance Charges	97.18	104.73
(f) Profit before Depreciation and Tax	161.76	141.57
(g) Less: Depreciation	80.00	80.16
(h) Profit before Tax and Prior period adjustments	81.76	61.41
(i) Prior Period Income – Transmission income	4.52	4.63
(j) Profit before Tax	86.28	66.04
(k) Less: Provision for Taxes (including Fringe Benefit Tax)	20.94	7.63
(l) Profit after Tax	65.34	58.41
(m) Insurance reserve	2.00	2.00
Distributable profit which the directors have appropriated as under:	63.34	56.41
(i) Proposed Dividend	46.80	37.44
(ii) Tax on Dividend	7.95	6.36
(iii) General Reserve	3.00	3.00
Total	57.75	46.80
Leaving a balance to be carried forward	5.59	9.61

1.2 The total expenditure on the project (in Cash) as of 31st March, 2009 is Rs 1540.08 Crs.

2.0 Operational Excellence

The availability of transmission line was maintained at 99.70% for Eastern region and 99.55% for Northern region as against minimum stipulated availability of 98% during the year 2008-09.

3.0 Regulatory Issues

As per the Central Electricity Regulatory Commission (CERC) notified terms and conditions of tariff for the period 2009-14 (effective from 1st April, 2009), the Return on Equity has been increased for 14% p.a. to 15.5% p.a., operation & maintenance charges has been increased and it works out as 0.59% of the project cost against 0.37% earlier. The rate of depreciation has been increased from 2.57% p.a. to 5.28% p.a. on transmission assets but Advance Against Depreciation (AAD) has been done away with. On the negative side, incentive and interest on working capital has been substantially reduced. However, the overall impact on cash flow is positive.

The company's writ petition before the Hon'ble High Court, Delhi for restoration of Return on Equity at 16% is sub-judice. An appeal is pending before the Appellate Tribunal for Electricity against the CERC order 3rd Dec 2008 dismissing the company's petition to grant O&M expenses for 2006-07 & 2007-08 on actual basis.

4.0 Dividend

The Directors are pleased to recommend dividend of Rs 46.80 Crores for the financial year 2008-09 (Rs.37.44 Crores for the financial year 2007-08). The dividend distribution tax on the same works out to Rs 7.95 Crores (Rs.6.36 Crores for the financial year 2007-08).

5.0 Business development & Consultancy

Powerlinks is doing a project management consultancy assignment from Jaigad Power Transco Ltd. for implementation of 400 kV D/C Transmission line associated with 1200 MW Thermal Power Project at Jaigad in Ratnagiri District of Maharashtra.

The World Bank appointed company for providing technical consultancy services with regard the finalization of the bidding documents for T&D projects being undertaken by the Haryana Vidyut Prashran Nigam Ltd with the financial assistances from the World Bank.

The Company also participated in the bidding process (RFQ stage) for interstate transmission projects to be implemented on BOOM basis but had to discontinue as POWERGRID expressed their inability to participate in the projects with the Powerlinks.

6.0 Human Resources and Communication

Retention of skilled personnel has been one of the greatest challenges in operation and maintenance of the Transmission line. The company has been successful in retaining its personnel. Adequate trained personnel were employed as per the site requirements, after a rigorous screening procedure. Also, some fresh Graduate / Diploma Engineers were inducted and on the job training was imparted to them.

The training was also imparted with the help of experts in the organization and specialized



Devastating Flood at Madhepura Dist



Training on Integrated Management System

agencies outside the Company. A major campaign was undertaken to create awareness about the Tata Code of Conduct. Besides formal review meetings, POWERLINKS also publishes a newsletter as a means of two-way communication with its employees and other stakeholders.

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

Information in accordance with the provision of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975 as amended regarding employee is given in Annexure to the Directors' Report.

7.0 Environment and Social responsibility

Impact of Powerlinks' business on environmental concerns is minimal. However, the company has adopted the Environmental and Social Policy & Procedures (ESPP) in all spheres of the Project Management.

The Company has organized programs from time to time on "Safety, Health and Environment Awareness" for the staff working on the project of the Company.



Hand pumps installed in Villages

8.0 Quality Assurance, Inspection and Implementation of Integrated Management System

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

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

9.0 Corporate Governance

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

10.0 Conservation of Energy

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

11.0 Technology Absorption

Nil

12.0 Foreign exchange earnings and outgo

Export	Nil
Purchase of Materials	Rs. 2.38 Crores
Expenditure in foreign currency	Rs. 0.04 Crores
Foreign exchange earned	Nil

13.0 Auditors

The retiring Auditors, M/s Deloitte Haskins & Sells being eligible have expressed their willingness to be reappointed.

14.0 Directors

Dr. R P Singh had submitted resignation from the Chairman & Directorship of the Company vide his letter dated 30th May, 2008. The Board has placed on record its appreciation of the valuable contribution made to the company by Dr. Singh.

Mr. Prasad R Menon, Non Executive Director had submitted resignation vide his letter dated 22nd September 2008 and consequently ceased to be a member of the Remuneration Committee w.e.f 25th Sep 2008. The Board has placed on record its appreciation of the valuable contribution made to the company by Mr. Menon.

Mr. S Ramakrishnan, Non Executive Director had submitted resignation vide his letter dated 22nd September 2008 and consequently cease to be a member of the Remuneration Committee and the Chairman of the Audit Committee w.e.f. 25th September 2008. The Board has placed on record its appreciation of the valuable contribution made to the company by Mr. Ramakrishnan.

Mr. V. M. Kaul, Non-Executive Director had submitted resignation vide his letter dated 20th January, 2009 and consequently ceased to be a member of the Audit Committee. The Board has placed on record its appreciation of the valuable contribution made to the company by Mr. Kaul.

Mr. S. K. Chaturvedi, has been appointed as Chairman of the Company with effect from 11th October, 2008.

Mr. Banmali Agrawala has been appointed as an Additional Director of the Company with effect from 18th July, 2008.

Mr. S. Padmanabhan has been appointed as an Additional Director of the Company with effect from 11th October, 2008.

Mr. Sunil Wadhwa has been appointed as an Additional Director of the Company with effect from 11th October, 2008.

Mr. H. L. Tayal has been appointed as an Additional Director of the Company with effect from 20th January, 2009.

Mr. Sanjay G Patki has been appointed as an Additional Director of the Company with effect from 13th May, 2009.

In accordance with the requirements of the Act and the Articles of Association of the company, Mr J Sridharan, Director retires by rotation and is eligible for reappointment.

15.0 Director's Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the project of the company for that period.
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) they have prepared the annual accounts on a going concern basis.

16.0 Acknowledgements

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

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

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

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

On behalf of the Board of Directors,

New Delhi
May 13, 2009

(S K Chaturvedi)
Chairman

Annexure to Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Name	Age (Years)	Designation/ Nature of Duties	Remuneration (Rs. in lacs)	Qualification	Total experience (Years)	Date of Commencement of employment	Last employment held Designation - period for which post held
Suresh Sachdev	57	Executive Director & CEO	57.24*	B.Sc Engg. (Mech.) MBA	36	01.09.2003	Power Grid Corporation of India Limited Executive Director (CMG & Sub-transmission) - less than a year

Notes:

- (1) *Gross remuneration comprises of salary, allowances, monetary value of perquisites to the Directors and the Company's Contribution to Provident and Superannuation Funds but excluding contribution to Gratuity Fund and provision for leave encashment on the basis of actuarial valuation as separate figures are not available.
- (2) The nature of employment is contractual.

Management Discussion and Analysis

Overall Transmission scenario and its Development:

Over the next five years, the substantial increase in generation capacity as well as new emerging requirements of open access, trading and inter-regional transfers would require augmentation / strengthening of existing transmission system and establishment of new transmission system. The transmission system will have to cater for evacuation needs of power sources like merchant plants, captive plants and wind farms as well. The country's transmission perspective for eleventh plan focuses on the creation of a National Grid in a phased manner by adding over 60,000 Ckm of Transmission Network by 2012. This would help in achieving macro objective of Govt. of India, i.e. power to all by 2012. Such an integrated grid shall evacuate additional 78,500 MW and carry 60% of the power generated in the country. The existing inter-regional power transfer capacity is 20800 MW, which is to be further enhanced to 37,000 MW by 2012 through creation of "Transmission Super Highways". The estimated investment of Rs.70,000 Crore is envisaged for creation of such a grid. POWERGRID has been entrusted with the projects worth Rs.50,000 Crore whereas balance Rs.20000 Crores worth of projects to be implemented by private sector participation. The enactment of Electricity Act, 2003, allows the establishment of transmission line through private sector participation (100% equity by private sector company).

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

Powerlinks commitment towards construction of National Grid:

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

Opportunities and Growth

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

Considering the promoters' interest, Powerlinks is exploring the further growth opportunities by utilizing the experienced human resource available with the Company after successful completion of the Tala Transmission project. Besides, the new inter-state transmission projects, the Company is also pursuing intra-state transmission projects and dedicated transmission links for various IPPs. Recently, the Company has secured the first project Management Consultancy assignment from Jaigad Power Transco Ltd. for implementation of 400 kV D/C Transmission lines associated with 1200 MW Thermal Power Project being developed at Jaigad in Ratnagiri district of Maharashtra.

Risks and Concerns

The CERC has notified terms and conditions of Tariff for the period 2009-14 effective 1st April, 2009. Return on Equity has been increased from 14% to 15.5% on post tax basis, to be further grossed up with the tax rate applicable to the Company. The rate of depreciation has been increased from 2.57% to 5.28% but the Advance Against Depreciation (AAD) has been done away with. Henceforth the Company would be able to recognize full transmission charges received as revenue instead of treating the revenue recognition pertaining to AAD as deferred revenue, which would improve the distributable surplus.

Operations and maintenance expenditure have been differentiated based on the type of the conductor and on an

overall basis, the Company has gained and now it is close to the actual expenditure incurred by the Company. For the tariff period 2009-14, the O&M expenses allowed by CERC works out to be 0.59% of the project cost as compared to 0.37% allowed earlier.

The Company has been a loser on account of interest on working capital and incentive granted by the Commission inspite of best representations. CERC has changed the basis of allowing incentive from as a % age of Equity to Transmission Service Charge and thus the overall amount of incentive has been reduced by almost 56%.

On the interest on working capital, the amount of spares has been reduced from 1% of the project cost to 15% of the O&M expenses.

Although CERC has done a lot of reshuffling of allowances on the different components of Transmission Service Charge, the overall impact has been minimal.

Integrated Management Policy

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

Powerlinks has been recertified for quality, Environment, Occupational Health and Safety requirements of the International Standard ISO 9001: 2000/14001:2004 and OHSAS18001: 2007 respectively, for O&M phase.

Internal Control systems and their adequacy

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

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

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

HR Initiatives

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

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

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

Cautionary Statement

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

AUDITORS' REPORT

TO THE MEMBERS OF POWERLINKS TRANSMISSION LIMITED

1. We have audited the attached Balance Sheet of Powerlinks Transmission Limited, as at 31 March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors, as at 31 March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2009;
 - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Gurgaon
May 13, 2009

ANNEXURE TO THE AUDITORS' REPORT

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

- I. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. According to the information and explanations given to us, the fixed assets were physically verified during the year by the Management and no material discrepancies were noted on such verification.
 - c. The Company has not disposed off substantial part of its fixed assets during the year.
- ii.
 - a. As explained to us, all inventories have been physically verified during the year by the Management.
 - b. In our opinion, the procedures of physical verification of inventories followed by the management and the frequency of verification are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noted between physical inventory and book records were not material having regard to the size of the operations of the Company and the same have been properly dealt with in the books of account.
- iii. The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and sale of services. The Company's operations did not give rise to sale of goods during the current period.
- v. Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be listed in the register maintained under Section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- vii. In our opinion the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records pertaining to transmission of electricity under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that the prescribed accounts and records have, prima facie been made and maintained. We have not however made a detailed examination of the records with a view to determining whether they are accurate or not.
- ix. According to the information and explanations given to us and the records of the Company examined by us:
 - a. The Company has deposited its statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Wealth Tax, Customs Duty and Cess within the prescribed time with the appropriate authorities during the year and that there are no undisputed amounts payable in respect of these dues which have remained outstanding as at 31 March, 2009 for a period of more than six months from the date they became payable. We are informed that the Company's operations do not give rise to any Investor Education and Protection Fund, Excise Duty and Sales Tax.
 - b. There are no dues in respect of Income Tax, Customs Duty, Wealth Tax, Service Tax and Cess, which had not been deposited on account of any dispute.
- x. The Company does not have any accumulated losses nor has incurred any cash losses during the current and the immediately preceding financial year.
- xi. Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has not defaulted in repayment of dues to the 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. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. According to the information and explanations given to us and the records of the Company examined by us, the Company has not obtained any term loan during the year.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have prima facie, not been utilised for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the course of our audit.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Gurgaon
May 13, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule Reference	As at 31.03.2009 (Rs. / Lacs)	As at 31.03.2008 (Rs. / Lacs)
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUND			
a. Share capital	1	46,800.00	46,800.00
b. Reserves and surplus	2	3,577.00	2,518.13
2. LOAN FUNDS			
Secured loans	3	90,540.11	99,640.10
3. ADVANCE AGAINST DEPRECIATION		9,776.32	4,653.82
4. DEFERRED TAX LIABILITY (Net)		2,869.00	-
Less: Adjustable from future tariff income (See note 15)		(2,869.00)	-
		<u>150,693.43</u>	<u>153,612.05</u>
APPLICATION OF FUNDS			
5. FIXED ASSETS (At cost)	4		
a. Gross block		151,686.84	151,494.28
b. Less: Accumulated depreciation		<u>21,057.87</u>	<u>13,065.27</u>
c. Net block		130,628.97	138,429.01
d. Capital work in progress (See note 8)		3,346.20	2,400.02
		<u>133,975.17</u>	<u>140,829.03</u>
6. INVESTMENTS	5	12,950.00	6,850.19
7. CURRENT ASSETS, LOANS AND ADVANCES			
a. Inventories (Stores and spares)		18.23	-
b. Sundry debtors	6	2,116.11	1,612.85
c. Unbilled revenues		4,425.04	10,117.54
d. Cash and bank balances	7	5,092.33	38.06
e. Loans and advances	8	59.99	58.16
		<u>11,711.70</u>	<u>11,826.61</u>
8. LESS: CURRENT LIABILITIES AND PROVISIONS	9		
a. Current liabilities		1,499.32	1,478.48
b. Provisions		6,444.12	4,415.30
		<u>7,943.44</u>	<u>5,893.78</u>
9. NET CURRENT ASSETS		<u>3,768.26</u>	<u>5,932.83</u>
		<u>150,693.43</u>	<u>153,612.05</u>
Notes forming part of the financial statements	15		

Schedules 1 to 15 are an integral part of the accounts
As per our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Place: Gurgaon
Date: May 13, 2009

For and on behalf of the Board

S. K. CHATURVEDI
Chairman
SURESH SACHDEV
Executive Director
& CEO

AJAY BAGRI
CAO and Company Secretary

Place: New Delhi
Date: May 13, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule Reference	As at 31.03.2009 (Rs. / Lacs)	As at 31.03.2008 (Rs. / Lacs)
1. INCOME			
a. Revenue from operations	10	25,449.30	24,520.52
b. Other income	11	1,440.09	1,008.53
		<u>26,889.39</u>	<u>25,529.05</u>
2. EXPENDITURE			
a. Employees' remuneration and benefits	12	486.65	415.43
b. Transmission, administration and other expenses	13	507.87	484.62
c. Depreciation	4	7,999.84	8,015.23
d. Interest and finance charges	14	9,718.43	10,472.99
		<u>18,712.79</u>	<u>19,388.27</u>
3. PROFIT BEFORE TAX AND PRIOR PERIOD ADJUSTMENTS		8,176.60	6,140.78
Prior period income - Transmission Income		452.13	463.58
4. PROFIT BEFORE TAX		<u>8,628.73</u>	<u>6,604.36</u>
5. PROVISION FOR TAXES			
a. Current income tax (See Note 3)		2,082.34	748.28
b. Deferred income tax (See Note 15)		2,869.00	-
Less: Adjustable from future tariff income		(2,869.00)	-
c. Fringe Benefit Tax (FBT)		12.15	15.01
6. PROFIT AFTER TAX		<u>6,534.24</u>	<u>5,841.07</u>
7. APPROPRIATIONS			
Transferred to self insurance reserve		200.00	200.00
Proposed dividend		4,680.00	3,744.00
Provision for dividend tax		795.37	636.29
Transfer to general reserve		300.00	300.00
8. BALANCE CARRIED TO BALANCE SHEET		<u>558.87</u>	<u>960.78</u>
Earnings per equity share (See note 17) (Face value Rs. 10 per share) -Basic and diluted		1.40	1.25
Notes forming part of the financial statements	15		

As per our report of even date attached
Schedules 1 to 15 are an integral part of the accounts

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Place: Gurgaon
Date: May 13, 2009

For and on behalf of the Board

S. K. CHATURVEDI
Chairman
SURESH SACHDEV
Executive Director
& CEO

AJAY BAGRI
CAO and Company Secretary

Place: New Delhi
Date: May 13, 2009

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2009

	Year ended 31.03.2009 (Rs. / Lacs)	Year ended 31.03.2008 (Rs. / Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	8,628.73	6,604.36
Adjustments for:		
Depreciation	7,999.84	8,015.23
Interest expense	9,111.87	9,864.64
Interest income	(10.44)	(2.92)
Rebate on transmission charges	585.85	582.21
Profit on sale of fixed assets	(0.50)	-
Income from sale of short term investments	(1,421.02)	(944.74)
Unclaimed balances written back	(5.28)	-
Operating profit before working capital changes	24,889.05	24,118.78
Adjustments for movement in working capital:		
(Increase)/Decrease in loans and advances	(5.59)	251.40
(Increase)/Decrease in trade receivable	5,189.24	(9,235.42)
(Increase)/Decrease in inventories	(18.23)	-
Increase/(Decrease) in trade and other payables	4372.92	(1,841.66)
Cash generated from operations	34,438.57	13,293.10
Direct taxes paid (including FBT)	(271.32)	(230.52)
NET CASH FROM OPERATING ACTIVITIES	34,167.25	13,062.58
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work in progress	(1,146.85)	(1,349.45)
Sale of fixed assets	1.37	1.33
Interest received	3.02	94.61
Income from sale of short term investments	1,421.02	944.74
NET CASH FROM INVESTING ACTIVITIES	278.56	(308.77)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of loan	(9,099.99)	(5,905.00)
Interest and finance charges	(9,811.45)	(10,504.05)
Dividend paid (including dividend tax)	(4,380.29)	(1,000.00)
NET CASH USED IN FINANCING ACTIVITIES	(23,291.73)	(17,409.05)
NET INCREASE IN CASH AND CASH EQUIVALENTS [A+B+C]	11,154.08	(4,655.24)
Cash and cash equivalents as at 1 April, 2008	6,888.25	11,543.49
CASH AND CASH EQUIVALENTS AS AT 31 MARCH, 2009 5	18,042.33	6,888.25
[Including short term investments Rs. 12,950 lacs (Previous year Rs. 6,850.19 lacs)]		

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Place: Gurgaon
Date: May 13, 2009

For and on behalf of the Board

S. K. CHATURVEDI
Chairman
AJAY BAGRI
CAO and Company Secretary

Place: New Delhi
Date: May 13, 2009

SCHEDULE FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 (Rs. / Lacs)	As at 31.03.2008 (Rs. / Lacs)
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
483,600,000 (Previous year 483,600,000) equity shares of Rs. 10 each	48,360.00	48,360.00
Issued, subscribed and fully paid up		
468,000,000 (Previous year 468,000,000) equity shares of Rs. 10 each	46,800.00	46,800.00
[Of the above 238,679,997 (Previous year 238,679,997) equity shares are held by The Tata Power Company Limited, the Holding Company]		
SCHEDULE 2		
RESERVES AND SURPLUS		
a. General reserve		
i. Opening balance	400.00	100.00
ii. Add: Transferred from Profit and Loss account	300.00	300.00
iii. Closing balance	700.00	400.00
b. Self insurance reserve (See note 9)		
i. Opening balance	400.00	200.00
ii. Add: Transferred from Profit and Loss account	200.00	200.00
iii. Closing balance	600.00	400.00
c. Profit and loss account		
i. Opening balance	1,718.13	757.35
ii. Add: Transferred from Profit and Loss account	558.87	960.78
iii. Closing balance	2,277.00	1,718.13
	3,577.00	2,518.13
SCHEDULE 3		
SECURED LOANS (See note 6)		
a. From banks (Term loans)		
i. State Bank Of India	17,935.94	19,775.52
ii. Asian Development Bank	24,449.17	26,894.08
b. From others		
i. International Finance Corporation	27,496.67	30,246.33
ii. Infrastructure Development Finance Company Limited	20,658.33	22,724.17
	90,540.11	99,640.10

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 4

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

(Rs. / Lacs)

S. No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.04.2008	Additions	Deletions / Adjustments	As at 31.03.2009	As at 01.04.2008	For the year*	Deletions / Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
1.	Freehold Land	131.39	-	-	131.39	-	-	-	131.39	131.39	
2.	Non factory building	216.69	126.12	-	342.81	2.98	3.90	-	6.88	335.93	213.71
3.	Plant and Machinery										
a.	Transmission lines	151,093.11	-	-	151,093.11	13,031.47	7,982.35	-	21,013.82	130,079.29	138,061.64
b.	Computers	7.64	0.91	1.04	7.51	5.67	1.95	1.04	6.58	0.93	1.97
c.	Office equipment	21.89	1.29	0.17	23.01	10.37	4.55	0.12	14.80	8.21	11.52
d.	Others	-	54.57	-	54.57	-	0.87	-	0.87	53.70	-
4.	Furniture and fixtures	12.60	6.84	-	19.44	7.47	3.83	-	11.30	8.14	5.13
5.	Vehicles	10.96	11.44	7.40	15.00	7.31	2.39	6.08	3.62	11.38	3.65
	TOTAL	151,494.28	201.17	8.61	151,686.84	13,065.27	7,999.84	7.24	21,057.87	130,628.97	138,429.01
	Previous Year	150,568.08	993.16	66.96	151,494.28	5,061.46	8,016.97	13.16	13,065.27	138,429.01	145,506.62

* Includes depreciation on assets aggregating to Rs. Nil (Previous year Rs. 1.75 lacs) capitalised during the year.

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 (Rs. / Lacs)	As at 31.03.2008 (Rs. / Lacs)
SCHEDULE 5		
INVESTMENTS (At lower of cost or fair value) (See note 13)		
Current Investments (Unquoted)		
10,452,324.336 (Previous year: NIL) units of Rs. 19.1345 each in HDFC Cash Management Fund - Treasury Advantage Plan	2,000.00	-
9,583,593 (Previous year: NIL) units of Rs. 16.6952 each in Tata Short Term Bond Fund - Growth	1,600.00	-
7,651,460.664 (Previous year: NIL) units of Rs. 13.0694 each in Tata Floater Fund - Growth	1,000.00	-
6,000,000 (Previous year: Nil) units of Rs. 10 each in ING Fixed Maturity Fund - 48 Institutional Growth	600.00	-
5,000,000 (Previous Year: Nil) units of Rs. 10 each in UTI Fixed Term Income Fund Series -IV-Plan-X (May 08) Growth Plan	500.00	-
5,000,000 (Previous year: Nil) units of Rs. 10 each in Kotak FMP 12 M Series 8 Institutional - Growth	500.00	-
28,046,425.724 (Previous year: Nil) units of Rs. 10.1617 each in BSL Interval Income Fund -INSTL-Quarterly-Series 3-Growth	2,850.00	-

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 (Rs. / Lacs)	As at 31.03.2008 (Rs. / Lacs)
SCHEDULE 5		
2,406,206.087 (Previous year: Nil) units of Rs. 41.5592 each in BSL Income Plus - Growth	1,000.00	-
247,977.932 (Previous year: Nil) units of Rs. 1169.4589 each in UTI Treasury Advantage Fund - Institutional Plan (Growth)	2,900.00	-
Nil (Previous year: 3,000,000) units of Rs. 10 each in ABN AMRO Interval Fund Quarterly Plan K Growth	-	300.00
Nil (Previous year: 4,500,000) units of Rs. 10 each in BSL Interval Income Fund - Institutional - Quarterly - Series 1 Growth	-	450.00
Nil (Previous year: 985,516) units of Rs. 15.251 each in Birla Sunlife Liquid Plus Institutional - Growth	-	150.00
Nil (Previous year: 7,500,000) units of Rs. 10 each in ING Fixed Maturity Fund-41 Institutional Growth	-	750.00
Nil (Previous year: 6,500,000) units of Rs. 10 each in JM Interval Fund - Quarterly Plan 3 - Institutional Growth Plan	-	650.00
Nil (Previous year: 10,000,000) units of Rs. 10 each in Kotak Quarterly Interval Plan Series 6 Growth	-	1,000.00
Nil (Previous year: 7,000,000) units of Rs. 10 each in Tata FHF - Series 12 Scheme A	-	700.00
Nil (Previous year: 3,808,399) units of Rs. 10.503 each in TATA Dynamic Bond Fund Option A - Dividend	-	400.00
Nil (Previous year: 5,000,000) units of Rs. 10 each in TATA Fixed Income Portfolio Fund Scheme A2 Institutional Growth	-	500.00
Nil (Previous year: 4,001,913) units of Rs. 10 each in UTI Fixed Maturity Plan - HFMP (03/08-1) - Growth Plan	-	400.19
NIL (Previous year: 5,500,000) units of Rs. 10 each in UTI-Fixed Maturity Plan - QFMP(0208/II) - Institutional Growth	-	550.00
Nil (Previous year: 10,000,000) units of Rs. 10 each in UTI Fixed Maturity Plan - QFMP (02/08-1) - Institutional Growth Plan	-	1,000.00
	<u>12,950.00</u>	<u>6,850.19</u>
Book value of unquoted investments	13,090.26	6,969.45

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 (Rs. / Lacs)	As at 31.03.2008 (Rs. / Lacs)
SCHEDULE 6		
SUNDRY DEBTORS (Unsecured, considered good)		
a. Outstanding for more than six months	-	-
b. Others (Net of advance)	<u>2,116.11</u>	<u>1,612.85</u>
	<u>2,116.11</u>	<u>1,612.85</u>
SCHEDULE 7		
CASH AND BANK BALANCES		
a. Cash in hand	0.63	0.47
b. Balance with scheduled banks in:		
i. Current accounts	91.70	37.59
ii. Fixed deposits	<u>5,000.00</u>	<u>-</u>
	<u>5,092.33</u>	<u>38.06</u>
SCHEDULE 8		
LOANS AND ADVANCES (Unsecured, Considered good)		
a. Advance recoverable in cash or in kind or for value to be received	25.35	11.90
b. Security deposits	27.22	28.20
c. Accrued interest	7.42	-
d. Advance income tax and FBT (net of provision for tax for Rs. NIL, Previous year Rs. 1,073.98 lacs)		18.06
	<u>59.99</u>	<u>58.16</u>
SCHEDULE 9		
CURRENT LIABILITIES AND PROVISIONS		
1. Current liabilities		
a. Sundry creditors		
i. Micro and small enterprises (See note 18)	-	-
ii. Others	332.27	267.57
b. Advance from customer	41.98	-
c. Other liabilities	55.15	27.26
d. Interest accrued but not due	<u>1,069.92</u>	<u>1,183.65</u>
	<u>1,499.32</u>	<u>1,478.48</u>
2. Provisions		
a. Provision of income tax and FBT [net of advance tax of Rs. 664.85 lacs (Previous year Rs. 412.74 lacs) including FBT Rs. 42.15 (Previous year Rs. 48.79)]	906.15	-
b. Proposed dividend	4,680.00	3,744.00
c. Provision for tax on proposed dividend	795.37	636.29
d. Provision for leave encashment	54.20	31.99
e. Provision for gratuity (See note 5d)	<u>8.40</u>	<u>3.02</u>
	<u>6,444.12</u>	<u>4,415.30</u>
	<u>7,943.44</u>	<u>5,893.78</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	Year ended 31.03.2009 (Rs. / Lacs)	Year ended 31.03.2008 (Rs. / Lacs)
SCHEDULE 10		
REVENUE FROM OPERATIONS		
a. Transmission service charges	28,572.45	28,228.24
Less: Advance against depreciation	<u>5,122.50</u>	<u>4,653.82</u>
	23,449.95	23,574.42
b. Interest on transmission service charge	-	312.09
c. Reimbursement of tax on income	1,943.55	634.01
d. Consultancy, project management and supervision fee	<u>55.80</u>	<u>-</u>
	<u>25,449.30</u>	<u>24,520.52</u>
SCHEDULE 11		
OTHER INCOME		
a. Interest income on Fixed deposits	10.44	2.92
b. Income from sale of short term mutual fund investments	1,421.02	944.74
c. Miscellaneous income	2.85	60.87
d. Profit on sale of fixed assets	0.50	-
e. Excess provision written back	<u>5.28</u>	<u>-</u>
	<u>1,440.09</u>	<u>1,008.53</u>
SCHEDULE 12		
EMPLOYEES' REMUNERATION AND BENEFITS		
a. Salaries, wages and bonus	385.44	326.82
b. Company's contribution to provident and superannuation fund	33.93	26.15
c. Employee benefits	39.75	33.02
d. Staff welfare expenses	<u>27.53</u>	<u>29.44</u>
	<u>486.65</u>	<u>415.43</u>
SCHEDULE 13		
TRANSMISSION, ADMINISTRATION AND OTHER EXPENSES		
a. Rent and hire charges	87.20	81.04
b. Rates and taxes	35.62	42.27
c. Electricity charges	12.48	12.14
d. Insurance charges	9.27	5.24
e. Repairs and maintenance		
i. Building	9.46	5.85
ii. Plant and machinery	70.90	9.83
iii. Other	2.92	5.13
f. Travelling and conveyance	123.06	119.66
g. Legal and professional fees (See note 12)	63.15	101.79
h. Office and security expenses	51.13	51.76
i. Director's sitting fees	3.30	4.30
j. Printing, postage and stationery	9.61	9.55
k. Communication expenses	16.88	15.46
l. Miscellaneous expenses	<u>12.89</u>	<u>20.60</u>
	<u>507.87</u>	<u>484.62</u>
SCHEDULE 14		
INTEREST AND FINANCE CHARGES		
a. Interest on term loans	9,111.87	9,864.64
b. Rebate on transmission charges	585.85	582.21
c. Other financing costs	<u>20.71</u>	<u>26.14</u>
	<u>9,718.43</u>	<u>10,472.99</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 15

NOTES FORMING PART OF THE ACCOUNTS

1. Background

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

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

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

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

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

2. Significant accounting policies

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

a. Use of estimates

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

b. Fixed assets and depreciation

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

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

- iii. Cost of improvements to leasehold premises are being amortised over the remaining period of lease (including renewal options) of the premises.
- iv. Assets costing less than Rs. 5,000 individually are fully depreciated in the year of purchase.
- v. Mandatory spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular are capitalised and depreciated over the residual useful life of the related plant and machinery.
- vi. Capital work in progress includes any advance money paid to the contractor till the capitalization of the asset.

c. Borrowing costs

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

d. Revenue recognition

- i. Transmission income is accounted for on accrual basis for the period of operation of transmission lines based on 'Tariff Orders' issued by Central Electricity Regulatory Commission (CERC). In case, where tariff orders are yet to be issued, transmission income is accounted as per the norms issued by CERC.
- ii. The transmission system incentive/disincentive is accounted for based on the norms approved by CERC on 'Certificate of Availability' given by the respective Regional Power Committee/ Central Power Co-ordination committee of respective regions / respective regional load dispatch center.
- iii. Revenue on fixed price contracts is recognised according to the 'proportionate completion' method based on work completed.

e. Foreign currency transactions

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

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

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

f. 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.

g. Employee benefits

i. Short-term employee benefits

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

ii. Post-employment benefit plans

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

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

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

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

h. Expenditure during construction

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

i. Advance against depreciation

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

j. Provision for taxation

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

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

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

k. Impairment

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

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

l. Investments

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

m. Earnings per share

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

n. Provisions and contingencies

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

3. Provision for income tax

The Company has made a provision of Tax of Rs. 2,082.34 Lacs (Previous Year Rs. 748.28 Lacs) as follows:

- Rs. 1,912.85 Lacs (Previous Year Rs. 634.01 Lacs) under section 115JB of Income Tax Act, 1961 on Transmission business, recoverable from beneficiaries.
- Rs. 169.49 Lacs (Previous Year Rs. 114.27 Lacs) under section 115 JB of Income Tax Act, 1961 on income from consultancy and other sources during operation period.

The above Minimum Alternate Tax (MAT) is carried forward by the Company for set off in future years in accordance with the provisions of the Income Tax Act, 1961.

4. Transmission service charges

Income from transmission service charges includes incentive income of Rs. 745.84 Lacs accrued on the basis of the norms approved by CERC. Since the 'Certificate of Availability' is not yet made available by Regional Power Committee, the accrual is made on the basis of availability certified by the Central Power Co-ordination committee for Northern Region and Eastern Region Load Dispatch Center.

5. 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. 15.17 Lacs (Previous Year Rs. 11.22 Lacs) for provident fund contributions in the Profit & Loss account. The contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

b. Defined benefit plan

Gratuity plan

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

c. Policy for recognising actuarial gains and losses

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

- The following tables set out the funded status of the gratuity plan and amounts recognized in the Company's financial statements as at 31 March, 2009:

S. No.	Particulars	Year ended 31.03.2009 (Rs. / Lacs)	Year ended 31.03.2008 (Rs. / Lacs)
i.	Change in benefit obligations:		
A	Present value of obligations as on 1.04.08	16.61	10.78
B	Current service cost	6.42	4.21
C	Interest cost	1.33	0.86
D	Actuarial gain on obligation	2.69	3.09
E	Benefits paid	(1.44)	(2.33)
	Present value of obligations (F=A+B+C+D+E)	25.61	16.61
ii.	Change in plan assets:		
A	Fair value of plan assets as on 01.04.08	13.59	9.88
B	Expected return on plan assets	1.21	0.81
C	Employer's contributions	4.20	4.95
D	Benefits paid	(1.44)	(2.33)
E	Actuarial gain / Loss	(0.35)	0.28
	Fair value of plan assets (F=A+B+C+D+E)	17.21	13.59
iii.	Net Liability (i-ii)	(8.40)	(3.02)
iv.	Expenses recognised in the profit and loss account:		
A	Current service cost	6.42	4.21
B	Interest cost	1.33	0.86
C	Expected return on plan assets	(1.21)	(0.81)
D	Actuarial gain recognised during the year	2.26	2.81
	Net charge/(credit) (E=A+B+C+D)	8.80	7.07

v. Principal actuarial assumptions:

S. No.	Particulars	Refer note below	Year ended 31.03.2009	Year ended 31.03.2008
i.	Discount rate (p.a.)	1	7.80%	8.00%
ii.	Expected rate of return on assets (p.a.)	2	9.15%	9.00%
ii.	Salary escalation rate (p.a.)	3	15.00%	15.00%

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

6. Secured loans–Senior Lenders

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

Senior Lender Name	Sanctioned Loan Amount (Rs. / Lacs)	Agreement Effective Date	Drawn loan Amount (Rs. / Lacs)	Repayment of Loan (Rs. / Lacs)	Balance of Loan (Rs. / Lacs)
IDFC (Infrastructure Development Finance Company Limited)	18,000.00 7,825.00	09.01.04 20.01.06	18,000.00 6,790.00	4,131.67	20,658.33
IFC (International Finance Corporation)	34,000.00	09.01.04	32,996.00	5,499.33	27,496.67
ADB (Asian Development Bank)	30,000.00	13.01.04	29,339.00	4,889.83	24,449.17
SBI (State Bank of India)	16,000.00 7,000.00	09.01.04 27.01.06	16,000.00 6,075.00	4,139.06	17,935.94
Total	112,825.00		109,200.00	18,659.89	90,540.11

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

- all of its tangible, intangible, movable, fixed and current assets;
- 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.

7. Contingent liabilities and commitments

Capital commitments for contracts remaining to be executed on capital account (net of advances) not provided for are Rs. 350.28 lacs (Previous year Rs. 935.83 Lacs).

8. Capital work in progress

Capital work in progress includes capital advances aggregating to Rs. 2,463.57 Lacs. (Previous year Rs. 2,177.50 Lacs)

9. Self insurance reserve

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

10. Expenditure incurred in foreign currency

	Year ended 31.03.2009 (Rs. / Lacs)	Year ended 31.03.2008 (Rs. / Lacs)
Travelling	-	2.60
Commitment and supervision charges	4.34	4.78
Purchase of Material	238.32	101.86
Total	242.66	109.24

11. Managerial remuneration

	Year ended 31.03.2009 (Rs. / Lacs)	Year ended 31.03.2008 (Rs. / Lacs)
The Executive Director & CEO's remuneration includes:		
a. Managerial Remuneration for Directors' (excluding provision for encashable leave and gratuity as separate figures for Whole-time Directors is not available)	57.24	132.21
b. The above is inclusive of:		
▪ Estimated expenditure on perquisites	4.42	8.86
▪ Contribution to Provident and Superannuation Fund	4.05	7.64
▪ Payment for retirement benefits	-	3.83
▪ Commission	13.50	29.00
Non Whole-time Directors:		
a. Sitting fees	3.30	4.50
Computation of Net Profit in accordance with Section 309 (5) of the Companies Act, 1956.		
A. Profit before taxes and exceptional items	8,628.73	6,604.36
B. Add:		
a. Managerial Remuneration	43.74	103.21
b. Directors fees	3.30	4.50
C. Net Profit as per Section 309 (5) of the Companies Act,1956	<u>8,675.77</u>	<u>6,712.07</u>

12. Auditor's remuneration

Professional fees include Auditors' remuneration (excluding service tax) as follows:

	Year ended 31.03.2009 (Rs. / Lacs)	Year ended 31.03.2008 (Rs. / Lacs)
Statutory audit fee (including quarterly audit)	9.00	9.00
Tax audit fees	1.50	1.50
Other services		
- Certification for regulatory authorities	1.60	6.00
- Tax Consultancy	8.80	-
Out of pocket expenses	0.25	0.25
	<u>21.15</u>	<u>16.75</u>

13. Investments

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

S. No.	Mutual Funds	Purchase Value (Rs. / Lacs)	Units Purchased (No./Lacs)	Units Sold (No./Lacs)
1	ABN AMRO Interval Fund Quarterly Plan K Growth	-	-	30.00
2	AIG India Liquid Fund Institutional Growth	900.00	0.86	0.86
3	AIG India Treasury Plus Fund Super Institutional Growth	2,800.00	123.96	123.96
4	AIG Quarterly Interval Series I Institutional Growth	800.00	80.00	80.00
5	B864G BSL Interval Income Fund - INSTL - Quarterly - Series 1 Growth	-	-	45.00
6	Birla Sunlife Income Fund - Growth	1,000.00	26.65	26.65
7	Birla Sunlife Liquid Plus Instl. - Growth	2,650.00	162.18	172.02
8	Birla Sunlife Short term Fund - Institutional Growth	1,000.00	99.64	99.64
9	BSL Interval Income Fund - INSTL - Qtrly Series 3 Growth	1,000.00	93.46	93.46
10	Canara Robeco Liquid Super Instt. Growth Fund	2,750.00	249.72	249.72
11	HDFC FMP - 90D - Sep 2008 (8) - 4 - WP - Growth	1,000.00	100.00	100.00
12	HDFC FMP 90 D August 2008 (IX) (3) Wholesale Plan Growth	2,000.00	200.00	200.00
13	HDFC FMP 90D May 2008 (VIII) (3) - Wholesale Plan Growth	2,000.00	200.00	200.00
14	HDFC Income Fund - Growth	1,400.00	74.63	74.63
15	HDFC Liquid Fund - Premium Plan Growth	1,750.00	101.92	101.92
16	ICICI Pru Flexible Income Plan Growth	5,686.69	362.75	362.75
17	ICICI Pru Institutional Liquid Plan	1,500.00	117.16	117.16
18	ICICI Pru Institutional Short term Plan - Cumulative option	1,500.00	83.47	83.47
19	ICICI Pru Interval Fund IV Qtrly Interval plan - Growth	950.00	95.00	95.00
20	ICICI Prudential Flexible Income Plan - Growth	1,550.00	98.47	98.47
21	ICICI Prudential FMP Series 44-One Month Plan A Retail Growth	1,900.00	190.00	190.00
22	ICICI Prudential Inst. Income Plan - Growth	2,400.00	82.21	82.21
23	ICICI Prudential Institutional Liquid Plan	1,900.00	155.60	155.60
24	ING Fixed Maturity Fund-41 Institutional Growth	-	-	75.00
25	ING Liquid Plus Fund - Institutional Growth	750.00	68.45	68.45
26	ING Treasury Management Fund - Growth	2,300.00	181.96	181.96
27	JM Interval Fund - Quarterly Plan 3 - Institutional Growth Plan (296)	-	-	65.00
28	JM Interval Fund - Quarterly Plan 4 - Institutional Growth Plan	1,000.00	97.61	97.61
29	JM Interval Fund - Quarterly Plan 2 - Institutional Growth Plan	500.00	48.87	48.87
30	JM Money Manager Fund Super Plus Plan - Growth	1,300.00	113.59	113.59
31	Kotak Floater Long Term - Growth	1,200.00	87.18	87.18
32	Kotak FMP 3 M Series 33 - Growth	300.00	30.00	30.00
33	Kotak Quarterly Interval Plan Series 3 - Growth	1,000.00	93.45	93.45
34	Kotak Quarterly Interval Plan Series 6 Growth	-	-	100.00
35	Kotak Quarterly Interval Plan Series 9 - Growth	1,150.00	115.00	115.00
36	LIC MF Interval Fund Series 1 - Monthly Growth	2,850.00	283.31	283.31
37	LICMF Liquid Fund - Growth Plan	4,500.91	354.49	354.49
38	LICMF Liquid Plus Fund - Growth	2,000.00	184.14	184.14
39	Lotus India FMP-3 Months Series XXXII Growth	1,000.00	100.00	100.00
40	Lotus India Quarterly Interval Fund - Plan B Growth	950.00	88.48	88.48
41	Mirae Asset Liquid Fund - Super Inst - Growth option	1,150.00	1.12	1.12
42	Reliance Interval Fund	1,000.00	89.37	89.37
43	Reliance Liquid Fund - Growth	1,000.00	69.91	69.91
44	Reliance Liquid Plus Fund - Institutional Option Growth Plan	1,000.00	0.90	0.90
45	Reliance Monthly Interval Fund - Series I - Institutional Growth Plan	1,000.00	90.34	90.34
46	SBI Debt Fund Series - 90 Days - 27 - Growth	950.00	95.00	95.00
47	SBI Debt Fund Series - 90 days 24 - Growth	2,000.00	200.00	200.00
48	SBI DFS - 90 Days - 32 - Growth	3,000.00	300.00	300.00

S. No.	Mutual Funds	Purchase Value (Rs. / Lacs)	Units Purchased (No./Lacs)	Units Sold (No./Lacs)
49	SBI Magnum Insta Cash Fund - Cash Option	2,850.00	148.55	148.55
50	SBI SDFS 90 days	2,000.00	200.00	200.00
51	SBI SHF - Ultra ST - Inst Plan Growth	900.00	79.37	79.37
52	Sundaram BNP Paribas FTP 90 days Series 6	1,000.00	100.00	100.00
53	Sundaram BNP Paribas Interval Fund Qtly Plan E	750.00	75.00	75.00
54	Sundaram BNP Paribas Liquid Plus Super Inst. Growth	1,000.00	91.17	91.17
55	Tata FHF - Series 12 Scheme A (Growth)	-	-	70.00
56	Tata Fixed Horizon Fund Qtrly FMP	500.00	50.00	50.00
57	Tata Floater Fund - Growth	6,800.00	545.17	545.17
58	Tata Liquid Super High Inv. Fund	950.00	0.60	0.60
59	Tata Treasury Manager SHIP Growth	100.00	0.09	0.09
60	TDAD TATA Dynamic Bond Fund Option A - Dividend	-	-	38.33
61	Templeton Floating rate Income Fund - Growth	500.00	46.30	46.30
62	TFIGA2 TATA Fixed Income Portfolio Fund Scheme A2 Institutional Growth	-	-	50.00
63	UTI Fixed Income Interval Fund - Quarterly Plan III	1,000.00	93.52	93.52
64	UTI Fixed Maturity Plan - HFMP (03/08-1) - Growth Plan	-	-	40.02
65	UTI Fixed Maturity Plan - QFMP (02/08-1) - Institutional Growth Plan	-	-	100.00
66	UTI Short Term Fixed Maturity Plan Series I - IX	800.00	80.00	80.00
67	UTI-Fixed Maturity Plan - QFMP (0208/II) - Institutional Growth	-	-	55.00
	Total	89,487.60	6,900.62	7,578.81

b. Unsold investments as at 31.03.2009

S. No.	Mutual Funds	Purchase Value (Rs. / Lacs)	Units Purchased (No./Lacs)
1	Birla Sunlife Income Fund - Growth	1,000.00	24.06
2	Birla Sunlife Short term Fund - Institutional Growth	2,850.00	280.46
3	HDFC Cash Management Fund - Treasury Advantage Plan	2,000.00	104.52
4	ING Fixed Maturity Fund - 48 Institutional Growth	600.00	60.00
5	Kotak FMP - 12 Months - Series 8	500.00	50.00
6	Tata Floater Fund - Growth	1,000.00	76.51
7	Tata Mutual Short Term Bond Fund	1,600.00	95.84
8	UTI - Fixed Term Income Fund - Series IV Plan X Inst. Growth	500.00	50.00
9	UTI Treasury Advantage Fund - Institutional Plan (Growth)	2,900.00	2.48
	Total	12,950.00	743.88

14. Related Party Disclosures

a. List of related parties

- i. Holding Company
 - The Tata Power Company Limited
- ii Company Exercising Significant Influence
 - Powergrid Corporation of India Limited
- iii Key Management Personnel
 - Sh. Suresh Sachdev - Executive Director & CEO

b. Transactions/balances outstanding with Related Parties

(All amounts in Rs./ Lacs)

SI. No.	Particulars	Holding Company	Company exercising significant influence	Key Management personnel
Transactions during the year:				
1.	Reimbursement of expenses from	3.44 <i>(1.27)</i>	65.04 <i>(24.20)</i>	- <i>(-)</i>
2.	Reimbursement of expenses paid	9.05 <i>(-)</i>	18.61 <i>(6.24)</i>	- <i>(-)</i>
3.	Consultancy expenses	- <i>(-)</i>	24.57 <i>(1.57)</i>	- <i>(-)</i>
4.	Managerial remuneration-Directors	- <i>(-)</i>	- <i>(-)</i>	57.24 <i>(132.21)</i>
5.	Income from operation	0.54 <i>(0.16)</i>	25,449.30 <i>(23,886.51)</i>	- <i>(-)</i>
6.	Tax on tax recovery	- <i>(-)</i>	1,962.97 <i>(634.01)</i>	- <i>(-)</i>
7.	Dividend paid	1,909.44 <i>(435.93)</i>	1,834.56 <i>(418.84)</i>	- <i>(-)</i>
Year end balances:				
8.	Capital advance	- <i>(-)</i>	277.76 <i>(200.00)</i>	- <i>(-)</i>
9.	Amounts recoverable	- <i>(3.71)</i>	2,116.11 <i>(1,612.85)</i>	- <i>(-)</i>
10.	Amounts payable	4.94 <i>(-)</i>	- <i>(-)</i>	- <i>(-)</i>
11.	Unbilled revenue	- <i>(-)</i>	4,425.04 <i>(10,117.54)</i>	- <i>(-)</i>

Amounts in brackets and italics pertain to the previous year.

15. Deferred tax (Assets)/Liabilities

- a. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.
- b. The Company expects to avail the tax benefit under section 80IA of the Income Tax Act, 1961, starting from the financial year 2011-12, whereby the Company will be entitled to a tax holiday for 10 years. Deferred tax liabilities as on 31 March, 2009, as detailed below reflect the quantum of tax liabilities accrued up to 31 March, 2009 but payable after the expiry of tax holiday period.

Particulars	Opening	Charged/ (Credited) to P&L*	Closing
Deferred tax liabilities			
Tax impact of differences between carrying amount of fixed assets in the financial statements and in income tax return	-	2,869.00	2,869.00
Total deferred tax liabilities	-	2,869.00	2,869.00

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

16. Segmental reporting

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

17. Earnings per share

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

Sl. No.	Particulars	Units	Year ended 31.03.2009	Year ended 31.03.2008
a.	Net profit after tax	Rs. / lacs	6,534.24	5,841.07
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.	1.40	1.25

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

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

For and on behalf of the Board

S. K. CHATURVEDI
Chairman

SURESH SACHDEV
Executive Director & CEO

AJAY BAGRI
CAO and Company Secretary

Place: New Delhi
Date: May 13, 2009

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Details :

Registration Number State Code (Refer Code List)

Balance Sheet Date
Date Month Year

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

Public Issue Right Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Source of Funds

Paid up Capital Reserve & Surplus

Secured Loans Advance Against Depreciation

Application of Funds

Net Fixed Assets Investment

Net Current Assets Misc. Expenditure

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

Turnover Total Expenditure

Including Prior Income
Profit/Loss Before Tax Profit/Loss After tax

Earning per Share in Rs. Dividend @ %

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

1) Product Description : Item Code No (ITC Code)

2) Product Description : Transmission

Report on Corporate Governance

1.0 Company's Philosophy on Corporate Governance

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

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

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

2.0 Board of Directors

Composition:

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

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

The Composition of the Board as on 31st March, 2009 was as under:

Name of the Director	Business Relationship	Category of Directorship	No. of other Directorships	No. of other Committee memberships	
				Chairman	Member
Mr. S K Chaturvedi	Chairman	Non Executive	8	-	-
Mr. Banmali Agrawala	Director	Non Executive	5	-	2
Mr. S Padmanabhan	Director	Non Executive	5	-	3
Mr. J.Sridharan	Director	Non Executive	4	-	1
Mr. S Majumdar	Director	Non Executive	4	-	-
Mr. Sunil Wadhwa	Director	Non Executive	2	-	1
Mr. H L Tayal	Director	Non Executive	1	-	-
Mr. Suresh Sachdev	Executive Director & CEO	Executive	Nil	-	-

* Directorship in Private Companies, Foreign Companies and associations are excluded.

* Represent Memberships/Chairmanships of Audit Committee and Shareholders'/Investors Grievance Committee.

2.1 Changes in Board Composition during the year

Name of the Director	Details of Change	Date of Change
Mr. S. Majumdar	Appointed as an Additional Director	July 18, 2008
Dr. R. P. Singh	Resigned as Chairman	May 30, 2008
Mr. Banmali Agrawala	Appointed as an Additional Director	July 18, 2008
Mr. S. K. Chaturvedi	Appointed as Chairman	October 11, 2008
Mr. S. Padmanabhan	Appointed as an Additional Director	October 11, 2008
Mr. Sunil Wadhwa	Appointed as an Additional Director	October 11, 2008
Mr. Prasad R Menon	Resigned as Director	September 25, 2008
Mr. S. Ramakrishnan	Resigned as Director	September 25, 2008
Mr. H. L. Tayal	Appointed as an Additional Director	January 20, 2009
Mr. V. M. Kaul	Resigned as Director	January 20, 2009

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 2008-09	6th Annual General Meeting held on 27 th May, 2008 - Attended
Dr. R.P. Singh*	1	Yes
Mr. Prasad R Menon**	2	Yes
Mr. S Ramakrishnan***	2	-
Mr. J.Sridharan	4	Yes
Mr. V.M. Kaul****	3	Yes
Mr. S. Majumdar	3	-
Mr. Banmali Agrawala	2	-
Mr. S. Padmanabhan	2	-
Mr. H. L. Tayal	-	-
Mr. Sunil Wadhwa	2	-
Mr. Suresh Sachdev	4	Yes

* Resigned on May 30, 2008.

**Resigned on September 25, 2008

***Resigned on September 25, 2008

****Resigned on January 20, 2009

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

Four Board Meetings were held during the year 2008-09 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held were as follows:

6th May, 2008, 18th July, 2008, 11th October, 2008 and 20th January, 2009.

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

3.0 Committee of Directors

3.1 Audit Committee

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

The composition of the Audit Committee as on 31st March 2009 and details of meetings attended by the Directors are given below:

Name of the Director	Designation	No. of Meetings attended during the year 2008-09
Mr. S Ramakrishnan*	Chairman	2
Mr. J. Sridharan	Member	4
Mr. V M Kaul	Member	4
Mr. Sunil Wadhwa**	Chairman	1
Mr. H. L. Tayal	Member	-

* Resigned on September 25, 2008

**Appointed Chairman w.e.f. October 11, 2008

The Audit Committee met four times during the year 2008-09. The dates on which the said meetings were held are as follows:

6th May, 2008, 18th July, 2008, 11th October 2008 and 20th January 2009.

The Head of Finance attends the meetings. The Statutory Auditors and Internal Auditors are invited to the meetings. The CAO & Company Secretary acts as the Secretary of the Committee.

3.2 Remuneration Committee

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

The composition of the Remuneration Committee as on 31st March, 2009 and the details of meeting attended by the directors are given below:

Name of the Director	Designation	No. of Meetings attended during 2008-09
Dr. R P Singh*	Chairman	1
Mr. Prasad R Menon**	Member	1
Mr. S. Ramakrishnan***	Member	1

* Resigned on May 30, 2008

**Resigned on September 25, 2008

***Resigned on September 25, 2008

All the above Directors are Non- Executive.

Remuneration Committee Meeting was held once during the year 2008-09 on 6th May, 2008.

The Chairman of the Remuneration Committee, Dr. R P Singh was present at the Annual General Meeting held on 27th May, 2008.

Consequent to resignation of all the members of the Remuneration Committee, it was reconstituted on 20th January, 2009 as follows:

Name of the Director	Designation	No. of Meetings attended during 2008-09
Mr. S. K. Chaturvedi	Chairman	-
Mr. Banmali Agrawala	Member	-
Mr. S. Padmanabhan	Member	-

4.0 Details of remuneration for 2008-09:

Non-executive Directors

Name of the Director	Sitting Fees paid (Rs.)
Dr. R P Singh	20,000/-
Mr. Prasad R Menon	- Nil
Mr. S Ramakrishnan	- Nil
Mr. J. Sridharan	90,000/-
Mr. V M Kaul	90,000/-
Mr. S. K. Chaturvedi	20,000/-
Mr. Banmali Agrawala	Nil
Mr. S. Padmanabhan	Nil
Mr. S. Majumdar	40,000/-
Mr. H. L. Tayal	Nil
Mr. Sunil Wadhwa	50,000/-

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

Executive Director & CEO

Name	Salary & Allowances (Rs. Lakhs)	Commission (Rs. Lakhs)	Perquisite (Rs. Lakhs)	Retirement Benefits* (Rs. Lakhs)	Total (Rs. Lakhs)
Mr. Suresh Sachdev Executive Director & CEO	35.25	13.50	4.50	4.05	57.30

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

5.0 General Body Meetings

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

Financial year ended	Day & Date	Time	Venue
31st March, 2006	Thursday 15th June, 2006	7.00 P.M.	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi
31st March, 2007	Wednesday 18th July, 2007	2.45 P.M.	Conference Room, Powergrid Corporation of India Ltd., 'Saudamini', Plot No.2, Sector-29, Gurgaon
31st March, 2008	Tuesday 27th May, 2008	5.00 P.M.	Kamal Mahal, Hall No.1, The Maurya (ITC Hotel) Diplomatic Enclave, New Delhi - 110021

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 27 May 2009 at 3.30 p.m.
 6.2. Financial Calendar : April to March
 6.3. Book closure : From 22 May 2009 to 26 May 2009 (both days inclusive)
 6.4. Registrars and Transfer Agents:

TSR Darashaw Limited (TSRDL)
 Army & Navy Building, 148, Mahatma Gandhi Road, Mumbai - 400 001
 Tel.: 022 66568484, Fax: 022 66568494, E-mail: csg-unit@tatashare.com
 Website: www.tatashare.com

6.5 Shareholding Pattern as on 31st March, 2009

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 Dematerialisation of Shares as on 31st March, 2009.

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, the directors or the management or relative of the directors that they may have potential conflict with the interests of the Company.

No infringement of any of the provisions of the law and regulations has been committed by the Company.

6.8 Address for Correspondence:

CAO & Company Secretary
 Powerlinks Transmission Limited
 4th Floor, Kanchenjunga Building,
 18, Barakhamba Road, New Delhi – 110001
 Tel: (011) 66306381-82
 Fax: (011) 66306377
 Email: powerlinks@powerlinks.co.in
 Website: www.powerlinks.co.in