



- (m) Declaration of dividends;
- (n) Changes in accounting policies; and
- (o) Investment of funds of the company.

- ***Role of parties:*** IL&FS will facilitate access to alternate sources of finance for the project development fund and perform investment banking studies, formulate strategies to promote the project and procure a private/public sector developer for the project. Our Company will provide technical guidance and project development specification to the projects undertaken by PITPL.
- ***Financing:*** The parties to the IL&FS SHA have agreed to set up a project development fund of ₹ 100 million and to contribute jointly, in equal proportion, for the capital requirements of PITPL.
- ***Transfer of shares:*** Either shareholder may transfer its shares in PITPL to any third party if the shareholder obtains the prior written approval of the other shareholder and the transferee of the shares agrees to be bound by the IL&FS SHA by executing a deed of adherence. Any attempt to transfer any of the shares issued to the parties in contravention of the IL&FS SHA shall be void. Further, either party may transfer shares of PITPL after giving the right of first refusal to the other party and following the procedures established in the IL&FS SHA. If the other party declines the offer so made, the other party will have a “tag-along” right, should the transferring shareholder sell the offered shares to a third party.
- **Competition:** PITPL will not during the term of the IL&FS SHA, without prior consent of the parties, carry on or be engaged or approach any business opportunity which is in direct competition or which is otherwise being pursued by either of the parties.

PITPL has on March 31, 2010 filed an application with the RoC under Section 560 of the Companies Act for the declaration of PITPL as a defunct company. The application is pending with the RoC.

Proposed Joint Ventures

For the establishment of the Dhalkebar-Bathanaha section of 400KV Muzaffarpur-Dhalkebar Indo-Nepal cross-border transmission line:

- (i) The Board in its meeting dated January 6, 2010, approved 26% equity participation by our Company in the joint venture company, Power Transmission Company Nepal Limited, to be incorporated in Nepal; and
- (ii) The Board in its meeting dated August 24, 2009, approved 26% equity participation by our Company in the joint venture company, Cross Border Power Transmission Company Limited, to be incorporated in India.

Entities in which our Company has substantial investment

Our Company presently owns 4.1% of the equity share capital of PTC India Limited (formerly known as Power Trading Corporation of India Limited) (“PTC”). PTC was incorporated as a joint venture company on April 16, 1999, under the Companies Act, and received its certificate of commencement of business on July 15, 1999. PTC is engaged in the business of purchasing, selling, importing, exporting, trading all forms of electricity power and ancillary services. Initially, PTC was promoted by PFC, NTPC and our Company, pursuant to a promoters’ agreement dated April 8, 1999. NHPC also became a promoter of PTC through a supplementary agreement dated November 29, 2002. Under the promoters’ agreement, for as long as we hold 8.0% of the equity shares of PTC, our Company has the right to nominate one part-time director on the board of directors of PTC and the consents of PFC,



NTPC, our Company and NHPC are required for the appointment of the chairman or chairman and managing director or managing director or any whole-time director of PTC.

Other Material Agreements

MoP MoU

We enter into an annual memorandum of understanding with the MoP (“**MoP MoU**”), which provides for the exercise of enhanced autonomy by, and delegation of financial powers to, our Company. The MoP MoU for the year 2010-2011 allows us to raise bonds and other loans to the extent of ₹ 7,000 million for timely implementation of our projects. It also gives us the option to regulate power supply to defaulting beneficiaries within the framework of the generic procedure notified by CERC. The MoP MoU also establishes detailed performance evaluation parameters and targets against which our performance is to be evaluated. The parameters include financial performance indicators, financial returns, quality, customer satisfaction, business development, commercial targets, environment and social management, environment and social assessment of new projects and inventory management. The MoP MoU for the year 2010-2011 lists the commitment and assistance to be received from the GoI, which include matters such as realization of dues from beneficiaries, discussions with the MoEF for expeditious clearance of projects to avoid delays in their timely execution, assistance for extending deemed export benefits for the projects proposed to be funded through external commercial borrowings or supplier’s credit and assistance for extending benefits available under Mega Power Project Status to the transmission projects associated with such generation projects and transmission projects required for the establishment of the proposed National Power Grid. Under the MoP MoU, we are required to submit quarterly reports on various performance areas within 30 days of the end of the quarter and our Board is required to ensure quarterly internal monitoring of the performance against the MoP MoU targets. The MoP MoU will be in force and operational beyond 2010-2011 until it is modified by the signing of the subsequent memorandum of understanding with the MoP.

REC MoU

Our Company and REC have entered into a memorandum of understanding dated July 14, 2004, for the implementation of projects under the Rajiv Gandhi Grameen Vidyutikaran Yojana (“**Rural Electrification Programme**”) for accelerated electrification of rural households to be undertaken in association with the concerned state government and state power utility (“**REC MoU**”).

Projects to be undertaken under the Rural Electrification Programme on the basis of proposals received from the concerned State Government and state utilities. These projects will be funded by REC from funds sanctioned to the State Government under the Rural Electrification Programme, and all such funds released by the REC for the identified projects will be deemed to be drawn by the concerned state government. Our Company is required to implement the distribution works under the respective projects on a deposit work basis and is responsible for their formulation, development and implementation (in accordance with guidelines, specifications and construction standards stipulated by REC) in a time-bound manner and in accordance with agreed competitive bidding procedures. On completion, the projects will be taken over by the concerned State Government/state power utility. However, if the concerned State Government or state power utility so desire, our Company may take up the operation and management of the completed projects under a separate agreement with them. Further, if the concerned State Government or state power utility so desire, the role of our Company may be limited to project monitoring and supervision of quality of construction, formulation and preparation of project reports, arranging required project approvals, providing advisory support during procurement and supervision of quality of construction. Our Company is entitled to a service charge of 12% of the project cost for Xth plan projects and 9% of the project cost for XIth plan projects, if we are involved in the implementation of the project. If our scope of work is limited to project monitoring and supervision of the work during construction, or formulation of project reports and project monitoring and supervision of the work during construction, we are entitled to charge 2% and 5% of



the project cost respectively. In each case, any statutory dues payable by our Company will be reimbursed out of the funds sanctioned by REC. Our Company is also required to maintain separate accounts for development and implementation of each such project.

Pursuant to the REC MoU, our Company is involved with rural electrification projects in nine states and has entered into quadruplicate agreements involving REC, the concerned State Government and the concerned state power utility for each such project (“**DMS Agreements**”). Pursuant to the DMS Agreements, our Company is implementing such projects in certain specified geographical areas as per the mutual understanding between the parties. The respective SPUs are required to provide all relevant geographical, technical and other data to our Company for implementation of the project. The land necessary to facilitate construction and commissioning of the projects and any statutory clearances will be provided by the state power utility. The state power utility will also obtain any approvals required for the project. Any disputes arising out of the DMS Agreements will be settled amicably between the parties, failing which such disputes will be referred to the Secretary, MoP, whose decision will be final and binding on the parties concerned. The DMS Agreements remain valid unless terminated by mutual consent of the respective parties. The list of the DMS Agreements our Company is a party to, as on the date of this Red Herring Prospectus, is set forth below:

S. No.	State Government	State Utility Company	Date of Agreement
1.	Government of Chhattisgarh	Chhattisgarh SEB	November 16, 2005
2.	Government of Tripura	Tripura SEB	October 31, 2005
3.	Government of Odisha	Central Electricity Supply Company of Orissa Limited	October 5, 2005
4.	Government of Odisha	Southern Electricity Supply Company of Orissa Limited	October 5, 2005
5.	Government of Odisha	North Eastern Electricity Supply Company of Orissa Limited	October 5, 2005
6.	Government of Odisha	Western Electricity Supply Company of Orissa Limited	October 5, 2005
7.	Government of Assam	Assam SEB	September 29, 2005
8.	Government of Rajasthan	Jaipur Vidyut Vitran Nigam Limited	September 14, 2005
9.	Government of Rajasthan	Ajmer Vidyut Vitran Nigam Limited	September 14, 2005
10.	Government of Rajasthan	Jodhpur Vidyut Vitran Nigam Limited	September 14, 2005
11.	Government of Gujarat	Dakshin Gujarat Vj Company Limited	September 8, 2005
12.	Government of Bihar	Bihar SEB	August 5, 2005
13.	Government of West Bengal	West Bengal SEB	June 24, 2005
14.	Government of Uttar Pradesh	Poorvanchal Vidyut Vitran Nigam	July 13, 2005
15.	Government of Uttar Pradesh	Madhyanchal Vidyut Vitran Nigam	July 13, 2005
16.	Government of Bihar	Bihar SEB	October 20, 2004

Collaborations

Our Company has not entered into any collaboration with any third party as per paragraph (VIII) (B) (1) (c) of Part A, Schedule VIII of the SEBI Regulations.

Strategic Partners

Our Company has not entered into any arrangements with any strategic partners within the meaning of the SEBI Regulations.

Financial Partners

Apart from our various arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, our Company does not have any other financial partners within the meaning of the SEBI Regulations.



OUR MANAGEMENT

Under our Articles of Association, we are required to have not less than four directors and not more than 18 directors. Our Board presently comprises 14 Directors out of which five are our whole-time Directors, two Directors are nominees of the GoI and seven are independent Directors.

The following table sets out the details regarding our Board of Directors as of the date of this Red Herring Prospectus:

Name, Father's Name, Designation, Occupation, DIN and Nationality	Age	Address	Other Directorships
Mr. S.K. Chaturvedi Father's Name: Mr. Gauri Shankar Chaturvedi Designation: Chairman and Managing Director Occupation: Service DIN: 00007840 Nationality: Indian	59	Bungalow No. FF1, Powergrid Residential Township, Complex, Sector-43, Gurgaon 122 002 Haryana.	<ul style="list-style-type: none"> • Powerlinks Transmission Limited • Torrent Powergrid Limited • Jaypee Powergrid Limited • Parbati Koldam Transmission Company Limited • Teesta Valley Power Transmission Limited • North East Transmission Company Limited • Power System Operation Corporation Limited • Powergrid IL&FS Transmission Private Limited
Mr. J. Sridharan Father's Name: Mr. K.J. Subramanian Designation: Director (Finance) - Whole-time Occupation: Service DIN: 00245043 Nationality: Indian	59	Bungalow No. GG3, Powergrid Residential Township Complex, Sector – 43, Gurgaon 122 002 Haryana.	<ul style="list-style-type: none"> • Energy Efficiency Services Limited • Powergrid IL&FS Transmission Private Limited • Power System Operation Corporation Limited • Byrnihat Transmission Company Limited
Mr. V.M. Kaul Father's Name: Late Mr. Dwarka Nath Kaul Designation: Director (Personnel) - Whole-time Occupation: Service DIN: 00015245	58	485, Mandakini Enclave, New Delhi 110 019	<ul style="list-style-type: none"> • Byrnihat Transmission Company Limited • Nuclear Power Corporation of India Limited



Name, Father's Name, Designation, Occupation, DIN and Nationality	Age	Address	Other Directorships
Nationality: Indian			
<p>Mr. R.N. Nayak</p> <p>Father's Name: Mr. Krushna Charana Nayak</p> <p>Designation: Director (Operations) - Whole-time</p> <p>Occupation: Service</p> <p>DIN: 02658070</p> <p>Nationality: Indian</p>	55	Bungalow No. GG2, Powergrid Residential Township, Complex, Sector-43, Gurgaon 122 002 Haryana.	<ul style="list-style-type: none"> • PTC India Limited • Power System Operation Corporation Limited
<p>Mr. I.S. Jha</p> <p>Father's Name: Late Mr. Sita Ram Jha</p> <p>Designation: Director (Projects) - Whole-time</p> <p>Occupation: Service</p> <p>DIN: 00015615</p> <p>Nationality: Indian</p>	51	House No. 654, Sector 10 A, Gurgaon 122 001, Haryana.	<ul style="list-style-type: none"> • Powerlinks Transmission Limited • Byrnihat Transmission Company Limited
<p>Dr. M. Ravi Kanth</p> <p>Father's Name: Mr. Benzaiah Medithi</p> <p>Designation: Government Nominee Director</p> <p>Occupation: Service</p> <p>DIN: 01612905</p> <p>Nationality: Indian</p>	49	D-II/25, Shahjahan Road, New Delhi 110 011	NIL
<p>Mr. Rakesh Jain</p> <p>Father's Name: Mr. Kailash Chand Jain</p> <p>Designation: Government Nominee Director</p> <p>Occupation: Service</p> <p>DIN: 02682574</p>	53	D-II/62, Kaka Nagar, New Delhi 110 003	<ul style="list-style-type: none"> • Power Finance Corporation Limited • NHPC Limited • NTPC Limited • Energy Efficiency Services Limited



Name, Father's Name, Designation, Occupation, DIN and Nationality	Age	Address	Other Directorships
Nationality: Indian			
Mr. S.C. Tripathi Father's Name: Mr. Harish Chandra Pati Tripathi Designation: Independent Director Occupation: Service-Retired DIN: 00941922 Nationality: Indian	64	House No. 27, Sector – 15A, Noida, 201 301, Uttar Pradesh	<ul style="list-style-type: none"> • Indusind Bank Limited • Shipping Corporation of India Limited • Gammon Infrastructure Projects Limited • IL&FS Infrastructure Development Corporation Limited • IL&FS Energy Development Company Limited • Kailash Healthcare Limited • Reliance Capital Asset Management Company Limited
Mr. Ashok Khanna Father's Name: Mr. Manohar Lal Khanna Designation: Independent Director Occupation: Industrialist DIN: 01510677 Nationality: Indian	62	House No. 765, Sector – 8B, Chandigarh 160 009	<ul style="list-style-type: none"> • Khanna Watches Limited • K – Watch Limited • Khanna Quartz Limited • Ansal Housing & Construction Limited • Worldwide Immigration Consultancy Services Limited • Nirvana Biosis Private Limited
Mrs. Sarita Prasad Father's Name: Mr. Harbans Lal Pandit Designation: Independent Director Occupation: Service-Retired DIN: 02288208 Nationality: Indian	64	C-622 (Ground Floor), New Friends Colony, New Delhi 110 025	NIL
Dr. P.K. Shetty Father's Name: Mr. P. Shetty Designation: Independent Director	48	386, Krishna, 4 th Cross, I Block, R. T. Nagar, Bangalore 560 032	Nil



Name, Father's Name, Designation, Occupation, DIN and Nationality	Age	Address	Other Directorships
Occupation: Academic DIN: 01661260 Nationality: Indian			
Dr. A. S. Narag Father's Name: (Late) Mr. J.S. Narag Designation: Independent Director Occupation: Academic DIN: 016677040 Nationality: Indian	64	24, Cavalry Lines, University Campus, Delhi 110 007	Nil
Mr. Anil K. Agarwal Father's Name: Mr. S.S. Agarwal Designation: Independent Director Occupation: Business DIN: 00000100 Nationality: Indian	55	House No. A-1, Anand Niketan, New Delhi 110 021	<ul style="list-style-type: none">• Cosmos International Limited• Cosmos Biosciences Private Limited• Maytas Infra Limited
Mr. F. A. Vandrevala Father's Name: Mr. A. Vandrevala Designation: Independent Director Occupation: Service DIN: 00956609 Nationality: Indian	60	1802-18th floor, Evita, Central Avenue, Hiranandani Garden, Powai, Mumbai 400 076, Maharashtra	<ul style="list-style-type: none">• Hirco Development Private Limited• Power System Operation Corporation Limited

None of the Directors are related to each other. There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or member of the senior management.

Brief Profile of our Directors



Mr. S. K. Chaturvedi, aged 59 years, is the Chairman and Managing Director of our Company. He graduated with a Bachelor of Natural Science and Geology and a Masters of Science of (Geology) degree from the University of Lucknow, Uttar Pradesh. He also holds a Post Graduate Diploma in Personnel Management and Industrial Relations from Andhra Pradesh Productivity Council. During his career spanning 30 years, he has been involved in diverse fields such as human resources management, industrial relations and organizational development. Prior to joining our Company, he has worked for Steel Authority of India Limited, NTPC and NHPC. He joined our Company on August 16, 1991 and was appointed Chairman and Managing Director in August 2008.

Mr. J. Sridharan, aged 59 years, is the Director (Finance) of our Company. He graduated with a Bachelor in Commerce degree from Madras University. He is a member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He has 35 years of work experience primarily in financial management. Prior to joining our Company, on January 10, 2000, he has worked in organizations including the Airport Authority of India and Bharat Heavy Electricals Limited. He was appointed as a Director on our Board in December 2005.

Mr. V. M. Kaul, aged 58 years, is the Director (Personnel) of our Company. He graduated with a Bachelor of Mechanical Engineering from Indian Institute of Technology, New Delhi, and also holds a Masters in Business Administration degree from Indira Gandhi National Open University. He has 37 years of work experience primarily in the power sector. Prior to joining our Company on March 11, 2002, he has worked in NTPC and Engineers India Limited. He was appointed as a Director on our Board in March 2009.

Mr. R. N. Nayak, aged 55 years, is the Director (Operations) of our Company. He graduated with a Bachelor of Science (Electrical Engineering) from REC, Rourkela, and also holds an M.Tech (Electrical) degree from Indian Institute of Technology, Kharagpur. He has been awarded the P.M. Ahluwalia Award for his contributions to the power sector. He is also a Senior Member of Institute of Electric and Electronic Engineers and has also been honored as a Fellow of the Indian National Academy of Engineering. He has 32 years of work experience primarily in the power sector. Prior to joining our Company on January 21, 1991, he has worked in NTPC and Steel Authority of India Limited. He was appointed as a Director on our Board in May 2009.

Mr. I. S. Jha, aged 51 years, is the Director (Projects) of our Company. He graduated with a Bachelor of Science (Electrical Engineering) from NIT, Jamshedpur. He has 29 years of work experience primarily in the power sector. Prior to joining our Company on August 16, 1991, he has worked with NTPC. He was appointed as a Director on our Board in September 2009.

Dr. M. Ravi Kanth, aged 49 years, is a government nominee Director of our Company. He holds a Bachelors degree in Law degree from Delhi University, a Masters degree in Economics from Andhra University, Visakhapatnam and also a Masters in Business Administration from Melbourne, Australia. He has been a part of the IAS since 1986 and is presently Joint Secretary (Transmission) in the MoP. He has previously also held the post of Chairman and Managing Director in National Handicapped Finance and Development Corporation, Ministry of Social Justice and Empowerment. He was appointed as a Director on our Board in December 2009.

Mr. Rakesh Jain, aged 53 years, is a government nominee Director of our Company. He holds a Masters degree in Physics from Delhi University. He has been a part of the Indian Audit and Accounts Service since 1981 and is presently Joint Secretary and Financial Adviser with the MoP. He was appointed as a government nominee Director on our Board in June 2009.

Mr. S. C. Tripathi, aged 64 years, is an Independent Director of our Company. He graduated with a Master of Science degree from Allahabad University. He also holds a Bachelor's degree in Law from Lucknow University, Diploma in Development from University of Cambridge and a Diploma in Management from All India Management Association. He joined the IAS in 1968 and retired as



Secretary to the Ministry of Petroleum and Natural Gas in December 2005. He has 20 years of work experience in the finance and industry sector at Chief Executive / Secretary Level at the State and Chief Executive/Joint Secretary/Additional Secretary/Secretary level at the Central Government and in representative capacity at international level. He was appointed as Director on our Board in April 2008.

Mr. Ashok Khanna, aged 62 years, is an Independent Director of our Company. He graduated with a B.Tech. (Hons.) degree in textile from Bradford University, United Kingdom. Previously, he was also President of PHD Chamber of Commerce and Industry and the Founder Chairman of Confederation of Indian Industry, Himachal Pradesh. He has also been on the Managing Committee of Federation of Indian Chambers of Commerce and Industry. Presently, he is on the Managing Committee of the Associated Chambers of Commerce and Industry of India (“ASSOCHAM”) and is the Chairman – NRDC committee of Ph.D chamber of Commerce and Industry. He was appointed as a Director on our Board in April 2008.

Mrs. Sarita Prasad, aged 64 years, is an Independent Director of our Company. She graduated with an Economics (Hons.) degree from Miranda House, New Delhi and also holds a Master of Economics degree from Delhi School of Economics and a Diploma in Development Administration from Birmingham University, United Kingdom. She joined the Indian Administrative Services in 1969 and retired as Secretary with the Ministry of Social Justice and Empowerment in August 2006. She was the Managing Director of three State Corporations and Financial Commissioner, Irrigation and Water Supply in the State Government Himachal Pradesh. She has also held the posts of Director in the Ministry of Defence and Joint Secretary in the Ministry of Personnel, GoI. She was appointed as a Director on our Board in August 2008.

Dr. P. K. Shetty, aged 48 years, is an Independent Director of our Company. He graduated with a Master of Science degree from the University of Agricultural Science, Dharwad, Karnataka and also holds a PhD from the Indian Agricultural Research Institute, New Delhi. Previously he has also been the Head of the Environmental Studies Unit and also served as the Dean (School of Natural Sciences and Engineering) and the Dean (Administration) at the National Institute of Advanced Studies, Bangalore. He is currently a Professor at National Institute of Advanced Studies, Bangalore, Director, Advanced Research Institute, Bangalore and is also the Honorary Chairman, MEDT Group of Institutions, Bangalore. He was re-appointed as a Director on our Board by MoP order no. 1/38/96-PG dated October 19, 2010.

Dr. A. S. Narag, aged 64 years, is an Independent Director of our Company. He graduated with a Master of Science degree and PhD from Delhi University and also holds an ITP Certificate from Graduate School of Business Administration, Harvard University. He has served as the Dean, Faculty of Management Studies, University of Delhi and has held various important positions in the University of Delhi. He is currently a professor at the Faculty of Management Studies, University of Delhi. He specializes in the areas of Project Management, Management Science and Supply-chain Management. He was re-appointed as a Director on our Board by MoP order no. 1/38/96-PG dated October 19, 2010.

Mr. Anil K. Agarwal, aged 55 years, is an Independent Director of our Company. He graduated with a Master of Commerce degree from University of Delhi and also holds a Post Graduate Diploma in Business Management from University of Delhi. He has been actively involved in Industry Associations, for development of International Trade and Investments and was the President of the ASSOCHAM. He is currently the Chairman of the International Affairs of the ASSOCHAM and a Council Member of the Institute of Chartered Accountants of India. He was re-appointed as a Director on our Board by MoP order no. 1/38/96-PG dated October 19, 2010.

Mr. F. A. Vandrevala, aged 60 years, is an Independent Director of our Company. He graduated with a Bachelor of Technology degree in Electrical Engineering from the Indian Institute of



Technology, Kharagpur and also holds a Post Graduate Diploma in Business Management from Xavier's Labour Relations Institute, Jamshedpur. He is also a member of the Institute of Chartered Accountants of India. He has over 36 years of work experience primarily in the field of Steel, Power and Telecom. He is currently the Chairman and Managing Director of Hirco Developments Private Limited. He was re-appointed as a Director on our Board by MoP order no. 1/38/96-PG dated October 19, 2010.

Borrowing Powers of the Board of Directors of our Company

Pursuant to a resolution of the shareholders of our Company by postal ballot dated May 17, 2010, our Board of Directors have been authorised to borrow funds up to ₹ 800,000 million. However, the total borrowings authorised for Fiscal 2010 under the terms of the MoP MoU for the Fiscal 2010 is limited to ₹ 70,000 million only. Accordingly, we will be required to seek the approval of the MoP for any borrowings in excess of ₹ 70,000 million in Fiscal 2011.

Details of Appointment of our Directors

Name of Director	MoP Order No.	Term
Mr. S. K. Chaturvedi	No. 11/24/2007-PG dated July 8, 2008	Up to July 31, 2013 or until the date of his superannuation, whichever event occurs earlier
Mr. J. Sridharan	No. 11/13/2005-PG dated December 21, 2005	Up to December 20, 2010
Mr. V. M. Kaul	No. 11/17/2008-PG dated March 16, 2009	Up to March 15, 2014 or until the date of his superannuation, whichever event occurs earlier
Mr. R. N. Nayak	No. 11/18/2008-PG dated May 16, 2009	Up to May 15, 2014
Mr. I. S. Jha	No. 11/18/2007-PG dated July 9, 2009	Up to August 31, 2014
Dr. M. Ravi Kanth	No. 1/16/1991-PG dated December 24, 2009	As determined by the Government of India from time to time
Mr. Rakesh Jain	No. 1/16/91-PG dated June 9, 2009	As determined by the Government of India from time to time
Mr. S.C. Tripathi	No. 1/38/96-PG dated April 25, 2008	Up to April 24, 2011
Mr. Ashok Khanna	No. 1/38/96-PG dated April 25, 2008	Up to April 24, 2011
Mrs. Sarita Prasad	No. 1/38/96-PG dated July 23, 2008	Up to August 3, 2011
Mr. P.K. Shetty	No. 1/38/96-PG dated October 19, 2010	Up to July 9, 2011
Dr. A.S. Narag	No. 1/38/96-PG dated October 19, 2010	Up to July 9, 2011
Mr. Anil K. Agarwal	No. 1/38/96-PG dated October 19, 2010	Up to July 9, 2011
Mr. F.A. Vandrevale	No. 1/38/96-PG dated October 19, 2010	Up to July 9, 2011

Except for our whole-time Directors who are entitled to statutory benefits and post retirement medical benefits on termination of their employment with us, no other Director is entitled to any benefit on termination of his employment with us.

Remuneration of our whole-time Directors

The following table sets forth the details of the remuneration received by the whole-time Directors in Fiscal 2010. In addition to the amounts specified below, our whole-time Directors are also entitled to



an official vehicle, gratuity and reimbursements for maintenance of a residential office and with respect to official entertainment.

Remuneration of our whole-time Directors in Fiscal 2010

(In ₹)

S. No.	Name	Basic Salary (Including Dearness Allowance)	Housing and Furnishing	Provident Fund	Perquisites and other benefits	Total
1.	Mr. S. K. Chaturvedi	1,324,427	-	168,530	767,431	2,260,388
2.	Mr. J. Sridharan	1,492,879	-	210,239	767,910	2,471,028
3.	Mr. V. M. Kaul	1,480,944	275,000	196,488	1,010,792	2,963,224
4.	Mr. R. N. Nayak	1,502,406	-	196,069	635,830	2,334,305
5.	Mr. I. S. Jha	1,442,192	462,400	155,341	195,007	2,254,940

Pursuant to memoranda issued by the Department of Public Enterprises, GoI (“DPE”), on November 26, 2008 and April 2, 2009, the GoI has empowered public sector undertakings, including our Company, to revise the pay scales of their respective board members and executives. Our Company has made an application to the MoP for the fixation of basic salary in respect to each of the Directors in accordance with the revised pay scale. Presently, our Directors are receiving the minimum amount determined as per the revised pay scales. Accordingly, the remuneration set forth above is subject to further revision. Salary revision for all affected public sector employees will be retrospectively effective from January 2007.

The Directors who have been nominated by the Government of India are not entitled to receive any remuneration from our Company. The Independent Directors are entitled to travel allowance/daily allowance and sitting fees of ₹ 20,000 for attending each meeting of our Board and its committees, which will be in accordance with the instructions issued by DPE from time to time and pursuant to a resolution of our Board dated October 14, 2009.

Details of terms and conditions of employment of our whole-time Directors

Our whole-time Directors are appointed by the President of India through the MoP. The MoP also prescribes the terms and conditions of appointment of our whole-time Directors. Pay fixation details of our whole time Directors as per the revised pay scale prescribed by the DPE would be communicated by the MoP once the MoP decides to fix the revised pay scale. Pending receipt of the concurrence and approval from the MoP on our Company’s proposal on the fixation of the basic salary for each of our Directors, the minimum basic pay as per the revised pay scales is being paid to the whole-time Directors.

Our Company prescribes the terms and conditions of employment for each of the whole-time Directors in consonance with the terms and conditions prescribed by the MoP. The terms and conditions governing the appointment of Mr. S.K. Chaturvedi, Mr. J. Sridharan, Mr. V.M. Kaul, Mr. R.N. Nayak and Mr. I.S. Jha are set forth below.

Mr. S. K. Chaturvedi

Mr. S. K. Chaturvedi was appointed as Chairman and Managing Director pursuant to MoP Order No. 11/24/2007-PG dated July 8, 2008. The terms and conditions of employment dated September 22, 2009, prescribed by our Company and approved by our Board at its meeting dated October 14, 2009 are set forth below:



Term	For a period of five years from August 1, 2008 or until the date of his superannuation, whichever event occurs earlier.
Basic salary	₹ 80,000 in the existing scale of ₹ 80,000 – ₹ 125,000.
Dearness allowance	35.10% of the basic pay. The rate of dearness allowance is revised on a quarterly basis.
Housing and furnishing	Company accommodation.
Annual increment	3% of the basic pay.
Provident fund and gratuity	Contribution to provident fund is determined upon the basic pay and dearness allowance. Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 0.10 million.
Other benefits and incentives	Entitled to a car, medical facilities and leave travel concession.
Productivity Linked Incentive Scheme	Entitled to performance related pay with a ceiling of 200% of basic pay.
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half paid leave and 12 days of casual leave and two days of optional leave.
Club membership	Entitled to membership of up to two clubs.
Other conditions	Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the Government of India.

Mr. J. Sridharan

Mr. J. Sridharan was appointed as Director (Finance) pursuant to MoP Order No. 11/13/2005-PG dated December 21, 2005 and the MoP has through Order No. 11/13/2005-PG dated March 31, 2006 specified the terms and conditions of his appointment. The terms and conditions governing the employment of Mr. J. Sridharan are set forth below:

Term	For a period of five years from December 21, 2005 or until he attains the age of superannuation or until further orders of the MoP. The appointment may be terminated by either side on providing three months notice or on payment of three months salary in lieu thereof.
Basic salary	₹ 75,000 per month in the existing scale of ₹ 75,000 - ₹ 100,000.
Dearness allowance	35.10% of the basic pay. The rate of dearness allowance is revised on a quarterly basis.
Housing and furnishing	Company accommodation.
Annual increment	3% of the basic pay.
Provident fund and gratuity	Contribution to provident fund is determined on the basic pay and dearness allowance. Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 0.10 million.
Other benefits and incentives	Entitled to a car, medical facilities and leave travel concession.
Productivity Linked Incentive Scheme	Entitled to performance related pay with a ceiling of 150% of basic pay.
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half paid leave and 12 days of casual leave and two days of optional leave.
Club membership	Entitled to memberships of up to two clubs.
Other conditions	Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the Government of India.

Mr. V. M. Kaul



Mr. V. M. Kaul was appointed as Director pursuant to MoP Order No. 11/17/2008-PG dated March 16, 2009. The terms and conditions of employment dated September 22, 2009, prescribed by our Company and approved by our Board at its meeting dated October 14, 2009 are set forth below:

Term	For a period of five years from March 16, 2009 or until the date of his superannuation, whichever event occurs earlier.
Basic salary	₹ 75,000 per month in the existing scale of ₹ 75,000 - ₹ 100,000.
Dearness allowance	35.10% of the basic pay. The rate of dearness allowance is revised on a quarterly basis.
Housing and furnishing	Lease rent of ₹ 55,000 per month.
Annual increment	3% of the basic pay.
Provident fund and gratuity	Contribution to provident fund is determined on the basic pay and dearness allowance. Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 0.10 million.
Other benefits and incentives	Entitled to a car, medical facilities and leave travel concession.
Productivity Linked Incentive Scheme	Entitled to performance related pay with a ceiling of 150% of basic pay.
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half paid leave and 12 days of casual leave and two days of optional leave.
Club membership	Entitled to memberships of up to two clubs.
Other conditions	(i) Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the Government of India.

Mr. R. N. Nayak

Mr. R. N. Nayak was appointed as Director pursuant to MoP Order No. 11/18/2008-PG dated May 16, 2009. The terms and conditions of employment dated September 22, 2009, prescribed by our Company and approved by our Board at its meeting dated October 14, 2009 are set forth below:

Term	For a period of five years from May 16, 2009.
Basic salary	₹ 75,000 per month on the existing scale of ₹ 75,000 - ₹ 100,000.
Dearness allowance	35.10% of the basic pay. The rate of dearness allowance is revised on a quarterly basis.
Housing and furnishing	Company accommodation.
Annual increment	3% of the basic pay.
Provident fund and Gratuity	Contribution to provident fund is determined on the basic pay and dearness allowance. Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 0.10 million.
Other benefits and incentives	Entitled to a company car, medical facilities and leave travel concession.
Productivity Linked Incentive Scheme	Entitled to performance related pay with a ceiling of 150% of basic pay.
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half paid leave and 12 days of casual leave and two days of optional leave.
Club membership	Entitled to memberships of up to two clubs.
Other conditions	(i) Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the Government of India.

Mr. I. S. Jha



Mr. I. S. Jha was appointed as Director pursuant to MoP Order No. 11/18/2007-PG dated July 9, 2009. The terms and conditions of employment dated September 22, 2009, prescribed by our Company and approved by our Board at its meeting dated October 14, 2009 are set forth below:

Term	For a period of five year from September 1, 2009.
Basic salary	₹ 75,000 per month in the existing scale of ₹ 75,000 - ₹ 100,000.
Dearness allowance	35.10% of the basic pay. The rate of dearness allowance is revised on a quarterly basis.
Housing and furnishing	Lease rent of ₹ 60,000 per month.
Annual increment	3% of the basic pay.
Provident fund and Gratuity	Contribution to provident fund is determined on the basic pay and dearness allowance. Entitled to a gratuity calculated as per the basic pay and dearness allowance with a ceiling of ₹ 0.10 million.
Other benefits and incentives	Entitled to a company car, medical facilities and leave travel concession.
Productivity Linked Incentive Scheme	Entitled to performance related pay with a ceiling of 150% of basic pay.
Leave and vacation	Entitled to 30 days of earned leave, 20 days of half paid leave and 12 days of casual leave and two days of optional leave.
Club membership	Entitled to memberships of up to two clubs.
Other conditions	Up to a period of one year from the date of his retirement from our Company he will not accept any appointment or post, whether advisory or administrative, in any firm or company with which our Company has had business relations, without prior approval of the Government of India.

Corporate Governance

Our Equity Shares are listed on the Stock Exchanges and our Company has adopted corporate governance practices in accordance with Clause 49 of the Equity Listing Agreement, entered into with the Stock Exchanges, in terms of broad basing our Board and constitution of various committees thereof.

Our Company has not complied with the Equity Listing Agreement relating to composition of board of directors for certain quarters during the last three years immediately preceding the date of registering this Red Herring Prospectus with the RoC. However, our Company was compliant with the Equity Listing Agreement from October 20, 2010, with the induction of four independent Directors on its Board. Accordingly, our Company is in compliance with the requirements of Clause 49 of the Equity Listing Agreement as on the date of this Red Herring Prospectus.

We have constituted an Audit Committee and a Shareholders'/Investors' Grievance Committee as per the requirements of Clause 49 of the Equity Listing Agreement. Whilst, the constitution of Remuneration Committee is not mandatory under the Equity Listing Agreement, we have constituted a Remuneration Committee in accordance with the DPE Guidelines applicable to all central public sector enterprises.

I. Audit Committee

Our Audit Committee was constituted through Board resolution dated August 14, 2007 and last reconstituted on August 6, 2010. The Audit Committee currently comprises the following Directors:

- (i) Mr. S. C. Tripathi (Independent Director) – Chairman of the Audit Committee;
- (ii) Mr. Ashok Khanna (Independent Director);
- (iii) Mrs. Sarita Prasad (Independent Director); and



(iv) Mr. Rakesh Jain (Government Nominee Director).

Meeting of Audit Committee

The Audit Committee is required to meet at least four times in a year and not more than four months will elapse between two meetings. The quorum will be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members present.

The Company Secretary will be the Secretary to the Audit Committee.

Powers of Audit Committee

The powers of the Audit Committee include the following:

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

Role of Audit Committee

The role of the audit committee includes the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Fixation of audit fees to be paid to statutory auditors appointed by Comptroller & Auditor General under the Companies Act and approval for payment with respect to any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report



submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors and / or auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. To review the follow up action on the audit observations of the Comptroller & Auditor General audit.
14. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
15. Provide an open avenue of communication between the independent auditor, internal auditor and the Board.
16. Review all related party transactions in our Company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.

Explanation: The term “related party transactions” shall have the same meaning as contained in the Accounting Standard 18, issued by the Institute of Chartered Accountants of India.

17. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
18. Consider and review the following with the independent auditor and the management:
 - a. The adequacy of internal controls including computerized information system controls and security; and
 - b. Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
19. Consider and review the following with the management, internal auditor and the independent auditor:



- a. Significant findings during the year, including the status of previous audit recommendations; and
 - b. Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions submitted by management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the chief internal auditor.
6. Certification/declaration of financial statements by the Chief Executive Officer/Chief Finance Officer.

II. Shareholders' / Investors' Grievance Committee

Our Shareholders'/Investors' Grievance Committee was constituted through Board resolution dated August 14, 2007 and last reconstituted on October 20, 2010. The Shareholders'/Investors' Grievance Committee currently comprises the following Directors:

- (i) Mr. Anil K. Agarwal (Independent Director) – Chairman of the Shareholders' / Investors' Grievance Committee;
- (ii) Mr. J. Sridharan (Director (Finance) – Whole-time);
- (iii) Dr. A. S. Narag (Independent Director);
- (iv) Dr. M. Ravi Kanth (Government Nominee Director); and
- (v) Mrs. Sarita Prasad (Independent Director).

General Functions:

The Shareholders/ Investors Grievance Committee has been constituted for redressal of shareholders'/ investors' complaints relating to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, among others.

III. Remuneration Committee

Our Remuneration Committee was constituted through Board resolution dated August 14, 2007 and last reconstituted on October 20, 2010. The Remuneration Committee currently comprises the following Directors:



- (i) Mr. Ashok Khanna (Independent Director) – Chairman of the Remuneration Committee;
- (ii) Mr. Anil K. Agarwal (Independent Director);
- (iii) Dr. A. S. Narag (Independent Director);
- (iv) Mr. F. A. Vandrevala (Independent Director); and
- (v) Dr. P.K. Shetty (Independent Director).

The Remuneration Committee decides the annual bonus/variable pay pool and policy for its distribution across executives within prescribed limits.

IV. Pricing Committee

Our Pricing Committee was constituted through Board resolution dated October 20, 2010. The Pricing Committee currently comprises the following Directors:

- (i) Mr. S.K. Chaturvedi (Chairman and Managing Director) – Chairman of the Pricing Committee;
- (ii) Mr. S. Pradhan (Additional Secretary, Department of Disinvestment);
- (iii) Dr. M. Ravi Kanth (Government Nominee Director);
- (iv) Mr. Rakesh Jain (Government Nominee Director); and
- (v) Mr. J. Sridharan (Director (Finance) – Whole-time).

The Pricing Committee is authorised to determine the Floor Price/Price Band/Issue Price with respect to the Issue and put forward the same to the Board and the Empowered Group of Ministers for approval.

Shareholding of Directors in our Company

Our Articles do not require our Directors to hold any Equity Shares. The following table details the shareholding of our Directors in our Company (held in individual capacity) as on the date of filing this Red Herring Prospectus:

Name of the Director	No. of Equity Shares
Mr. S. K. Chaturvedi	-
Mr. I. S. Jha	2,998
Mr. V. M. Kaul	7,213
Mr. J. Sridharan	5,000
Mr. R. N. Nayak	11,721
Mr. Rakesh Jain	-
Dr. M. Ravi Kanth	-
Dr. P.K. Shetty	218
Dr. A.S. Narag	3,136
Mr. F.A. Vandrevala	15,051
Mr. Ashok Khanna	-
Mr. S. C. Tripathi	-
Mrs. Sarita Prasad	-
Mr. Anil K. Agrawal	-



Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Some of our Directors also hold Equity Shares in our Company and are interested to the extent of any dividend payable to them in respect of the same. Our Directors may also be regarded as interested in the Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

Except as stated in this Red Herring Prospectus and in particular “*Financial Statements – Annexure XXIII - Related Party Transactions*” on page 241, our Directors have no interest in any property acquired by us within two years of the date of filing of this Red Herring Prospectus.

Some of our Directors also hold directorships in our Subsidiaries/Joint Ventures which are also engaged in the power transmission business. However, none of our Directors have been appointed on our Board pursuant to any arrangement with our customers, suppliers or others.

Except as stated in this Red Herring Prospectus and in particular “*Financial Statements – Annexure XXIII - Related Party Transactions*” on page 241, our Directors do not have any other interest in our business.

Changes in our Board during the last three years

The changes in our Board in the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. S.K. Chaturvedi	August 1, 2008	-	Appointed as Chairman and Managing Director
Mr. J. Sridharan	December 21, 2005	-	Appointment pursuant to notification of MoP
Mr. V.M. Kaul	March 16, 2009	-	Appointment pursuant to notification of MoP
Mr. R.N. Nayak	May 16, 2009	-	Appointment pursuant to notification of MoP
Mr. I.S. Jha	September 1, 2009	-	Appointment pursuant to notification of MoP
Dr. M. Ravi Kanth	December 11, 2009	-	Appointment pursuant to notification of MoP
Mr. Rakesh Jain	June 9, 2009	-	Appointment pursuant to notification of MoP
Mr. S.C. Tripathi	April 25, 2008	-	Appointment pursuant to notification of MoP
Mr. Ashok Khanna	April 25, 2008	-	Appointment pursuant to notification of MoP
Mrs. Sarita Prasad	August 4, 2008	-	Appointment pursuant to notification of MoP
Dr. P.K. Shetty	July 10, 2007	July 9, 2010	Completion of tenure pursuant to notification of MoP
Dr. A.S. Narag	July 10, 2007	July 9, 2010	Completion of tenure pursuant



Name	Date of Appointment	Date of Cessation	Reason
Mr. Anil K. Agarwal	July 10, 2007	July 9, 2010	to notification of MoP Completion of tenure pursuant to notification of MoP
Mr. F.A. Vandrevala	July 10, 2007	July 9, 2010	Completion of tenure pursuant to notification of MoP
Mr. S. Majumdar	September 27, 2005	August 31, 2009	Superannuation
Mr. I.C.P. Keshari	March 6, 2009	May 22, 2009	Nomination withdrawn by MoP
Mr. Sudhir Kumar	May 22, 2009	December 11, 2009	Nomination withdrawn by MoP
Mr. G.B. Pradhan	November 27, 2003	March 6, 2009	Nomination withdrawn by MoP
Mr. Rajesh Verma	August 2, 2007	March 26, 2009	Nomination withdrawn by MoP
Dr. R.P. Singh	August 12, 1997	May 30, 2008	Resignation
Mr. M.S. Kapur	July 10, 2007	October 5, 2007	Resignation
Mr. Anil K. Agarwal	July 10, 2010 (with effect from)	-	Appointment pursuant to notification of MoP
Mr. F.A. Vandrevala	July 10, 2010 (with effect from)	-	Appointment pursuant to notification of MoP
Dr. P.K. Shetty	July 10, 2010 (with effect from)	-	Appointment pursuant to notification of MoP
Dr. A.S. Narag	July 10, 2010 (with effect from)	-	Appointment pursuant to notification of MoP

Employees

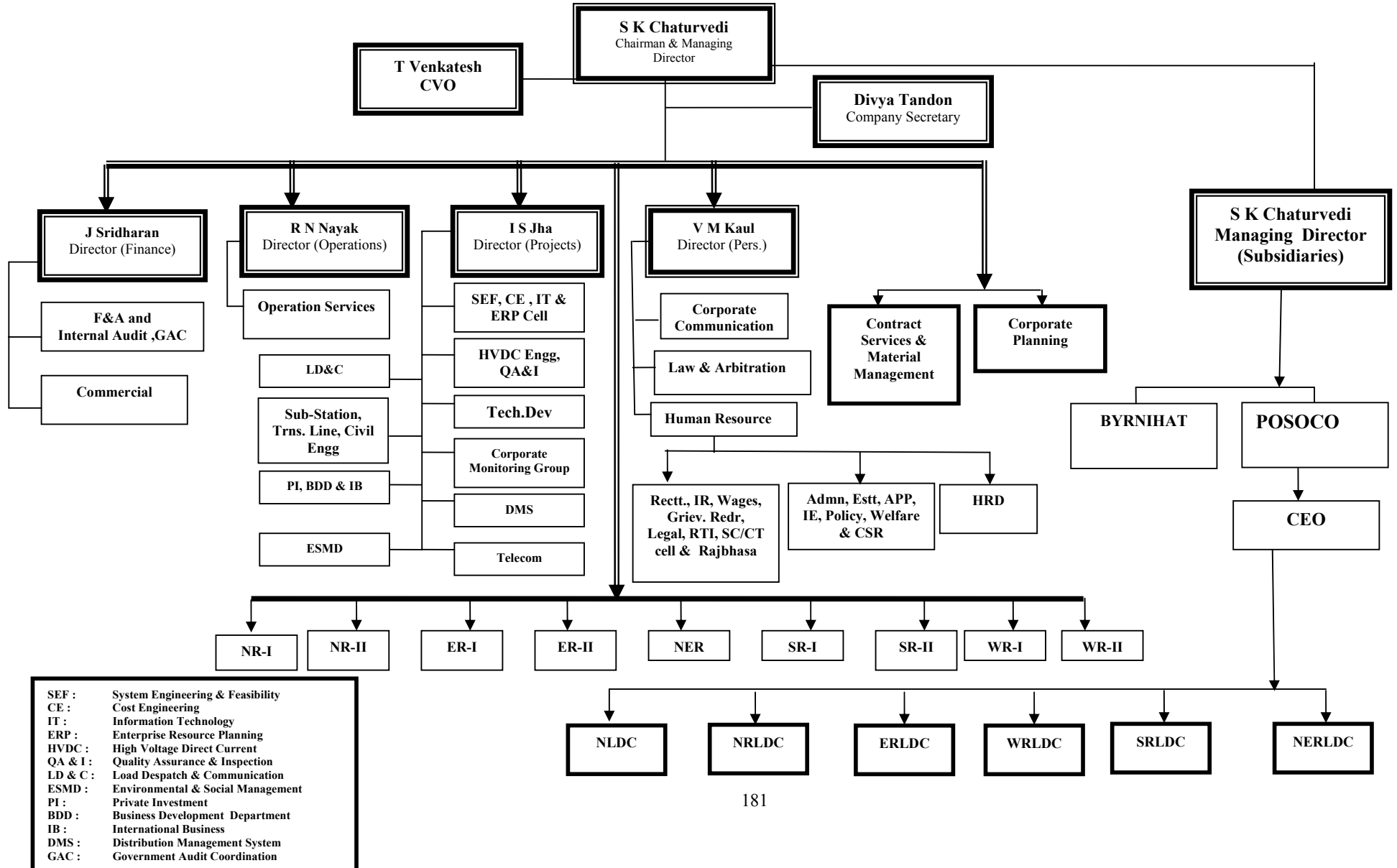
Our Company does not have any employee stock option scheme or employee stock purchase scheme.

Payment or benefits to officers of our Company

Except certain post retirement medical benefits and statutory benefits on superannuation, no officer of our Company is entitled to any benefit on superannuation. Our Company grants certain benefits to employees posted in Afghanistan, Nigeria and Dubai. Disturbance allowance is paid to employees posted in Afghanistan at 50% of cash allowance and to employees posted in Nigeria at one-third of cash allowance. Our Company paid disturbance allowance amounting to ₹ 1.3 million and ₹ 1.1 million in Fiscal 2009 and 2010, respectively, to employees posted in Afghanistan. Presently, there are no employees posted in Nigeria. Further, employees who retain their family in India are allowed, in addition to the normal leave travel concession, six days special leave (excluding journey period) for each visit to their family at Company expense, twice a year for employees posted in Afghanistan, once a year for employees posted in Nigeria and once in two years for employees posted in Dubai.



Organization structure





OUR PROMOTER AND GROUP COMPANIES

Our Promoter is the President of India acting through the MoP and the MoDoNER. Our Promoter currently holds 86.36% of the pre-Issue paid-up equity share capital of our Company. As our Promoter is the President of India acting through the MoP and the MoDoNER, disclosure of our 'group companies' cannot be provided.



DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to guidelines issued by the DoE, our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company.

The dividend and dividend tax paid by our Company during the last three Fiscals is presented below.

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Face value of Equity Shares (in ₹ per Equity Share)	10	10	10
Interim Dividend (in ₹ million)	2,104.55	2,104.57	2,104.57
Dividend (in ₹ million)	4,208.84	2,946.27	2,946.19
Dividend per Equity Share (₹)	1.5	1.2	1.2
Interim Dividend Rate (%)	5	5	5
Final Dividend Rate (%)	10	7	7
Dividend Tax (in ₹ million)	1,056.59	858.39	858.38

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts payable, if any, in the future.



SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

A.R. & Co.
Chartered Accountants

C-1, II Floor, R.D.C.
Raj Nagar, Ghaziabad – 201 002.
National Capital Region of Delhi

S R I Associates
Chartered Accountants

3-B, Garstin Place
Kolkata – 700 001.

Umamaheswara Rao & Co.
Chartered Accountants

Flat No. 5-H 'D' Block, 8-3-324,
Krishna Apartments, Yellareddyguda Lane
Ameerpet 'X' Roads, Hyderabad - 500 073.

Report on Stand alone Financial Statements

The Board of Directors
Power Grid Corp. of India Limited
Plot No. 2, Sector 29,
Gurgaon

Dear Sirs,

1. We have examined the attached financial information of Powergrid Corporation of India Limited (the 'Company') comprising Statements of Assets and Liabilities (Annexure-I), Profit & Loss Accounts (Annexure-II) and Cash Flows (Annexure III) for the years ended on March 31, 2009 and 2010 and half year ended on September 30, 2010 and Accounting Policies (Annexure IV) & Notes on Accounts (Annexure V) for the year ended on March 31, 2010 as approved by the Committee of the Board of Directors of the Company formed for this purpose, which has been prepared in terms of the requirements of the Securities and Exchange Board of India (issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date, (ICDR Regulations) applicable provisions of the Companies Act, 1956 (the Act) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated August 20, 2010 in connection with the proposed "Further Public Offering (FPO) of Equity Shares by the "Selling Shareholder".

The preparation and presentation of these financial information is the responsibility of the Company's Management.

2. These financial information have been extracted by the Management from the Company's audited financial statements for the years ended on March 31, 2009 and 2010 and unaudited Profit and Loss Account for the half year ended on September 30, 2009 and September 30, 2010 subjected to limited review, after making such regroupings as considered appropriate. The financial statements of the Company for the year ended on March 31, 2009 and 2010 were audited by us. The unaudited Profit & Loss Account for the half year ended on September 30, 2009 and September 30, 2010 were subjected to Limited Review carried out by us.
3. We have performed such tests and procedures, which in our opinion, were necessary for the examination of these financial information. These procedures, mainly involved comparison of the attached financial information with the Company's audited/unaudited financial statements for the respective years/periods.
4. Based on above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been used in the financial information appropriately,
5. In accordance with the requirements of the ICDR Regulations, applicable provisions of the Act and the terms of our engagements agreed with you, we have also examined the other financial information prepared by the Management and approved by the committee of the Board of Directors of the Company for the purpose of inclusion in the Red Herring Prospectus as mentioned below:-

a.	Statement of Dividend paid / proposed	Annexure VI
b.	Statement of Accounting Ratios	Annexure VII
c.	Capitalization Statement as of September 30, 2010	Annexure VIII
d.	Statement of Revenue from Operations, Statement of Other Income and Statement of O&M Expenditure	Annexure IX a,b,c
e.	Statement of Share Capital	Annexure X
f.	Statement of Reserves and Surplus	Annexure XI



g.	Statement of Advance Against Depreciation	Annexure XII
h.	Statement of Grants in Aid	Annexure XIII
i.	Statement of Secured and Un-secured Loans	Annexure XIV
j.	Statement of Current Liabilities and Provisions	Annexure XV a, b
k.	Statement of Fixed Assets	Annexure XVI
l.	Statement of Investments	Annexure XVII
m.	Statement of Sundry Debtors	Annexure XVIII
n.	Statement of Loans and Advances	Annexure XIX
o.	Statement of Contingent Liabilities	Annexure XX
p.	Statement of Misc. Expenditure to the extent not written off	Annexure XXI
q.	Statement of the Changes in the Accounting Policies for the year ended on March 31, 2009 and for the year ended on March 31, 2010	Annexure XXII
r.	Statement of Related Party Transactions	Annexure XXIII
s.	Statement of Segment Reporting	Annexure XXIV
t.	Statement of Tax Shelter	Annexure XXV
u.	Statement of Employee Remuneration and Benefits	Annexure XXVI
v.	Statement of Interest & Finance Charges	Annexure XXVII

All of the above statements are for the years ended on March 31, 2009 and 2010 and for the half year ended on September 30, 2010 except for the statements mentioned at Sr. Nos. k, q, and r which are for the years ended on March 31, 2009 and 2010.

6. In our opinion the attached financial information of the company, as mentioned in paragraph 1 and 5 above have been extracted and prepared in accordance with the ICDR Regulations and the applicable provisions of the Act.
7. This report is intended solely for use of the Management and “Selling Shareholder” for inclusion in the Red Herring Prospectus and the Prospectus in connection with FPO of the Equity Shares of the Company by the “Selling Shareholder” and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For A.R. & Co.
Chartered Accountants
Regn No.002744C

For S R I Associates
Chartered Accountants
Regn No.305109E

For Umamaheswara Rao & Co.
Chartered Accountants
Regn No. 004453S

(Pawan K. Goel)
Partner
Membership No. 072209

(I. Pasha)
Partner
Membership No. 013280

(Venugopal Sanka)
Partner
Membership No. 205565

Place : Mumbai.
Date : October 20, 2010



Summary of Stand Alone Profit & Loss Account

Annexure I
(Rs. In Million)

Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,	
	2009	2010	2009 (Unaudited Reviewed)	2010 (Unaudited Reviewed)
Income :				
Transmission Charges	52828.4	65763.8	32026.7	37755.9
Consultancy Revenue	2159.0	2691.7	960.5	1519.5
Telecom Revenue	1498.3	1577.2	810.7	893.7
Short Term Open Access Income	414.2	1241.8	357.3	1088.4
Other Income	4487.3	3761.3	1997.1	2469.1
Total Income	61387.2	75035.8	36152.3	43726.6
Expenditure :				
Employee Remuneration and Benefits	6438.8	7267.0	3655.3	3926.7
Transmission, Administration and Other Expenses	4116.1	5074.3	2007.9	2611.9
Depreciation	10939.7	19796.9	10488.6	10455.1
Provisions	462.3	221.5	21.5	41.5
Interest and Finance Charges	16422.7	15432.4	7688.6	8090.5
Deferred Revenue Expenditure Written Off	18.3	17.8	9.2	8.9
Total Expenditure	38397.9	47809.9	23871.1	25134.6
Profit for the year before tax and prior period adjustments	22989.3	27225.9	12281.2	18592.0
Less : Prior Period Expenditure / (Income)	703.6	962.7	(6.1)	23.0
Profit before Tax	22285.7	26263.2	12287.3	18569.0
Provision for :				
Current Year Taxes				
Minimum Alternate Tax (MAT)				
- Current Year	3182.5	4303.4	1800.8	3538.5
- Earlier Years	1603.5	(84.3)	262.3	45.9
Total	4786.0	4219.1	2063.1	3584.4
Fringe Benefit Tax				
- Current Year	146.2			
- Earlier Years	(0.2)	(15.0)	(15.0)	
Total	146.0	(15.0)	(15.0)	0.0
Deferred Tax	7184.9	2250.2	3900.9	1493.8
Less : Deferred Tax recoverable	6737.3	600.5	3727.5	55.0
Deferred Tax (net)	447.6	1649.7	173.4	1438.8
Profit after Tax	16906.1	20409.4	10065.8	13545.8



Summary of Stand Alone Assets & Liabilities

Annexure II
(Rs. in Million)

Particulars	As at March 31,		As at
	2009	2010	September 30, 2010 (Unaudited Reviewed)
Fixed Assets (A) :			
Gross Block	403193.3	432022.8	477440.6
Less : Depreciation	91908.9	111410.2	121818.8
Net Block	311284.4	320612.6	355621.8
Capital Work-in-Progress	65334.3	102423.7	94758.1
Construction Stores and Advances	67525.7	101798.1	112997.1
Sub -total (A)	444144.4	524834.4	563377.0
Investments (B)	15928.3	14532.2	14851.2
Current Assets, Loans & Advances (C)			
Inventories	2975.7	3449.0	3626.1
Sundry Debtors	13735.6	22148.6	28650.2
Cash and Bank Balances	24288.8	32776.4	35611.6
Other Current Assets	13849.2	4875.2	4741.3
Loans and Advances	28279.9	33024.0	28389.1
Sub -total (C)	83129.2	96273.2	101018.3
Liabilities & Provisions (D)			
Advance Against Depreciation	21595.9	22136.3	22123.8
Grants in Aid	2253.5	1988.2	1856.9
Secured Loans	252882.5	313457.8	336568.7
Unsecured Loans	31771.8	30710.1	29671.5
Deferred Tax Liability(Net)	5385.4	7035.1	8474.0
LDC Development Fund	0.0	164.4	359.7
CSR Activities Reserve	0.0	83.9	161.1
Current Liabilities	61233.7	76346.0	78828.7
Provisions	21898.2	24582.9	28792.0
Sub-total (D)	397021.0	476504.7	506836.4
NET WORTH (A+B+C-D)	146180.9	159135.1	172410.1
Represented by :			
Share Capital (E)	42088.4	42088.4	42088.4
Reserves and Surplus	104147.5	117330.6	130871.9
Less : LDC Development Fund	0.0	164.4	359.7
Less : CSR Activities Reserve	0.0	83.9	161.1
Reserves and Surplus (F)	104147.5	117082.3	130351.1
Miscellaneous expenditure (G)	55.0	35.6	29.4
NET WORTH (E+F-G)	146180.9	159135.1	172410.1



Statement of Cash Flows		<i>Annexure III</i>	
		<i>(Rs. in Million)</i>	
Particulars	Fiscal Year Ended March 31,		Half Year Ended
	2009	2010	September 30, 2010 (Unaudited Reviewed)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax	22285.7	26263.2	18569.0
Adjustment for :			
Depreciation (including prior period)	11159.3	19787.3	10491.3
Transfer from Grants in Aid	(214.5)	(265.3)	(131.3)
Adjustment against General Reserve	0.0	147.2	0.0
Amortised Expenditure(DRE written off)	18.3	17.8	8.9
Provisions	386.0	132.6	(363.2)
Self Insurance	(0.4)	(3.4)	(4.5)
Net Loss on Disposal / Write off of Fixed Assets	38.2	38.3	23.4
Interest and Finance Charges	25320.9	15432.4	8090.5
FERV gain	0.0	(46.9)	0.0
Interest earned on bonds/Loans to State Govts.	(1329.9)	(1164.1)	(520.0)
Dividend received	(195.4)	(243.7)	(427.2)
Operating profit before Working Capital Changes	57468.2	60095.4	35736.9
Adjustment for :			
Trade and other Receivables	1535.2	(7879.5)	(6173.7)
Inventories	(493.2)	(473.2)	(177.1)
Trade payables and other liabilities	24979.8	15276.8	23.3
Other current assets	286.5	(240.1)	(166.2)
Deferred Income/Expenditure from Foreign Currency Fluctuation(Net)	6177.6	(4394.1)	297.6
Deferred Foreign Currency Fluctuation Asset/Liability(Net)	(14348.6)	9681.6	2.5
Loans and Advances	(8157.5)	(3576.8)	6552.2
Deferred Revenue Expenditure	(1.4)	1.6	(2.7)
	9978.4	8396.3	355.9
Direct taxes paid (including FBT)	(1540.2)	(2300.0)	(2312.1)
Net Cash from operating activities	65906.4	66191.7	33780.7
B. CASH FLOW FROM INVESTING ACTIVITIES			
Fixed assets (including incidental expenditure during construction)	(7708.2)	(1477.0)	(1875.1)
Capital work in progress	(53528.9)	(64777.2)	(35956.1)
Advances for capital expenditure	(32998.9)	(34272.4)	(11199.0)
(Increase)/Decrease in Investments - Bonds and others	1828.9	1866.3	25.0
(Increase)/Decrease in investments -JVs and Subsidiaries	(395.0)	(470.6)	(344.0)
Lease receivables	(290.7)	1114.5	(390.6)
Interest earned on bonds/Loans to State Govts.	1329.9	1164.1	520.0
Dividend received	195.4	243.7	427.2
Net cash used in investing activities	(91567.5)	(96608.6)	(48011.4)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised during the year - Long Term	76298.5	68487.7	37869.5
Gross loan raised without FERV Adjustment Rs. 80237.3 million (Previous Year Rs. 5717.0 million)			



Loans repaid during the year - Long Term	(14278.9)	(13927.2)	(8297.2)
Loans raised during the year - Short Term	7500.0	12500.0	0.0
Loans repaid during the year - Short Term	(7500.0)	(7500.0)	(7500.0)
Interest and Finance Charges Paid	(24816.4)	(14746.8)	(5006.4)
Dividend paid	(5050.8)	(5050.8)	0.0
Dividend Tax paid	(858.4)	(858.4)	0.0
Net Cash from Financing Activities	31294.0	38904.5	17065.9
D. Net change in Cash and Cash equivalents(A+B+C)	5632.9	8487.6	2835.2
E. Cash and Cash equivalents(Opening balance)	18655.9	24288.8	32776.4
F. Cash and Cash equivalents(Closing balance)	24288.8	32776.4	35611.6
Note:			
Cash and cash equivalents consist of cash in hand and balance with banks and it includes Rs. 33965.5 million (for the year 2009-10 Rs. 29296.6 million and Rs. 16198.2 million for 2008-09) not available for use by the Company.			



ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable Accounting Standards in India.

2. RESERVES AND SURPLUS

- 2.1 Self insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except valve halls of HVDC Bi-pole, HVDC equipments, SVC substations and series compensators) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks. The same is shown as “Self insurance reserve” under ‘Reserves & Surplus’.
- 2.2 LDC Development fund shall be created in respect of charges collected on account of return on equity, interest on loan, depreciation and other other income of the Regional Load Despatch Centre and National Load Despatch Centre such as registration fee, application fee, short-term open access charges etc. The funds shall be utilized for loan repayment, servicing the capital raised in the form of interest and dividend payment, meeting stipulated equity portion in asset creation and margin money for raising loan from the financial institutions and funding R&D projects.
- 2.3 In accordance with the scheme of earmarking 0.75% of net profits of the preceding financial year towards Corporate Social Responsibility (CSR), unutilized money during an year shall be credited to CSR reserves. Any expenditure above 0.75% of the preceding year shall be adjusted against such reserve.

3. GRANTS-IN-AID

- 3.1 Grants-in-aid received from Central Government or other authorities towards capital expenditure for projects, betterment of transmission systems and specific depreciable assets are shown as “grants-in-aid” till the utilization of grant.
- 3.2 On capitalization of related assets, grants received for specific depreciable assets are treated as deferred income and recognized in the profit and loss account over the useful period of life and in proportion to which depreciation on these assets is provided.

4. FIXED ASSETS

- 4.1 Fixed assets are shown at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- 4.2 In the case of commissioned assets, deposit works/cost- plus contracts where final settlement of bills with contractors is yet to be affected, capitalisation is done on provisional basis subject to necessary adjustments in the year of final settlement.
- 4.3 Assets and systems common to more than one transmission system are capitalised on the basis of technical estimates/ assessments
- 4.4 Transmission system assets are considered ‘Ready for intended use’, for the purpose of capitalization, after test charging/successful commissioning of the systems/assets and on completion of stablization period wherever technically required.
- 4.5 The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken,
- 4.6 Expenditure on levelling, clearing and grading of land is capitalised as part of cost of the related buildings.
- 4.7 Capital expenditure on assets not owned by the company is reflected as a distinct item in capital work-in-progress till completion and thereafter in Fixed Assets.
- 4.8 Insurance spares, other than mentioned in 4.10 below, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the residual useful life of the related plant & machinery.



- 4.9 Mandatory spares, other than mentioned in 4.10 below, in the nature of sub-station equipments /capital spares i.e. stand-by/service/rotational equipment and unit assemblies either procured along with the equipments or subsequently, are capitalized and depreciation is charged in accordance with the relevant accounting standard.
- 4.10 Items of Insurance / Mandatory spares, covered under 4.8 & 4.9 above, are charged to revenue, if the year of purchase and consumption is same.

5. CAPITAL WORK IN PROGRESS (CWIP)

- 5.1 Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP till capitalization.
- 5.2 Expenditure of Corporate office, Regional Offices and Projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.
- 5.3 Interest during construction and expenditure (net) allocated to construction as per policy No. 5.2 above (allocated to the projects on prorata basis to their capital expenditure), are apportioned to capital work in progress (CWIP) on the closing balance of Specific asset or part of asset being capitalized. Balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule .
- 5.4 Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.
- 5.5 Claims for price variation/ exchange rate variation in case of contracts are accounted for on acceptance/ receipt of claims.

6. CONSTRUCTION STORES

- 6.1 Construction stores are valued at cost.

7. BORROWING COST

- 7.1 All the borrowed funds (except short term funds for working capital) are earmarked to specific projects. The borrowing costs (including bond issue expenses, interest, front end fee, guarantee fee, management fee etc.) are allocated to the projects in proportion to the funds so earmarked.
- 7.2 The borrowing costs so allocated are capitalised or charged to revenue, based on whether the project is under construction or in operation.
- 7.3 Foreign exchange rate variation (FERV) (Unfavorable) on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is treated as borrowing cost.

8. TRANSACTION IN FOREIGN CURRENCY

- 8.1 Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates of exchange ruling on the date of the Balance Sheet.
- 8.2 FERV (except the amount considered as 'borrowing cost' under para 7.3 above) arising on transactions contracted prior to April 1, 2004 is adjusted to carrying cost of capital work-in-progress/ fixed assets in case of capital assets. For the transactions contracted on or after April 1, 2004, the same is charged to profit & loss account irrespective of whether the project is under construction or operation.
- 8.3 FERV (*excluding FERV during construction period for the transaction contracted on or after 1st April, 2004*), accounted for as per policy no 7.3 & 8.2 is recoverable/payable from the beneficiaries on actual payment basis as per Central electricity regulatory commission (CERC) norms w.e.f 1st April, 2004 or Date of Commercial Operation (DOCO) whichever is later.

The above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:

- a) FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognized as income/expense in profit and loss account in the same proportion in which FERV is apportioned between carrying cost of fixed assets and profit and loss account.



- b) FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Deferred income/expenditure from foreign currency fluctuation a/c'
 - c) FERV recoverable/payable adjusted in profit and loss referred in (a) above is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'
 - d) 'Deferred income/expenditure from foreign currency fluctuation a/c' is amortized in the proportion in which depreciation is charged on such FERV.
 - e) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'Deferred foreign currency fluctuation asset/liability a/c' with corresponding credit/debit to the debtors.
- 8.4 FERV upto the date of commercial operation in respect of transactions contracted on or after 1st April, 2004, is included in the capital cost for the purpose of tariff. Such FERV and transmission charges received thereon are accounted for as under:
- a) Such FERV is accounted for as 'Deferred foreign currency fluctuation asset/liability a/c' with a corresponding credit/debit to 'Profit & loss account'.
 - b) Depreciation component of transmission charges (being 90% of such FERV) is adjusted against Deferred foreign currency fluctuation asset/liability a/c'.
 - c) Balance 10% is adjusted against the transmission charges over the tenure of respective loan.
- 8.5 FERV in respect of current assets is taken to Profit & Loss a/c.
9. INVESTMENTS
- 9.1 Long term investments are carried at cost less provisions, if any, for permanent diminution in the value of such investments.
- 10. INVENTORIES**
- 10.1 Inventories are valued at lower of the cost, determined on weighted average basis, and net realizable value.
 - 10.2 Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.
 - 10.3 Mandatory spares of consumable nature and transmission line items are treated as inventory after commissioning of the system.
 - 10.4 Surplus materials as determined by the management are held for intended use and are included in the inventory.
- 11. DEFERRED REVENUE EXPENDITURE**
- Deferred revenue expenditure created up to March 31, 2003 (prior to the date AS-26 became mandatory) are amortized over a period of 5 years from the year of commercial operation/earning of revenue.
- 12. REVENUE RECOGNITION**
- 12.1.1 Transmission Income is accounted for based on tariff orders notified by CERC. In case of transmission projects where tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. In such cases, the shortage/excess, if any, is adjusted based on issuance of final notification of tariff orders by CERC. Transmission income on account of additional capitalization, if any, is accounted for on the basis of specific order by the CERC.
 - 12.1.2. Income from short term open access is accounted for on the basis of regulations notified by CERC.
 - 12.1.3. The Transmission system Incentive / disincentive is accounted for based on certification of availability by the respective Regional power committees and in accordance with the norms notified / approved by CERC.
 - 12.1.4. **ADVANCE AGAINST DEPRECIATION**
 - 12.1.4.1 Advance against depreciation (AAD), forming part of tariff pertaining upto the block period 2004-09, to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years.



- 12.1.4.2 The Outstanding deferred income in respect of AAD is recognized as transmission income, after 12 years from the end of the financial year in which the asset was commissioned, to the extent of difference between charge of depreciation and recovery of depreciation as tariff component.
- 12.1.5 Surcharge recoverable from debtors is not treated as accrued due to uncertainty of its realization and is, therefore, accounted for on receipt/certainty of receipt.
- 12.1.6 Liquidated damages / warranty claims and Interest on advances to suppliers are accounted for on certainty.
- 12.1.7 Telecom income is accounted for on the basis of terms of agreements/ purchase orders from the customers.
- 12.1.8 Income from sole consultancy contracts are accounted for on technical assessment of progress of services rendered.
- 12.1.9 In respect of 'Cost-plus-consultancy contracts', involving execution on behalf of the client, income is accounted for (wherever initial advances received) in phased manner as under:
- a. 10% on issue of Notice Inviting Tender for execution
 - b. 5% on Award of Contracts for execution
 - c. Balance 85% on the basis of actual progress of work including supplies
- 12.2.1 Scrap other than steel scrap & conductor scrap are accounted for as and when sold.
- 12.2.2 Dividend income including interim dividend is recognized in the year of declaration.

13. LEASED ASSETS – UNIFIED LOAD DESPATCH CENTRE (ULDC)

- 13.1 State sector unified load dispatch centre (ULDC) assets leased to the SEBs are considered as Finance Lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as Lease Receivables under Loans & Advances. Wherever grant in-aid is received for construction of State Sector ULDC, lease receivable is accounted for net of such grant.
- 13.2 Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the levellised tariff notified/to be notified by CERC.
- 13.3 FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenor of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

14. DEPRECIATION

- 14.1.1 Depreciation is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of tariff except for the following assets in respect of which depreciation is charged at the rates mentioned below:

a) Computers & Peripherals	30%
b) Mobile Phones	33.33%
c) Software	33.33%

- 14.1.2 ULDC assets other than assets identified to be transferred to Power System Operation Corporation Limited are depreciated @ 6.67% per annum as determined by CERC for levellized tariff.
- 14.1.3 Depreciation on assets identified to be transferred to Power System Operation Corporation Limited is provided on straight line method at the rates specified in the norms notified by CERC for the purpose of recovery of RLDC Fee and Charges.
- 14.1.4 Depreciation on assets of telecom and consultancy business, is provided for on straight line method as per rates specified in Schedule XIV of the Companies Act, 1956.
- 14.1.5 Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- 14.1.6 Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized



balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC.

- 14.1.7 Capital expenditure on assets not owned by the company is amortized over a period of four years from the year in which the first line/sub-station of the project comes into commercial operation and, thereafter, from the year in which the relevant assets are completed and become available for use.
- 14.1.8 Plant and machinery, loose tools and items of scientific appliances, included under different heads of assets, costing Rs.5000/- or less, or where the written down value is Rs. 5000/- or less as at the beginning of the year, are charged off to revenue.
- 14.1.9 Assets costing upto Rs. 5,000/- are fully depreciated in the year of acquisition.
- 14.2.1 Leasehold land is depreciated over the tenure of the lease.
- 14.2.2 In the case of assets of National thermal power corporation limited (NTPC), National hydro-electric power corporation limited (NHPC), North-eastern electric power corporation limited (NEEPCO), Neyveli lignite corporation limited (NLC) transferred w.e.f. April 1, 1992, Jammu and Kashmir Lines w.e.f. April 1, 1993, and Tehri hydro development corporation limited (THDC) w.e.f. August 1, 1993, depreciation is charged based on gross block as indicated in transferor's books with necessary adjustments so that the life of the assets as laid down in the CERC notification for tariff is maintained.
- 14.2.3 Expenditure, except the cost of equipment capitalized, incurred for activating the last mile connectivity of telecom links are amortized over the period of agreement with the customer.

15. EXPENDITURE

- 15.1 Pre-paid/prior-period items up to Rs.100000/- are accounted for to natural heads of account.
- 15.2 Expenditure of research and development, other than Capital Expenditure, are charged to revenue in the year of incurrence.

16. IMPAIRMENT OF ASSETS

Cash generating units as defined in AS-28 on 'Impairment of Assets' are identified at the balance sheet date with respect to carrying amount vis-à-vis. recoverable amount thereof and impairment loss, if any, is recognised in the profit & loss account. Impairment loss, if need to be reversed subsequently, is accounted for in the year of reversal.

17. EMPLOYEE BENEFITS

- 17.1 The liability for retirement benefits of employees in respect of Gratuity, which is ascertained annually on actuarial valuation at the year end, is provided and funded separately.
- 17.2 The liabilities for compensated absence (both for Earned & Half Pay Leave), leave encashment, post retirement medical benefits & Settlement Allowance to employees are ascertained annually on actuarial valuation at the year end and provided for.

18. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the schedule of contingent liability on the basis of judgment of the management /independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.



Annexure V

A. NOTES ON ACCOUNTS

- 1 a) The company owns 4703 hectare (Previous Year 4138 hectare) of land valuing Rs. 5365.6million (Previous Year Rs. 4382.7 million) which has been classified into freehold and leasehold based on available documentation.
- b) The company's land in the State of Jammu & Kashmir amounting to Rs. 198.9 million (Previous Year Rs. 187.8 million) and in certain other cases (value not ascertainable), the conveyancing of title to the freehold land and execution/registration of lease agreements in favour of the company is pending for completion of legal formalities.
- c) Freehold land includes Rs. 337.1 million (previous year Rs. 319.1 million) in respect of land acquired for residential complex at Gurgaon for which conveyance deed in favour of the Company is yet to be executed.
- d) Leasehold land includes Rs. 76.4 million (previous year Rs. 76.4 million) in respect of land acquired for office complex on perpetual lease basis with an unlimited useful life at Katwaria Sarai, New Delhi and hence no depreciation is charged.

- 2 Township buildings includes Rs. 72.7 million (previous year Rs. 72.7 million) for 28 flats at Mumbai, for which registration in favour of the company is pending.

- 3 Plant and machinery under substation in fixed assets (Schedule No 6) includes company's share of Rs. 38.0 million (previous year Rs. 38.0 million) in common services and facilities of 400 KV sub-stations of Uttar Pradesh state electricity board and Rajasthan state electricity board pending execution of formal agreements for joint ownership.

- 4 Cash equivalent of deemed export benefits availed of Rs. 2099.9 million in respect of supplies affected for East South Inter Connector-II Transmission Project (ESI) and Sasaram Transmission Project (STP), were paid to the Customs and Central Excise Authorities in accordance with direction from Ministry of Power (Govt of India) during 2002-03 due to non availability of World Bank loan for the entire supplies in respect of ESI project and for the supplies prior to March 2000 in respect of STP. Thereafter, World Bank had financed both the ESI project and STP as originally envisaged and they became eligible for deemed export benefits. Consequently, the company lodged claims with the Customs and Excise Authorities.

During the year, company recovered deemed export benefits to the extent of Rs. 14.9 million (Previous year Rs. 43.9 million) and de-capitalized in respective assets. The cumulative amount received and de-capitalized upto 31st March 2010 is Rs. 113.4 million (Previous year Rs. 98.5 million). The company continued to show the balance of Rs. 1986.5 million as at 31st March 2010 (Previous year Rs. 2001.4 million) in capital cost of the respective assets / projects pending receipt of the same from Customs and Excise Authorities.

- 5 Pending reconciliation, materials amounting to Rs. 1063.3 million (previous year Rs. 478.1 million) is included under construction stores – schedule 8 as construction stores with contractors in commissioned lines.

- 6 The transmission systems situated in Jammu and Kashmir have been taken over by the Company w.e.f. 1st April, 1993 from National Hydroelectric Power Corporation Ltd. (NHPC) upon mutually agreed terms, pending completion of legal formalities.

- 7 Hon'ble High Court of Karnataka has declared the Karnataka Special Tax on Entry of Certain Goods Act, 2004 as illegal and directed the concerned authority to refund the amount of Entry Tax collected since inception of the Act. The government of Karnataka has filed a writ petition before divisional bench of Hon'ble Karnataka High Court which is yet to come up for hearing. The Company capitalised Rs. 136.2 million paid towards entry tax. The same will be decapitalised upon final resolution of the issue.

- 8 During the year 400kV Kudankulam-Tirunelveli D/C (Quad) Lines I & II have become ready for intended use of evacuation of power from the Kudankulam Atomic Power Project of Nuclear Power Corporation of India Ltd (NPC) from 01.04.2009. Accordingly these Transmission Lines were capitalized w.e.f 01.04.2009 in accordance with the Accounting Policy No. 4.4 of the Company. The generating unit of NPC is not yet commissioned. The Company has an agreement dated 13th December 2004 with NPC for indemnification of the expenditure towards interest during construction (IDC) including FERV and Govt Guarantee fees for the delay in commissioning of the generating unit for a period upto one year from the date of capitalization.

However, the tariff regulations 2009 for the block period 2009-14 provides for approving the Date of Commercial Operation (DOCO) by CERC prior to the transmission line coming into regular service for evacuation of power in respect of which petition has been filed by the Company. Pending approval of DOCO of the transmission lines by CERC and settlement of indemnification amount with NPC, no revenue has been recognized during the year.



- 9 Service Tax is leviable on services notified under section 65 of the Finance Act, 1994. "Transmission of Power" is not a specified service in the said list. However, The Service Tax Authorities are interpreting 'Transmission of Power' as taxable service under the head "Business Support Service" w.e.f 1st May 2006 given in the list of taxable services. Accordingly, the company has received Order-in-Original from Central Excise Department at Shillong (Rs. 660.0 million) & appealed before CESTAT, Kolkata. A Show Cause Notices from Service Tax / Central Excise Department at New Delhi (Rs. 4130.0 million & Rs. 2410.0 million) Nagpur (Rs. 2370.0 million) and Patna (Rs. 2090.0 million) along with interest and penalties leviable thereon. All the cases were transferred before Commissioner Service Tax, New Delhi vide CBEC Order No. 2/2010 dated 22.01.2010. In addition, the Service Tax Authorities are gathering information from other regional offices of the company. The company has obtained legal opinion in the matter and necessary reply and appeal have been filed with the concerned authorities.

Based on the legal opinion and the fact that transmission of power is not covered in the list of taxable services under section 65 of the Finance Act, the company has not provided for the liability on account of Service Tax on transmission charges.

CBEC vide Notification No. 11/2010 dated 27.02.2010 has exempted Transmission of Power from the Service Tax net. As the notification is silent about the past period, the matter has been referred by Ministry of Power to Ministry of Finance. The same is still pending with Ministry of Finance.

The estimated amount of Service Tax liability of Rs. 28206.8 million (including interest of Rs. 5377.1 million) for the period from 1st May, 2006 to February 2010 (Previous year Rs. 20410.0 million including interest of Rs. 3080.0 million) is shown as contingent liability for the company as a whole.

Moreover, petition has been filed with the Central Electricity Regulatory Commission (CERC) for reimbursement of service tax, if levied by revenue authorities, since service tax is an Indirect Tax and is a pass through item in transmission tariff.

- 10 a) Balances in Loans and Advances, material with contractors, Sundry Creditors, Advances from customers and Sundry Debtors are subject to confirmation and consequential adjustments, if any.
- b) In the opinion of the management, the value of Current Assets, Loans and Advances, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
11. Cash and Bank Balances include Rs. 345.3 million (previous year Rs. 307.2 million) on account of tax deducted at source on perquisites to employees as per the provisions of the Income Tax Act, 1961, which was deposited in a separate bank account as per Orders of the Hon'ble Calcutta High Court.
12. Bonds Series XXXI & XXXII amounting to Rs. 20475.0 million & Rs. 10350.0 million respectively issued during the year, have been classified as Secured upon execution of trust deed on 19 May 2010 (previous year Bonds Series XXIX amounting to Rs. 12975.0 million classified as unsecured pending execution of trust deed).
13. Information in respect of cost plus consultancy contracts, considering the same as consultancy business in view of Accounting Standard (AS)-7 (Revised 2002) "Construction Contracts".

Particulars		Rs. in million	
		Year ended 31.03.2010	Year ended 31.03.2009
i)	The amount of revenue recognised on cost plus consultancy contract works	2049.5	1872.4
ii)	The methods used to determine the contract revenue recognised in the period: 15% of total consultancy fees upto award stage to executing agencies (out of which 10% upto issue of notices inviting tenders), 85% with progress of work including supplies (Progress of work is taken as certified by engineer in charge).	As Per Policy	As Per Policy
iii)	Cumulative amount of costs incurred on construction contracts	71284.4	59714.0
iv)	Cumulative amount of advance received from customers	85056.1	75039.7
v)	Amount of retention money with customers	417.6	398.0
vi)	Gross amount due from customers for contract works as an asset	145.3	207.4
vii)	Gross amount due to customers for contract works as a liability	10842.5	8568.6

14. a) The company has been providing for depreciation at the rates notified for the purpose of recovery of tariff, by CERC. The issue of charging depreciation at rates different from the rates specified under Companies Act, 1956 has been referred by the Comptroller & Auditor General of India (C&AG) to the Ministry of Power (MOP) during the block year 2004-09 and the same is pending for disposal. However, MOP has issued tariff policy for



the block year 2009-14, which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting.

In accordance with the Tariff Policy, CERC has notified norms for the block period 2009-14 which provides for specified depreciation rates in first 12 years and thereafter amortization of residual value over the residual life as against average 2.91% in the block period 2004-09.

Accordingly, depreciation on the transmission assets for the year has been provided as per above rates and methodology. Thus, by charging depreciation at the aforesaid rates, the depreciation charge for the year is higher by Rs. 6752.3 million as compared to the depreciation charge as per rates notified by CERC for the block year 2004-09 which were being followed upto 31/03/2009.

- b) Depreciation charge for the year is lower by Rs. 506.9 million (previous year Rs. 7812.9 million) as compared to the depreciation as per rates provided in the Schedule XIV of the Companies Act, 1956.

15. Effects due to changes in accounting policies during the year

The matter regarding allocation of Common Expenses of Corporate office, Regional Offices and Projects, common to operation and construction activities, was referred to Expert Advisory Committee (EAC) of Institute of Chartered Accountant of India (ICAI). Upon receipt of Opinion from EAC, such expenses which were hitherto allocated to various diversified activities of the company viz. transmission, telecom, consultancy and Accelerated Power Development and Reform Program (APDRP) in the ratio of the respective income/reimbursement of each activity and further allocated between revenue and Incidental Expenditure during Construction in the proportion of Transmission Charges and Telecom Income to annual capital outlay have now been identified and allocated on systematic basis with retrospective effect from 1st April, 2008.

The above has resulted in increase in current year expenditure by Rs. 863.5 million & prior period expenditure by Rs. 919.2 million and thereby reduction in profit for the year by Rs. 1782.7 million with corresponding decrease in CWIP and Gross Block.

16. a) Upon the implementation of the revised pay scales as per the guidelines issued by Department of Public Enterprise (DPE) from time to time, the company has revised the pay scales for the executives effective from 01.01.2007 and the payments made during the current financial year have been adjusted against the provision held on 31.03.2009 for pay revision amounting to Rs. 2494.1 million for executives.
- b) Further, a provision of Rs. 62.0 million (previous year Rs. 568.2 million) has been made towards superannuation benefit scheme for executives being the balance permissible amount under DPE guidelines for which scheme is yet to be finalized.
- c) Pending the implementation of Pay revision for the supervisors and workmen, the company has made a provision of Rs. 1067.9 million (Previous Year Rs. 450.9 million) aggregating to Rs. 2799.0 million as on 31.03.2010 (previous year Rs. 1731.1 million) on an estimated basis having regard to the guidelines issued from time to time by DPE and principles of wage revision implemented in respect of executives of the company. Against the above provision, adhoc advance of Rs. 570.1 million (previous year Rs. 404.4 million) has been paid which has been included under loans and advances- Schedule no 14.
- d) Further Provision for Performance Related Pay (PRP) of Rs. 749.6 million (net of adjustment of Rs 320.2 million being excess provision made last year) (Previous Year Rs. 767.8 million) has been made as per DPE guidelines, as part of wage revision in respect of Executives and Supervisors.
17. a) Central Electricity Regulatory Commission (CERC), constituted under erstwhile Electricity Regulatory Commission Act, 1998, issued orders in December, 2000 with respect to the norms, principles and availability based tariff. An appeal was filed by the Company against the above orders before the Hon'ble Delhi High Court which was subsequently transferred to the Appellate Tribunal for Electricity (ATE) on its formation. The ATE has dismissed the appeal on the ground of its power to deal with regulations notified by CERC. Against the said dismissal order of ATE, NTPC Ltd. preferred an appeal before the Hon'ble Supreme Court impleading POWERGRID as one of the respondents. Since the subject matter of the appeal is for restoration of certain components of tariff on par with the erstwhile Government of India (GOI) norms, which will be more favourable than CERC norms, the impact of the appeal shall not result in reduction of revenue.

The Company has followed the CERC Tariff regulations, 2001 and 2004 for recognition of revenue for block period 2001-04 & 2004-09 respectively.

- b) In exercise of powers u/s 178 of Electricity Act 2003, Central Electricity Regulatory Commission (CERC) has notified 'CERC (Terms and Conditions of Tariff) Regulations 2009' vide order dated 19th January, 2009 for determination of transmission tariff for the block period 2009-14. The norms include the following major items:



- i) Return on Equity to be allowed @ 17.48% pre tax (15.5% post tax) in place of 14% post tax in the block of 2004-09.
- ii) Additional return on equity @0.5% if projects are completed within the time limits specified by CERC against nil in block of 2004-09.
- iii) Recovery of Depreciation @ 5.28% (T/L and S/S) in first 12 years and there after recovery based on residual value over the residual life in place of average 2.91% in the block of 2004-09.
- iv) Availability Incentives linked with monthly transmission charges instead of increased return on equity in the block period 2004-09.

Transmission charges of Rs 49851.8 million for the year have been provisionally recognised based on the above norms for the block period 2009-14 and as per accounting policy of the Company pending filing of petitions. Further Rs. 10141.5 million has been recognised awaiting issuance of project specific tariff orders by CERC for which petitions have been filed.

- c) As prescribed by the CERC Tariff Regulations, 2009, pending final determination of tariff by CERC as per the Tariff norms, 2009, billing has been made provisionally on the basis of tariff as approved by CERC and applicable as on 31.03.2009. The difference between recognition of income for the year 2009-10 and provisional billing has resulted in an increase in sundry debtors by an amount of Rs. 8834.8 million
 - d) Transmission income of Rs. 1807.7 million (previous year 2193.7 million) has been recognised as income of the year on issuance of final tariff orders by CERC in respect of provisional recognition of revenue in earlier years.
 - e) The tariff norms for the block period 2009-14 notified by CERC provides that the rate of return on equity (ROE) shall be computed by grossing up the base rate of 15.5% with the tax rate applicable to the Company (MAT @ 11.33%) for the year 2008-09 which shall be trued up separately for each year with respect to the actual tax rate applicable, in line with the provisions of the relevant Finance Act of the respective year, for the tariff period alongwith the tariff petition for the next tariff period. An application has filed with CERC for grossing of ROE based on the MAT rate applicable for the respective financial year. Pending disposal of application by CERC, ROE amounting to Rs. 1324.7 million, being the difference of grossing up @ 16.995% (being the MAT rate for financial year 2009-10) and @ 11.33% as aforesaid, has not been recognised.
18. Advance Against Depreciation (AAD) was included in the Transmission income on repayment of entire loan deployed in the specific project by spreading the AAD over the residual life of the project upto 31.03.2009. Due to change of tariff norms w.e.f. 01/04/2009, the same has now been taken to transmission income after 12 years from the year of commercial operation. The above income is recognised being the lower of AAD outstanding and the difference between the depreciation charge in accounts and depreciation recovery through tariff.

The change has resulted in increase in transmission income by Rs. 72.0 million and profit by same amount.

19. a) The Regional Load Despatch Centres (RLDCs) of Central Electricity Authority were transferred to the company (along with associated manpower) during the earlier years as per orders of Ministry of Power, Government of India (GOI). The Assets of RLDCs are being used by the company pending transfer of ownership and determination of cost of assets so taken over.
- b) The company had set up a wholly owned subsidiary company on 20th March 2009 namely "Power System Operation Corporation Limited" (POSOCO) for taking over Power System Operation Segment. The same is considered as 'Discontinuing Operation' as per Accounting Standard 24. The System Operation segment of the company along with associated manpower are in the process of being transferred w.e.f 01.04.2010. An amount of Rs. 0.5 million (Previous Year Share application money of Rs. 0.5 million) has been subscribed towards share capital. The amount of Rs. 12.8 million, incurred by the Company towards incorporation and other administrative expenses of POSOCO, has been shown as advance recoverable.
- c) The Company has identified assets (Gross Block) of Rs. 2699.8 million as on 31.03.2010 to be transferred to POSOCO. Revenue of Rs. 2245.8 million (including other income mainly STOA charges and bank interest) emanating from such assets has been recognized based on the CERC (fees and charges of Regional Load Despatch Centre and other related matters) Regulations, 2009 dt 18.09.2009 notified by CERC. Pending transfer of Assets/Liabilities to POSOCO, the revenue, expenses, assets and liabilities have been depicted as a separate segment.
- d) After transfer of such identified assets to POSOCO, part of the ULDC assets of the Central portion mainly communication systems and the SLDC systems consisting of the entire state portion would continue to be operated and maintained by the Company as per the committees constituted for the purpose. An application has



been filed before CERC under Regulation- 44 (Power to Relax), for extending the CERC (Terms and Conditions of Tariff) Regulations, 2009 for the “Communication Systems’ and “SLDC System” with certain modifications in Depreciation, O&M etc. Pending finalisation of the decision of CERC in this regard, tariff for “Communication Systems’ and “SLDC System” have been accounted as per rates applicable during the previous block 2004-09.

20. a) (i) FERV loss (to the extent not exceeding the difference between the Interest on foreign currency borrowings and local currency borrowings) has been adjusted to borrowing cost amounting to Rs. 21.7 million (net of Rs. 10.5 million FERV loss for the construction projects) {previous year FERV loss of Rs. 4048.6 million (net of Rs. 1904.7 million FERV loss for the construction projects)} towards loan liabilities attributable to fixed assets.
- (ii) FERV Gain of Rs. 7048.5 million (previous year FERV Loss Rs. 9677.1 million) has been adjusted in the respective carrying amount of Fixed Assets/Capital work in Progress (CWIP)/lease receivables.
- (iii) FERV Gain of Rs. 4755.4 million (previous year FERV Loss of Rs. 5384.8 million) has been recognized in the profit and loss Account in respect of loans contracted on or after 1st April,2004 in terms of provisions of AS-11 (revised 2003)
- b) Other Income for the year include an amount of Rs. 3.4 million being the FERV gain on Current Assets (previous year FERV loss of Rs. 16.9 million included in Finance Charges).
21. FERV Gain of Rs. 4713.0 million (previous year FERV Loss Rs. 8898.2 million) has been shown as FERV Payable and Rs. 14.7 million has been shown as depreciation amortisation (previous year Rs. 175.5 million depreciation write back) as per Accounting Policy No.8.3 and 8.4. In the Previous Year, Rs. 510.2 million was shown as FERV Payable on account of Prior Period Expenditure
22. Accounting of FERV as stated in note nos. 20 and 21 above has resulted in increase in profit for the year by Rs. 35.4 million (previous year reduction in profit by Rs. 869.9 million).
23. Other Income includes Rs. 265.3 million (previous year Rs. 184.2 million) being the amount transferred from Grants- in- Aid received in respect of Chandrapur HVDC, NER ULDC and Salakati as per Accounting Policy No. 3.1.
24. The company is following AS-15 (revised 2005) ‘Employee Benefits’ from 1st April, 2007.

Defined employee benefit schemes are as under:-

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rate to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to profit and loss a/c. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by GOI. The fair value of the assets of the provident fund including the return on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan.

B. Gratuity

The company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus, dearness allowance) for each completed year of service on superannuation, resignation, termination, disablement or on death subject to a maximum of Rs. 0.35 million on pre revised pay scales due for revision effective from 01.01.2007 for supervisors and workmen and Rs. 1 million for executives on revised pay scales implemented from 01.01.2007. The provision for additional gratuity liability on enhanced limit from Rs. 0.35 million to Rs. 1 million on revised scales due for revision for supervisors and workmen amounting to Rs. 548.8 million has been provided under wage revision. The scheme is funded by the company and is managed by a separate trust. The liability for the same is recognised on the basis of actuarial valuation on annual basis.

C Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employees and the spouse are provided medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the company. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

D. Other Defined Retirement Benefits (ODRB)



The Company has a scheme for settlement at the time of superannuation at home town for employees and dependents. The scheme is unfunded and is recognised in profit and loss a/c on the basis of actuarial valuation on annual basis.

The summarised position of various defined benefits recognized in the Profit and Loss Account, Balance Sheet and the funded status are as under:-

a) Expenses recognised in profit and loss account

(Rs. in million)

	GRATUITY		PRMF		LTC *		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	124.6	82.9	31.3	28.4		101.7	04.9	08.9
Interest cost on benefit obligation	120.5	100.4	53.8	37.1		11.7	6.5	5.5
Expected return on plan assets	-137.5	-116.4	-	-		-	-	-
Net actuarial (gain)/loss recognized in the year	-129.4	32.7	58.8	132.0		21.2	12.1	-5.1
Expenses recognized in the profit and loss a/c.	814.6	99.6	143.9	197.6		134.8	23.3	9.3

*Refer Note No. 25

b) Weighted average rate of return on plan assets during the year is 8.73 % (previous year 8.79%)

c) The amount recognized in the Balance Sheet

(Rs.

in million)

	GRATUITY		PRMF		LTC *		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 31/03/2010(i)	2472.5	1607.1	848.6	717.1		197.1	104.2	86.5
Fair value of plan assets as at 31/03/2010 (ii)	2267.9	1592.5	-	-				
Difference (ii) – (i)	-204.6	-14.6	- 848.6	- 717.1		-197.1	-104.2	-86.5
Net asset (liability) recognized in the Balance Sheet	-204.6	-14.6	- 848.6	- 717.1		-197.1	-104.2	-86.5

*Refer Note No. 25

c) Changes in the present value of the defined benefit obligations:

(Rs. in million)

	GRATUITY		PRMF		LTC *		ODRB	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01/04/2009	1607.1	1434.7	717.1	531.4		166.9	86.5	78.2
Interest cost	120.5	100.4	53.7	37.2		11.7	06.5	5.5
Current Service Cost	961.0	82.9	31.3	28.5		101.7	4.9	8.9
Benefits paid	-94.7	-45.1	-12.4	-12.0		-104.4	-5.8	-1.0
Net actuarial (gain)/loss on obligation	-121.4	34.2	58.9	132.0		21.2	12.1	-5.1
Present value of the defined benefit obligation as at 31/03/2010	2472.5	1607.1	848.6	717.1		197.1	104.2	86.5

*Refer Note No. 25



d) Changes in the fair value of plan assets:

(Rs. in million)

	GRATUITY	
	Current Year	Previous Year
Fair value of plan assets as at 01/04/2009	1617.1	1369.9
Expected return on plan assets	137.5	116.4
Contribution by employer	600.0	150.0
Benefits paid	-94.7	-45.1
Actuarial gain/(loss)	-08.0	-01.5
Fair value of plan assets as at 31/03/2010	2267.9	1592.5

- f) During the year the company has provided liability towards contribution to the Gratuity Trust of Rs. 812.3 million (Previous Year Rs. 172.5 million), PRMF of Rs. 131.5 million (Previous Year Rs. 185.7 million) and to ODRB of Rs. 17.6 million (Previous Year Rs. 08.3 million).

E. Other Employee Benefits

Provision for Leave encashment amounting to Rs. 40.0 million (Previous Year Rs. 387.2 million) for the year has been made on the basis of actuarial valuation at the year end and charged to Profit and Loss Account.

F. Details of the Plan Asset (Gratuity)

The details of the plan assets at cost as on 31st March, 2010 are as follows:-

(Rs. in million)

		At Purchase Value	
		Current Year	Previous Year
i)	State Government Securities	284.0	247.4
ii)	Central Government Securities	452.9	395.2
iii)	Corporate Bonds/Debentures	1587.6	949.7
iv)	RBI Special Deposit	51.3	51.3
	Total	2375.8	1643.6

G. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

- i) Method used - Projected unit credit (PUC)
- ii) Discount rate - 7.5% (Previous Year 7%)
- ii) Expected rate of return on assets (Gratuity only) – 8.50 % (Previous Year 8.50%)
- iv) Future salary increase- 5% (Previous Year 4.50%)

The estimate of future salary increases, considered in actuarial valuation, takes into account (i) inflation, (ii) Seniority (iii) Promotion and (iv) Other relevant factors, such as supply and demand in the employment market.

25. In the pay revision implemented for executives, expenditure on account of Leave Travel Concession (LTC) has been included as one of the component of perquisites w.e.f. 26.11.2008. Now a fixed sum is being paid to executives on account of LTC on monthly basis. Similar provision has also been made in respect of wage revision due for the supervisors and workmen category of employees. Accordingly, LTC which was hitherto being accounted for on the basis of actuarial valuation on annual basis is now being accounted based on actual expenditure incurred. Provision for unclaimed LTC of Rs. 174.5 million has been written back including a sum of Rs. 147.2 million (adjusted against the General Reserve as per the transitional provisions of AS-15 in the Financial Year 2007-08) which has been directly credited to General Reserve.



26. Segment Reporting

(Rs. in million)

	Transmission		Consultancy		Telecom		ULDC/RLDC			Elimination		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year		Previous Year ULDC / RLDC	Current Year	Previous Year	Current Year	Previous Year
Revenue:							Power System Operation Assets *	Other Assets					
Revenue from Operations	66814.2	54335.9	2770.8	2175.4	1588.3	1500.5	2245.8	1373.0	3180.0			74792.1	61191.8
Inter Segment Revenue					84.6	32.1				-84.6	-32.1		0.0
Net Revenue from Operations	66814.2	54335.9	2770.8	2175.4	1672.9	1532.6	2245.8	1373.0	3180.0	-84.6	-32.1	74792.1	61191.8
Segment result	23835.0	21294.0	1455.5	1015.5	68.9	-321.2	417.7	381.5	177.4			26158.6	22165.7
Unallocated Corporate interest and other income												298.4	195.5
Unallocated corporate expenses, interest and finance charges												193.8	75.5
Income tax (Net)												5853.8	5379.6
Profit after Tax												20409.4	16906.1
Other information:													
Segment Assets	556226.0	475776.4	1277.0	1754.6	8379.8	8506.3	32786.0	10359.9	28755.6			609028.7	514792.9
Unallocated Corporate and other assets												26611.1	28409.0
Total Assets												635639.8	543201.9
Segment Liabilities:	382837.9	322565.4	16527.9	13418.3	7023.9	7039.6	31271.4	9016.9	26451.1			446678.0	369474.4
Unallocated Corporate and other liabilities												26608.7	25293.1
Total liabilities												473286.7	394767.5
Depreciation	18357.7	9932.9	3.0	02.2	470.7	485.2	628.4	337.1	519.4			19796.9	10939.7

Note : Loss of Telecom segment has been reduced by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.

* Identified for transfer to Power System Operation Corporation Ltd.

a) Business Segments

The company's principal business is transmission of bulk power across different States of India. However, Power System Operation Assets, ULDC, telecom and consultancy business are also treated as a reportable segment in accordance with para 28 of AS-17 "Segment Reporting".

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses. Consultancy allowance paid to all the employees has been considered as expense of 'Consultancy Segment'.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets, construction work-in-progress, construction stores, investments, loans and advances and current assets. Segment liabilities include loan liabilities, current liabilities and provisions.

d) The company has transmission projects located within the country and no geographical segment is distinguishable.

27. Related Party Disclosures:-

a) Related Parties:-

i) List of Joint Ventures:-



Powerlinks Transmission Limited, Torrent Power Grid Limited, Jaypee Powergrid Limited, Parbati Koldam Transmission Company Ltd, POWERGRID IL&FS Transmission Pvt. Ltd.*, Teestavalley Power Transmission Limited, North East Transmission Company Limited, National High Power Test Laboratory Private Limited, Energy efficiency Services Limited.

- ii) **Subsidiaries:-**
Byrnihat Transmission Company Limited**
Power System Operation Corporation Limited

* JV is under liquidation u/s 560 of Companies Act 1956.

** Filing of liquidation of the subsidiary is under process.

28. **Key Management Personnel**

Sh. S.K. Chaturvedi	Chairman and Managing Director
Sh. J. Sridharan	Director (Finance)
Sh. V.M. Kaul	Director (Personnel)
Sh. R.N.Nayak	Director (Operations) (w.e.f. 16 th May, 2009)
Sh. I.S.Jha	Director (Projects) (w.e.f. 1 st September, 2009)
Dr. P.K. Shetty	Director
Dr. A.S. Narag	Director
Sh. Anil K. Agarwal	Director
Sh. F.A. Vanderavala	Director
Sh. S.C. Tripathi	Director
Sh. Ashok Khanna	Director
Smt. Sarita Prasad	Director
Sh. Sudhir Kumar	Director (w.e.f. 22 nd May, 2009 to 10 th December, 2009)
Sh. Rakesh Jain	Director (w.e.f. 09 th June, 2009)
Sh. I.C.P Keshari	Director (from 6 th March, 2009 to 21 st May, 2009)
Sh. M. Ravi Kant	Director (w.e.f. 11 th December, 2009)
Sh. S. Majumdar	Director (Projects) (Superannuated on 31 st August, 2009)

- b) Transactions with the related parties at a (i) above are as follows:

Particulars	(Rs. in million)	
	Current year	Previous Year
Contracts for Works/Services for services received by the Company		
• Transactions during the year	Nil	Nil
• Amount recoverable from related parties	Nil	Nil
• Amount payable to related parties	Nil	Nil
Contracts for Works/Services for services provided by the Company		
• Transactions during the year*	473.2	97.0
• Amount recoverable from related parties*	353.5	168.3
Dividend Received	229.3	183.5
Deputation of Employees		
• Transactions during the year	Nil	0.3
• Amount recoverable from the related parties	Nil	Nil

*This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. To the company which pay the same and collect from the respective beneficiaries.



29. Remuneration to whole time directors including chairman and managing director is Rs. 15.8 million (previous year Rs. 4.5 million) and amount of dues outstanding to the company as on 31st March, 2010 are Rs. 0.9 million (previous year Rs. 0.6 million). Director's sitting fee Rs. 2.5 million (Previous Year Rs. 1.3 million) for independent directors.
30. Employees' remuneration and benefits include the following for the directors, including chairman and managing director and excluding arrears paid to ex-directors.

(Rs. In million)

	Current Year	Previous year
Salaries and Allowances	12.9	3.6
Contribution to Provident Fund and other Funds, Gratuity and Group Insurance	1.0	0.3
Other benefits	1.9	0.7
Directors fees	2.0	1.3

31. In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of Rs. 780/- p.m. as contained in the Ministry of Finance (BPE) Circular No.2(18)/pc/64 dt. 29th November, 1964 as amended.

32. **Disclosures regarding leases**

a) Finance Leases :-

Loans and Advances (Schedule 14) include lease receivables representing the present value of future lease rentals receivable on the finance lease transactions entered into by the company with the constituents in respect of State Sector ULDC, as per the Accounting Standard (AS) – 19 "Leases" issued by the Institute of Chartered Accountants of India.

The reconciliation of the lease receivables (as per project cost data submitted to / approved by CERC for tariff fixation) is as under:

Particulars	Rs. In million	
	Amount as on 31.03.2010	Amount as on 31.03.2009
Gross value of assets acquired and leased at the beginning of the year	9585.7	9279.6
Add : Adjustment for gross value of assets acquired prior to the beginning of the year.	304.5	306.1
Revised Gross value of the assets at the beginning of the year	9890.2	9585.7
Less : Capital recovery provided up to the beginning of the year	2661.2	138.7
Add : Capital recovery for assets acquired prior to the beginning of the year.	8.5	(13.0)
Revised Capital recovery provided up to the beginning of the year	2669.7	2125.8
Capital recovery outstanding as on 31 st March of last financial year	7220.5	7459.9
Less : Capital recovery for the current year	585.4	535.4
Lease receivables (*)	6635.1	6924.5

(*) Does not include additional capitalisation which are subject to approval of CERC.

The value of contractual maturity of such leases as per AS-19 are as under :-

Particulars	Rs. In million	
	Amount as on 31.03.2010	Amount as on 31.03.2009
Gross investment in lease	9212.6	9874.0
Unearned finance income	2577.5	2949.5
Present value of minimum lease payment (MLP)	6635.1	6924.5

Gross investment in lease and present value of minimum lease payments receivables as at 31st March, 2010 for each of the periods are as under:

Particulars	Rs. In million			
	Gross Investment in lease		Present Value of MLPs	
	2009-10	2008-09	2009-10	2008-09
Not later than one year	1133.3	1085.9	627.6	573.4



Later than one year and not later than five years	4533.4	4343.5	3011.7	2740.0
Later than five years	<u>3545.9</u>	<u>4444.6</u>	<u>2995.8</u>	<u>3611.1</u>
Total :	<u>9212.6</u>	<u>9874.0</u>	<u>6635.1</u>	<u>6924.5</u>

The unearned finance income as on 31st March, 2010 is Rs. 2577.5 million (previous year Rs. 2949.5 million).

b) Operating leases:-

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include Rs. 196.1 million (Previous Year Rs. 143.6 million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments of Rs. 54.0 million (Previous Year Rs. 50.0 million) in respect of premises for offices and guest house/transit camps are shown under Rent in Schedule-23 – Transmission, Administration and Other expenses.

33. Earning per share calculated in accordance with the provisions of AS-20

	<u>Numerator</u>	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
Profit after tax as per Profit and Loss Account (Used as Numerator) (Rs. In million)		20409.4	16906.1
	<u>Denominator</u>		
Number of equity shares (Face value of Rs. 10/- each)		4208841230	4208841230
Number of Shares allotted during the year		NIL	NIL
Weighted Average number of equity shares for calculating Basic and Diluted earning per share		4208841230	4208841230
Basic and Diluted earning per share (Rs. / per share) (Face value of Rs. 10/- each)		4.85	4.02

34. Consolidated Financial Statements

The company has made investments of Rs. 0.5 million each in the equity shares of wholly owned subsidiary companies (i) Byrnihat Transmission Company Ltd. (liquidation proceedings initiated) and (ii) Power System Operation Corporation Limited (POSOCO).

No consolidated financial statements are prepared since the transactions of the subsidiaries are not material.

35. During the year the company has provided Rs. 1649.7 million (previous year Rs. 447.6 million) as deferred tax liability.

Major components of deferred tax liabilities and assets are given as under:

Particulars	Rs. in million	
	As at 31.03.2010	As at 31.03.2009
<u>Deferred Tax Liability</u>		
Towards Fixed Assets (Net) (A)	7553.1	5686.0
<u>Deferred Tax Asset</u>		
Transfer to Self Insurance Reserve	6.9	8.2
Income during Construction	169.1	68.1
Wage revision and Employee Benefits	56.2	174.2
Provisions	121.9	50.1
Other Miscellaneous	163.9	-
Sub Total (B)	518.0	300.6
Net Deferred Tax Liability (A-B)	7035.1	5385.4

36. Joint Venture entities:-

Name of the company	Proportion of ownership as on	
	31/03/2010 % age	31/03/2009 % age
Powerlinks Transmission Limited	49%	49%
Torrent Power Grid Limited	26%	26%
Jaypee Powergrid Limited	26%	26%
Parbati Koldam Transmission Company Ltd	26%	26%
Powergrid IL&FS Transmission Private Limited*	50%	50%
Teestavalley Power Transmission Limited	0.02%	26%



North East Transmission Company Limited	30.917%	26%
National High Power Test Laboratory Private Limited	25%	
Energy Efficiency Services Limited	25%	

***Under liquidation u/s 560 of Companies Act, 1956**

In addition, the share application money of Rs. 130.0 million, Rs. 150.3 million and Rs. 243.8 million given to Jaypee Powergrid Limited, Teestavalley Power Transmission Limited and Energy Efficiency Services Limited respectively, has been included in Advance – Others in Schedule no. 14 pending allotment of shares.

Under the Transmission Service Agreement (TSA) with Powerlinks Transmission Ltd, the company has an obligation to purchase the JV company (Powerlinks Transmission Ltd) at a buyout price determined in accordance with the TSA. Such an obligation may result in case JV company (Powerlinks Transmission Ltd) serves a termination notice either on "POWERGRID event of default" or on "force majeure event" prescribed under TSA. No contingent liability on this account has been considered as the same is not ascertainable.

The company's share in assets and liabilities as on 31st March 2010 and income and expenses for the year in respect of above joint venture entities based on their accounts are given below:-

		Rs. in million	
		31/03/2010	31/03/2009
A.	Assets		
	• Long Term Assets	9183.1	7383.5
	• Investments	393.3	634.6
	• Current assets	1704.1	832.0
	• Profit and Loss A/C	11.8	4.5
	• Misc Expenditure	4.8	4.8
	Total	11297.0	8859.3
B.	Liabilities		
	• Equity	3941.9	2968.2
	• Long Term Liabilities	6392.7	5357.7
	• Current Liabilities and Provisions	962.4	533.4
	Total	11297.0	8859.3
C.	Contingent Liabilities	1.3	14.4
D.	Capital Commitments	3308.6	777.5
		Current Year	Previous Year
E.	Income	1546.8	1318.7
F.	Expenses(Including provision for taxes)	1023.0	999.7

37. In accordance with AS-28 "Impairment of Assets", impairment analysis of assets of transmission activity of the company by evaluation of its cash generating units, was carried out by an outside agency in the year 2004-05 and since recoverable amount was more than the carrying amount thereof, no impairment loss was recognised. Similarly, impairment analysis of telecom assets was carried out during 2006-07 and since the recoverable amount was more than the carrying amount of assets, no impairment loss was recognized. In the current year, there is no indication of impairment which requires re-estimating the recoverable amount of the assets.
38. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 209521.4 million (previous year Rs. 164182.4 million).
39. No provision has been made for tax demands amounting to Rs. 1946.8 million (previous year Rs. 1726.9 million) and other demands (amount not ascertainable), for which appeals / litigation are pending, and the same have been shown as contingent liabilities under schedule no 18.
40. Disclosure in respect of contingent liabilities as required in AS 29 of 'Provisions, Contingent Liabilities and Contingent Assets':

Contingent Liabilities:

- a) Contingent Liabilities as stated in Schedule 18 are dependent upon the outcome of court/appellate authorities/ out of court settlement, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, disposal of appeals.
- b) Reimbursement of outflow in respect of 'Claim against the Company not acknowledged as debt' and 'Disputed tax demands-Income Tax' (limited to Income Tax on core activity only)/and service tax on



transmission charges as stated in Schedule 18 of Contingent Liability, is dependent on the admittance of petition to be filed with CERC and in remaining cases no reimbursement is expected.

41. a) Based on the information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprises under “The Micro, Small and Medium Enterprises Development Act, 2006” as on 31st March, 2010.

b) No payment is due for more than 30 days as at 31st March, 2010 in respect of purchases / services made from small scale/ancillary industries.

42. a) **VALUE OF IMPORTS CALCULATED ON CIF BASIS :**

Rs. in million		
	Current Year	Previous Year
i) Capital Goods	4705.0	11261.6
ii) Spare Parts	17.6	10.2

b) **EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**

Rs. in million		
	Current Year	Previous Year
i) Professional and Consultancy fees	20.5	31.4
ii) Interest	2076.6	3419.2
iii) Others	263.8	191.6

c) **VALUE OF COMPONENTS, STORES AND SPARE PARTS CONSUMED :**

Rs. in million				
	%	Current Year	%	Previous Year
i) Imported	1.77%	7.9	5.73%	16.0
ii) Indigenous (Including fuel)	98.23%	439.5	94.27%	263.4

d) **EARNINGS IN FOREIGN EXCHANGE**

Rs. in million		
	Current Year	Previous Year
Interest	0.0	2.9
Consultancy Fee	23.7	7.2

43. **ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

BALANCE SHEET ABSTRACT AND COMPANY’S GENERAL BUSINESS PROFILE

i) **REGISTRATION DETAILS :**

Registration No.	L40101DL1989GOI038121
State Code	55
Balance Sheet Date	31 st March 2010

ii) **CAPITAL RAISED DURING THE YEAR**

Rs. in million	
Public Issue	Nil
Rights Issue	Nil
Private Placement, pursuant to a contract, for consideration other than cash (Issued to Govt. of India)	Nil
Bonus Issue	Nil



iii) **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

Rs. in million	
Total Liabilities	635675.4
Total Assets	635675.4
Sources of funds	
Paid up Capital	42088.4
Reserves and Surplus	117330.6
Secured Loans	313457.8
Unsecured Loans	30710.1
Advance against Depreciation	22136.3
Grants in Aid	1988.2
Deferred Tax Liability	7035.1
Application of Funds	
Net Fixed Assets	320612.6
Capital Work-in-Progress (including Construction, Stores and Advances)	204221.8
Investments	14532.2
Net Current Assets	(4655.7)
Miscellaneous Expenditure	35.6

iv) **PERFORMANCE OF COMPANY**

Rs. in million	
Turnover/Income	71274.5
Other Income (including Transfer from Grants in Aid)	3761.3
Total expenditure	48772.6
Profit before Tax	26263.2
Profit after MAT and Deferred tax	20409.4
Earning per share (Basic) (Rs.)	4.85
Dividend Amount	6313.4

v) **GENERIC NAMES OF PRINCIPAL PRODUCT/SERVICE OF COMPANY**

Item code no. : Not Applicable
Product Description : Transmission, Central Transmission Utility function.

- 44 . a) Figures have been rounded off to nearest rupees in million.
b) Previous year figures have been regrouped / rearranged wherever necessary.



Statement of Dividend		<i>Annexure VI</i> <i>(Rs. in Million)</i>	
Particulars	Fiscal	Fiscal	Half Year Ended September 30,
	2009	2010	2010 (Unaudited Reviewed)
No. of Equity Shares of Rs.10 each (in million)	4208.8	4208.8	4208.8
Rate of Dividend (%)			
Interim	5.0	5.0	0.0
Final	7.0	10.0	0.0
Amount of Dividend on Equity Shares (Rs. in million)			
Interim	2104.6	2104.6	0.0
Final	2946.2	4208.8	0.0
Total Dividend Tax paid (Rs. in million)	858.4	1056.7	0.0



Statement of Accounting Ratios

Annexure VII

Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,	
	2009	2010	2009 (Unaudited Reviewed) (*)	2010 (Unaudited Reviewed) (*)
Basic Earning Per Share (Rs.)	4.02	4.85	2.39	3.22
Diluted Earning Per Share (Rs.)	4.02	4.85	2.39	3.22
Net Assets Value per Share (Rs.)	34.73	37.81	37.13	40.96
Return on Net Worth(%)	11.57	12.83	6.44	7.86
Profit After Tax (Rs. In million)	16906.1	20409.4	10065.8	13545.8
Weighted Average No. of Shares for Basic EPS	4208841230	4208841230	4208841230	4208841230
Weighted Average No. of Shares for Diluted EPS	4208841230	4208841230	4208841230	4208841230
No of Shares at the end of the Year	4208841230	4208841230	4208841230	4208841230
Net Worth (Rs.in Millions)	146180.9	159135.1	156255.9	172410.1

(*) Ratios for Half Year ending Sep 30th, 2009 & Sep. 30th, 2010 have not been Annualised.

Formula:

$$\text{Earning Per Share (Rs.)} = \frac{\text{Net Profit after Tax}}{\text{No. of Equity Share Outstanding at the end of the Year/Period}}$$

$$\text{Net Assets Value Per Share (Rs.)} = \frac{\text{Net Worth}}{\text{No. of Equity Share Outstanding at the end of the Year/Period}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit after Tax}}{\text{Net Worth}}$$

Notes :

- 1 Earning per share is calculated in accordance with Accounting Standard (AS)-20 "Earning Per Share" notified under the Companies (Accounting Standards) Rules, 2006.
- 2 Net worth means paid-up share capital plus reserves & surplus.
- 3 Earning per share (basic and diluted) and return on net worth for the half year ended September 30, 2010 are not annualised.



Capitalisation Statement		<i>Annexure VIII</i> <i>(Rs. in Million)</i>	
Sr.No.	Particulars	Pre-issue As at September 30, 2010	Post Issue (As adjusted for issue)
A.	Debt :		
	a) Short Term Debt	5000.0	0
	b) Long Term Debt	361240.2	0
B.	Shareholders' Funds :		
	a) Equity Share Capital	42088.4	0
	b) Reserves & Surplus	130351.1	0
	C) Less. Miscellaneous Expenditure not Written off	29.4	
	Total Shareholders' Funds (Equity)	172410.1	0
C.	Long-term Debt/Equity	68:32	
Notes :			
1	There will be no change in the capitalisation statement post issue as the issue is in connection with the 'Further Public Offering' of equity by the selling shareholders.		
2	Short term debts represent debts which are due within 12 months from September 30, 2010.		
3	Long term debts represent debts other than short term debts as defined in (2) above.		



Revenue from Operations			<i>Annexure IX a</i> <i>(Rs. in Million)</i>
Description	Fiscal Year Ended March 31,		Half Year Ended
	2009	2010	September 30,
			2010 (Unaudited Reviewed)
Revenue from Transmission Charges	57456.4	66304.2	37743.4
Less: Advance Against Depreciation	4646.6	629.7	7.0
Add: Revenue Recognised out of AAD	18.6	89.3	19.5
	52828.4	65763.8	37755.9
Income from Short Term Open Access	414.2	1241.8	1088.4
Consultancy, Project Management and Supervision Fees	2159.0	2691.7	1519.5
Revenue from Telecom	1498.3	1577.2	893.7
Total	56899.9	71274.5	41257.5

STATEMENT OF OTHER INCOME			<i>Annexure IX b</i> <i>(Rs. in Million)</i>
Description	Fiscal Year Ended March 31,		Half Year Ended
	2009	2010	September 30,
			2010 (Unaudited Reviewed)
Dividend on Trade Investments	195.4	243.7	427.2
Interest Income - Bonds and Long Term Advances	1329.9	1164.1	520.0
Interest Income - Banks / Others	1766.9	1791.9	1099.0
Deferred Income (Transfer from Grants-in-Aid)	184.2	265.3	132.7
Operational Charges in respect of Short Term open excess	201.9	251.9	129.9
Transfer from Insurance Reserve	0.4	3.4	4.5
Lease Income - State Sector ULDCs	758.5	564.5	247.0
Surcharge	10.0	79.5	5.7
Hire Charges for Equipments	3.0	3.9	1.4
Provision Written Back	0.4	2.1	376.1
Others / Misc. Income	575.6	599.3	149.1
	5026.2	4969.6	3092.6
Less: Transfer to Incidental Expenditure during construction	538.9	1208.3	623.5
Total	4487.3	3761.3	2469.1

Transmission, Administration & Other Expenses			<i>Annexure IX c</i> <i>(Rs. in Million)</i>
Description	Fiscal Year Ended March 31,		Half Year Ended
	2009	2010	September 30,
			2010 (Unaudited Reviewed)
Repair & Maintenance			
Buildings	157.1	169.7	57.8



Plant & Machinery			
Sub Station	838.7	946.0	490.2
Transmission lines	189.6	364.7	135.3
Construction Equipment	0.0	0.2	0.0
Others	234.1	282.7	166.6
TOTAL	1419.5	1763.3	849.9
Power charges	509.7	613.5	345.3
Less: Recovery from contractors	4.5	3.6	0.7
Net Power charges	505.2	609.9	344.5
Operating Expenses of Disel Generating Sets	24.0	25.3	16.2
Stores & spares consumed	0.2	0.3	0.2
Water charges	5.1	8.5	5.9
Right of Way charges(Telecom)	42.1	41.8	19.9
	1996.1	2449.1	1236.7
Training & Recruitment expenses	51.7	184.0	101.6
Less: Fees for training and application	5.3	8.8	9.6
Net Training & Recruitment expenses	46.4	175.2	92.0
Legal expenses	45.1	44.1	13.9
Professional & Consultancy Expenses(Including TA/DA)	34.6	108.2	51.5
Communication expenses	79.4	83.9	42.5
Travelling & Conveyance Expenses			
Local Travels	369.5	449.9	238.0
Foreign Travel	38.9	43.5	17.3
Total travelling and conveyance expenses (net of IEDC)	408.4	493.4	255.3
Tender expenses	24.7	39.6	16.0
Less: Sale of tenders	0.8	1.0	0.2
Net Tender expenses	23.9	38.6	15.8
Remuneration to auditors			
Audit Fees	1.4	1.5	0.4
Tax Audit Fees	0.4	0.4	0.1
Quarterly Review Fees as per SEBI	1.0	1.1	0.7
Annual Review Fees as per DOT	0.2	0.7	0.0
In Other Capacity	0.7	1.3	1.4
Lodging, boarding & travelling expenses	2.8	5.4	2.9
Reimbursement of Service Tax	0.4	0.5	0.2
Advertisement and publicity	61.4	84.6	35.2
Printing and stationery	30.7	60.2	16.9
Books Periodicals and Journals	36.9	17.6	10.1
EDP hire and other charges	19.3	22.4	12.5
Entertainment expenses	8.3	14.6	6.2
Brokerage & Commission	4.1	1.6	0.8
Donations	71.0	0.0	0.0
Research & Development expenses	5.0	0.2	3.0
Cost Audit Fees	0.5	1.9	0.5
Rent	35.7	43.4	22.3
Miscellaneous expenses	115.3	132.4	86.8
Horticulture Expenses	33.0	39.2	21.1



Security Expenses	347.7	440.8	242.7
Hiring of Vehicle	259.9	301.4	164.4
Insurance	116.7	109.0	70.4
Rates and taxes	183.8	200.9	100.5
Bandwidth charges, dark fibre lease charges (Telecom) etc	95.6	79.9	44.5
Expenditure on Corporate Social Responsibility	0.0	42.9	24.8
Non operating expenses	2.4	2.6	0.2
Transit Accommodation Expenses	20.2	30.4	14.7
Less : Recovery for usage	4.5	4.7	2.7
Net Transit Accommodation Expenses	15.7	25.7	12.0
TOTAL	4083.8	5024.7	2588.2
Less: Recoverable from MOP on account of APDRP	6.7		0.0
Add: on Disposal/Write off of Fixed Assets	39.0	49.6	23.7
TOTAL	4116.1	5074.3	2611.9



Share Capital		<i>Annexure X</i> <i>(Rs. in Million)</i>	
Description	Fiscal Year Ended March 31,		Half Year Ended
	2009	2010	September 30,
			2010 (Unaudited
			Reviewed)
A. Authorized Capital			
10,00,00,00,000 equity shares of Rs. 10/- each	100000.0	100000.0	100000.0
B. Issued, Subscribed and Paid-Up Capital before the Issue			
4,20,88,41,230 (Previous Year 4,20,88,41,230) equity shares of Rs 10/-each fully paid up	42088.4	42088.4	42088.4
Of the above 1,81,25,29,500 (Previous Year 1,81,25,29,500) equity shares have been allotted as fully paid up pursuant to GOI notification without payment being received in cash.			
TOTAL	42088.4	42088.4	42088.4



Reserve & Surplus		<i>Annexure XI</i> <i>(Rs. in Million)</i>	
Description	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2009	2010	2010 (Unaudited Reviewed)
Share Premium	15831.4	15831.4	15831.4
Self Insurance Reserve			
Through Appropriation of Profit	1272.5	1650.0	1843.8
Through Charge to Profit & Loss A/c	687.5	684.1	684.1
LDC Development Fund	0.0	164.4	359.7
CSR Activity Reserve	0.0	83.9	161.1
Bonds Redemption Reserve	15791.4	20430.8	21847.8
General Reserve	70095.5	78242.7	78242.7
Balance in Profit & Loss A/c	469.2	243.3	11901.3
TOTAL	104147.5	117330.6	130871.9



Advance Against Depreciation			<i>Annexure XII</i> <i>(Rs. in Million)</i>
Description	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2009	2010	2010 (Unaudited Reviewed)
Advance Against Depreciation			
Opening Balance	16970.7	21595.9	22136.3
Addition	4646.6	629.7	7.0
Deduction	21.4	89.3	19.5
Closing Balance	21595.9	22136.3	22123.8



Grants in Aid		<i>Annexure XIII</i> <i>(Rs. in Million)</i>	
Description	Fiscal Year Ended March 31,		Half Year Ended
	2009	2010	September 30,
			2010 (Unaudited Reviewed)
Grants in Aid			
Opening Balance	2468.0	2253.5	1988.2
Addition	0.0	0.0	0.0
Deduction	214.5	265.3	131.3
Closing Balance	2253.5	1988.2	1856.9



STATEMENT OF SECURED AND UNSECURED LOANS				
	Fiscal Year Ended March 31,		Half Year Ended September 30,	
Description	2009	2010	2009 (Unaudited Reviewed)	2010 (Unaudited Reviewed)
SECURED LOANS				
LOANS THROUGH BONDS				
BONDS VI SERIES				
13% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs.1000/- each redeemable at par in 10(ten) equal annual installments w.e.f 6th December, 2002 Secured by equitable mortgage of immovable properties & hypothecation of movable properties of Gandhar Stage-I Transmission System	300.0	200.0	300.0	200.0
BONDS VIII SERIES				
10.35% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs.1000/- each redeemable at par in 10(Ten) equal annual instalments w.e.f. 27th April, 2005 Secured by floating charge over the Fixed Assets of the Corporation	120.0	100.0	100.0	80.0
BONDS IX SERIES				
12.25% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs. 0.10 million each redeemable at par in 10(Ten) equal annual instalments w.e.f. 22nd August, 2003 Secured by way of Registered Bond Trust Deed on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of Transmission lines and Sub-stations of parts of NJTL system.	2306.0	1729.5	1729.5	1153.0
BONDS X SERIES				
10.90% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs. 1.20 million each redeemable at par in 12 (twelve) equal annual instalments w.e.f 21.06.2004 Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti, Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation of the assets of CTP-I, Farakka & Chamera Transmission system	4442.2	3807.6	3807.6	3173.0
BONDS XI SERIES				
9.80% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs 30 million each consisting of 12 STRPPs of Rs 2.50 million each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 07-12-2005	3620.0	3167.5	3620.0	3167.5

<p>Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Anta, Auriya, Moga-Bhiwani, Chamera-Kishenpur, Sasaram</p> <p>BONDS XII SERIES</p> <p>9.70% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs 15 million each consisting of 12 STRPPs of Rs 1.25 million each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 28.03.2006.</p>	1230.0	1076.2	1230.0	1076.2
<p>Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage and hypothecation on assets of Kayamkulam & Ramagundam Hyderabad Transmission System</p> <p>BONDS XIII SERIES</p> <p>8.63% Taxable, Secured, Redeemable, Non-cumulative, Non-convertible Bonds of Rs 15 million each consisting of 12 STRPPs of Rs 1.25 million each, redeemable at par in 12 (twelve) equal annual instalments w.e.f 31.07.2006.</p>	6075.0	5400.0	5400.0	4725.0
<p>Secured by way of Registered Bond Trust Deed ranking pari-passu on immovable property situated at Mouje Ambheti Taluka Kaparada in District Valsad Gujarat and mortgage & hypothecation on assets of Kishenpur Moga & Dulhasti Contingency Transmission</p> <p>BONDS XIV SERIES</p> <p>6.10% Taxable, Secured, Redeemable, Non-Cumulative, Non-Convertible Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12 (twelve) equal annual instalments w.e.f. 17.07.2004.</p>	4077.5	3495.0	3495.0	2912.5
<p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the Company.</p> <p>BONDS XV SERIES</p> <p>6.68% Taxable, Secured, Non-Cumulative, Non-convertible Bonds of Rs.15 million each consisting of 12 STRPP's of Rs 1.25 million each redeemable at par in 12 (twelve) equal annual instalments w.e.f 23.02.2008.</p>	7500.0	6750.0	7500.0	6750.0
<p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XVI SERIES</p> <p>7.10% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs 10 million each consisting of 10 STRPP's of Rs 1 million each redeemable at par in 10 (Ten) equal annual installments w.e.f. 18.02.2009</p>	6750.0	6000.0	6750.0	6000.0

<p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XVII SERIES</p> <p>7.39% Taxable,Secured, Redeemable, Non-convertible, Non-cumulative Bonds of Rs 10 million each consisting of 10 STRPP's of Rs. 1 million each redeemable at par in 10(ten) equal annual installments w.e.f 22.09.2009</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XVIII SERIES</p> <p>8.15% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 each redeemable at par in 12(twelve) equal annual installments w.e.f 09.03.2010.</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XIX SERIES</p> <p>9.25% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 24.07.2010</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XX SERIES</p> <p>8.93% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 07.09.2010</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXI SERIES</p> <p>8.73% Taxable, Secured,Redeemable, Non-Convertible,Non-Cumulative Bonds of Rs 15 million each consisting of 12 STRPP's of Rs 1.25 million each redeemable at par in 12 (Twelve) equal annual installments w.e.f. 11.10.2010</p>	10000.0	9000.0	9000.0	8000.0
	9990.0	9157.5	9990.0	9157.5
	4950.0	4950.0	4950.0	4537.5
	15000.0	15000.0	15000.0	13750.0
	5100.0	5100.0	5100.0	5100.0

<p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXII SERIES</p> <p>8.68% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 07.12.2010.</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXIII SERIES</p> <p>9.25% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 09.02.2011</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXIV SERIES</p> <p>9.95% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 26.03.2011</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXV SERIES</p> <p>10.10% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 12.06.2011</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXVI SERIES</p> <p>9.30% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 07.03.2012</p>	6900.0	6900.0	6900.0	6900.0
3075.0	3075.0	3075.0	3075.0	3075.0
7995.0	7995.0	7995.0	7995.0	7995.0
10650.0	10650.0	10650.0	10650.0	10650.0
9990.0	9990.0	9990.0	9990.0	9990.0

<p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXVII SERIES</p> <p>9.47% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 31.03.2012</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXVIII SERIES</p> <p>9.33% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 15.12.2012</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXIX SERIES</p> <p>9.20% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 12.03.2013</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>* Included under Unsecured Loans in previous year due to non completion of legal formalities</p> <p>BONDS XXX SERIES</p> <p>8.80% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 29.09.2013</p> <p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXXI SERIES</p> <p>8.90% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 25.02.2014</p>	7050.0	7050.0	7050.0	7050.0
	24000.0	24000.0	24000.0	24000.0
		12975.0	12975.0	12975.0
		23325.0	23325.0	23325.0
		20475.0		20475.0



<p>Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXXII SERIES 8.84% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 29.03.2014 Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p> <p>BONDS XXXIII SERIES 8.64% Taxable,Secured,Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 12.03.2013 Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.</p>		10350.0		10350.0
	151120.7	211718.3	183932.1	235367.2
<p>Term Loans from Banks/ Financial Institutions Secured by a floating charge on the fixed assets of the Company</p> <p>Indian Overseas Bank Corporation Bank Punjab National Bank-Loan-I Punjab National Bank-Loan-II Oriental Bank of Commerce Life Insurance Corporation of India-II Life Insurance Corporation of India-III</p>	400.0 450.0 800.0 1750.0 1458.4 4399.5 362.4	300.0 350.0 600.0 1500.0 1250.0 3657.8 296.6	400.0 400.0 800.0 1750.0 1458.3 4399.5 362.4	300.0 300.0 600.0 1500.0 1250.0 3657.7 296.6
	9620.3	7954.4	9570.2	7904.3
<p>ICICI Bank Ltd. Secured by first pari passu charge over the assets of the Company</p>	600.0	450.0	450.0	300.0
<p>Bank of India, Cayman Islands Secured by a Floating charge on the immovable properties of the company</p>	3798.4	3124.8	3451.0	2989.5
<p>Loan from Asian Development Bank , Philippines (Guaranteed by Govt. of India)</p>				
<p>ADB-I Secured by pari passu interest in the liens created on the assets as security for the debts.</p>	6540.0	5047.8	5774.8	4623.1
<p>ADB-II Secured by pari passu interest in the liens created on the assets as security for the debts.</p>	11681.3	9871.6	10758.4	9567.2
<p>ADB-III</p>	14061.1	15914.0	15551.4	16146.4



Secured by pari passu interest in the liens created on the assets as security for the debts.				
Loan from International Bank for Reconstruction and Development, USA (Guaranteed by Govt. of India)	32282.4	30833.4	32084.6	30336.7
PSDP I Secured by equitable mortgage of immovable properties and hypothecation of movable properties of Vindhyaachal and Rihand Transmission system.	5151.2	3723.1	4636.7	3427.2
PSDP-II Secured by pari passu interest in the liens created on the assets as security for the debts.	20257.7	16969.6	18575.0	16374.8
PSDP-III Secured by pari passu interest in the liens created on the assets as security for the debts.	18674.2	17595.8	18571.3	17938.6
PSDP-IV Secured by pari passu interest in the liens created on the assets as security for the debts.	11377.6	21088.4	18174.4	21930.4
	55460.7	59376.9	59957.4	59671.0
	101761.8	101739.5	105513.2	101201.5
Total Secured Loans	252882.5	313457.8	289445.3	336568.7
UNSECURED LOANS				
LOANS THROUGH BONDS				
BONDS XXIX SERIES 9.20% Taxable, Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds of Rs. 15 million each consisting of 12 STRPP's of Rs. 1.25 million each redeemable at par in 12(twelve) equal annual installments w.e.f 12.03.2013 To be secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company. *Bonds XXIX series are included under Secured Loans in Current year	12975.0			
Loans in Indian Currency				
Short Term Loans from Banks	7500.0	12500.0	7500.0	5000.0
Term Loans				
Power Finance Corporation Limited	350.0	250.0	300.0	200.0
	7850.0	12750.0	7800.0	5200.0

Loans in Foreign Currency				
From Overseas Branches of Indian Banks				
State Bank of India, U.K.				
From Foreign Banks & Financial Institutions				
Loans Guaranteed by Govt of India				
a. Natixis Banque (Formerly Credit National), France	1370.0	1153.0	1381.2	1124.5
b. Japan International Cooperation Agency (Formerly Japan Bank for International Cooperation), Japan	1725.9	1517.3	1725.0	1634.9
c. European Investment Bank, Luxembourg	945.8	695.9	890.8	621.6
	4041.7	3366.2	3997.0	3381.0
To be secured				
(Pending creation of security by way of pari passu interest in the liens created on the assets as security for the debts)				
a) ADB-IV		1153.8	937.9	3922.6
b) ADB-V		117.8		357.6
c) PSDP-IV (Addl.)		7470.0	4921.8	11059.2
d) PSDP-V		548.1		724.8
		9289.7	5859.7	16064.2
Others				
Kreditanstalt fur Wiederaufbau, Germany	5584.0	4137.1	5200.1	3865.4
Skandinaviska Enskilda Banken AB(publ), Sweden	1321.1	1167.1	1385.0	1160.9
	6905.1	5304.2	6585.1	5026.3
	10946.8	17960.1	16441.8	24471.5
Total Unsecured Loans	31771.8	30710.1	24241.8	29671.5



INTEREST & REPAYMENT SCHEDULE OF DOMESTIC LOANS

S.N	DESCRIPTION	LOAN OUTSTANDING AS ON SEPTEMBER 30, 2010	DATE OF REPAYMENT OF PRINCIPAL AMOUNTS	INTEREST RATE TYPE	INTEREST RATE BASIS	OTHER CHARGES
		<i>(Rs. in Million)</i>				
1	INDIAN OVERSEAS BANK	300.0	10 ANNUAL INSTALMENTS w.e.f February 11, 2004	FLOATING	PLR LESS 2.60%	NIL
2	CORPORATION BANK	300.0	H.Y.INSTALMENTS w.e.f March 05, 2004	FLOATING	PLR LESS 2.00%	NIL
3	PUNJAB NATIONAL BANK-I	600.0	10 ANNUAL INSTALMENTS w.e.f March 30, 2004	FLOATING	PLR LESS 2.10%	NIL
4	PUNJAB NATIONAL BANK-II	1500.0	12 ANNUAL INSTALMENTS w.e.f March 08, 2005	FLOATING	PLR LESS 2.15%	NIL
5	ORIENTAL BANK OF COMMERCE	1250.0	12 ANNUAL INSTALMENTS w.e.f March 22,2005	FLOATING	PLR LESS 2.40%	NIL
6	LIFE INSURANCE CORPORATION OF INDIA	3657.8	12 ANNUAL INSTALMENTS w.e.f.March 31, 2004	FIXED	6.30%	NIL
7	ICICI BANK LTD.	300.0	10 ANNUAL INSTALMENTS w.e.f June 28, 2003	FIXED	7.32%	NIL
8	POWER FINANCE CORPORATION	200.0	40QUARTERLY INSTALMENTS w.e.f.October 15, 2002	FIXED	9.50%	NIL
9	BANK OF BARODA (short term working capital loan)	5000.0	short term working capital loan for one year w.e.f.August 14, 2006	FLOATING	PLR LESS 4.75%	NIL
10	LIFE INSURANCE CORPORATION OF INDIA	296.6	Repayable in Annual installments upto Year 2016	FIXED	10%	NIL
	TOTAL	13404.3				



INTEREST & REPAYMENT SCHEDULE OF FOREIGN CURRENCY LOANS

S.N	DESCRIPTION	LOAN OUTSTANDING AS ON SEPTEMBER 30, 2010	DATE OF REPAYMENT OF PRINCIPAL AMOUNTS	INTEREST RATE TYPE	INTEREST RATE BASIS	OTHER CHARGES
		<i>(Rs. in million)</i>				
1	BANK OF INDIA, CAYMAN ISLAND	2989.5	38 SEMI-ANNUAL INSTALLMENTS, STARTING-June 10, 2004, ENDING June 10, 2022	FLOATING	LIBOR + 1.60% LENDERS	COMM FEE-0.50% GOI GUARANTEE FEE-1.00%, COMM. FEE 0.25%
2	PSDP-I	3427.2	30 SEMI-ANNUAL INSTALLMENTS, STARTING-December 01, 1998, ENDING June 01, 2013	FLOATING	BORROWING COST + 0.50% (-) WAIVER OF 0.05% LIBOR + 0.50% (+/-) DIFF. BETWEEN LIBOR & IBRD	GOI GUARANTEE FEE-1.20%, COMM. FEE 0.25%
3	PSDP-II	16374.8	30 SEMI-ANNUAL INSTALLMENTS, STARTING-December 15, 2006, ENDING June 15, 2021	FLOATING	BORROWING COST (-) WAIVER OF 0.05% LIBOR + 0.75% (+/-) DIFF. BETWEEN LIBOR & IBRD	GOI GUARANTEE FEE-1.20%, COMM. FEE 0.25%
4	PSDP-III	17938.6	30 SEMI-ANNUAL INSTALLMENTS, STARTING- September 15, 2011, ENDING March 15, 2026	FLOATING	BORROWING COST (-) WAIVER OF 0.25%	GOI GUARANTEE FEE-1.20%, COMM. FEE 0.25%
5	NATIXIS (CREDIT NATIONAL), FRANCE	1124.5	SEMI-ANNUAL INSTALLMENTS FOR EACH TRANCHE, STARTING- September 30, 2004, ENDING Dec. 31st, 2028	FIXED	2.00% LENDER'S	GOI GUARANTEE FEE-1.20%
6	ASIAN DEVELOPMENT BANK (1405-IND)	4623.1	32 SEMI-ANNUAL INSTALLMENTS, STARTING-June 01, 2000, ENDING December 01, 2015	FLOATING	BORROWING COST (-) WAIVER OF 0.20%	GOI GUARANTEE FEE-1.20%, COMM FEE-0.75%
7	OVERSEAS ECONOMIC CORPORATION FUND (JBIC)	1634.9	41 SEMI-ANNUAL INSTALLMENTS, STARTING-February 20, 2007, ENDING February 20, 2027	FIXED	2.30%	GOI GUARANTEE FEE-1.20%, SERVICE CHARGES-0.10%
8A	EUROPEAN INVESTMENT BANK	45.3	26 SEMI-ANNUAL INSTALLMENTS, STARTING-June 15, 2001, ENDING December 15, 2013	FIXED	6.23%	GOI GUARANTEE FEE-1.20%
8B	EUROPEAN INVESTMENT BANK	107.6	26 SEMI-ANNUAL INSTALLMENTS, STARTING-June 15, 2001, ENDING December 15, 2013	FIXED	6.00%	GOI GUARANTEE FEE-1.20%
8C	EUROPEAN INVESTMENT BANK	207.6	26 SEMI-ANNUAL INSTALLMENTS, STARTING- June 15, 2001, ENDING December 15, 2013	FIXED	5.99%	GOI GUARANTEE FEE-1.20%
8D	EUROPEAN INVESTMENT BANK	89.2	26 SEMI-ANNUAL INSTALLMENTS, STARTING-June 15, 2001, ENDING December, 15, 2013	FIXED	5.36%	GOI GUARANTEE FEE-1.20%
8E	EUROPEAN INVESTMENT BANK	144.8	26 SEMI-ANNUAL INSTALLMENTS, STARTING-June 15, 2001, ENDING December 15, 2013	FIXED	5.39%	GOI GUARANTEE FEE-1.20%



8F	EUROPEAN INVESTMENT BANK SUB-TOTAL :	27.1 621.6	26 SEMI-ANNUAL INSTALLMENTS, STARTING-June 15, 2001, ENDING December 15, 2013	FIXED	5.13%	GOI GUARANTEE FEE-1.20%
9A	ASIAN DEVELOPMENT BANK (1764-IND)	990.0	30 SEMI-ANNUAL INSTALLMENTS, STARTING-June 15, 2006, ENDING December 15, 2020	FLOATING	LENDER'S BORROWING COST (-) WAIVER OF 0.20% LIBOR + 0.60% (+/-) DIFF. BETWEEN LIBOR & ADB BORROWING COST (-) WAIVER upto 0.20% as determined by ADB from time to time.	GOI GUARANTEE FEE-1.20%, COMM FEE-0.75%, FRONT END FEE-1.00%
9B	ASIAN DEVELOPMENT BANK (1764-IND) SUB-TOTAL :	8577.2 9567.2	30 SEMI-ANNUAL INSTALLMENTS, STARTING-June 15, 2006, ENDING December 15, 2020	FLOATING	LIBOR + 0.60% (+/-) DIFF. BETWEEN LIBOR & ADB BORROWING COST (-) WAIVER upto 0.20% as determined by ADB from time to time.	GOI GUARANTEE FEE-1.20%, COMM FEE-0.75%, FRONT END FEE-1.00%
10	ASIAN DEVELOPMENT BANK (2152-IND)	16146.4	30 SEMI-ANNUAL INSTALLMENTS, STARTING-January 15, 2010, ENDING July 15, 2024	FLOATING	LIBOR + 0.60% (+/-) DIFF. BETWEEN LIBOR & ADB BORROWING COST (-) WAIVER upto 0.20% as determined by ADB from time to time.	GOI GUARANTEE FEE-1.20%, COMM FEE-0.75%
11A	KREDITANSTALT FUR WIEDERAUFBAU, GERMANY	506.5	20 SEMI-ANNUAL INSTALLMENTS, STARTING-March 31, 2004, ENDING September 30, 2013	FIXED	5.54%	0.25% COMM. FEE, 0.25% MGT. FEE
11B	KREDITANSTALT FUR WIEDERAUFBAU, GERMANY	2647.9	20 SEMI-ANNUAL INSTALLMENTS, STARTING-March 31, 2004, ENDING September 30, 2013	FIXED	3.84%	0.25% COMM. FEE, 0.25% MGT. FEE
11C	KREDITANSTALT FUR WIEDERAUFBAU, GERMANY	77.2	20 SEMI-ANNUAL INSTALLMENTS, STARTING-March 31, 2004, ENDING September 30, 2013	FIXED	2.49%	0.25% COMM. FEE, 0.25% MGT. FEE
11D	KREDITANSTALT FUR WIEDERAUFBAU, GERMANY	158.2	20 SEMI-ANNUAL INSTALLMENTS, STARTING-March 31, 2004, ENDING September 30, 2013	FLOATING	LIBOR+1.20%	0.25% COMM. FEE, 0.25% MGT. FEE
11E	KREDITANSTALT FUR WIEDERAUFBAU, GERMANY SUB TOTAL :	475.6 3865.4	20 SEMI-ANNUAL INSTALLMENTS, STARTING-March 31, 2004, ENDING September 30, 2013	FLOATING	LIBOR+0.36%	0.25% COMM. FEE, 0.25% MGT. FEE
12	SCANDIVISKA ENSKILDA BANKEN AB (PUBL)	1160.9	24 SEMI-ANNUAL INSTALLMENTS, STARTING-September 15, 2005, ENDING March 15, 2017	FLOATING	STIBOR	AGENCY FEE-0.10%, COMM. FEE-0.125%, MGT. FEE-0.375%, EKN PREMIUM-6.49%



13	PSDP-IV	21930.4	30 SEMI-ANNUAL INSTALLMENTS, STARTING-November 15,2013,ENDING-May 15, 2028	FLOATING	LIBOR+Variable spread	FONT END FEE 0.25%, GOI GUARANTEE FEE 1.20%
14	PSDP-IV (ADDITIONAL)	11059.2	52 SEMI-ANNUAL INSTALLMENTS, STARTING-February 1,2013,ENDING-August 1, 2038	FLOATING	LIBOR+Variable spread	FONT END FEE 0.25%, GOI GUARANTEE FEE 1.20%
15	PSDP-V	724.8	49 SEMI-ANNUAL INSTALLMENTS, STARTING-January, 15 2015,ENDING-January 15, 2039	FLOATING	LIBOR+Variable spread	FONT END FEE 0.25%, GOI GUARANTEE FEE 1.20%
16	ADB-IV(2415-IND)	3922.6	40 SEMI-ANNUAL INSTALLMENTS, STARTING-May, 15 2013,ENDING-November 15, 2032	FLOATING	LIBOR+0.60% - 0.40%	COMMITMENT FEE-0.15% , GOI GUARANTEE FEE 1.20%
17	ADB-V(2510-IND)	357.6	40 SEMI-ANNUAL INSTALLMENTS, STARTING-August, 1 2014,ENDING-February 1, 2034	FLOATING	LIBOR+0.60% - 0.40%	COMMITMENT FEE-0.15% , GOI GUARANTEE FEE 1.20%
	GRAND TOTAL	117468.7				

NOTES :

1. LENDER'S BORROWING COST IS DETERMINED AND DECLARED AT THE DESCRETION OF THE LENDER.
2. COMMITMENT FEE IS LEVIED BY THE LENDER ON THE UNDRAWN AMOUNT OF LOAN
3. SERVICE CHARGE IS LEVIED ON THE LOAN DISBURSED BY JBIC.
4. AGENCY FEE ON SEB LOAN IS IN ADDITION TO INTEREST. IT IS PAYABLE ALONGWITH INTEREST HALF-YEARLY.
5. MANAGEMENT FEE IS A ONE-TIME PAYMENT.
6. GOI G/FEE IS CALCULATED ON DAY-TO-DAY OUTSTANDING LOAN BALANCE.



Current Liabilities		<i>Annexure XV a</i> (Rs. in Million)	
Description	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2009	2010	2010 (Unaudited Reviewed)
Sundry Creditors			
For capital expenditure	8793.0	8881.2	13917.2
Other goods and services	1935.8	1725.0	2071.1
Advance from Customers	13098.4	18868.0	19609.9
Deposits Retention money from contractors and others.	10823.1	13570.2	16716.4
Less: Investments held as security	3.0	4.8	3.6
Un-paid (Un-claimed) matured bonds	0.5	0.6	0.7
Unclaimed Dividend	26.9	29.6	28.2
Other Liabilities	16956.6	26905.5	17034.0
Interest Accrued But Not Due On Loans From			
Government of India	0.0	0.0	0.0
Indian Banks, Financial Institutions & Corporations	314.4	259.2	114.4
Foreign Banks & Financial Institutions	677.4	312.9	374.2
Secured/Unsecured redeemable Bonds	4780.2	5798.6	8965.2
Others	0.0	0.0	1.0
Deferred Income/Expenditure from Foreign Currency Fluctuation	3830.40		
Total	61233.70	76346.00	78828.7

Provisions		<i>Annexure XV b</i> (Rs. in Million)	
Description	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2009	2010	2010 (Unaudited Reviewed)
Taxation	10253.2	11480.4	15061.4
Employee Benefits	3083.9	3115.7	3132.0
Transmission Incentive, special incentive & PRP	813.0	1486.9	1499.1
Provision for Wage Revision	4225.3	3429.3	4028.9
Proposed Final dividend	2946.2	4208.8	4208.8
Guarantee Fee to GOI	75.9	162.8	162.8
Dividend Tax	500.7	699.0	699.0
Total	21898.2	24582.9	28792.0



Statement of Fixed Assets							<i>Annexure XVI</i>
							<i>(Rs. in Million)</i>
Description	Fiscal Year Ended March 31, 2009			Fiscal Year Ended March 31, 2010			
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block	
Land							
a) Freehold	3671.2		3671.2	4423.3		4423.3	
b) Leasehold	711.5	48.6	662.9	942.3	59.6	882.7	
Buildings							
a) Sub-Stations & Office	4220.2	1051.7	3168.5	4321.8	1177.8	3144	
b) Township	3311	493.9	2817.1	3604.1	599.8	3004.3	
Temporary Erection	77.7	60.5	17.2	79.1	70.9	8.2	
Roads & Bridges	1073.7	160.2	913.5	1127.3	194.5	932.8	
Water Supply Drainage & Sewerage	627.2	129	498.2	653.5	149.3	504.2	
Plant & Machinery							
a) Transmission Lines	244545.8	45381.1	199164.7	267027.9	57381.8	209646.1	
b) Substation	122663.8	38099.2	84564.6	127086.4	43659.8	83426.6	
c) ULDC	7444	2293.6	5150.4	7189.6	3157	4032.6	
d) Telecom links	9061.8	2449.2	6612.6	9182.8	3003.3	6179.5	
Constrn.and Workshop equipment	600	128.3	471.7	754.2	167.9	586.3	
Electrical Installation	649	231	418	667.4	257.3	410.1	
Vehicles	41	22	19	47.1	21.9	25.2	
Furniture Fixtures & Office equipment	1136.2	447.6	688.6	1228.7	490.2	738.5	
EDP/WP Machines	572.1	437.8	134.3	630	470.3	159.7	
Miscellaneous Assets/Equipments	614	354.4	259.6	668.4	379.1	289.3	
Capital Exp. on Assets not owned by the Company	139.4	108.7	30.7	161.9	126	35.9	
Intangible Assets							
Afforestation Charges	2091	60	2031	2319	120	2199	
Softwares	10.8	9	1.8	17.7	11.2	6.5	
Grand Total	403261.4	91965.8	311295.6	432132.5	111497.7	320634.8	
Less: Provisions for assets discarded	68.1	56.9	11.2	109.7	87.5	22.2	
Net Balances	403193.3	91908.9	311284.4	432022.8	111410.2	320612.6	



STATEMENT OF INVESTMENTS			<i>Annexure XVII</i>
			<i>(Rs. in Million)</i>
Description	Fiscal Year Ended March 31,		Half Year Ended September 30,2010 (Unaudited Reviewed)
	2009	2010	
LONG TERM			
A.TRADE INVESTMENTS			
I. Govt.Securities (Unquoted):-			
a) 8.5% tax free Bonds redeemable in 20 half yearly instalments w.e.f. 1.10.2006 of :			
Andhra Pradesh	1263.6	1083.1	1083.1
Arunachal Pradesh	36.5	31.3	31.3
Assam	1174.6	1006.8	1006.8
Bihar	1135.0	972.8	972.8
Gujarat	490.3	420.3	420.3
Haryana	563.5	483.0	483.0
Himachal Pradesh	19.8	17.0	17.0
Jammu & Kashmir	1133.8	971.8	971.8
Kerala	168.8	144.7	144.7
Madhya Pradesh	728.4	624.4	624.4
Maharashtra	94.3	80.8	80.8
Manipur	221.9	190.2	190.2
Meghalaya	3.0	2.6	2.6
Mizoram	0.1	0.1	0.1
Nagaland	97.5	83.6	83.6
Punjab	328.6	281.6	281.6
Rajasthan	87.2	65.4	65.4
Sikkim	78.9	67.6	67.6
Tripura	6.4	5.5	5.5
Uttar Pradesh	3230.2	2768.8	2768.8
Uttaranchal	358.9	307.6	307.6
West Bengal	563.4	482.9	482.9
Jharkhand	780.6	669.1	669.1
	12565.3	10761.0	10761.0
b) Other Bonds:-			
15 years 8.5% J&K Govt. Bonds 2017, Interest payable semi-annually, redeemable w.e.f 30.11.2007	207.7	173.1	161.6
15 years 8.5% J&K Govt. Bonds 2018, Interest payable semi-annually, redeemable w.e.f 31.03.2008	241.9	215.0	201.5
	449.6	388.1	363.1



<p>II. Equity Shares-Fully Paid up :- Quoted</p> <p>PTC India Ltd 120,00,006(Previous year 120,00,006) Shares of Rs.10/- each fully paid up. {Market Value Rs 1344.6 million @ Rs. 112.05 (NSE) per share(Previous year Rs. 839.4 Million @ Rs. 69.95 (NSE) per share)}</p>	120.0	120.0	120.0
<p>Unquoted</p> <p><u>Subsidiary Companies</u></p> <p>Byrnihat Transmission Co. Ltd. 50,000(Previous year 50,000) Equity shares of Rs 10/- each fully paid up. Less: Provision for diminution</p>	0.5	0.5	0.5
<p>Power System Operation Corporation Ltd. 50,000(50,000 for Fiscal 2009-10; Nil for Fiscal 2008-09) Equity shares of Rs. 10 each fully paid up</p>	0.5	0.4	0.4
<p><u>Joint Venture Companies</u></p> <p>Torrent Power Grid Ltd. 234,00,000 (234,00,000 for Fiscal 2009-10; 156,00,000 for Fiscal 2008-09) Equity Shares of Rs. 10/- each fully paid up.</p>	156.0	234.0	234.0
<p>Powergrid IL &FS Transmission Pvt. Ltd 25,000(Previous year 25,000) Equity shares of Rs 10/- each fully paid up. Less: Provision for diminution</p>	0.3	0.3	0.3
<p>Jaypee Powergrid Ltd. 5,85,00,000 (4,55,00,000 for Fiscal 2009-10; 3,25,00,000 for Fiscal 2008-09) Equity Shares of Rs. 10/- each fully paid up.</p>	325.0	455.0	585.0
<p>Parbati Koldam Transmission Company Ltd. 44,72,000 (33,93,000 for Fiscal 2009- 10; 18,33,000 for Fiscal 2008-09) Equity (6,25,000 for Fiscal 2009-10; Nil for Fiscal 2008-09) shares of Rs 10/- each fully paid up.</p>	18.3	33.9	44.7
<p>Teestavalley Power Transmission Limited 2,03,33,000 (13,000 for Fiscal 2009- 10; 13,000 for Fiscal 2008-09) Equity shares of Rs 10/- each fully paid up.</p>	0.1	0.1	203.3
<p>Powerlinks Transmission Ltd 22,93,20,000 (Previous year 22,93,20,000) Equity shares of Rs 10/- each fully paid up</p>	2293.2	2293.2	2293.2
<p>North East Transmission Company Ltd. 2,31,01,000 (2,31,01,000 for Fiscal 2009-10; Nil for Fiscal 2008-09) Equity shares of Rs 10/- each fully paid up</p>		231.0	231.0
<p>Energy Efficiency Services Ltd</p>			



6,25,000 Equity shares of Rs 10/- each fully paid up National High Power Test Laboratory Ltd.		6.2	6.2
8,75,000 (8,75,000 for Fiscal 2009-10; Nil for Fiscal 2008-09) Equity shares of Rs 10/- each fully paid up		8.8	8.8
	2793.4	3263.1	3607.1
TOTAL (A)	15928.3	14532.2	14851.2
B. Non-trade investments (Unquoted) 500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Itarsi (Rs.5000/-) 500 Fully paid up shares of Rs 10/- each in EmployeesCo-op Society Limited Nagpur (Rs.5000/-) 500 Fully paid up shares of Rs 10/- each in Employees Co-op Society Limited Jabalpur (Rs. 5000/-)			
TOTAL (B)			
GRAND TOTAL (A+B)	15928.3	14532.2	14851.2
<p>Note : 22,93,19,997 shares (Previous year 22,93,19,997) of Powerlinks Transmission Ltd. held by the Company have been pledged as continuous security with consortium of financial institutions against financial assistance obtained by Powerlinks Transmission Ltd.</p>			



STATEMENT OF SUNDRY DEBTORS		<i>Annexure XVIII</i> <i>(Rs. in Million)</i>	
Description	Fiscal Year Ended March 31,		Half Year ended September 30,
	2009	2010	2010 (Unaudited Reviewed)
Debts Outstanding exceeding Six Months			
Considered Good	2203.7	4817.6	167.8
Unsecured Considered Doubtful	1132.0	1138.9	798.5
Others			
Considered Good	11531.9	17331.0	28482.4
Less: Provision for bad & doubtful debts	1132.0	1138.9	798.5
Total	13735.6	22148.6	28650.2



STATEMENT OF LOANS AND ADVANCES			<i>Annexure XIX</i> (Rs. in Million)
Description	Fiscal Year Ended March 31,		Half Year Ended
	2009	2010	September 30,2010 (Unaudited Reviewed)
a) Loans to			
-Employees [Including interest on employee loan of Rs 603.10 million(Previous year Rs.613.60 million)]	1290.3	1260.6	1325.1
-Long Term Advances(Under securitisation scheme)	1156.9	1079.8	1002.7
-Others	0.2	1.4	1.6
	2447.4	2341.8	2329.4
b) Lease Receivables(State sector ULDC)	7665.2	6550.7	6160.1
c) Advances			
Advances recoverable in cash or in kind or for value to be received			
Contractors & Suppliers (Including Material issued on loan)	98.5	59.9	95.0
Employees	1581.8	1317.9	1390.3
Claims recoverable	392.7	125.7	122.2
Others	6593.7	11350.6	3579.9
	8666.7	12854.1	5187.4
Less: Provision for bad and doubtful Advances and Claims	89.0	107.2	111.4
	8577.7	12746.9	5076.0
Balance with Customs, Port Trust and other authorities	296.4	372.4	423.7
Advance Tax & TDS	9293.2	11012.2	14399.9
	18167.3	24131.5	19899.6
TOTAL	28279.9	33024.0	28389.1



CONTINGENT LIABILITIES			<i>Annexure XX</i> <i>(Rs. in Million)</i>
Description	Fiscal Year Ended March 31,		Half Year Ended September 30, 2010 (Unaudited Reviewed)
	2009	2010 (Unaudited Reviewed)	
Claims against the Company not acknowledged as debt in respect of			
Arbitration / Court Cases	19302.7	18280.9	20272.3
Land / Crop/Tree Compensation cases	4808.9	5034.2	11032.4
Service Tax	9250.5	10996.2	0.0
Others	1256.6	1676.9	1668.8
Disputed Tax Demands-Income Tax	122.2	43.6	719.4
Disputed Tax Demands-Service Tax	0.0	664.8	0.0
Disputed Tax Demands-Others	1604.7	1238.4	201.2
Continuity Bonds with Custom Authorities	8094.2	9699.2	9830.9
Other Service Tax	11159.5	16569.3	0.0
Others	1146.1	473.4	228.7
Total	56745.4	64676.9	43953.7



Miscellaneous Expenses not written off			<i>Annexure XXI</i> <i>(Rs. in Million)</i>
Description	Fiscal Year Ended March 31,		Half Year Ended
	2009	2010	September 30,
			2010 (Unaudited Reviewed)
Miscellaneous Expenses not written off			
Opening Balance	71.9	55.0	35.6
Addition	1.4	(1.6)	2.7
Deduction	18.3	17.8	8.9
Closing Balance	55.0	35.6	29.4



Annexure XXII

Statement of the changes in the Accounting Policies for the year ended on 31.03.2009 and for the year ended on 31.03.2010

1. Financial Year ended on 31.03.2009

- i) In view of the opinion of the Expert Advisory Committee of The Institute of Chartered Accountants of India, the items of insurance/mandatory spares, which were being capitalized upto financial year 2007-08, are charged off to revenue with effect from financial year 2008-09, if the year of purchase and consumption is same. The impact of change is nil since there is not such case during the year.
- ii) Mobile phones which were being amortized upto financial year 2007-08, over the period of 4 years from the date of purchase are amortized, from financial year 2008-09, in 3 years from the date of purchase in view of redefining of useful life by the company. The change has resulted in decrease in profit by 1.3 million with a corresponding decrease in net block.
- iii) Assets costing upto Rs. 5000, in respect of which rates are not specified in norms notified by CERC, were capitalized upto financial year 2007-08 are fully depreciated in the year of acquisition from financial year 2008-09. The change has resulted in decrease in profit by Rs.10.1 million with a corresponding decrease in net block.
- iv) The ULDC assets, which were depreciated @ 6% upto financial year 2007-08 are being depreciated @ 6.67% with retrospective effect from the date of capitalization of respective ULDC. The change has resulted in Prior Period Depreciation by Rs. 213.8 million, current year depreciation by Rs. 55.7 million, decrease in net block by Rs. 269.5 million and decrease in profit by 269.5 million.

2. Financial Year ended on 31.03.2010

Upto financial year 2008-09, common expenses of Corporate office, Regional offices and Projects, common to operation and construction activities were allocated to various diversified activities of the company viz. transmission, telecom, consultancy and Accelerated Power Development and Reform Program (APDRP) in the ratio of respective income/reimbursement of each activity and further allocated between revenue and Incidental Expenditure during Construction in the proportion of Transmission Charges and Telecom income to annual capital outlay. The above policy was referred to Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India (ICAI).

Upon receipt of opinion from EAC, the above Accounting Policy has been changed in financial year 2009-10 with retrospective effect from financial year 2008-09. Such expenses are now identified and allocated between revenue and incidental expenditure during construction on a systematic basis.

The change has resulted in increase in expenditure of financial year 2009-10 by Rs. 863.5 million and prior period expenditure by Rs. 919.2 million and thereby reduction in profit for the year by Rs. 1782.7 million with corresponding decrease in CWIP and Gross Block.



Related Party Transactions		<i>Annexure XXIII</i> (Rs. in Million)	
Description	Fiscal Year Ended March 31,		Half Year ended September 30
	2009	2010	2010 (Unaudited Reviewed)
Contracts for Works/Services for services received by the Company			
· Transactions during the year/half year	Nil	Nil	Nil
· Amount recoverable from related parties	Nil	Nil	Nil
· Amount payable to related parties	Nil	Nil	Nil
Contracts for Works/Services for services provided by the Company			
· Transactions during the year/half year*	97.0	473.2	269.5
· Amount recoverable from related parties*	168.3	353.5	163.7
Dividend Received	183.5	229.3	412.8
Deputation of Employees			
· Transactions during the year/half year	0.03	Nil	Nil
· Amount recoverable from the related parties	Nil	Nil	Nil
(*) This does not include transactions with respect to an agreement with Powerlinks Transmission Ltd. Under which transmission charges for transmission line associated with Tala hydro electric power project are raised by Powerlinks Transmission Ltd. to the company which pay the same and collect from the respective beneficiaries.			



Segment wise Revenue, Results and Capital Employed

Annexure XXIV

(Rs. in Million)

	Particulars	Fiscal Year Ended March 31,		Half Year Ended September 30,	
		2009	2010	2009 (Unaudited Reviewed)	2010 (Unaudited Reviewed)
A.	Segment Revenue including Other Income				
	- Transmission	54531.3	67057.9	33242.5	39221.6
	- Consultancy	2175.4	2770.8	966.0	1530.6
	- RLDCs - POSOCO Assets	3180.0	2245.8	1130.3	1466.2
	- ULDCs - Other Assets		1373.0		612.9
	- Telecom	1532.6	1672.9	830.5	917.9
	Total	61419.3	75120.4	36169.3	43749.2
	Less: Inter Segment Revenue	32.1	84.6	17.0	22.6
	Total Revenue including Other Income	61387.2	75035.8	36152.3	43726.6
B.	Segment Results				
	Profit Before Tax				
	- Transmission	21414.0	23939.6	11842.6	17233.0
	- Consultancy	1015.5	1455.5	299.3	807.3
	- RLDCs - POSOCO Assets	177.4	417.7	76.1	292.4
	- ULDCs - Other Assets		381.5		164.2
	- Telecom (*)	-321.2	68.9	69.3	72.1
	Total Profit Before Tax	22285.7	26263.2	12287.3	18569.0
C.	Segment Capital Employed				
	- Transmission (**)	409734.0	487312.5	445575.8	523522.5
	- Consultancy	-11748.3	-15250.9	-9351.6	-15993.7
	- RLDCs - POSOCO Assets	11665.3	2872.8	12383.0	2127.2
	- ULDCs - Other Assets		9752.5		9427.5
	- Telecom	7509.4	7301.9	7577.7	7093.3
	Total Segment Capital Employed	417160.4	491988.8	456184.9	526176.8

(*) Profit of Telecom segment has been increased by the amount of inter segment revenue with a corresponding decrease in profit of Transmission segment.

(**) While calculating segment wise capital employed, entire deferred tax liability has been considered and included in transmission segment.



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National Capital Region of Delhi

S R I Associates
Chartered Accountants
3-B, Garstin Place
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Umamaheswara Rao & Co.
Chartered Accountants
Flat No. 5-H 'D' Block, 8-3-324,
Krishna Apartments, Yellareddyguda Lane
Ameerpet 'X' Roads, Hyderabad - 500 073.

STATEMENT OF GENERAL TAX BENEFITS

Power Grid Corporation of India Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi 110016

Dear Sirs,

We hereby report that the enclosed annexure states “General Tax Benefits” available to Power Grid Corporation of India Limited (the “**Company**”) and its shareholders under the current tax laws in force in India as amended by the Finance Act, 2010. The benefits as stated are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

For A.R. & Co.
Chartered Accountants
Regn No.002744C

For S R I Associates
Chartered Accountants
Regn No.305109E

For Umamaheswara Rao & Co.
Chartered Accountants
Regn No. 004453S

(Pawan K. Goel)
Partner
Membership No. 072209

(I. Pasha)
Partner
Membership No. 013280

(Venugopal Sanka)
Partner
Membership No. 205565

Place: Mumbai.

Date: 20.10.2010.



Annexure to Statement of “General Tax Benefits” available to Power Grid Corporation Of India Limited and its shareholders

B. To the Company

1. Under the Income Tax Act, 1961

- Energy saving devices being Electrical equipments such as Shunt capacitors, automatic power cut off devices, automatic voltage controller, power factor controller for AC, series compensation equipments, equipment to establish transmission highways for National Power Grid, etc are entitled for higher depreciation at the rate of 80% on W.D.V. as per Appendix I of Income Tax Rules under Section 32 of the Income Tax Act., 1961.
- In accordance with and subject to the condition specified in Section 80-IA of the Income Tax Act, 1961, the Company would be entitled to deduction of 100% of profits derived from Industrial Undertaking engaged in generation and/or distribution or transmission of power for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking generated power or commences transmission or distribution of power before 31.03.2011 subject to the limit prescribed under section 80IA(2).
- In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.
- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the Company subject to provisions of Section 14A read with Rule 8D.
- While calculating dividend distribution tax as per provision of section 115-O, the reduction shall be allowed in respect of the dividend received by a domestic company from a subsidiary company during the financial year provided the subsidiary company has paid tax on such dividend and the domestic company, is not a subsidiary of any other company. It is further provided that same amount of dividend shall not be taken into the reduction more than once. For this purpose a company shall be subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of another company.
- By virtue of Section 10(15)(i), interest income earned from 8.5% SLR Power Bonds and long term loans are exempt from tax in the hands of the company, subject to provisions of Section 14A read with Rule 8D.
- The Corporate Tax rate of the company is grossed up on return on equity and billed to beneficiaries in accordance with Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009.

2. Under Central Sales Tax Act, 1956

- Tax on inter state sales leviable under Section 6(1) of the Central Sales Tax Act, 1956 is not applicable on transmission of electrical energy.
- In terms of section 8(3)(b) of the Central Sales Tax Act, 1956, the purchases made in the course of inter-state trade or commerce for use in the generation or distribution or any other form of power is eligible for concessional rate of sales tax of 2%.



3. Under Customs Tariff

- In terms of notification No. 21/2002-Cus dated 1.3.2002 as amended by last Notification No. 80/2010-Cus. Dated 10.8.2010 under Customs Tariff of India, the goods as per List 44 required for setting up of any Transmission Project, are eligible to import at the rate of 5% basic custom duty subject to fulfillment of certain conditions.
- In terms of notification No. 21/2002-Cus., dated 1.3.2002 as amended by last Notification No. 80/2010-Cus. Dated 10.8.2010 under Customs Tariff of India, the Power Transmission Companies are eligible to import goods required for setting up of any power transmission projects at concessional rate of 5% basic custom duty under Project Imports.
- In terms of notification No. 84/1997 dtd 11.11.1997 the goods imported under World Bank/ADB funded projects are eligible for nil customs duty.

4. Under EXIM Policy

- Supply of goods to projects funded by World Bank/ADB is entitled to deemed export benefits as available under Chapter 8 of Export & Import Policy.

C. To the Members of the Company

B1. Under the Income Tax Act, 1961

2. All Members

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the shareholders, subject to provisions of Section 14A read with Rule 8D.
- By virtue of Section 10(38) of the Income Tax Act, 1961, income arising from transfer of a long-term capital asset, being an equity share in the Company is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 comes into force and such transaction is chargeable to the Securities Transaction Tax under that Chapter. However, the long-term capital gain of a share holder being a company shall be subject to income tax computed on book profit under section 115JB of the Income Tax Act, 1961.
- By virtue of Section 111A inserted by Finance (No.2) Act, 2004, short term capital gain on transfer of equity share of the Company shall be chargeable to tax @ 15%, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force and such transaction is chargeable to Securities Transaction Tax under that Chapter.
- By virtue of Section 88E of the Income Tax Act, 1961 and subject to certain conditions, rebate of tax paid on securities transaction is allowable as deduction from the amount of income tax.

3. Resident Members

- In terms of section 10(23D) of the Income Tax Act, 1961, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under



the Securities and Exchange Board of India or authorized by Reserve Bank of India subject to the conditions specified therein are eligible for exemption from income tax on their entire income, including income from investment in the shares of the Company, subject to provisions of section 14A and rules framed there under, wherever applicable.

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the shareholders, subject to provisions of Section 14A read with Rule 8D.
- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested upto Rs. 50 lakhs within a period of 6 months from the date of transfer in the bonds issued by

* National Highways Authority of India constituted under section 3 of National Highways Authority of India Act, 1988;

* Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If any part of the capital gain is reinvested, the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is purchased or constructed.

- Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.

4. Non Resident Indians/Members (other than FIIs and Foreign Venture Capital Investors)

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend income



from another domestic company referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the recipients subject to provisions of Section 14A read with Rule 8D.

Tax on Investment Income and Long Term Capital Gain

- A non resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. "Special Provisions Relating to Incomes of Non-Residents".
- Under Section 115E of the Income Tax Act, 1961, where shares in the Company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares held for period exceeding 12 months shall (in cases not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and education cess) without indexation benefit but with protection against foreign exchange fluctuation.
- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases

- Under provisions of Section 115F of the Income Tax Act, 1961, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non resident Indian from the transfer of-shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

Return of Income not to be filed in certain cases

- Under provisions of Section 115G of the Income Tax Act, 1961, it shall not be necessary for a Non-Resident Indian to furnish his return of Income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible has been deducted at source there from.

Other Provisions

- Under Section 115-I of the Income Tax Act, 1961, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under Section 139 of the Income Tax Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so, the provisions of this Chapter shall not apply to him instead the other provisions of the Act shall apply.
- Under the first proviso to Section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains



tax if the capital gains are invested upto Rs. 50 lakhs within a period of 6 months from the date of transfer in the bonds issued by

* National Highways Authority of India constituted under section 3 of National Highways Authority of India *Act*, 1988;

* Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Income Tax Act, 1961 and subject to the condition and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from Capital gains tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If any part of the capital gain is reinvested the exemption will be reduced proportionately. The amount so exempted shall be chargeable to tax subsequently, if residential property is transferred within a period of three years from the date of purchase/construction. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, the original exemption will be taxed as capital gains in the year in which the additional residential house is purchased or constructed.

- Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and Education Cess) after indexation as provided in the second proviso to Section 48; indexation not available if investments made in foreign currency as per the first proviso to section 48 stated above) or at 10% (plus applicable surcharge and Education Cess) (without indexation), at the option of assessee.

6. Mutual Funds

In terms of Section 10(23D) of the Income Tax Act, 1961, mutual funds registered under the Securities and Exchange Board of India Act 1992 and such other mutual funds set up by public sector banks or public financial institutions authorized by the Reserve Bank of India and subject to the conditions specified therein, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the Company.

7. Foreign Institutional Investors (FIIs)

- By virtue of Section 10(34) of the IT Act, income earned by way of dividend from another domestic company referred to in Section 115-O of the IT Act, is exempt from tax in the hands of the institutional investor.
- The income by way of short term or long term capital gains realized by FIIs on sale of shares in the Company would be taxed at the following rates as per Section 115AD of



the Income Tax Act, 1961.

* Short term capital gains - 30% (plus applicable surcharge and Education Cess)

* Short term capital gains covered U/s 111A- 15% (plus applicable surcharge and Education Cess)

* Long term capital gains - 10% (without cost indexation) plus applicable surcharge and Education Cess and 20% (with indexation) plus applicable surcharge and Education Cess.

(Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).

- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds issued by
 - * National Highways Authority of India constituted under section 3 of National Highways Authority of India *Act*, 1988;
 - * Rural Electrification Corporation Limited, registered under the Companies Act, 1956;If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- As per section 90(2) of the Act, the provision of the Act would prevail over the provision of the tax treaty to the extent they are more beneficial to the Non Resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

6. Venture Capital Companies / Funds

In terms of Section 10 (23FB) of the Income Tax Act, 1961, all Venture Capital Companies / Funds set up to raise funds for investment and registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from dividend.

B2. Under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act, 1957, hence Wealth Tax Act will not be applicable.

B3. Under the Gift Tax Act, 1957

Gift of shares of the Company made on or after October 1, 1998 are not liable to Gift Tax

Notes

All the above benefits are as per the current tax law as amended by the Finance Act, 2010 and will be available only to the sole/ first named holder in case the shares are held by joint holders

In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.



In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor, with respect to specific tax consequences of his/her participation in the issue.

The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

**Employees Remuneration and Benefits***Annexure XXVI
(Rs. in Million)*

Description	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2009	2010	2010 (Unaudited Reviewed)
Salaries, wages, allowances & benefits	7153.9	7832.3	4262.6
Contribution to provident and other funds	530.9	811.4	708.0
Welfare expenses	1313.8	948.9	308.4
Less: Transferred to Incidental Expenditure during Construction-Schedule 28(A)	2517.9	2325.6	1352.3
Less: Recoverable from MOP on account of APDRP	41.9	0.0	0.0
TOTAL	6438.8	7267.0	3926.7



Annexure XXVII

(Rs. in Million)

Description	Fiscal Year Ended March 31,		Half Year Ended September 30,
	2009	2010	2010 (Unaudited Reviewed)
Interest on Loan from			
Indian Banks, Financial Institutions & Corporations	2,105.9	1,535.6	765.3
Foreign Banks and Financial Institutions	3,240.9	1,895.3	709.9
Secured/Unsecured redeemable Bonds	12,136.4	15,607.5	9,975.7
Interest on Land/Tree Compensation	273.0	32.5	-
Interest u/s 234 B & C	335.4	33.2	-
Others	31.8	234.1	129.1
FERV as adjustment to Borrowing Cost	5,953.3	32.2	381.5
FERV above Domestic Borrowing Cost	5,384.8	-	-
Less: FERV Recoverable as transmission charges	8,898.2	-	-
	2,439.9	32.2	381.5
Less: Transferred to incidental Expenditure During Construction	1,904.7	10.5	1.1
FERV (Net of IEDC)	535.2	21.7	380.4
Less:			
FERV Gain			461.5
Less: Payable to Beneficiaries			106.8
			354.7
FERV (Net of IEDC)	535.2	21.7	25.7
Sub Total	18,658.6	19,359.9	11,605.7
Finance Charges			
Rebate to Customers	863.1	776.8	377.8
Commitment charges	80.8	69.2	25.8
Foreign Exchange Rate Variation	16.9	-	-
Guarantee Fee	1,062.8	1,097.6	610.0
Other finance charges	151.1	217.0	222.5
Sub Total	2,174.7	2,160.6	1,236.1
Less: Transferred to Incidental Expenditure during Construction-Schedule 27 (D)	4,410.6	6,088.1	4,751.3
TOTAL	16,422.7	15,432.4	8,090.5



SELECTED UNAUDITED STANDALONE FINANCIAL INFORMATION

The following financial information is being provided pursuant to sub-clause (BA)(2)(ii)(1) in Part A in para (2) in item (IX) of Schedule VIII of the SEBI Regulations. This information has not been reviewed or audited by our auditors and investors should not place undue reliance on this financial information.

Information for the period from April 1, 2010 to September 30, 2010

Working results for the period from April 1, 2010 to September 30, 2010

	₹ (in million)
a) Sales / Turnover:	41,257.5
b) Other Income:	2,469.1
c) Gross Profit/Loss (excluding Depreciation and Taxes):	29,024.1
I. Depreciation:	10,455.1
II. Provision for Taxes:	5,023.2
d) Estimated Net Profit/Losses:	13,545.8

There have been no material changes or commitments which have affected the financial position of our Company. However, our Company has made private placement of bonds worth ₹ 34,875.0 million in the month of October 2010.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our unconsolidated audited financial statements for and as of the fiscal years ended March 31, 2009 and 2010, the unconsolidated, unaudited, limited review profit and loss statement for the six month ended September 30, 2009 and the unconsolidated, unaudited, limited review financial statements for the six month ended September 30, 2010, which appear elsewhere in this Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act. Indian GAAP differs in certain significant respects from U.S. GAAP and International Financial Reporting Standards (“IFRS”).

*The discussion of our financial condition and results of operations under the caption “**Comparison of the First Half of Fiscal 2011 to the First Half of Fiscal 2010**” is based upon the unconsolidated, unaudited, limited review profit and loss statement for the six months ended September 30, 2009, and the unconsolidated, unaudited, limited review financial statements for the six months ended September 30, 2010. The discussion of our financial condition and results of operations under the captions “**Comparison of Fiscal 2010 to Fiscal 2009**” is based upon the unconsolidated, audited financial statements for and as of March 31, 2009 and 2010, as applicable. Our fiscal year ends on March 31 of each year, so all references to a particular Fiscal year are to the twelve-month period ended March 31 of that year. The six month period ended September 30, 2010 and September 30, 2009 are referred to in this discussion as the “first half of Fiscal 2011” and the “first half of Fiscal 2010”, respectively.*

*This discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under “**Risk Factors**” on page xiv. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

OVERVIEW

We are India's principal electric power transmission company. We own and operate more than 95% of India's interstate and inter-regional electric power transmission system (“ISTS”). In that capacity, as at September 30, 2010, we owned and operated 79,556 circuit kilometers of electrical transmission lines and 132 electrical substations. In Fiscal 2010, we transmitted approximately 363.72 billion units of electricity, representing approximately 47% of all the power generated in India. In the six months ended September 30, 2010, we transmitted approximately 202.59 billion units of electricity, representing approximately 51% of all the power generated in India. We were ranked as the world's third largest transmission utility by the World Bank in January 2009.

We have been entrusted by the GoI with the statutory role of Central Transmission Utility (“CTU”). As CTU, we operate and are responsible for the planning and development of the country's nationwide power transmission network, including interstate networks. We are also required to facilitate non-discriminatory open access to available capacity in the ISTS.

We were designated a Mini-Ratna Category-I public sector undertaking in October 1998 and we were conferred the status of “Navratna” by the GoI in May 2008, which provides us greater autonomy to undertake new projects without GoI approval and allows us to make investments in subsidiaries and joint ventures, subject to an investment ceiling set by the GoI. We have received the highest annual performance rating of “Excellent” from the GoI in each year since Fiscal 1994.

We commenced our operations in Fiscal 1992 as part of an initiative of the GoI to consolidate all the interstate and inter-regional electric power transmission assets of the country in a single entity. Accordingly, the transmission assets, including transmission lines and substations, of all central sector electricity generation utilities that operated on an interstate or inter-regional basis were transferred to



us from Fiscal 1992 to Fiscal 1994. For more details of our history, see “*History and Certain Corporate Matters*” on page 130.

From April 1, 2007 to September 30, 2010 we completed 32 transmission projects valued in the aggregate at approximately ₹ 138.6 billion. As at September 30, 2010, we had 68 transmission projects in various stages of implementation. As at September 30, 2010, we have spent ₹ 291.2 billion towards investment in transmission projects during the GoI’s Eleventh Five Year Plan, which began on April 1, 2007 and ends on March 31, 2012. The mid-term goal of the Eleventh Five Year Plan is to achieve a national power grid with inter-regional power transfer capacity of 27,950 MW, which would include our transmission system and that of others.

The tariffs for our transmission projects are determined by the Central Electricity Regulatory Commission (“CERC”), pursuant to the Electricity Act 2003 and CERC regulations. The current CERC regulations are the CERC (Terms and Conditions of Tariff) Regulations, 2009, (“**Fiscal 2010-2014 Regulations**”), which are based on a cost-plus-tariff based system and provide us a return on equity on pre-tax basis at a base rate of 15.5%, to be grossed up by the normal tax rate as applicable for the respective year.

A crucial aspect of the operation of an electric power system is management of the power flow in real time with reliability and security on a sound commercial and economic basis. Since 1994 the GoI has progressively entrusted us with the operation of the Regional Load Despatch Centres (“RLDCs”) in each of the five regions into which India is divided for purposes of power transmission and operation. As the RLDC operator, we have modernized the regional and state load despatch centers and their communication networks. In Fiscal 2009, the National Load Despatch Centre (“NLDC”) was established. The NLDC is responsible for monitoring the operations and grid security of the national grid and supervises the scheduling and despatch of electricity over inter-regional lines in coordination with the RLDCs. All bilateral transactions are undertaken through the RLDCs, while transactions facilitated by the power exchanges are undertaken by NLDC. Our wholly-owned subsidiary, Power System Operation Corporation Limited (“POSOCO”), was established in March 2009 to oversee the grid management function of the RLDCs and NLDC. POSOCO received a certificate of commencement of business in March 2010, and we are in the process of transferring the movable assets of our power system operations segment to it. During Fiscal 2010, approximately 52.37 billion units of inter-regional energy transfer were facilitated across the country as compared to approximately 46.03 billion units in Fiscal 2009. The fees generated from our RLDC and NLDC operations are determined by CERC, pursuant to the Electricity Act and CERC regulations, and is presently based on a cost-plus-tariff based system.

Leveraging on our strength as India’s principal power transmission company, we have diversified into the consultancy business. Since Fiscal 1995, our consultancy division has provided transmission-related consultancy services to over 115 clients in over 330 domestic and international projects. As at September 30, 2010, we were engaged in providing consultancy services to our clients in 75 domestic and international projects. In our consultancy role, we have facilitated the implementation of GoI-funded projects for the distribution of electricity to end-users through the RGGVY in rural areas and, until March 2009, the Accelerated Power Development and Reform Programme (“APDRP”) in urban and semi-urban areas.

We have also diversified into the telecommunications business since 2001, utilizing our nationwide transmission system to create an overhead fibre-optic telecommunication cable network using optical ground wire on power transmission lines. As at September 30, 2010, the network consisted of 20,733 kilometers and connected 129 Indian cities, including all major metropolitan areas. We believe we are one of the few providers of telecommunications infrastructure with a significant presence in remote and rural areas. The availability of our telecom backbone network has been consistently maintained at 99.9% during Fiscal 2010. We have been leasing bandwidth on this network to more than 70



customers, including Bharti Airtel, Bharat Sanchar Nigam Limited, National Informatics Centre, Dishnet Wireless Limited, and Tata Communications Limited.

We have received the following licenses to provide telecommunication infrastructure services: Infrastructure Provider Category - I to construct infrastructure assets such as dark fibre, right of way, duct space and towers, Internet Service Provider Category A licence to provide internet services and a National Long Distance license to provide end to end bandwidth services.

In Fiscal 2010 we generated a total income of ₹ 75,035.8 million and profit after tax of ₹ 20,409.4 million. In Fiscal 2010, our revenues from transmission and transmission-related activities constituted 92.3% of our total revenue from operations, with the balance coming from our consulting and telecommunication businesses and from short term open access. In the six months ended September 30, 2010, we generated a total income of ₹ 43,726.6 million and profit after tax of ₹ 13,545.8 million. Our revenues from our transmission and transmission related activities constituted 91.5% of our total revenue from operations for the six months ended September 30, 2010.

We are certified for PAS 99:2006, which integrates the requirements of ISO 9001:2008 for quality, ISO 14001:2004 for environment management and OHSAS 18001:2007 for health and safety management systems. We are also certified for Social Accountability Standard, SA 8000:2008 for all our operations.

We seek to operate our transmission system at high levels of efficiency. In Fiscal 2010, we maintained a system availability rate of 99.77%. According to Booz & Company's comparative benchmarking across global transmission companies, our Company was rated as one of the best in terms of system availability in Fiscal 2010. In the six months ended September 30, 2010, our system availability rate was 99.86%. We have had no major grid disturbances, meaning an interruption affecting an entire region or an inter-regional transmission system, in the last seven years.

The following table presents certain company-wide operating parameters for the periods indicated:

	Fiscal			For the six months ended September 30,
	2008	2009	2010	2010
Transmission Network (circuit kilometers)	66,809	71,437	75,289	79,556
Substations (number)	111	120	124	132
Transformation Capacity (MVA)	73,122	79,522	83,402	89,170
System Availability (%)	99.65%	99.55%	99.77%	99.86%

As at September 30, 2010, we operated a network of 79,556 circuit kilometers at 765 kV, 400 kV, 220 kV and 132 kV EHV AC and +/- 500 kV HVDC. Of this 60,197 circuit kilometers are 400 kV, 2,921 circuit kilometers are 765kV, 5,947 circuit kilometers are +/-500 kV HVDC and the balance run at lower levels. We are gradually increasing our network of 765 kV transmission lines with approximately 10,000 circuit kilometers and 20 substations under development.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Tariff norms

Under the Electricity Act, 2003, the GoI has the power to issue tariff policy. CERC formulates and notifies transmission tariff regulations, guided by the tariff policy and other provisions of the Act. CERC has issued regulations setting forth certain parameters for tariffs for existing and ongoing projects. Presently, the tariff norms notified by CERC are applicable for a period of five years with effect from April 1, 2009. Tariffs determined in relation to a particular project are based on capital



expenditures incurred or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred or projected to be incurred during the tariff period and will be subject to a truing up or reconciliation with actual capital expenditure incurred at the end of the current tariff block on March 31, 2014.

We are permitted to charge our customers within the parameters set forth in specific tariffs applicable to our network. Pursuant to the tariff regulations for Fiscal 2010-2014 (“**Fiscal 2010-2014 Regulations**”), CERC permits us to charge our customers transmission charges for the recovery of annual fixed cost (“**AFC**”). The AFC is set at a level which generally compensates us for the cost of each project and allows us to recover a pre-determined return on equity, interest on outstanding debt, compensation for operations and maintenance expenditure, depreciation and interest on working capital. In addition, tariffs allow us to recover the cost of hedging interest on and repayment of foreign currency loans or foreign exchange rate variations (“**FERV**”) for unhedged interest on and repayment of foreign currency loans on a normative basis wherever hedging has not been undertaken. We are also incentivised if the availability of our transmission network is above 98% in respect of alternating current systems, above 95% in respect of HVDC back-to-back stations and above 92% in respect of HVDC bi-pole links and we are penalised if the availability of our network is below the benchmark availability of 98%, 95% or 92%, respectively. For more details of on the tariff norms applicable to us, see “**Our Business — Tariff Mechanism**” on page 98.

The income from operations in our unconsolidated unaudited limited review financial statements for and as of the six months ended September 30, 2009 and the six months ended September 30, 2010 and the income from operations in our unconsolidated audited financial statements for Fiscal 2010 have been determined based on the Fiscal 2010-2014 Regulations. The income from operations in our unconsolidated audited financial statements for Fiscal 2009 have been determined based on the tariff regulations in place for Fiscal 2005-2009 (“**Fiscal 2005-2009 Regulations**”). The Fiscal 2010-2014 Regulations and the Fiscal 2005-2009 Regulations differ in certain material respects, which make it difficult to directly compare the year on year income from operations amounts. The most significant differences between the Fiscal 2010-2014 Regulations and the Fiscal 2005-2009 Regulations are described below:

- The Fiscal 2005-2009 Regulations allowed us to earn a return on equity of 14% on a post tax basis and to recover income tax on income from our core transmission business. The Fiscal 2010-2014 Regulations state that the return on equity shall be computed on a pre-tax basis, at the base rate of 15.5% to be grossed up by the normal tax rate as applicable for the respective year. In case of projects commissioned on or after April 1, 2009, an additional return on equity of 0.5% will be allowed if such projects are completed within the timeline specified under Fiscal 2010-2014 Regulations.
- The Fiscal 2010-2014 Regulations specify depreciation at 5.3% for the majority of our assets and all significant assets in the first 12 years of the life of the asset and thereafter recovery based on residual value over the residual life of the asset, in place of depreciation at 2.9% (for the majority of our assets and all significant assets) in the Fiscal 2005-2009 Regulations.
- The Fiscal 2010-2014 Regulations state that availability incentives are linked with monthly transmission charges instead of increases in the return on equity as set out in the in the Fiscal 2005-2009 Regulations.
- Under the Fiscal 2005-2009 Regulations, advance against depreciation (“**AAD**”) was a component of tariff that we were permitted to charge to cover shortfalls in respect of depreciation in a year on assets in order to cover our repayment of debts in respect of such assets. AAD was calculated assuming a 10-year loan repayment schedule. AAD was accounted for as an advance until the tenure of the loan. Subsequent to repayment of the loan,



AAD was transferred to income on a pro-rata basis for the remaining useful life of the asset. The definition of the useful life of the asset was governed by the Fiscal 2005-2009 Regulations. AAD is no longer part of the tariff regulations in effect for Fiscal 2010-2014 and depreciation rates applicable to the Company have been revised in the Fiscal 2010-2014 Regulations.

- The Fiscal 2005-09 Regulations allowed us to recover FERV on normative or actual foreign debts. Under the Fiscal 2010-14 Regulations, hedging of foreign currency exposure in part or full is allowed and the cost of hedging corresponding to normative foreign debt is recoverable. In respect of the unhedged portion of foreign currency exposure, FERV is pass through corresponding to normative foreign currency debt.
- Under the Fiscal 2005-09 Regulations, normative operational and maintenance expenses were calculated by reference to circuit kilometres for transmission lines and per bay for substations. Under the Fiscal 2010-14 Regulations, for AC transmission systems, normative operational and maintenance expenses is based on a rate per km corresponding to conductor configuration and number of circuits for transmission lines and per bay for substations (corresponding to different voltage levels). For HVDC systems, normative operational and maintenance expenses are calculated by reference to the numbers of HVDC back-to-back and bi-pole schemes.

Regulatory provisions enabled for the development of Transmission Systems

Subsequent to the implementation of the Fiscal 2010-2014 Regulations by CERC, the CERC has undertaken a number of regulatory initiatives in relation to power transmission in India. Changes in government policies, laws and regulations in India have a direct impact on our business and operations. See “*Regulations and Policies in India*” for a description of recent laws and regulations applicable to our industry in India.

Growth of the power sector

Our financial results and prospects are significantly affected by general economic conditions prevailing in India, and in particular by developments in the power sector. Demand for electric power transmission services is largely dependent on levels of demand for electric power, and on the ability of the electric power generation and distribution sectors to service that demand. The GoI has developed a national electricity policy, which aims at accelerating the development of the power sector to increase the amount of power generated. We are responsible for the physical expansion and technological modernization of the national grid of India. We enter into projects to extend our transmission infrastructure when there are new electricity generators being constructed that we will connect to our transmission system and we are paid a return on our equity after the commencement of service of a transmission project.

The GoI has adopted a system of successive Five Year Plans that set out targets for economic development in a number of sectors, including the power sector. Each successive Five Year Plan has had increased targets for the addition of power generation capacity. The Eleventh Plan calls for an increase of 62,374 MW during the period April 1, 2007 to March 31, 2012. (Ministry of Power, Annual Report 2009-2010).

Inter-regional power deficit

The inter-regional transmission capacity was developed over the Five Year Plan periods to promote the inter-regional power exchange business among players in different regions. The surplus and deficit regions are the main drivers of growth in inter-regional energy transfer. The Eastern and Northern region systems have a major share in the inter-regional transmission capacity. While the



Eastern region is abundant in coal, the Northern region has hydro resources and as a result these regions generate the most power and also meet maximum demand. During Fiscal 2010, approximately 52.4 billion units of inter regional energy transfer was facilitated across the country as compared to approximately 46.0 billion units in Fiscal 2009. With the strengthening of inter-regional connections by 2012, the inter-regional capacity is planned to grow to 27,950 MW. This shall facilitate transfer of power from surplus regions to deficit regions and drive demand for our transmission services.

Grid Management and Load Dispatch Function

A crucial aspect of the operation of an electric power system is the management of load despatch in real time with reliability and security on an economical basis. In Fiscal 2009, we established the National Load Despatch Center. The NLDC is responsible for monitoring the operations and grid security of the National Grid and supervises the scheduling and dispatch of electricity over inter-regional lines in coordination with the RLDCs. Our wholly-owned subsidiary, Power System Operation Corporation Limited, was established in March 2009 to oversee the grid management function of our operations. POSOCO received a certificate of commencement of business in March 2010, and we are in the process of transferring the movable assets of our power system operations segment it. Further, we modernised the five RLDCs and state load despatch centers and their communication networks, down to the level of individual substations.

Based on the declared capacity of interstate generating stations and the entitlements of states/beneficiaries, daily generation schedules are prepared. Deviations from these schedules by either generators or customers attract Unschedule Interchange (“UI”) charges. Under regulations notified by CERC, the RLCs maintain and operate a “Regional UI Pool Account” for settlement of UI payments. Generators or customers drawing above the generation schedules make payments into the Pool Account and the payments are distributed to generators or customers drawing below the generation schedules. The payments are made on a pro rata basis from the available balance in the Pool Account.

In certain circumstances, including in the case of unscheduled demand or unscheduled supply, there can be mismatches of demand and supply of electric power across our system. In such circumstances, the ISTS may be put under strain, and our Company, acting as the load despatch manager, may instruct generators to curtail their generation or load centers to refrain from drawing the power they are seeking to draw, notwithstanding their regular contract arrangements.

We earn fees and charges determined by CERC regulations. The fees and charges are paid by all interstate generating stations and sellers, distribution licensees, buyers and transmission licensees. The fees and charges are determined on a cost plus basis and include a component of a fixed return on equity, employee costs, other operating costs and finance charges. The NLDC charges are apportioned to the five RLDCs which in turn bill these charges to the users.

Availability of funding

We believe our strong financial position will help us finance our infrastructure expansion plans in the coming years. As at September 30, 2010 our debt-equity ratio was 2.1:1. Our domestic bonds have been given, since Fiscal 2001, the highest credit rating, AAA, by CRISIL (a Standard and Poor’s Company) and LAAA by ICRA (an associate of Moody’s Investor Services) and, since Fiscal 2008, CARE AAA by CARE. Our projects have been regularly funded by loans from the World Bank and the Asian Development Bank. A downgrading of any of our credit ratings may negatively affect our ability to obtain funds.

Rate of commissioning of projects and capitalization rate

Our projects typically require substantial capital outlays and time before the commencement of commercial operation. As per CERC regulations, we are paid a return on our equity in a project only



after the commencement of commercial operation of the project. In the event of a time overrun for a project in which we are investing, returns on our investment in that project will be postponed during the delay. In particular, if a new transmission project is linked to a new generation project, and the generation project is delayed, our return on our investment in the transmission project may be postponed, subject only to the receipt of limited indemnification amounts from the generator. Conversely, our failure to complete a transmission project that is linked with a generation project, according to the transmission project's agreed schedule, might require us to indemnify the generators up to certain limited amounts. As a result of any such delays or costs, our return on investment on the affected transmission project may be lower than originally expected. Under the Tariff Regulations, if we demonstrate to CERC that the transmission system is ready for regular service but is so prevented for reasons not attributable to our Company, our contractors or our suppliers, then CERC may approve a date of commencement of commercial operation prior to the transmission project coming into regular service. For example, by its order dated September 24, 2010, CERC approved a date of commercial operation for a part of our Kudunkulum transmission system in the Southern Region, prior to its entering regular service, due to the delay caused by the postponed commissioning of the associated Kudunkulum atomic power project.

CRITICAL ACCOUNTING POLICIES

Our financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable accounting standards in India.

Revenue Recognition

Transmission income is accounted for based on tariff orders notified by CERC. In case of transmission projects where tariff orders are yet to be notified, transmission income is accounted for as per tariff norms and other amendments notified by CERC in similar cases. In such cases, the difference, if any, is adjusted based on the issuance of final notification of tariff orders by CERC. Transmission income on account of additional capitalisation, if any, is accounted for on the basis of specific order by the CERC.

Advance Against Depreciation

AAD, forming part of the Fiscal 2005-2009 Regulations to facilitate repayment of loans, is reduced from transmission income and considered as deferred income to be included in transmission income in subsequent years. The outstanding deferred income in respect of AAD is recognised as transmission income, after 12 years from the end of the financial year in which the asset was commissioned, to the extent of the difference between the charge of depreciation and recovery of depreciation as a component of tariffs under the Fiscal 2010-2014 Regulations.

Depreciation

Depreciation on our transmission assets, which constitute most of our fixed assets, is charged on the straight line method. In general, depreciation is charged as per the rates as prescribed by CERC and not at the rates prescribed in the Companies Act. Recovery of depreciation up to 90% of capital costs, excluding the cost of freehold land (that is not depreciable), is allowed. In the initial period of 12 years from the date of commencement of commercial operation of the project, depreciation is recovered based on the rates as prescribed in the regulations, and thereafter, the remaining depreciable value is spread over the balance useful life of the assets.

Currently, the technical life of each depreciable asset class as prescribed by CERC is as follows:

- transmission lines – 35 years



- substations – 25 years

The ULDC assets other than assets identified to be transferred to our subsidiary Power System Operation Corporation are depreciated at 6.7% *per annum*, as permitted by CERC.

We depreciate the assets of our consultancy and telecom businesses on the straight line method as per rates specified in Schedule XIV of the Companies Act.

Where the cost of depreciable asset has undergone a change due to increase/decrease in long term liabilities on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation as specified by the CERC.

Capital expenditure on assets not owned by the Company is amortized over a period of four years from the year in which the first line/sub-station of the project comes into commercial operation and, thereafter, from the year in which the relevant assets are completed and become available for use.

Capital Work-in-Progress

The cost of materials consumed, erection charges and other expenses incurred for the implementation of projects are shown on the balance sheet as capital work-in-progress, pending capitalisation of the completed project.

Expenditures from our Corporate Office, regional offices and projects, attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets. Interest during construction and expenditure (net) allocated to construction are apportioned to capital work in progress on the closing balance of specific asset or part of asset being capitalised. The balance, if any, left after such capitalisation is kept as a separate item under the capital work in progress schedule

Transactions in Foreign Currency

Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of transaction. Foreign currency loans, deposits and liabilities are translated or converted with reference to the rates of exchange ruling on the date of the balance sheet.

Unfavourable FERV on foreign currency borrowings, to the extent it does not exceed the difference between the local currency borrowing cost and foreign currency borrowing cost, is treated as borrowing cost.

FERV (except the amount considered “borrowing cost” on foreign currency borrowings) arising on transactions contracted prior to April 1, 2004 is adjusted to carrying cost of capital work-in-progress/fixed assets in case of capital assets. For transactions contracted on or after April 1, 2004, the same is charged to the profit and loss account irrespective of whether the project is under construction or operation.

FERV (excluding FERV during construction period for the transaction contracted on or after April 1, 2004), accounted for as borrowing cost on foreign currency borrowing is recoverable/payable from the beneficiaries on an actual payment basis as per CERC norms with effect from April 1, 2004 or the date of commercial operation of the project which ever is later.

The above FERV to the extent recoverable or payable as per CERC norms is accounted for as follows:

- (a) FERV recoverable or payable is apportioned into (i) amount adjusted to carrying cost of fixed assets and (ii) amount recognised as income/expense in profit and loss account in the same



proportion in which FERV is apportioned between carrying cost of fixed assets and profit and loss account.

- (b) FERV recoverable/payable adjusted to carrying cost of fixed assets, as referred in (a) above is accounted for as 'deferred foreign currency fluctuation asset/liability account' with a corresponding credit/debit to 'deferred income/expenditure from foreign currency fluctuation account'.
- (c) FERV recoverable/payable adjusted in profit and loss referred in (a) above is accounted for as 'deferred foreign currency fluctuation asset/liability account with a corresponding credit/debit to the profit and loss account.
- (d) 'Deferred income/expenditure from foreign currency fluctuation account' is amortized in the proportion in which depreciation is charged on such FERV.
- (e) The amount recoverable/payable as per CERC norms on year to year basis is adjusted to the 'deferred foreign currency fluctuation asset/liability account' with corresponding credit/debit to the debtors.

FERV up to the date of commercial operation in respect of transactions contracted on or after April 1, 2004, is included in the capital cost for the purpose of tariff. Such FERV and transmission charges received thereon are accounted for as follows:

- (a) Such FERV is accounted for as 'Deferred foreign currency fluctuation asset/liability account' with a corresponding credit/debit to the profit and loss account.
- (b) The depreciation component of transmission charges (being 90% of such FERV) is adjusted against the 'deferred foreign currency fluctuation asset/liability account'.
- (c) The remaining 10% is adjusted against the transmission charges over the tenure of respective loan.

FERV in respect of current assets is taken to the profit and loss account.

Leased Assets – Unified Load Despatch Centre

State sector ULDC assets leased to the SEBs are considered as a finance lease. Net investment in such leased assets along with accretion in subsequent years is accounted for as lease receivables under loans and advances. Wherever grant in-aid is received for construction of state sector ULDC, lease receivable is accounted for net of such grant.

Finance income on leased assets are recognised based on a pattern reflecting a constant periodic rate of return on the net investment as per the tariff notified/to be notified by CERC.

FERV on foreign currency loans relating to leased assets is adjusted to the amount of lease receivables and is amortised over the remaining tenor of lease. FERV recovery (as per CERC norms) from the constituents is recognised net of such amortised amount.

No Consolidation

We have two subsidiaries, POSOCO and BTCL. Since the transactions of both the subsidiaries were not considered to be material, the accounts of the two subsidiaries have not been consolidated with our financial statements. BTCL was incorporated on March 23, 2006 to implement the Misa Byrnihat Transmission line by way of a joint venture with a third party. This transmission line was



subsequently developed by the Company on a consultancy basis. As such, BTCL was not doing any business and our Board has approved its winding up. The process of dissolution of BTCL is currently ongoing.

SUMMARY DESCRIPTION OF PROFIT AND LOSS ITEMS

Income

We divide our income into revenue from operations and other income.

Revenue from Operations

We divide our revenue from operations into revenue from transmission charges, income from the provision of short term open access, consultancy fees, project management and supervision fees and revenue from our telecommunication business.

Transmission Charges

Tariffs. We derive a major portion of our revenue from transmission charges for the recovery of our annual fixed cost (“AFC”). Under the current tariff norms, which are expected to apply through Fiscal 2014, we are permitted to charge for our transmission services at a level that provides us with a 15.5% return on equity and covers interest we owe on outstanding debt, depreciation, operation and maintenance expenditure and interest on working capital. For more details of on the tariff norms applicable to us, see “*Our Business — Tariff Mechanism*” on page 98.

The Tripartite Agreements. Most of our transmission income comes from the state power utilities that comprise our major customers. These utilities include SEBs and, in certain states, the entities that have been unbundled from those SEBs. Pursuant to the “One Time Settlement” in Fiscal 2003, the GoI, on behalf of the Central Sector Power Utilities (“CSPUs”), including our Company, executed Tripartite Agreements with the RBI and the respective state governments, in order to effectuate a settlement of overdue payments owed to the CSPUs by the SEBs, with provisions for incentives being payable by us for future timely payment payable up to Fiscal 2006. In addition, a similar settlement was entered into between the GoI and the government of national capital territory of Delhi. Under these agreements, the amounts overdue from the SEBs and outstanding to us as at September 30, 2001 were “securitized” through the issue of bonds by the SEBs with a face amount of ₹ 18,618.6 million, and through the conversion into a long-term advance of ₹ 1,542.5 million in respect of the Delhi utility, DVB. We are paid a tax-free interest on these bonds (and long term advance) at a rate of 8.5% per annum. The bonds are repayable in 20 equal six-monthly instalments starting from October 1, 2006 to April 1, 2016. The bonds are guaranteed as to payment of interest and principal by the GoI. We can sell 10% of these bonds in the open market every year with the prior permission of the RBI. As at September 30, 2010, the total amount due from such bonds was ₹ 10,761 million.

Under the Tripartite Agreements, each SEB (and, in the case of SEBs that have been unbundled, each of their successor entities) is required to establish and maintain a letter of credit in our favour with a commercial bank. The letter of credit is required to cover 105% of the preceding twelve months’ average monthly billing and is required to be updated twice every year. If the payments are not made within the stipulated time period or a letter of credit for the required amount is not in place, we have the right to regulate the power supply to the concerned SEB as per the provisions of the Tripartite Agreements and provisions set out by CERC. The SEBs are required to make its regular payments to us for transmission services either through the letter of credit or otherwise within 60 days after we raise an invoice. If payment is not made within 60 days, we have the right to reduce power supply. If payment is not made beyond 90 days the GoI is required to pay the outstanding amounts to us from the concerned state’s account balance with the RBI.



Short Term Open Access

One of the goals of the Electricity Act, 2003 is to provide electricity generators and users with open access to electric power transmission systems on a non-discriminatory basis, when capacity is available and such access will not disrupt network operation.

We charge for short term open access at rates notified by CERC under short term open access regulations which became effective from June 15, 2009 for bilateral, inter-regional and collective transactions. We retain 25% of the short term open access charge and pass on 75% of the charge to our long term customers in the form of rebate adjustments in their monthly bills. Our portion of revenue from the short term open access charge is accounted for as revenue from operations.

As RLDC and NLDC we also charge short term open access customers a separate fee for the scheduling of their access through the relevant load despatch centres. All bilateral transactions are undertaken through the RLDCs, while transactions facilitated by the power exchanges are undertaken by NLDC. These fees include application money and scheduling charges for each transaction and the total charges are dependant on the volume of transactions undertaken. We account for this fee as other income. For a more detailed discussion of short term open access, see “***Our Business – Open Access***” on page 104.

Revenue from Consultancy, Project Management and Supervision

We also earn revenue from consultancy (including for project management and supervision services) and from our telecommunication business. Our consultancy income mainly consists of fees from work under the RGGVY scheme, the execution of transmission- and communication system-related projects on a turnkey basis and technical consulting assignments for Indian state utilities and utilities in other countries.

Revenue from Telecommunications

Our revenue from our telecommunication business is mainly on account of leasing bandwidth of our fibre-optic lines.

Provisions Written Back

Provisions written back is the reversal of provisions created in prior years which were then necessitated due to doubtful loans, advances, and claims, unserviceable works, shortages in stores and spares, obsolescence/diminution in value of inventory items.

Other Income

Other income includes interest earned from bonds issued under the One Time Settlement, interest from banks and other financial institutions, profit on the sale of fixed assets, dividends on trade investments, deferred income derived from the amortization of certain grants, operational charges in respect of the scheduling of short term open access, lease income from the upgrade of unified load despatch and communication facilities (representing reimbursements to us for certain capital expenditures we made in respect of the state sector utilities, which are being made to us by the constituents of those regions on a finance lease basis), surcharges on late payment from customers, FERV gain and other miscellaneous income.

Expenditures

Employees’ Remuneration and Benefits



Employees' remuneration and benefits expenses include salaries and wages, incentives, allowances, benefits, contributions to provident and other funds and welfare expenses. Employee pay scales are determined by our Board based on guidelines provided by the Department of Public Enterprises. For our unionised employees, pay scales are decided by our Board as part of a negotiated settlement based on the DPE guidelines. For our non-unionised employees, pay scales are decided by our Board.

Pursuant to memoranda issued by the DPE on November 26, 2008 and April 2, 2009, the Company has implemented a pay revision effective from January 1, 2007 in respect of executives. The negotiation in respect of employees in the non-executive category, effective from January 1, 2007, is in the process of implementation. We have accounted for the same during the half year ended September 30, 2010. Further, pending finalization of pay revisions in respect of employees in the non-executive category, provisions of ₹ 602.4 million and ₹ 4028.9 million has been made for the half-year period from April 1, 2010 to September 30, 2010 and for the period from January 1, 2007 to September 30, 2010, respectively, on an estimated basis having regard to the guidelines issued by the DPE.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses consist primarily of costs of the repair and maintenance of buildings, plant and machinery and power charges. These items constitute approximately 50% of this overall expense category. Other items in this category include expenditures for travel, security, vehicle hire charges, insurance, CSR activities (from April 1, 2009), rent and rates and taxes on our properties.

Depreciation

We expense depreciation as per our accounting policy. See “***Critical Accounting Policies – Depreciation***” above.

Provisions

We maintain provisions in respect of doubtful debts, advances and shortages in stores. Such provisions are made on a yearly basis on an estimated basis and are based upon management's assessments of provisioning norms applicable to each item.

Interest and Finance Charges

Our interest charges consist principally of interest expense and other finance charges on bonds and term loans. Our borrowings are denominated in Rupees and foreign currencies, including the Japanese Yen, the U.S. Dollar, the Swedish Kronor and the Euro. Borrowing costs incurred during the construction period of a project are capitalised.

Deferred Revenue Expenditure (DRE) Written Off

A transmission system project is capitalised when it is ready for its intended use. Up to Fiscal 2003, whenever there had been a delay in the commencement of commercial operations of a new project mainly due to mismatch in the timing of the commissioning of a generation project vis-à-vis its associated transmission projects, the revenue expenditure (excluding interest charges) and depreciation incurred during the period of delay was treated as deferred revenue expenditure and amortised over a period of five years from the year commercial operation commenced. After the introduction of AS 26, which came into effect in Fiscal 2004, this policy was discontinued. However, unamortised amounts of DRE in all projects capitalized up to March 31, 2003 continue to be amortised during the balance period.



RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our unconsolidated revenues, expenditures and profits, including as a percentage of total revenues, for the periods indicated. Percentages may not tally due to rounding.

(₹ in million, except percentages)

	Fiscal 2009	% of Total Income	Fiscal 2010	% of Total Income	First Half of Fiscal 2010	% of Total Income	First Half of Fiscal 2011	% of Total Income
Income								
Revenue from operations	56,899.9	92.7	71,274.5	95.0	34,155.2	94.5	41,257.5	94.4
Provisions written back	0.4	0.0	2.1	0.0	0.0	0.0	376.1	0.9
Other income	4,486.9	7.3	3,759.2	5.0	1,997.1	5.5	2,093.0	4.8
Total Income	61,387.2	100.0	75,035.8	100.0	36,152.3	100.0	43,726.6	100.0
Expenditures								
Employees' remuneration and benefits	6,438.8	10.5	7,267.0	9.7	3,655.3	10.1	3,926.7	9.0
Transmission, administration and other expenses	4,116.1	6.7	5,074.3	6.8	2,007.9	5.6	2,611.9	6.0
Depreciation	10,939.7	17.8	19,796.9	26.4	10,488.6	29.0	10,455.1	23.9
Provisions	462.3	0.8	221.5	0.3	21.5	0.1	41.5	0.1
Interest and finance charges	16,422.7	26.8	15,432.4	20.6	7,688.6	21.3	8,090.5	18.5
Deferred revenue expenditure written off	18.3	0.0	17.8	0.0	9.2	0.0	8.9	-
Total Expenditures	38,397.9	62.6	47,809.9	63.7	23,871.1	66.0	25,134.6	57.5
Profit for the year before tax, prior period adjustments	22,989.3	37.4	27,225.9	36.3	12,281.2	34.0	18,592.0	42.5
Less: prior period expenditure/ (income) (net)	703.6	1.1	962.7	1.3	(6.1)	0.0	23.0	0.1
Profit Before Tax	22,285.7	36.3	26,263.2	35.0	12,287.3	34.0	18,569.0	42.5
Less: provision for taxation								
- current year	3,182.5	5.2	4,303.4	5.7	1,800.8	5.0	3,538.5	8.1
- earlier years	1,603.5	2.6	(84.3)	(0.1)	262.3	0.7	45.9	0.1
Fringe benefit tax								
- current year	146.2	0.2	-	-	-	-	-	-
- earlier year	(0.2)	0.0	(15.0)	0.0	(15.0)	0.0	-	-
Profit After Current Tax	17,353.7	28.3	22,059.1	29.4	10,239.2	28.3	14,984.6	34.3
Less: Provision for deferred tax liability								
- total deferred tax liability	7,184.9	11.7	2,250.2	3.0	3,900.9	10.8	1,493.8	3.4



	Fiscal 2009	% of Total Income	Fiscal 2010	% of Total Income	First Half of Fiscal 2010	% of Total Income	First Half of Fiscal 2011	% of Total Income
- less: recoverable from beneficiaries for arrears of earlier years	6,737.3	11.0	600.5	0.8	3,727.5	10.3	55.0	0.1
Profit After Tax	16,906.1	27.5	20,409.4	27.2	10,065.8	27.8	13,545.8	31.0

Comparison of the First Half of Fiscal 2011 to the First Half of Fiscal 2010

Our total income in the first half of Fiscal 2011 was ₹ 43,726.6 million, which represented an increase of 21.0% over our total income of ₹ 36,152.3 million in the first half of Fiscal 2010.

Income

Revenue from Operations

Our revenue was higher in the first half of Fiscal 2011 as compared to the first half of Fiscal 2010 mainly on account of the commissioning of new transmission assets worth ₹ 50,876.7 million, including the following major projects:

- Barh Transmission System, worth ₹ 30,400.6 million;
- Kudankulam Transmission Project worth ₹ 5,682.2 million; and
- System Strengthening Scheme V-NR worth ₹ 3,330.3 million.

In addition, an increase in consultancy revenue from ₹ 960.5 million in the first half of Fiscal 2010 to ₹ 1,519.5 million in the first half of Fiscal 2011 contributed to our higher revenues.

Provisions Written Back

Our provisions written back were ₹ 376.1 million in the first half of Fiscal 2011, as against nil in the first half of Fiscal 2010. Our provisions written back increased mainly because provisions of ₹ 344.6 million made in the first half of Fiscal 2009 relating to the doubtful recovery of Fringe Benefit Tax amounts was written back upon the recovery of these amounts.

Other Income

Our other income was ₹ 2,093.0 million in the first half of Fiscal 2011, an increase of 4.8% over our other income of ₹ 1,997.1 million in the first half of Fiscal 2010. Our other income increased mainly because of higher dividends received from investments in joint ventures in the first half of Fiscal 2011.

Expenditures

Our total expenditures were ₹ 25,134.6 million in the first half of Fiscal 2011, an increase of 5.3% over our total expenditures of ₹ 23,871.1 million in the first half of Fiscal 2010. Our total expenditures as a percentage of total income were 57.5% in the first half of Fiscal 2011 compared to 66.0% in the first half of Fiscal 2010.

Employees' Remuneration and Benefits

We had 9,717 employees on our payroll as at September 30, 2010, compared to 8,977 employees as at September 30, 2009. Employees' remuneration and other benefits increased by 7.4% to ₹ 3,926.7



million in the first half of Fiscal 2011 from ₹ 3,655.3 million in the first half of Fiscal 2010. The increase is due to an increase in the number of employees. The increase is also partially the result of the capitalisation of transmission assets worth ₹ 50,876.7 million in the first half of Fiscal 2011 because employee remuneration that was earlier capitalized during the construction of the project is treated as an operating expense subsequent to the commissioning of the project.

Transmission, Administration and Other Expenses

Transmission, administration and other expenses increased by 30.1% to ₹ 2,611.9 million in the first half of Fiscal 2011 from ₹ 2,007.9 million in the first half of Fiscal 2010. The increase is on account of the capitalisation of transmission assets worth ₹ 50,876.7 million in the first half of Fiscal 2011 as certain expenses are treated as an operating expense subsequent to the commissioning of the project. These expenses included power charges, security, hiring of vehicles and insurance, among others.

The increase was also the result of the impact of a change in accounting policies relating to the allocation of common expenses of our corporate office, regional offices and projects, common to operation and construction activities. These expenses were previously allocated to various diversified activities of our Company (transmission, telecom, consultancy and APDRP) in the ratio of the respective income/reimbursement of each activity and further allocated between revenue and Incidental Expenditure during Construction in the proportion of transmission charges and telecom income to annual capital outlay. These charges are now identified and allocated on systematic basis with retrospective effect from April 1, 2008, resulting in a greater amount being allocated to transmission, administration and other expenses in Fiscal 2010. These accounting policies were implemented in Fiscal 2010.

Depreciation

Our depreciation decreased by 0.3% to ₹ 10,455.1 million in the first half of Fiscal 2011 from ₹ 10,488.6 million in the first half of Fiscal 2010. This decrease was due to the fact that the Company utilised the depreciation rates contained in the Companies Act, 1956 for the first half of Fiscal 2010 as opposed to utilising the depreciation rates permitted by CERC pursuant to the Fiscal 2010-2014 Regulations for the first half of Fiscal 2011.

Provisions

Provisions increased to ₹ 41.5 million in the first half of Fiscal 2011 from ₹ 21.5 million in the first half of Fiscal 2010. Provisions were higher in the first half of Fiscal 2011 due to the creation of provision of ₹ 28.4 million in respect doubtful recovery of outstanding consultancy debts.

Interest and Finance Charges

Interest and finance charges increased by 5.2% to ₹ 8,090.5 million in the first half of Fiscal 2011 from ₹ 7,688.6 million in the first half of Fiscal 2010. The increase is mainly because of the funding costs associated with the commissioning of new transmission assets worth ₹ 50,876.7 million.

These charges include rebates to state power utilities amounting to ₹ 377.8 million on account of prompt payment and guarantee fees of ₹ 610.0 million payable to the GoI for providing guarantees to the lenders of our foreign currency loans.

Deferred Revenue Expenditure Written Off

Deferred revenue expenditure written off decreased by 3.3% to ₹ 8.9 million in the first half of Fiscal 2011 from ₹ 9.2 million in the first half of Fiscal 2010. This decrease was due to the fact that we



discontinued our DRE policy with effect from April 1, 2003, the date of applicability of AS 26. Only the unamortised amount as at March 31, 2003 is being amortised during the remaining period. It will continue to decrease from year to year.

Profit before Tax and Prior Period Adjustments

Our profit before tax in the first half of Fiscal 2011 was ₹ 18,592.0 million, an increase of 51.4% over our profit before tax of ₹ 12,281.2 million in the first half of Fiscal 2010.

Provision for Tax

In the first half of Fiscal 2011, we provided for ₹ 5,023.2 million of tax, compared to ₹ 2,221.5 million in the first half of Fiscal 2010. The increase was primarily due to the increase in our profit before tax. This figure was also affected by changes in the Minimum Alternate Tax rate from 16.995% in the first half of Fiscal 2010 to 19.93% in the first half of Fiscal 2011. The majority of the Minimum Alternate Tax we pay in respect of our transmission business is recovered from the grossing up of the return on equity component of transmission charges at the applicable MAT rate.

Prior period adjustments for the first half of Fiscal 2011 of ₹ 23.0 million were mainly on account of adjustments of ₹ 31.3 million made in respect of amortisation of depreciation for Fiscal 2010.

Profit after Tax

As a result of the foregoing the net profit after tax increased by 34.6% to ₹ 13,545.8 million in the first half of Fiscal 2011 from ₹ 10,065.8 million in the first half of Fiscal 2010. As a percentage of total income, net profit after tax increased to 31.0% in the first half of Fiscal 2011 from 27.8% in the first half of Fiscal 2010.

Comparison of Fiscal 2010 to Fiscal 2009

Our total income in Fiscal 2010 was ₹ 75,035.8 million, which represented an increase of 22.2% over our total income of ₹ 61,387.2 million in Fiscal 2009. In Fiscal 2010, transmission and transmission-related activities constituted 89.3% of our total income, with the balance coming from our consultancy, telecommunication businesses and other income.

Income

Revenue from Operations

Our revenues were higher in Fiscal 2010 as compared to Fiscal 2009 on account of revenue recognition as per new tariff norms implemented for the period Fiscal 2010-2014. In general, revenue increased due to higher rates of return on equity, higher depreciation rates and a revision of normative operation and maintenance charges. This increase was partly offset by changes in the manner in which incentives are determined and reductions in the working capital component of tariffs. Revenues were further affected by the full year impact of transmission assets worth ₹ 37,337.4 million commissioned during Fiscal 2009 and the commissioning of new transmission assets worth ₹ 36,098.3 million during Fiscal 2010, including major projects such as Sipat-II Supplementary, NLC-II, North-West Transmission Corridor, and Northern Region System Strengthening –V. Projects commissioned in Fiscal 2010 generated revenue from the respective date of commercial operation during the year.

Income from short term open access increased significantly from ₹ 414.2 million in Fiscal 2009 to ₹ 1,241.8 million in Fiscal 2010 due to increases in the volume of short term open access transactions. Further, a revision in the rate of transmission charges by CERC with effect from June 15, 2009 from



03 Paise/06 Paise/09 Paise per unit to 08 Paise/16 Paise/24 Paise per unit for (i) intra-region transmission transactions, (ii) adjacent region transmission transactions and (iii) transactions involving transmission through one or more regions, respectively; and an increase in the transmission charge rate for collective transactions through power exchanges from 03 Paise/Unit to 10 Paise/Unit for each point of injection and each point of withdrawal also led to an increase in short term open access income.

Income from consultancy, project management and supervision increased by 24.7% from ₹ 2,159.0 million in Fiscal 2009 to ₹ 2,691.7 million in Fiscal 2010 due to new consultancy assignments from clients such as Teesta Valley Power Transmission Limited, Dubai Electricity and Water Authority, North East Transmission Company Limited and Punjab State Electricity Board.

Income from telecommunications increased by 5.3% from ₹ 1,498.3 million in Fiscal 2009 to ₹ 1,577.2 million in Fiscal 2010 due to higher orders from existing customers leading to higher capacity utilisation.

Provisions Written Back

Our provisions written back were ₹ 2.1 million in Fiscal 2010, as against ₹ 0.4 million in Fiscal 2009. Our provisions written back increased mainly because of recovery of a doubtful insurance claim.

Other Income

Our other income was ₹ 3,759.2 million in Fiscal 2010, a decrease of 16.2% on our other income of ₹ 4,486.9 million in Fiscal 2009.

Our other income decreased mainly because of a decrease in interest income from investments in banks because in Fiscal 2009 we earned interest on unutilized IPO proceeds that were subsequently utilised in Fiscal 2010. There is decrease in interest income on tax free bonds on account of repayment of bonds and a decrease in lease income from State-sector ULDC upgrades. Under the financial lease between the Company and SEBs for these ULDC upgrades the principle amount will increase and the lease rentals will decrease each year.

Expenditures

Our total expenditures were ₹ 47,809.9 million in Fiscal 2010, an increase of 24.5% over our total expenditures of ₹ 38,397.9 million in Fiscal 2009. Our total expenditures as a percentage of total income were 63.7% in Fiscal 2010 compared to 62.6% in Fiscal 2009.

Employees' Remuneration and Benefits

We had 9,162 employees on our payroll as at March 31, 2010, compared to 8,214 employees as at March 31, 2009. Employees' remuneration and other benefits increased by 12.9% to ₹ 7,267.0 million in Fiscal 2010 from ₹ 6,438.8 million in Fiscal 2009. The increase is due to an increase in the number of employees, an increase in dearness allowance (that is linked to increases in inflation) and the impact of the implementation of pay revisions in respect of the executive category of employees, provisions for the implementation of pay revisions for the supervisors and workmen pending the implementation of their pay revision. The increase is also partially the result of the capitalisation of new transmission assets worth ₹ 36,098.3 million commissioned in Fiscal 2010 because employee remuneration is treated as an operating expense subsequent to the commissioning of the project.

Transmission, Administration and Other Expenses



Transmission, administration and other expenses increased by 23.3% to ₹ 5,074.3 million in Fiscal 2010 from ₹ 4,116.1 million in Fiscal 2009. The increase is on account of the capitalisation of new transmission assets worth ₹ 36,098.3 million commissioned in Fiscal 2010 as certain expenses that were earlier being capitalized during the construction of the project are treated as an operating expense subsequent to the commissioning of the project. The increase was also the result of the impact of a change in accounting policies relating to the allocation of common expenses of our corporate office, regional offices and projects, common to operation and construction activities. These expenses were previously allocated to various diversified activities of the company (transmission, telecom, consultancy and APDRP) in the ratio of the respective income/reimbursement of each activity and further allocated between revenue and Incidental Expenditure during Construction in the proportion of transmission charges and telecom income to annual capital outlay. These charges are now identified and allocated on systematic basis with retrospective effect from April 1, 2008, resulting in a greater amount being allocated to transmission, administration and other expenses in Fiscal 2010. These accounting policies were implemented in Fiscal 2010. For Fiscal 2009, the impact has been accounted for in prior period expenditure leading to an increase in prior period expenditure by ₹ 919.2 million in Fiscal 2010.

Depreciation

Our depreciation increased by 81.0% to ₹ 19,796.9 million in Fiscal 2010 from ₹ 10,939.7 million in Fiscal 2009. The increase was due in part to changes in depreciation rates under the Fiscal 2010-2014 Regulations, which specify depreciation at 5.3% for the majority of our assets and all significant assets in the first 12 years of the life of the asset and thereafter recovery based on the residual value over the residual life of the asset, in place of depreciation at 2.91% (for the majority of our assets and all significant assets) in the Fiscal 2005-2009 Regulations. In respect of existing projects, the balance depreciable value as at April 1, 2009 has been determined by deducting the cumulative depreciation charged up to March 31, 2009 from the gross depreciable value of the asset.

Depreciation was further impacted by the commissioning of new transmission assets worth ₹ 36,098.3 million in Fiscal 2010 and full-year impact in Fiscal 2010 of transmission assets worth ₹ 37,337.4 million which were commissioned during Fiscal 2009.

Provisions

Provisions decreased by 52.1% to ₹ 221.5 million in Fiscal 2010 from ₹ 462.3 million in Fiscal 2009. Provisions made in Fiscal 2010 mainly included ₹ 96.2 million for doubtful FERV recoverable in respect of RLDCs. The decrease was due to a provision included in Fiscal 2009 for doubtful recoverable fringe benefit tax amounting to ₹ 359.4 million, which was nil in Fiscal 2010.

Interest and Finance Charges

Interest and finance charges decreased by 6.0% from 16,422.7 million in Fiscal 2009 to ₹ 15,432.4 million in Fiscal 2010. The decrease is mainly because of the reduction of interest on foreign currency loans due to the decrease in LIBOR from 1.7% as at March 31, 2009 to 0.4% as at March 31, 2010. These charges also include rebates to state power utilities amounting to ₹ 776.8 million on account of prompt payment and guarantee fees of ₹ 658.8 million (net of transfers to Incidental Expenditure during Construction) payable to the GoI for guarantees to the lenders of our foreign currency loans.

Deferred Revenue Expenditure Written Off

Deferred revenue expenditure written off decreased by 2.7% to ₹ 17.8 million in Fiscal 2010 from ₹ 18.3 million in Fiscal 2009. This decrease was due to the fact that we discontinued our DRE policy



with effect from April 1, 2003, the date of applicability of AS 26. Only the unamortised amount as at March 31, 2003 is being amortised during the remaining period.

Profit before Tax and Prior Period Adjustments

Our profit before tax in Fiscal 2010 was ₹ 27,225.9 million, an increase of 18.4% over our profit before tax of ₹ 22,989.3 million in Fiscal 2009.

Provision for Tax and Prior Period Adjustments

We provided for ₹ 4,219.1 million of Minimum Alternate Tax, compared to ₹ 4,786.0 million in Fiscal 2009. The decrease, in spite of an increase in profit before tax, was primarily due to the fact that our MAT provision in Fiscal 2009 included ₹ 1,603.5 million on account of Minimum Alternate Tax for earlier years.

Further, provision for tax was impacted in Fiscal 2010 due to the abolition of Fringe Benefits Tax in India and the increase in Minimum Alternative Tax on book profits, which increased from 10% to 15%.

Provision for deferred tax is made in respect of temporary differences mainly on account of higher depreciation charges available under income tax provisions. Our total deferred tax liability in Fiscal 2010, decreased to ₹ 2,250.2 million compared to ₹ 7,184.9 million in Fiscal 2009. This was due to the fact that the Company began claiming a tax benefit under Section 80IA of the Income Tax Act from Fiscal 2010 and, as per AS 22, no deferred tax liability is provided for in respect of the temporary differences that reverse during the tax holiday period (which is the period for which the 80IA deduction is claimed). Deferred tax liability recoverable from beneficiaries decreased to ₹ 600.5 million as compared to ₹ 6,737.3 million in Fiscal 2009 since, under the Fiscal 2010-2014 Regulations deferred tax liability cannot be recovered from beneficiaries. The amount of ₹ 600.5 million recoverable from beneficiaries in Fiscal 2010 is in respect of arrears for the earlier years.

Prior period adjustments of ₹ 962.7 million was mainly on account of the impact from changes in our accounting policies relating to the allocation of ₹ 919.2 million in common expenses of our corporate office, regional offices and projects, common to operation and construction activities.

Profit after Tax and Prior Period Adjustments

As a result of the foregoing the net profit after tax increased by 20.7% to ₹ 20,409.4 million in Fiscal 2010 from ₹ 16,906.1 million in Fiscal 2009. As a percentage of total income, net profit after tax remained steady at 27.2% in Fiscal 2010 from 27.5% in Fiscal 2009.

LIQUIDITY AND CAPITAL RESOURCES

We depend on both internal and external sources of liquidity to provide working capital and to fund capital requirements. We have historically funded our capital expenditures with internally generated funds, grants and equity contributions by the Government and debt financing. We generally enter into long term borrowings in the form of privately placed domestic bonds in Rupees and loans in foreign currencies from multilateral agencies such as the World Bank and ADB. As at September 30, 2010, we had cash and cash equivalents of ₹ 35,611.6 million. As at September 30, 2010, we also had committed and undrawn credit facilities for capital requirements of approximately ₹ 360.1 million and committed and undrawn working capital facilities of approximately ₹ 3,000.0 million.

In the past, we have also received the support of the GoI in part through equity infusions.



Cash Flows

(₹ in million)

	Year ended March 31,		First Half of Fiscal 2011
	2009	2010	
Net cash from operating activities	65,906.4	66,191.7	33,780.7
Net cash (used in) investment activities	(91,567.5)	(96,608.6)	(48,011.4)
Net cash from (used in) financing activities	31,294.0	38,904.5	17,065.9
Cash and cash equivalents at the end of the year	24,288.8	32,776.4	35,611.6

Net Cash From (Used In) Operating Activities

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

Our net cash from operating activities for the six months ended September 30, 2010 was 33,780.7 million. Changes in assets and liabilities that had a current period cash flow impact included an increase in loans and advances, an increase in debtors and increases in provisions for current liabilities.

Our net cash from operating activities was ₹ 66,191.7 million in Fiscal 2010. The impact consisted mainly increase in operating profit before working capital changes to ₹ 60,095.4 million.

Our net cash from operating activities was ₹ 65,906.4 million in Fiscal 2009. The impact consisted mainly increase in operating profit before working capital changes to ₹ 57,468.2 million.

Net Cash From (Used in) Investment Activities

Our net cash used in investment activities was ₹ 48,011.4 million for the six months ended September 30, 2010. This reflected expenditure on fixed assets and capital work-in-progress as well as construction stores and advances paid to contractors for capital expenditure of ₹ 49,030.2 million and receipt of interest and dividend income of ₹ 947.2 million.

Our net cash used in investing activities was ₹ 96,608.6 million in Fiscal 2010. This reflected expenditures on fixed assets and capital work-in-progress as well as construction stores and advances paid to contractors for capital expenditure of ₹ 100,526.6 million, investments in joint ventures and subsidiaries of ₹ 470.6 million and receipt of interest on bonds/loans to state governments and dividend income of ₹ 1,407.8 million. This was offset by an increase in lease receivables of ₹ 1,114.5 million.

Our net cash used in investing activities was ₹ 91,567.5 million in Fiscal 2009. This reflected expenditures on fixed assets and capital work-in-progress as well as construction stores and advances paid to contractors for capital expenditure of ₹ 94,236.0 million, investments in joint ventures and subsidiaries of ₹ 395.0 million and receipt of interest on bonds/loans to state governments and dividend income of ₹ 1,525.3 million.

Net Cash From (Used in) Financing Activities

Our net cash from financing activities was ₹ 17,065.9 million from the six months ended September 30, 2010. We raised ₹ 37,869.5 million of new borrowings. These borrowings included principally



Rupee denominated bonds and foreign currency borrowings. We repaid ₹ 15,797.2 million of borrowings and paid interest of ₹ 5,006.4 million. In addition, net cash from financing activities was affected by the smaller amount of interest paid on loans due to adjustments made in respect of favorable exchange rate variations on our outstanding foreign currency loans.

In Fiscal 2010, our net cash flow from financing activities was ₹ 38,904.5 million. We raised ₹ 80,237.3 million of new borrowings, consisting principally of Rupee denominated bonds and foreign currency borrowings. In addition, short term loans of ₹ 12,500 million were also raised. We repaid ₹ 21,427.2 million of borrowings and paid interest and finance charges of ₹ 14,746.8 million. In Fiscal 2010, we paid dividends of ₹ 5,050.8 million comprising final dividends for Fiscal 2009, as well as an interim dividend for Fiscal 2010.

In Fiscal 2009, our net cash flow from financing activities was ₹ 31,294.0 million. We raised ₹ 57,171.0 million of new borrowings. These borrowings included principally Rupee denominated bonds and foreign currency borrowings. In addition, short term loans of ₹ 7,500 million were also raised. We repaid ₹ 21,778.9 million of borrowings and paid interest of ₹ 24,816.4 million. In Fiscal 2010, we paid dividends of ₹ 5,050.8 million comprising final dividend for Fiscal 2008 and an interim dividend for Fiscal 2009.

Capital Expenditures

Our capital expenditures are primarily for the installation of new transmission capacity and the expansion of existing capacity. Our capital expenditures in Fiscal 2010 and Fiscal 2009 were ₹ 106,170 million and ₹ 81,670 million, respectively. Our capital expenditure in the six months ended September 30, 2010 was ₹ 36,824.6 million.

Our capital expenditure budgets are subject to modification as a result of a variety of factors, including the availability of internal and external resources, changes to expansion plans and similar other factors.

Planned Capital Expenditure

Based on generation capacity targeted during the Eleventh Five Year Plan, we plan on capital expenditure of an aggregate amount up to ₹ 295,594.8 million for expansion in Fiscal 2011 and Fiscal 2012.

Return on Net Worth

The return on net worth that we are generally permitted on transmission assets on a pre-tax basis under our tariffs is at a base rate of 15.5% to be grossed up by the normal tax rate as applicable for the respective year. For projects commissioned on or after April 1, 2009, there is an additional return of 0.5% if the new projects are completed within the timeline specified in the Fiscal 2010-2014 Regulations.

Our actual return on net worth for Fiscal 2010 for our entire business was 12.8% as against 11.6% in Fiscal 2009. This is due to a number of reasons, firstly we have significant funds under capital work-in-progress, which do not earn return until the associated transmission projects commence operations. When there is a delay in the commencement of operations of a project, whether caused by us or caused by a delay in the generation project from which our transmission project is to draw power, the time during which no return on equity is earned increases. In addition, the SEB bonds that we hold under the One Time Settlement earn a maximum of 8.5% per annum. Further, some of our investments in joint ventures, may provide lesser returns. For these and other reasons, our actual returns on equity may vary from period to period.



Selected Balance Sheet Items

Fixed Assets

Our total fixed assets after depreciation were ₹ 311,284.4 million and ₹ 320,612.6 million, as at March 31, 2009 and 2010, respectively. Our fixed assets as at September 30, 2010, were ₹ 355,621.8 million. Our fixed assets consist of plant and machinery such as transmission lines, substations, HVDC and ULDC equipment and other transmission equipment; buildings; land; office equipment; fixtures; and motor vehicles. Fixed assets value increased by 3.0% in Fiscal 2010 as compared to Fiscal 2009. These increases are mainly due to the commissioning of new transmission assets.

Capital Work-in-Progress and Construction Stores and Advances

Our capital work-in-progress was ₹ 65,334.3 million and ₹ 102,423.7 million, as at March 31, 2009 and 2010, respectively. Our capital work-in-progress as at September 30, 2010, was ₹ 94,758.1 million. The cost of materials consumed, erection charges and other expenses incurred for the implementation of projects are shown in the balance sheet as capital work-in-progress, pending capitalization of the completed project. The change in this amount is due to the capitalization of a number of transmission projects on commissioning of these projects and due to undertaking of new transmission projects.

Construction stores and advances were ₹ 67,525.7 million and ₹ 101,798.1 million, as at March 31, 2009 and 2010, respectively. Our construction stores and advances as at September 30, 2010, were ₹ 112,997.1 million. These amounts represent our new as well as ongoing capital expenditure on transmission assets. The increases in these amounts are mainly due to the undertaking of new transmission projects.

Investments

Our investments mainly consist of bonds issued by the SEBs as part of the One Time Settlement. We have also invested (i) ₹ 120 million in equity shares of PTC India Limited, the power trading company, (ii) ₹ 2,293.2 million in Powerlinks Transmission Limited, the joint venture between us and The Tata Power Company Limited through which the Tala Transmission Project was constructed, (iii) ₹ 234.0 million in Torrent Power Grid Limited, (iv) ₹ 455.0 million in Jaypee Powergrid Limited, (v) ₹ 33.9 million in Parbati Koldam Transmission Company Limited, ₹ 100,000 in Teestavalley Power Transmission Limited, ₹ 231.0 million in North East Transmission Limited, (vi) ₹ 6.2 million in Energy Efficiency Services Limited, (vii) ₹ 8.8 million in National High Power Test Laboratory Limited, (viii) ₹ 500,000 in POSOCO, a subsidiary of our Company and (ix) ₹ 400,000 (after a diminution of ₹ 100,000) in BTCL. Our total investments were ₹ 14,532.2 million and ₹ 15,928.3 million as at March 31, 2010 and March 31, 2009, respectively. Our total investments were ₹ 14,851.2 million as at September 30, 2010.

Loans and Advances

Our total loans and advances were ₹ 28,279.9 million and ₹ 33,024.0 million, as at March 31, 2009 and 2010, respectively. Our total loans and advances as at September 30, 2010 were ₹ 28,389.1 million. Loans and advances include advances under the One Time Settlement amounting to ₹ 1,079.8 million in respect of DVB, a Delhi utility, loans to employees, lease receivables (representing certain capital expenditures we made in respect of the state sector ULDCs of all five regions, for which the constituents of those regions are reimbursing us on a finance lease basis), loans and advances to contractors, advance income tax, TDS and other deposits with tax authorities. The increase in loans



and advances from Fiscal 2009 to Fiscal 2010 was principally due to increases in amount recoverable from constituents on account of UI charges which are payable to certain other constituents.

Other Current Assets

Our other current assets were ₹ 13,849.2 million and ₹ 4,875.2 million, as at March 31, 2009 and 2010, respectively. Our other current assets as at September 30, 2010 were ₹ 4,741.3 million. Other current assets mainly include interest accrued on investments under the One Time Settlement and interest accrued on term deposits.

Other current assets decreased by 64.8% in Fiscal 2010 as compared to Fiscal 2009 due to decreases in deferred Foreign Currency Fluctuation Asset in other current assets in view of the appreciation of the Rupee against the US dollar.

Inventories

Inventories are valued at lower of the cost, determined on a weighted average basis, and net realizable value. The costs of inventories ₹ 2,975.7 million, and ₹ 3,449.0 million as at March 31, 2009 and 2010. Cost of inventories as at September 30, 2010 were ₹ 3,626.1 million. Our inventories consist of transmission line items such as tower parts, conductors, insulators and other items, and substation items such as transformers, circuit breakers, ICTs and other items. The cost of our inventories increased in Fiscal 2010 as compared with Fiscal 2009, on account of our continued expansion of the transmission network and capitalization of new projects.

Sundry Debtors

Sundry debtors consist principally of receivables relating to transmission services, and also receivables from consultancy services and telecom services. Our sundry debtor amounts as at March 31, 2009 and 2010 were ₹ 13,735.6 million and ₹ 22,148.6 million, respectively. Sundry debtors increased by 61.3% in Fiscal 2010 as compared to Fiscal 2009. The increase from Fiscal 2009 to Fiscal 2010 was mainly due to revenue recognition for existing projects as per new tariff norms notified by CERC and set out in the Fiscal 2010-2014 Regulations, whereas billings were provisionally raised as per tariff norms notified under the Fiscal 2005-2009 Regulations, leading to a ₹ 8,834.8 million increase in sundry debtors. The change was also due in part to time lags between the provision of transmission services on certain new projects in Fiscal 2009 and the formal notification by CERC of the tariffs relating to those projects in Fiscal 2010. We can recognize certain tariff components that are chargeable on a pass-through/recoverable basis as income, such as foreign exchange rate variations, without waiting for final tariff notifications.

Our sundry debtor amounts as at September 30, 2010 were ₹ 28,650.2 million. These debtors are unsecured except to the extent of ₹ 5,589.8 million in SEB billings that are covered by letters of credit pursuant to the One Time Settlement. Of the total sundry debtor amount, ₹ 18,676.8 million was as yet unbilled due to time lags between the provision of transmission services on certain new projects in and the formal notification by CERC of the tariffs relating to those projects and thus not yet secured by a letter of credit.

Indebtedness

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



The following table sets forth, by currency, our outstanding debt and the periods during which debt amounts mature or payment is otherwise due. Currency conversions are as at September 30, 2010:

(₹ in million)

Currency	September 30, 2010 – March 31,						Beyond 2014-15	Total
	2011	2011-12	2012-13	2013-14	2014-15			
Rupees	6,534.3	14,242.9	17,124.2	20,510.2	22,810.2	162,549.8	243,771.6	
US\$	2,083.5	5,303.2	6,011.4	7,619.2	8,679.1	79,410.3	109,106.7	
EUR	113.1	232.7	241.9	251.4	75.1	786.6	1,700.8	
SEK	89.3	178.6	178.6	178.6	178.6	357.2	1,160.9	
CHF	644.2	1,288.5	1,268.5	644.2	-	-	3,865.4	
JPY	49.5	99.1	99.1	99.1	99.1	1,189.0	1,634.9	

Secured Loans

Our secured loans as at March 31, 2009 and 2010, were ₹ 252,882.5 million and ₹ 313,457.8 million, respectively. Our secured loans as at September 30, 2010 were ₹ 336,568.7 million. Secured loans include amounts raised from the private placement of bonds, term loans from banks, loans from the International Bank for Reconstruction and Development, Asian Development Bank and Bank of India and others. Due to our increased investment in new projects during the last year, our borrowings have increased substantially.

Most of our secured loans have been secured by floating charges on the moveable and immovable properties of the Company.

The following table presents our secured debt as at September 30, 2010:

(₹ in million)

	Amount	% of total secured debt
Bonds denominated in Rupees	235,367.2	69.9
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency ⁽¹⁾	92,997.2	27.6
Denominated in Rupees	8,204.3	2.5
Other Loans and Advances	-	-
Total	336,568.7	100.0

⁽¹⁾ Loans guaranteed by the Government were ₹ 90,007.7 million.

Unsecured Loans

Our unsecured loans as at March 31, 2009 and 2010, respectively, were ₹ 31,771.8 million and ₹ 30,710.1 million. Our unsecured loans as at September 30, 2010 were ₹ 29,671.5 million. Unsecured loans mainly include loans from foreign financial institutions such as the European Development Bank, Kreditanstalt für Wiederaufbau in Germany and SEB Enskilda Bank in Scandinavia, World Bank and Asian Development Bank term loans from the Power Finance Corporation and short term loans from banks.

The following table presents our unsecured debt as at September 30, 2010:

(₹ in million)

	Amount	% of total unsecured debt
Bonds denominated in Rupees	-	-



	Amount	% of total unsecured debt
Other Loans and Advances From Banks and Financial Institutions:		
Denominated in Foreign Currency ⁽¹⁾	24,471.5	82.5
Denominated in Rupees	5,200.0	17.5
Total	29,671.5	100.0

⁽¹⁾ Loans guaranteed by the Government were ₹ 3,381.0 million.

Advance Against Depreciation

Advance against depreciation was a component of tariff that we were permitted to charge under the Fiscal 2005-2009 Regulations to cover shortfalls in respect of depreciation in a year on assets in order to cover our repayment of debts in respect of such assets. AAD was calculated assuming a 10-year loan repayment schedule. AAD was accounted for as an advance until the tenure of the loan. Subsequent to repayment of the loan, AAD was transferred to income on a pro-rata basis for the remaining useful life of the asset. Definition of useful life of the asset was governed by the Fiscal 2005-2009 Regulations.

AAD is no longer part of the tariff regulations in effect for Fiscal 2010-2014 and depreciation rates applicable to the Company have been revised in the Fiscal 2010-2014 Regulations. Due to this change of tariff norms, with effect from April 1, 2009, AAD has been taken to transmission income after 12 years from the year of commercial operation. The above income is recognised, being the lower of AAD outstanding and the difference between the depreciation charge in accounts and depreciation recovery through tariffs.

This change has resulted in an increase in transmission income and profit of ₹ 89.3 million for Fiscal 2010 and an increase in transmission income and profit of ₹ 19.5 million for the first half of Fiscal 2011. The increase for Fiscal 2010 was lower than that for the first half of Fiscal 2011 due to the difference in accounting policy.

Current Liabilities

Our current liabilities as at March 31, 2009 and 2010, respectively, were ₹ 61,233.7 million and ₹ 76,346.0 million. Our current liabilities as at September 30, 2010 were ₹ 78,828.7 million. Our current liabilities include sundry creditors, advances from customers, security deposits, retention money withheld by us, interest accrued but not yet due on loans and other liabilities.

Current liabilities were 24.7% higher at March 31, 2010 compared to March 31, 2009. The increase was partly due to liabilities to some of the beneficiaries on account of UI dues which have been accounted for on an accrual basis. Similar amounts have been accounted for as receivable from the beneficiaries and included under loans and advances. These fluctuations are also due to the commissioning of particular projects at different times of the year in different fiscal years. When projects are commissioned, the liabilities relating to them are capitalised. If commissioning occurs in the early part of a fiscal year, the related liabilities are usually paid before the end of the fiscal year. In fiscal years when current liabilities are higher, there tends to be more projects commissioned toward the end of the fiscal year, whose related liabilities have not been paid by the end of the fiscal year. Variations in the amounts of advances received under consultancy contracts also result in current liability fluctuations.

Contingent Liabilities

We had contingent liabilities in the following amounts, as disclosed in our unconsolidated, unaudited, limited review financial statements:



(₹ in million)

Particulars	As at September 30, 2010
Claim Against the company not acknowledged as debt⁽¹⁾	
Arbitration / Court Cases	20,272.3
Land / Crop/Tree Compensation cases	11,032.4
Others	1,668.8
Disputed Tax Demands-Income Tax	719.4
Disputed Tax Demands-Others	201.2
Continuity Bonds with Custom Authorities	9,830.9
Others	228.7
Total	43,953.7

⁽¹⁾ Refers to liabilities of the Company which is a possible obligation or a present obligation that probably will not require an outflow of resources.

Contractual Obligations and Commercial Commitments

As at September 30, 2010, our contractual obligations and commercial commitments consisted principally of the following, classified by maturity:

(₹ in million)

	As at September 30, 2010				
	Payment Due by Period				
	Total	Less than 1 year	1-3 years	3 -5 years	More than 5 years
Term Loans	125,873.0	4,552.6	18,547.6	19,688	82,482.4
Working Capital Loans	5,000.0	5,000.0	-	-	-

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances and payments) is ₹ 209,521 million as at March 31, 2010.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Exchange Rates

While our principal revenues are in Rupees, we have borrowed funds from outside India in foreign currencies, principally U.S. Dollars, Euros, Swiss Francs, Swedish Kroner and Japanese Yen. Principal and interest payments on these borrowings are denominated in the respective foreign currencies. As at September 30, 2010, we had ₹117,468.7 million equivalent of foreign currency borrowings outstanding.

Under the tariff regulations for Fiscal 2010-2014 in respect of our transmission business, we may recover the cost of hedging interest on and repayment of foreign currency loans and exchange rate fluctuations for unhedged interest on and repayment of foreign currency loans on a normative basis. If hedging of foreign exchange exposure is not undertaken, the extra rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year is permissible provided it is not attributable to its suppliers or contractors. In respect of our telecom business, losses from foreign exchange fluctuations are not “pass through/recoverable”. For our telecom business, we have taken a loan from the World Bank totalling US\$ 63.8 million, which has not been hedged.

Interest Rates

Under the current tariff regulations, interest costs are recoverable through our tariffs. To the extent we incur debt with variable interest rates, we may be exposed to increased/decreased interest costs which are also reimbursed/passed by/to our customers.



As at September 30, 2010, 67.5% of our long term borrowings are fixed interest rate borrowings. We currently do not undertake any hedging against interest rate fluctuation. We are subject to risks arising from changes in interest with respect to interest on working capital. Recovery of interest on working capital is based on norms fixed by CERC. If interest rates on working capital loans were to rise, we might be unable to recover a portion of the increase in interest costs through our tariffs.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2010 THAT MAY AFFECT THE FUTURE OF OUR OPERATIONS

Since September 30, 2010, the following significant events have occurred. We anticipate that these events will have an impact on the presentation of our financials and may have an impact of the financial condition and results of operations in future periods:

- Our wholly-owned subsidiary, Power System Operation Corporation Limited, was established in March 2009 to oversee the grid management function of our operations and commenced operations in March 2010. We are in the process of transferring the movable assets of our power system operations segment to our subsidiary and we anticipate that such transfer will be effective as of October 1, 2010. Once the transfer of these assets is complete, our Subsidiary will have material assets and will undertake material transactions.

As such, for Fiscal 2011 and going forward the Company will prepare consolidated financial statements, with the Company being treated as the accounting and legal parent and Power System Operation Corporation Limited being treated as the accounting and legal subsidiary. This means the future consolidated results of operations of the Company will comprise those of Power System Operation Corporation Limited along with the Company's interests in other subsidiary undertakings, associated undertakings and joint ventures.

- Our Company has completed the issuance of 8.84% (taxable) non-cumulative, non convertible secured redeemable bonds in the aggregate principal amount of ₹ 34,875.0 million on a private placement basis on October 21, 2010. The bonds are proposed to be listed on the Wholesale Debt Market of the NSE and have received a credit rating of 'AAA' grade by CRISIL, 'LAAA' by ICRA and 'AAA' by CARE. For details, see "*Financial Indebtedness*" on page 282.

ANALYSIS OF CERTAIN CHANGES

Unusual or infrequent events or transaction

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years.

Significant economic changes

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on page xiv. To our knowledge, except as we have described in this Red Herring Prospectus, there are no known factors which we expect to bring about significant economic changes.

Known trends or uncertainties



Our business has been affected, and we expect to continue to be affected, by the trends identified above in “**Factors Affecting our Results of Operations**” and the uncertainties described in “**Risk Factors**” on page xiv. To the best of our knowledge and belief, except as we have described in this Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future relationship between expenditure and revenues

Except as described in “**Risk Factors**”, “**Our Business**” and this section, to the best of our knowledge and belief there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Increase in our revenue

We anticipate commissioning additional transmission lines and substation facilities which will add to our capacity and to our ability to generate revenue. See “**Our Business**” on page 82.

Significant regulatory changes

Except as described in “**Regulations and Policies in India**” on page 118 there have been no significant regulatory changes that we expect could affect our income from continuing operations.

New products or business segments

We shall seek to explore other business opportunities, which allow us to leverage on our transmission business.

Seasonality of business

Our income is not subject to significant seasonality.

Dependence on few customers

As described above, we derive our revenues primarily from the transmission of power from generators to state electricity boards and other entities. These customers are few in number. See “**Risk Factors**” on page xiv.

Competitive conditions

We expect to face the competitive conditions described in “**Our Business – Competition**” and in “**Risk Factors**” on pages 116 and xiv, respectively.



FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of approximately ₹ 336,568.7 million and unsecured borrowings of approximately ₹ 29,671.5 million, as on September 30, 2010, together with a brief description of certain significant terms of such financing arrangements.

A. Domestic Secured Borrowings

The total outstanding amount with respect to our domestic secured borrowings (other than bonds issuances) is approximately ₹ 8,204.4 million, as on September 30, 2010. The details of these facilities are set forth below.

(₹ in million)						
S. No.	Name of lender	Facility	Amount Outstanding (as on September 30, 2010)	Interest Rate	Repayment Schedule	Security
1.	Indian Overseas Bank ¹	Term loan of ₹ 1,000.0 million through loan agreement dated February 11, 1999	300.0	Prime lending rate less 2.60% presently 9.78% <i>per annum</i> (as payable on quarterly basis)	Repayable in ten annual equal instalments commencing February 11, 2004	Floating charge on the fixed assets of our Company to the extent of 1.25 times of the outstanding loan
2.	Corporation Bank	Term loan of ₹ 1,000.0 million through agreement dated March 4, 1999	300.0	Prime lending rate less 2.00% presently 10.00% <i>per annum</i> (as payable on quarterly basis)	Repayable within 10 years in equal half yearly instalments of ₹ 50.0 million each after an initial moratorium of five years	Floating charge on all the fixed assets of our Company
3.	Punjab National Bank	Term loan of ₹ 2,000.0 million through agreement dated March 30, 1999	600.0	Prime lending rate less 2.10% presently 9.65% <i>per annum</i> (as payable on quarterly basis)	Repayable in 10 equal annual instalments of ₹ 200.0 million each commencing from March 30, 2004 until March 30, 2013	Floating charge on fixed assets of our Company to the extent of 1.25 times of the outstanding loan
4.	ICICI Bank Limited	Term loan of ₹ 1,500.0 million through agreement dated June 27, 2000	300.0	Fixed rate of 7.32% <i>per annum</i>	Repayable in 10 equal annual instalments after an initial moratorium period of three years	First charge/security interest on our movable assets and transmission lines/sub-stations, both present and future, subject to a

¹ Under the terms of the loan agreement dated February 11, 1999, prior written consent of the Indian Overseas Bank is required for any change in the capital structure of our Company. In this regard, we have obtained the requisite written consent from the Indian Overseas Bank by its letter dated October 12, 2010, for the change in our capital structure pursuant to the Issue.



S. No.	Name of lender	Facility	Amount Outstanding (as on September 30, 2010)	Interest Rate	Repayment Schedule	Security
						minimum coverage of 1.5 times.
5.	Punjab National Bank	Term loan of ₹ 3,000.0 million through agreement dated March 8, 2002	1,500.0	Prime lending rate less 2.15% presently 9.60% <i>per annum</i> (as payable on quarterly basis)	Repayable in 12 equal annual instalments of ₹ 250.0 million, commencing after a moratorium of three years	Floating charge on fixed assets of our Company to the extent of 1.1 times of the outstanding loan
6.	Oriental Bank of Commerce	Term loan of ₹ 2,500.0 million through agreement dated March 22, 2002	1,250.0	2.40% below the prime term lending rate presently 10.10% <i>per annum</i> (as payable on quarterly basis)	Repayable in 12 equal annual instalments commencing after a moratorium period of three years	Floating charge on the fixed assets of our Company to the extent of 1.1 times of the outstanding loan
7.	Life Insurance Corporation of India	Term loan of ₹ 8,849.7 million through agreement dated October 14, 2003	3,657.8	Fixed rate of 6.30% <i>per annum</i>	Repayable in 12 annual instalments commencing from March 31, 2004 as per amortization schedule	Floating charge on all the fixed assets of our Company, both present and future, subject to a minimum asset cover of 1.10 times of the outstanding loan
8.	Life Insurance Corporation of India	Term loan of ₹ 493.2 million through agreement dated August 31, 2007	296.6	Fixed rate of 10.00% <i>per annum</i>	Repayable in 10 annual instalments commencing from March 31, 2008 as per amortization schedule	Floating charge on the entire fixed assets of our Company, whether present or future, subject to a minimum asset cover of 1.1 times of the amount of the outstanding loan

Our financing arrangements contain various restrictive covenants, including an option entitling the lenders to recall the entire loan outstanding together with interest and other charges if (a) we default in payment of an instalment or interest, (b) we fail to create security for the loan within the period prescribed, (c) we contravene the terms of the loan agreement and (d) in such other circumstances as the lender may deem fit and proper. The loan agreements require our Company to furnish additional security in the event of inadequacy of the security cover provided. The lenders will have a right to review the rate of interest in specified intervals and in the event of a downgrade in rating from 'AAA' provided by CRISIL and ICRA, the lender will have a right to increase the interest rate by 25 basis points for each level below AAA. Further, the lenders reserve the right to recall the loan if the rating of our Company falls below investment grade, i.e., 'BBB' rating. Under the terms of certain loan agreements, our Company is required to remain public company with GoI shareholding being 51.0% at all times. Certain lenders have the liberty to stop making advances at any time on providing notice



and reasons for the same even though the term loan limit has not been fully availed of. Additionally, under certain of our loan agreements, we are required not to declare any dividends if there is a default under the respective loan agreement or unless our Company has paid all the dues to the lender up to the date of which the dividend is declared or paid or has made satisfactory provisions thereof. Further, under certain loan agreements, we would be in default of the agreement, if any of our lenders have recalled any of their loans. In such an event, the lender will have the rights, amongst other things, to immediately demand repayment the entire outstanding loan amount by our Company. Under the terms of certain financing arrangements, typically, our Company has undertaken not to do any of the following without the prior consent of the lenders/facility agent or guarantor, as may be applicable, including, *inter alia*:

- (i) for undertaking any restructuring of our Company;
- (ii) any prepayment of the principal amount of the loan, which may be granted conditionally without premium provided that 60 days notice is given to the lender;
- (iii) create any mortgage or charge on any of the secured property or assets; or
- (iv) assign or transfer all or any of its rights, benefits or obligations under the loan agreement.

B. Domestic Unsecured Borrowings

The total outstanding amount with respect to our domestic unsecured facilities is approximately ₹ 5,200.0 million as on September 30, 2010. The details of these facilities are set forth below.

(₹ in million)

S. No.	Name of lender	Facility	Amount Outstanding (as on September 30, 2010)	Interest Rate	Repayment Schedule
1.	PFC	Term loan of ₹ 1,000.0 million through memorandum of agreement dated March 29, 2001	200.0	Fixed rate of 9.5% <i>per annum</i>	Repayable in 40 equal quarterly instalments. The first instalment became due on October 15, 2002
2.	Bank of Baroda	Short-term loan of ₹ 5,000.0 million towards working capital requirements through sanction letter dated March 23, 2009	5,000.0	7.75% <i>per annum</i> , that is 4.75% below BPLR of 12.50%	Repayable after completion of a period of one year from the date of first drawl in March 2010

Under the memorandum of agreement with PFC, we are required to obtain the prior written consent of the lender before creating any security over all or any of our present or future revenues or assets in respect of any financial indebtedness in the future, save and except (a) future security interests to secure financial indebtedness denominated in Rupees, which is for working capital borrowings, (b) security interests to secure the issue of long term power bonds denominated in Rupees, and (c) security for foreign currency borrowings from multilateral agencies which are guaranteed by the GoI.

Additionally, under the memorandum of agreement with PFC, we are required to maintain certain financial covenants being the following: (a) the tangible net worth of our Company at all times should be above the specified levels for the year ended March 31, 2000, (b) the ratio of the total borrowings to net worth should be below 2.0, and (c) the ratio of EBITDA to interest expenses should at no time be less than 1.75. We are required to obtain the prior written consent of the lender, before undertaking any reduction in equity capital resulting in the reduction of our net worth below the level existing on March 31, 2000 on account of any restructuring. In addition, as per the terms of the memorandum of



agreement with PFC, the decision of PFC will be considered final and binding as to whether a breach of the terms of the agreement has been committed by our Company.

Further, under the loan agreement with PFC, our Company agreed not to transfer or abandon the execution of power evacuation project from the Tehri Hydroelectric project through the Tehri-Meerut 800 KV S/c lines for which the loan was availed of without the prior written consent of the lender. In the event that the project is required to be transferred or abandoned the entire outstanding amount will be paid to the lender prior to the transfer or abandonment.

C. Secured Foreign Currency Borrowings

The total outstanding amount with respect to our foreign currency secured borrowings is approximately ₹ 92,997.2 million as of September 30, 2010. The details of these facilities are set forth below.

(₹ in million)						
S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2010)	Interest Rate	Security
1.	International Bank for Reconstruction and Development (World Bank)	Facility of US\$ 350.0 million through agreement dated March 23, 1993.	Repayment in 30 semi annual instalments starting from December 1, 1998. There are also specified premia on prepayment.	3,427.2	Cost of qualified borrowings in preceding semester plus 0.50% presently 7.34%	Secured by equitable mortgage of the immoveable properties and hypothecation of moveable properties of the Vindhyachal and Rihand transmission system.
2.	International Bank for Reconstruction and Development (World Bank)	Facility of US\$ 450.0 million through agreement dated June 13, 2001.	Repayment in 30 semi annual instalments starting from December 15, 2006.	16,374.8	LIBOR base rate plus LIBOR total spread presently 0.93%	Secured by <i>pari passu</i> interest in the liens created on its assets as security for the debt.
3.	International Bank for Reconstruction and Development (World Bank)	Facility of US\$ 400.0 million through agreement dated May 2, 2006.	Repayment in 30 semi annual instalments starting from September 15, 2011.	17,938.6	LIBOR base rate plus LIBOR total spread presently 0.62 %	Secured by <i>pari passu</i> interest in the liens created on its assets as security for the debt.
4.	Asian Development Bank	Facility of US\$ 275.0 million through agreement dated July 18, 1996	Repayment in 32 semi annual instalments starting from June 1, 2000.	4,623.1	Rate of interest is as per ordinary operations loan regulations of ADB which is currently 4.14%	Secured by <i>pari passu</i> interest in the liens created on assets of our Company for the debt.
5.	Asian Development	Facility of US\$ 250.0	Repayment in 30 semi annual	9,567.2	Rate of interest is as per	Secured by <i>pari passu</i> interest in



S. No.	Lender	Facility	Repayment	Amount Outstanding (as on September 30, 2010)	Interest Rate	Security
	Bank	million through agreement dated December 4, 2000 and restated agreement dated July 17, 2002	instalments starting from June 15, 2006.		ordinary operations loan regulations of ADB which is currently 0.86613%	the liens created on assets of our Company for the debt.
6.	Asian Development Bank	Facility of US\$ 400.0 million through agreement dated November 3, 2005	Repayment in 30 semi annual instalments starting from January 15, 2010.	16,146.4	LIBOR + 0.6 % which is currently 0.85313%	Secured by <i>pari passu</i> interest in the liens created on assets of our Company for the debt.
7.	Bank of India, Cayman Islands	Facility of US\$ 100.0 million through agreement dated May 28, 1999	Repayment in 38 equal consecutive half-yearly instalments starting from June 10, 2004	2,989.5	LIBOR + 1.60% which is currently 2.30% (on weighted average basis of six different tranches under which the loan has been drawn)	Floating charge on immovable properties of our Company.
8.	International Bank for Reconstruction and Development (World Bank)	Facility of US\$ 600.0 million through agreement dated March 28, 2008.	Repayment in 30 semi annual instalments starting from November 15, 2013. There are also specified premia on prepayment.	21,930.4	The interest payable by our Company to IBRD for each Interest Period ² will be at a rate equal to LIBOR for the loan currency plus the Variable Spread ³ which is currently 0.66%	Secured by <i>pari passu</i> interest in the liens created on the assets as security for the debt.

Some of the salient features of the financing arrangements described above are as follows:

² 'Interest Period' is defined under the *General Conditions for Loans*, International Bank for Reconstruction and Development, dated July 1, 2005, to be the initial period from and including the date of the loan agreement but excluding the first payment date occurring thereafter, and after the initial period, each period from and including a payment date but excluding the next following payment date.

³ 'Variable Spread' is defined under the *General Conditions for Loans*, International Bank for Reconstruction and Development, dated July 1, 2005, to be, for each interest period: (1) the bank's standard variable spread for loans in effect at 12:01 a.m. Washington D.C. time, one calendar day prior to the date of the loan agreement; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) LIBOR, or other reference rates, for six month deposits, in respect of the bank's outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread, as reasonably determined by the bank and expressed as a percentage per annum.



- (i) The lender, on the happening of certain events, may suspend the right of our Company to make withdrawals or declare the principal of the loan then outstanding to be due and payable immediately together with interest thereon as well as commitment charges. These include, amongst others, the following circumstances:
 - (a) A change made in the Memorandum and Articles of Association, without the consent of the lender, which would materially and adversely affect the financial conditions or operations of our Company or its ability to perform any of its obligations under the agreement; and
 - (b) A subsidiary or any other entity will have been created or acquired or taken over by the borrower, if such creation, acquisition or taking over would materially and adversely affect the conduct of its business or its financial condition or the efficiency of its management and personnel or the carrying out of the project.
- (ii) We will be in default of the loan agreement, if the member in whose territory the project is to be executed has been suspended from membership, or has ceased to be a member of the lender.
- (iii) We will be in default of the loan agreement, if our Company or the GoI fails to perform their obligations under any of the loan agreements entered into by our Company with the lender.
- (iv) Our Company is required to promptly inform the lender in advance of any proposed changes in ownership or control of our Company or its assets or any transaction or arrangement likely to have such effect.
- (v) Our Company is required to maintain a debt equity ratio less than 4:1 and cannot without the permission of the lender, incur any debt as to make the debt equity greater than 4:1.
- (vi) There are certain restrictions on our Company entering generation and power trading operations without an agreement with the lender except under certain stipulated conditions.
- (vii) There are certain restrictions with respect to the composition of our Board, including the number of Directors appointed by the GoI and non-government appointments on our Board.
- (viii) Our Company is required to obtain the consent of the lender for creating any subsidiary.
- (ix) Our Company is required to maintain a self financing ratio of 20% or more of the annual average of our Company's capital expenditure incurred during the previous and following Fiscal and cannot without the prior permission of the lender exceed this ratio.
- (x) Our Company is obligated to, in the event our Company or our subsidiary create a lien on any of its assets as security for any debt, include an express covenant to the effect that such lien will ipso facto equally and rateably secure the payment of the principal, interest and other charges of the loan. Our Company is further obligated to grant to the lender proportionate lien if any statutory lien is created on any assets of our Company or its subsidiary.
- (xi) Except as the lender may otherwise agree, our Company will not incur any debt unless the net revenues of our Company for the fiscal year immediately preceding the date when it is proposed to incur the debt or for a later 12 month period prior to incurrence of the debt, whichever is greater, is at least 1.2 times the maximum debt service requirement of our Company for any succeeding fiscal year on all debt of our Company, including the debt to be incurred.



- (xii) Our Company is required to take steps to maintain its account receivables at a level not exceeding an amount equivalent to proceeds of its transmission and other regulated services for certain preceding months.
- (xiii) The lender may suspend, in whole or in part, the right of our Company to make withdrawals for the loans in certain events, including: (i) payment failure, (ii) performance failure, (iii) fraud and corruption, (iv) cross suspension, (v) extraordinary situation, (vi) event prior to effectiveness, (vii) misrepresentation, (viii) co-financing with respect to the project, (ix) assignment of obligations or disposition of assets, (x) suspension of membership of the Member Country, (xi) material adverse change in the condition of our Company or project implementing authority, (xii) ineligibility, and (xiii) additional adverse events.
- (xiv) The lender may cancel, in whole or in part, the right of our Company to make withdrawals for the remaining loans in certain events, including: (i) suspension, (ii) amounts not required, (iii) fraud and corruption, (iv) mis-procurement, (v) unwithdrawn loan balance after the relevant closing date, and (vi) cancellation of guarantee.
- (xv) The lender may accelerate the repayment of the loans availed of in certain events, including: (i) payment default, (ii) performance default, (iii) co-financing with respect to the project, (iv) assignment of obligations or disposition of assets, (v) material adverse change in the condition of our Company or project implementing authority, and (vi) additional adverse events.
- (xvi) The GoI has given a guarantee under the terms of certain guarantee agreements between the GoI, our Company and the lender, by which the GoI has given an unconditional guarantee, as primary obligor and not merely as a surety, towards the due and punctual payment of all loan payments payable by our Company pursuant to the loan agreement, and the punctual performance of all other obligations of our Company provided in the loan agreement.

D. Unsecured Foreign Currency Borrowings

The total outstanding amount with respect to our foreign currency unsecured borrowings is approximately ₹ 24,471.5 million as of September 30, 2010. The details of these facilities are set forth below.

(₹ in million)

S. No.	Lender	Facility	Repayment and rate of interest	Amount Outstanding (as on September 30, 2010)	Interest Rate
1.	The Overseas Economic Cooperation Fund	Facility of Japanese Yen 8,497.0 million through agreement dated February 25, 1997	41 semi annual instalments beginning February 20, 2007.	1,634.9	2.3% <i>per annum</i> on the principal disbursed and outstanding
2.	Credit National (now known as Natixis) acting on behalf of the French Government	Facility of Euros 26.3 million through agreement dated March 11, 1994	Semi annual instalments for each tranche starting September 30, 2004.	1,124.5	2% <i>per annum</i>
3.	European	Facility of Euros	Repayment in 26	621.6	5.75% <i>per annum</i>



S. No.	Lender	Facility	Repayment and rate of interest	Amount Outstanding (as on September 30, 2010)	Interest Rate
	Investment Bank	55.0 million through agreement dated December 17, 1993	semi annual instalments commencing on June 15, 2001		
4.	KfW, Germany	Facility of CHF 300.0 million (comprising CHF 248.4 and CHF 51.6) through agreements dated March 15, 2000	Repayment in 20 consecutive semi annual instalments starting from March 31, 2004	3,865.4	3.56% <i>per annum</i>
5.	Skandinaviska Enskilda Banken	Facility of SEK 345.0 million through an agreement dated September 26, 2002	24 semi-annual consecutive instalments commencing from September 15, 2005.	1,160.9	Our Company has an option to pay interest either for each interest period relating thereto at a floating rate to be STIBOR applicable to such advance, or at the agreed fixed rate applicable for the credit facility
6.	Asian Development Bank	Facility of US\$ 400.0 million through agreement dated March 28, 2008	Repayment in 40 semi annual installments commencing on May 15, 2013	3,922.6	LIBOR plus 0.60% less credit of 0.40% on the outstanding amount which is currently 0.54263%
7.	International Bank for Reconstruction and Development (World Bank)	Facility of US\$ 400.0 million through agreement dated January 27, 2009.	Repayment in 52 semi annual installments starting from February 1, 2013. There are also specified premia on prepayment.	11,059.2	The interest payable by our Company to IBRD for each Interest Period ⁴ will be at a rate equal to LIBOR for the loan currency plus the Variable Spread ⁵ which is currently 0.76%
8.	International Bank for Reconstruction and Development (World Bank)	Facility of US\$ 1,000.0 million through agreement dated October 13, 2009.	Repayment in 49 semi annual installments starting from January 15, 2015. There are also specified premia on prepayment.	724.8	The interest payable by our Company to IBRD for each Interest Period ⁶ will be at a rate equal to LIBOR for the loan currency plus the Variable Spread ⁷ which is currently

⁴ See footnote no. 2.

⁵ See footnote no. 3.

⁶ See footnote no. 2.

⁷ See footnote no. 3.



S. No.	Lender	Facility	Repayment and rate of interest	Amount Outstanding (as on September 30, 2010)	Interest Rate
					0.81%
9.	Asian Development Bank	Facility of US\$ 200.0 million through agreement dated March 27, 2009.	Repayment in 40 semi annual installments starting from August 1, 2014. There are also specified premia on prepayment.	357.6	LIBOR plus 0.60% less credit of 0.40% on the outstanding amount which is currently 0.59769%

Some of the salient features of the financing arrangements described above are as follows:

- (i) No further utilization of the loan might be required from the lender, and, further, that all sums regarding the loan due by our Company will be immediately payable at the first request made by the lender in the event of interruption, cancellation, partial or total termination of certain specified contract for supply of goods as envisaged in the loan agreement for any reason whatsoever.
- (ii) Our Company is obligated not to modify contracts, directly or indirectly, if, by reason of their regulations which apply to the lenders, such modification would make their commitments impossible to be fulfilled or would change the substance or form of their commitments.
- (iii) Prepayment subject to certain conditions and payment of compensation.
- (iv) Our Company is obligated, without prior written consent of the lender, not to sell, transfer, lease or otherwise dispose in whole or in part equipment or create any lien, pledge, mortgage or other encumbrance or security right on its revenues or the whole or any other part of its assets or property while any amount remains outstanding under this loan agreement.
- (v) Our Company will be in default of the loan agreement, if in the reasonable opinion of the lender, there is an alteration in the legal status, control, nature or scale of business of our Company, which is materially detrimental to the interest of the lender.
- (vi) Our Company will be in default of the loan agreement, if our Company is in default under any commercial loan agreement, guarantee or any other document related to borrowing of money.
- (vii) Our Company is obligated to ensure at all times that obligations hereunder constitute our unconditional general obligations ranking at least *pari passu* with all other unsecured obligations, present or future, of our Company.
- (viii) In the event of granting security to a third party, our Company is obligated to provide equivalent security, if so required by the bank, for the performance of its obligation under this contract.
- (ix) The lender is entitled to terminate the loan agreement and recall the loan amount if any event constituting an important reason under German law should occur, our Company makes default in payment under any commercial loan agreement, guarantee or any other documents related to borrowed money or any alteration in our Company's legal status, control, nature or scale of business.



The exchange rate at which the Foreign Currency Borrowing per US Dollar was converted into Indian Rupees was ₹ 45.44 as of September 30, 2010.

E. Secured Bonds

Our Company from time to time issues secured bonds on a private placement basis. The total amount outstanding in relation to bonds issued by our Company as on September 30, 2010 is approximately ₹ 235,367.3 million. The bonds are listed on the Wholesale Debt Market of the NSE and have received a credit rating of 'AAA' grade by CRISIL, 'LAAA' by ICRA and 'AAA' by CARE. As on September 30, 2010, bonds worth 30,702.95 million have been redeemed. The details of the outstanding bonds issued by our Company are set forth below:

(₹ in million)				
S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2010)	Security
1.	13.00% (taxable) non-cumulative, non convertible secured redeemable bonds in the nature of debentures of ₹ 1,000.0 million allotted on December 6, 1997	Redeemable in 10 equal annual instalments commencing from December 6, 2002	200.0	Equitable mortgage of immoveable properties and hypothecation of movable properties pertaining to transmission lines and sub-stations associated within Gandhar transmission system stage-I.
2.	10.35% (taxable) non-cumulative, non convertible secured redeemable bonds in the nature of debentures of ₹ 200.0 million allotted on April 27, 2000	Redeemable in 10 equal instalments commencing from April 27, 2005	80.0	Floating charge over the fixed assets of our Company
3.	12.25% (taxable) non-cumulative, non convertible secured redeemable bonds in the nature of debentures of ₹ 5,765.0 million allotted on August 22, 2000	Redeemable in 10 equal annual instalments commencing from August 22, 2002	1,153.0	Mortgage of immovable property, measuring 219,689 square meters at Ambheti of Mouje Ambheti, Taluka Kaprada in Valsad District in the State of Gujarat (" Gujarat Property "). <i>Pari-passu</i> charge by hypothecation of assets pertaining to transmission lines and sub-stations associated within Hissar-Jaipur, Bawana-Bhiwani, Hissar-Bawana, Nallagarh-Hissar, Adullapur-Bawana, ICT I and ICT II transmission systems
4.	10.90% (taxable) non-cumulative, non convertible secured redeemable bonds in the nature of debentures of ₹ 7,615.2 million allotted on June 21, 2001	Redeemable in 12 equal annual instalments commencing from June 21, 2004	3,173.0	Mortgage of Gujarat Property. <i>Pari-passu</i> charge by hypothecation of assets pertaining to transmission lines and sub-stations associated within CTP – I, Farakka and Chamera-Moga transmission systems
5.	9.80% (taxable) non-	Redeemable in 12	3,167.5	Mortgage of Gujarat Property.



S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2010)	Security
	cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 5,430.0 million allotted on December 7, 2001	equal annual instalments commencing from December 7, 2005		<i>Pari-passu</i> charge by hypothecation of assets pertaining to transmission lines and sub-stations associated within Anta Auriya, Moga-Bhiwani, Chamera-Kishanpur, Sasaram-Allahabad, Line In Line Out (“LILLO”) of Singrauli, Kanpur and Allahabad Sub-station
6.	9.70% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 1,845.0 million allotted on March 28, 2002	Redeemable in 12 equal annual instalments commencing from March 28, 2006.	1,076.3	Mortgage of Gujarat Property. <i>Pari-passu</i> charge by hypothecation of assets pertaining to transmission lines and sub-stations associated within Kayamkulam and Ramagundam Hyderabad transmission systems
7.	8.63% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 8,100.0 million allotted on July 31, 2002	Redeemable in 12 equal annual instalments commencing from July 31, 2006.	4,725.0	Mortgage of Gujarat Property. <i>Pari-passu</i> charge by hypothecation of assets pertaining to transmission lines and sub-stations associated within Kishanpur-Moga and Dulhasti transmission system
8.	6.10% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 6,990.0 million allotted on July 17, 2003	Redeemable in 12 equal annual instalments commencing from July 17, 2004.	2,912.5	Mortgage of Gujarat Property. Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
9.	6.68% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 9,000.0 million allotted on February 23, 2004	Redeemable in 12 equal annual instalments commencing from February 23, 2008.	6,750.0	Mortgage of Gujarat Property. Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
10.	7.10% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 7,500.0 million allotted on February 18, 2005	Redeemable in 10 equal annual instalments commencing from February 18, 2009.	6,000.0	Mortgage of Gujarat Property. Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount
11.	7.39% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 10,000.0 million	Redeemable in 10 equal annual instalments commencing from September 22, 2009.	8,000.0	Mortgage of Gujarat Property. Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount



S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2010)	Security
	allotted on September 22, 2005			
12.	8.15% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 9,990.0 million allotted on March 9, 2006.	Redeemable in 12 equal annual instalments commencing from March 9, 2010	9,157.5	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
13.	9.25% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 4,950.0 million allotted on July 24, 2006.	Redeemable in 12 equal annual instalments commencing from July 24, 2010.	4,537.5	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
14.	8.93% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 15,000.0 million allotted on September 7, 2006	Redeemable in 12 equal annual instalments commencing from September 7, 2010.	13,750.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
15.	8.73% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 5,100.0 million allotted on October 11, 2006	Redeemable in 12 equal annual instalments commencing from October 11, 2010	5,100.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
16.	8.68% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 6,900.0 million allotted on December 7, 2006.	Redeemable in 12 equal annual instalments commencing from December 7, 2010.	6,900.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.



S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2010)	Security
17.	9.25% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 3,075.0 million allotted on February 9, 2007	Redeemable in 12 equal annual instalments commencing from February 9, 2011.	3,075.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
18.	9.95% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 7,995.0 million allotted on March 26, 2007	Redeemable in 12 equal annual instalments commencing from March 26, 2011.	7,995.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
19.	10.10% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 10,650.0 million allotted on June 12, 2007	Redeemable in 12 equal annual instalments commencing from June 12, 2011.	10,650.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
20.	9.30% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 9,990.0 million allotted on March 7, 2008	Redeemable at par in 12 equal annual instalments commencing from March 7, 2012	9,990.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
21.	9.47% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 7,050.0 million allotted on March 31, 2008	Redeemable at par in 12 equal annual instalments commencing from March 31, 2012	7,050.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
22.	9.33% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 24,000.0 million allotted on December 15, 2008	Redeemable at par in 12 equal annual instalments commencing from December 15, 2012	24,000.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
23.	9.20% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 12,975.0 million	Redeemable at par in 12 equal annual instalments commencing from March 12, 2013	12,975.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.



S. No.	Nature of Bonds	Redemption	Amount Outstanding (as on September 30, 2010)	Security
	allotted on March 12, 2009			
24.	8.80% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 23,325.0 million allotted on September 29, 2009	Redeemable at par in 12 equal annual instalments commencing from September 29, 2013	23,325.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
25.	8.90% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 20,475.0 million allotted on February 25, 2010	Redeemable at par in 12 equal annual instalments commencing from February 25, 2014	20,475.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
26.	8.84% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 10,350.0 million allotted on March 29, 2010	Redeemable at par in 12 equal annual instalments commencing from March 29, 2014	10,350.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.
27.	8.64% (taxable) non-cumulative, non-convertible secured redeemable bonds in the nature of debentures of ₹ 28,800.0 million allotted on July 8, 2010	Redeemable at par in 12 equal annual instalments commencing from July 8, 2014	28,800.0	<i>Pari passu</i> charge over Gujarat Property Floating charge on the assets of our Company to the extent of 1.1 times of the outstanding amount.

The salient terms for the issuance of the bonds described above provide for the following:

- (i) Any indebtedness of our Company through issuance of bonds will become due prior to the stated maturity period of such bonds by reason of default of the terms of such issuance or any such indebtedness is not paid at their stated maturity.
- (ii) We are required to obtain prior approval of the appointed trustee before (a) pulling down or removing any building or structure (except temporary) on the mortgaged property, (b) declaring any dividend unless it has paid or made provision for the instalment of principal and interest payable on the bonds for that financial year and (c) selling or disposing of the mortgaged premises or create any charge or encumbrance on such premises.
- (iii) With respect to certain bond issues, we will be in default of the trustee agreement if any winding-up petition has been admitted against our Company by any court.
- (iv) We will be in default with respect to certain bond issues if we fail to keep the secured properties insured. However, our Company has a policy of creating a special reserve for



insuring the said assets as per the self insurance scheme of our Company and the insurance of assets is accordingly taken care of.

- (v) We are required to intimate the debenture trustees of the commencement of any proceedings directly affecting the mortgaged asset.
- (vi) In certain bond issuances, the debenture trustees have the right to appoint nominee director on our Board in the event of two consecutive defaults in payments of interest to bond holders, such directors not being liable to retire by rotation.
- (vii) The bond holders do not have similar rights available to equity shareholders.
- (viii) The debenture trustee may with the consent of the bond holders (representing not less than three-fourths in value of nominal amounts outstanding or by resolution) raise or borrow money on security of the mortgaged assets.

In addition, our Company has completed the issuance of 8.84% (taxable) non-cumulative, non convertible secured redeemable bonds in the aggregate principal amount of ₹ 34,875.0 million on a private placement basis on October 21, 2010. The bonds are proposed to be listed on the Wholesale Debt Market of the NSE and have received a credit rating of 'AAA' grade by CRISIL, 'LAAA' by ICRA and 'AAA' by CARE. The details of the outstanding bonds issued by our Company on October 21, 2010 are set forth below:

Nature of Bonds	Redemption	Amount Outstanding (as on the date of this Red Herring Prospectus)*	Security
8.84% (taxable) non-cumulative, non convertible secured redeemable bonds in the nature of debentures of ₹ 34,875.0 million allotted on October 21, 2010	Redeemable in 12 equal annual instalments commencing from October 21, 2014.	₹ 34,875.0 million	<i>Pari passu</i> charge over Gujarat Property to be created Floating charge to be created on the assets of our Company to the extent of 1.1 times of the outstanding amount.

* As certified by Ajay Agarwal & Co, Chartered Accountants by certificate dated October 21, 2010



STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on the Stock Exchanges with effect from October 5, 2007 with ISIN INE752E01010. As our Equity Shares are actively traded on the Stock Exchanges, our Company's stock market data have been given separately for BSE (**BSE Code: 532898**) and NSE (**NSE Code: POWERGRID**). There is no change in capital structure since the date of listing of shares of our Company i.e. October 5, 2007.

The high and low prices recorded on the Stock Exchanges for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Year ending March 31	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (₹) [#]
2008*	167.5	November 19, 2007	89,56,975	80	January 22, 2008	11,343,289	126.5
2009	108.5	May 5, 2008	1,573,013	51.8	October 27, 2008	1,918,949	88.4
2010	128.4	June 5, 2009	2,791,121	88.5	April 8, 2009	2,366,074	108.4

Source: www.bseindia.com

* From October 5, 2007 to March 31, 2008

[#] Average computed based on the number of trading days during the year

NSE

Year ending March 31	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (₹) [#]
2008*	167.5	November 19, 2007	22,903,160	79.0	January 22, 2008	33,050,094	126.5
2009	109.5	May 2, 2008	3,182,861	52	October 27, 2008	7,243,974	88.5
2010	130	May 20, 2009	6,021,350	89.5	April 8, 2009	9,499,978	108.4

Source: www.nseindia.com

* From October 5, 2007 to March 31, 2008

[#] Average computed based on the number of trading days during the year

The details relating to the high and low prices recorded on the Stock Exchanges for the six months preceding the date of filing of this Red Herring Prospectus, the volume of Equity Shares traded on the days the high and low prices were recorded, average price of our Equity Shares during each such month, the volume of Equity Shares traded during each month and the average number of Equity Shares traded during such trading days, are stated below:



BSE

Month	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (₹) [#]	Volume (no. of shares)	No. of Trading Days	Average no. of shares traded during trading days
September 2010	110.4	September 29, 2010	1,297,434	104.5	September 24, 2010	237,565	106.4	7,919,811	21	377,134
August 2010	110.8	August 31, 2010	782,857	98.5	August 5, 2010	156,245	102.9	10,136,866	22	460,767
July 2010	105.7	July 7, 2010	671,082	98	July 30, 2010	186,355	101.2	6,930,596	22	315,027
June 2010	120.2	June 16, 2010	112,162	101	June 25, 2010	121,380	103.1	4,018,301	22	182,650
May 2010	109.9	May 3, 2010	130,753	95	May 26, 2010	216,859	105.0	4,247,035	21	202,240
April 2010	114.5	April 27, 2010	826,559	106.3	April 1, 2010	150,902	109.2	8,256,416	20	412,821

Source: www.bseindia.com

[#] Average computed based on the number of trading days during the year

NSE

Month	High (₹)	Date of High	Volume on date of high (no. of shares)	Low (₹)	Date of Low	Volume on date of low (no. of shares)	Average price for the month (₹) [#]	Volume (no. of shares)	No. of Trading Days	Average no. of shares traded during trading days
September 2010	110.5	September 29, 2010	6,572,513	104.2	September 9, 2010	2,433,208	106.4	37,087,822	21	1,766,087
August 2010	110.8	August 31, 2010	4,079,072	98.5	August 5, 2010	848,645	102.9	42,127,284	22	1,914,877
July 2010	104.8	July 7, 2010	2,306,081	99.1	July 19, 2010	1,719,055	101.3	30,949,160	22	1,406,780
June 2010	106.2	June 4, 2010	411,056	100.9	June 25, 2010	940,975	103.1	18,735,974	22	851,635
May 2010	110.0	May 3, 2010	875,989	100.1	May 25, 2010	1,474,391	105.0	24,834,486	21	1,182,595
April 2010	120.5	April 28, 2010	5,059,017	106.5	April 19, 2010	1,123,397	109.4	36,700,531	20	1,835,027

Source: www.nseindia.com

[#] Average computed based on the number of trading days during the year

The closing price was ₹ 102 on BSE on July 5, 2010, the trading day immediately following the day on which Board of Directors of our company approved the Issue, subject to the approval of GoI. The closing price was ₹ 102.1 on NSE on July 5, 2010, the trading day immediately following the day on which Board of Directors of our company approved the Issue, subject to the approval of GoI.

The closing price was ₹ 101.1 on BSE on July 28, 2010, the trading day immediately following the day on which GoI approved the Issue. The closing price was ₹ 101.3 on NSE on July 28, 2010, the trading day immediately following the day on which the GoI approved the Issue.

The details relating to the weekly high, low and closing prices recorded on the Stock Exchanges during the immediate previous four weeks is as under:



BSE

Week Ending	Closing (₹)	High (₹)	Date of High	Low (₹)	Date of Low
September 24, 2010	105.55	107.0	21-Sep-10	104.45	24-Sep-10
October 1, 2010	108.3	110.4	29-Sep-10	105.2	27-Sep-10
October 8, 2010	109.45	113.8	6-Oct-10	107.7	4-Oct-10
October 15, 2010	106.65	111.9	11-Oct-10	105.8	15-Oct-10

Source: www.bseindia.com

NSE

Week Ending	Closing (₹)	High (₹)	Date of High	Low (₹)	Date of Low
September 24, 2010	105.55	107.0	21-Sep-10	104.45	24-Sep-10
October 1, 2010	108.5	110.45	29-Sep-10	105.3	27-Sep-10
October 8, 2010	109.5	113.65	6-Oct-10	107.85	4-Oct-10
October 15, 2010	106.75	111.75	11-Oct-10	105.7	15-Oct-10

Source: www.nseindia.com

Note: In the event the high and low price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.



SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries, our Directors and our Joint Ventures and there are no defaults, overdues to banks/financial institutions, defaults against banks/financial institutions, defaults in or dues payable to holders of any debentures, bonds and fixed deposits or arrears of preference shares issued by our Company, our Subsidiaries and our Joint Ventures, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and our Subsidiaries have no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Subsidiaries or Joint Ventures and Directors.

The amounts involved in the proceedings described below have been disclosed, to the extent such claims are ascertainable.

Contingent liabilities not provided for

We have certain contingent liabilities not provided for in the following amounts, as disclosed in our unconsolidated audited financial statements for Fiscals 2009 and 2010 and the unconsolidated, unaudited, limited review financial statements for the six months ended September 30, 2010. For more information, see “*Financial Statements - Annexure XX - Statement of Contingent Liabilities*” on page 238.

I. Litigation against our Company:

Except as described below there is no pending litigation against our Company.

1. Criminal Cases

There are seven criminal cases pending against our Company or in which our employees are involved in an official capacity. The details of these cases are set forth below.

- (i) The Labour Enforcement Officer (“LEO”) filed a criminal complaint (No. 34 of 2009) before the Chief Judicial Magistrate, Muzafferpur, against Mr. K.K. Agarwal, executive director, Patna and Mr. Ajit Kumar, in-charge, Powergrid Station, Muzafferpur (collectively referred to as “accused persons”) alleging breach of Rules 18(4), 74 and 81 (3) of the CLRA in relation to registration of the contract labour and non maintenance of the registers. The LEO had prayed for appropriate legal proceedings to be instituted against the accused persons along with imposition of fine.
- (ii) Our chief manager Mr. G.C. Dhal filed a First Information Report (“FIR”) dated April 26, 1999 in the Jaipatna police station for theft of certain materials from the campus of Indravati sub-station. The inquiry officer submitted a final report on December 17, 1999 before the Sub-Divisional Judicial Magistrate, Dharamgarh, mentioning that the case filed was false and prayed for an order to submit a prosecution report under section 211 of Code of Criminal Procedure, 1973, against Mr. Dhal for submitting a false report at the police station. The total claim against our Company is approximately ₹ 0.02 million.



- (iii) The Inspector, Private Security Guards Board, filed a criminal complaint (No. 4842 of 2007) under clause 42 of the Maharashtra Private Security Guards (Regulation of Employment Amendment) Scheme, 2005 (“**Scheme**”) before the Judicial Magistrate First Class, Thane, against deputy general managers Mr. S.J. Bhujade and Mr. O.H. Anand and our Company, alleging that our Company breached the Scheme by not registering with the Private Security Guards Board under the Scheme, and that our Company committed an offence under clause 131(c) of the Maharashtra Private Security Guards (Regulation of employment and welfare) Rules, 1981 read with section 3 of Maharashtra Private Security Guards Act, 1981 by employing private security guards without the consent of the Board of Directors. The Inspector, Private Security Guards Board, prayed for appropriate legal proceedings to be issued against the accused.
- (iv) Mr. Surindra Kumar filed a criminal complaint (No. 131 of 2005) dated March 2, 2005 against Mr. P.S. Saini, Chief Manager, Bihar Shariff and others before the Chief Judicial Magistrate, Nalanda, alleging that Mr. Kumar was attacked with an intention to cause bodily harm during the meeting with the Chief Manager. It was further alleged that his money and personal belongings were forcefully taken away. Mr. Kumar prayed for appropriate legal proceedings to be instituted against the accused under sections 323 and 379 of the Indian Penal Code, 1860 (“**IPC**”).
- (v) Mr. Sayed Imtyaj Ahsan filed a criminal complaint (No. 112 of 2006) dated March 30, 2006 against Mr. N.K. Sharma, chief manager, Barh, Bihar, before the Additional Chief Judicial Magistrate, Barh, alleging the cutting of trees on his land without prior consent. Mr. Ahsan prayed for appropriate legal proceedings to be instituted against Mr. Sharma under sections 147, 379, 448 and 504 of the IPC.
- (vi) The LEO filed a criminal complaint (No. 13 of 2009) dated October 13, 2009 before the Chief Judicial Magistrate, Bhabua, against Mr. M.C. Sahoo, deputy general manager, Pusauli, and Mr. K.K. Agarwal, executive director, Patna, (collectively referred to as “accused persons”) alleging breach of Rules 18 (1), (3) and (4) and 74 of the CLRA in relation to registration of the contract labour and non-maintenance of registers. The LEO prayed for appropriate legal proceedings to be instituted against the accused persons, with imposition of fine.
- (vii) The District Labour Officer (“**DLO**”), Bhubaneswar filed a criminal case (No. 306 of 1994) before the Sub-Divisional Judicial Magistrate, Bhubaneswar against our Company through the Deputy General Manager and others, alleging that our Company had violated section 17 A of the Industrial Disputes Act, 1947 (“**ID Act**”) by failing to implement the Labour Court’s order dated April 8, 1993 in case (No. 69 of 1992) to reinstate one of the workman with full back wages. The DLO had further prayed that our Company be tried and punished under section 29 of the ID Act. Our Company complied with the Labour Court’s order by paying the entire amount to the workman and also reinstating him.

2. Public Interest Litigation

There are five public interest litigation (“**PILs**”) proceedings, the details of which are set forth below. The total claim against our Company in these proceedings is not ascertainable.

- (i) Mr. Debesh Das filed a writ petition (No. 4437 of 2003) dated April 20, 2003 in the High Court of Orissa at Cuttack, against NTPC, the State of Odisha, Grid Corporation of Orissa Limited, our Company and others. NTPC by notice dated May 1, 2003 clarified that it would supply only 292 MW of power to Grid Corporation of Orissa



Limited out of its allocation of 630 MW due to the non-payment of dues by the latter. Mr. Das claimed that due to this regulation of NTPC, there would occur at least eight to 10 hours of power cut in the state of Odisha and that the decision to regulate power supply to Odisha was arbitrary and in violation of Article 14 of the Constitution of India and that the statutory rights of a bone fide electricity consumer of the state of Odisha would suffer. Further Mr. Das claimed that the accused must show cause as to why the decision by NTPC is not illegal and inoperative.

- (ii) The People's Monitoring Group on Electricity Regulation filed a writ petition (No. 14845 of 2008) dated December 4, 2008 in the High Court of Andhra Pradesh against the Government of Andhra Pradesh and Transmission Corporation of Andhra Pradesh ("AP Transco"), On-Line Media Solutions Limited ("OMSL"), our Company and others (collectively referred to as "respondents"). The respondents had proposed to form a joint venture company to effectively utilize the transmission and distribution infrastructure of the three parties. The Government of Andhra Pradesh allowed the formation of this joint venture company by government order dated October 18, 2007 and furnished bank guarantee amounting to ₹ 45.0 million. The petitioner had prayed for declaring the action of the Government of Andhra Pradesh in insisting that APTransco go ahead with the formation of the joint venture with OMSL by issuing a government order as unconstitutional and consequently declaring choosing a third joint venture partner for the optic fiber based information infrastructure project be done afresh after setting aside the government order and the letter of intent dated July 5, 2002 issued by APTransco. Further, the People's Monitoring Group had alleged that the award of the project has not been effectuated by APTransco and it was apprehended that the same shall not be awarded until the case has been decided. The People's Monitoring Group had also alleged that the abovementioned bank guarantee submitted by OMSL in relation to the joint venture was forged. The High Court by interim order dated November 10, 2008 directed that any bank guarantees provided by OMSL during the trial will be subject to the result of the decision made in the abovementioned writ petition.
- (iii) Mr. Anil Kumar filed a writ petition (No. 602 of 2008) in the High Court of Chhattisgarh against the Government of Chhattisgarh, the Chhattisgarh Pollution Control Board, South Eastern Coalfield Limited, GoI, our Company and others. Mr. Kumar alleged that the thermal power plant of Jindal Steel and Power Limited was disposing of hazardous wastes in open places and causing ecological degradation and that the accused, including our Company, acted in violation of the Hazardous Waste Management and Handling Amendment Rules, 2003 and the EPA.
- (iv) The Western Ghats Environment Forum filed a writ petition (No. 9333 of 2009) in the High Court of Karnataka at Bangalore against the GoI, State of Karnataka, Karnataka Power Corporation, Swarna Energy Limited, our Company and others. The Western Ghats Environment Forum alleged that power projects in the Western Ghats in North Kanara district of Karnataka are endangering the fragile eco-system and bio-diversity of the region and prayed, among other things, that our Company be restrained from drawing transmission lines across the Western Ghats in the northern Kanara district in the future.
- (v) The Vanasuma Foundation filed a writ petition (No. 10235 of 2006) in the High Court of Karnataka at Bangalore against the GoI, State of Karnataka and our Company alleging that transmission lines of our Company were detrimental to the big banyan tree in the vicinity, which is of historical value and that construction for laying the 400 KVA extra high tension wires is endangering the environmental and ecological balance around Ramohalli region. The Vanasuma Foundation prayed for an



appropriate writ directing our Company to lay the transmission lines such that a minimum distance of one kilometer is maintained from the tree.

3. Environmental Litigation

We are required to make interim applications under writ petition (No. 202 of 1995) for erection of transmission lines in areas designated as sanctuaries or national parks. In addition to these interim applications filed by our Company in the ordinary course of our business, there are two cases relating to environmental matters currently pending against our Company. The total claim against our Company in these cases is not ascertainable.

- (i) Mr. Jaya Prakash Dabral filed an interlocutory application (No. 819-821 of 2002) in the civil writ petition (No. 202 of 1995) in the Supreme Court of India (the “**Supreme Court**”) alleging that our Company did not adopt the scientific system of route selection for setting up the transmission system from Tehri to Mator, resulting in environmental damage and that our Company violated MoEF guidelines framed under the Forest Conservation Act, 1980 in laying transmission lines. Mr. Dabral prayed for a direction to our Company to re-align the route of power transmission lines between Tehri and Rishikesh and to lay the transmission lines as per up to date technology to reduce environmental damage.
- (ii) Mr. Ram Avtaar filed a civil suit (No. 152 of 1998) in the Civil Court challenging the sale of land by the gram panchayat to the forest department. Our Company was made a party to these proceeding since we have paid consideration for the disputed sale in lieu of compensatory afforestation. Our Company had contended that the abovementioned land was a common grazing ground and belonged to the gram panchayat which had rightly sold the land. The Civil Court passed an order dated June 9, 2005 in favour of Mr. Avtaar. Our Company filed a civil appeal (No. 35 of 2005) before the District Judge, Narnaul, who by order dated November 30, 2009 dismissed the appeal. Our Company filed a regular second appeal dated February 24, 2010 in the High Court of Punjab and Haryana.

4. Claims/Notices from Statutory Authorities

- (i) The District Collector, Jalore by letter dated June 4, 2007 has demanded our Company to deposit a sum of ₹ 7.6 million for the allotment of land to establish our 400/200 KV Bhinmal sub-station. Our Company filed a reply dated April 22, 2010 stating that the nature of the land allotted is agricultural barani doyam land and therefore the demand for the sum of ₹ 7.6 million computed in terms of commercial land is arbitrary.

5. Taxation Disputes

Income Tax Cases

There are disputes relating to income tax assessments of fiscal 2001, 2002, 2003, 2004, 2005 and 2006, where the total initial claim against our Company is approximately ₹ 603.9 million. These disputes primarily pertain to the issues set forth below.

- (a) **Advanced Against Depreciation (“AAD”)**: The IT Department held that AAD is a part of tariff and was provided in the tariff policy to help the assessee in meeting long term repayment obligations. The effect of this provision is that tariff charges are increased to augment revenue for facilitating the loan payment. On this basis, the IT Department held that AAD is a revenue receipt and not a refundable advance.



Therefore, AAD does not constitute a liability that may be refunded. Hence, the receipt of the assessee cannot be reduced on account of tariff relating to AAD. Accordingly, the IT Department made additions to the income of our Company to the extent of the AAD claimed by our Company for the purpose of income tax assessment. However, our Company has paid the income tax to the IT Department and billed the same as tariff. As such there is no financial implication on our Company.

- (b) **Prior Period Expenses (“PPE”)**: The IT Department disallowed expenditure incurred in prior periods on the ground that as per the Companies Act, the profit and loss account has to reflect the expenses incurred only in the relevant fiscal. Accordingly, the IT Department made additions to the income of our Company to the extent of the expenditure claimed by our Company which was incurred in previous years.
- (c) **Disallowance of expenditure for earning tax free income**: From fiscal 2002 to 2006, the IT Department disallowed expenditure for earning tax free income under section 14A of the Income Tax Act, 1961 (“**I. T. Act**”). On appeal by our Company before the Commissioner of Income Tax (Appeals), New Delhi (“**CIT(A)**”), the addition of tax liability made by the assessing officer was deleted. The IT Department has moved an appeal before the Income Tax Appellate Tribunal, New Delhi (“**ITAT**”) against the order of the CIT(A).

The status of the disputes for various fiscals is set forth below.

- (i) Fiscal 2001:

The IT Department disallowed prior period expenses and bond issue expenses in the normal assessment amounting to ₹ 336.1 million. The effect of the assessment order is to reduce the carry forward loss of the Company to the extent of ₹ 336.1 million. There is no tax implication on our Company on account of reduction in the carry forward loss. Our Company filed an appeal before the CIT(A). The CIT(A) by order dated August 13, 2004 partly allowed the appeal by allowing our Company to carry forward loss to the extent of ₹ 293.0 million. Therefore the tax liability on our Company amounts to ₹ 3.3 million. Our Company filed an appeal before the ITAT for carrying forward the remaining losses. The ITAT by order dated March 27, 2009 remanded the case to the assessing authority to re-decide the issue relating to the prior period expenses and bond issue expenses has already been claimed in five equal instalments during the remaining period.

- (ii) Fiscal 2002:

The IT Department imposed a total tax liability of ₹ 186.1 million on the Company, which we paid and billed as tariff. Our Company filed an appeal against the Assessment Order before the CIT(A). The CIT(A) dismissed the appeal by an order dated March 17, 2006 against which our Company filed a further appeal before the ITAT. The ITAT by order dated March 27, 2009 imposed this tax liability on the Company. Our Company filed an appeal dated August 25, 2009 in the High Court of Delhi.

- (iii) Fiscal 2003:

The IT Department imposed a total tax liability of ₹ 67.3 million on the Company, which we paid and billed as tariff. Our Company filed an appeal before the CIT(A).



The CIT(A) partly allowed the appeal and reduced our tax liability to ₹ 58.3 million by an order dated September 8, 2006, against which our Company filed an appeal before the ITAT. The ITAT by order dated March 27, 2009 imposed this tax liability on the Company. Our Company filed an appeal dated August 25, 2009 in the High Court of Delhi.

(iv) Fiscal 2004:

The IT Department imposed a total tax liability of ₹ 237.7 million on the Company. A refund of ₹ 180.0 million was adjusted against this amount under protest and the balance amount was paid by our Company. Our Company filed an appeal against the Assessment Order before the CIT(A). The CIT(A) by order dated March 14, 2007 partly allowed the appeal and reduced our tax liability from ₹ 237.7 million to ₹ 162.3 million against which our Company filed an appeal before the ITAT. The ITAT by order dated March 27, 2009 affirmed the order of the CIT dated March 14, 2007. Our Company filed an appeal dated August 25, 2009 in the High Court of Delhi.

(v) Fiscal 2005:

The IT Department imposed a total tax liability of ₹ 169.0 million by order dated December 28, 2007 under section 143(3) of the I. T. Act disallowed reduction of AAD, post-period expenses, post retirement medical benefit and proportionate expenses on exempt income from the book profits. Our Company filed an appeal (No. 59/CIT(A)XVII/Del/07-08) before the CIT(A). The CIT(A) by order dated January 8, 2009 partly allowed the appeal and reduced our tax liability from 190.50 million to 169.00 million. Our Company has filed an appeal (No. 812/Del/2009) dated February 23, 2009 before the ITAT.

(vi) Fiscal 2006:

The IT Department by order dated December 29, 2008 under section 143(3) of the I. T. Act disallowed reduction of AAD, post-period expenses, post retirement medical benefit and proportionate expenses on exempt income from the book profits. The effect of this will be a tax liability of ₹ 24.9 million on our Company. Our Company filed an appeal (No. 120/CIT(A)XVII/Del/08-09) before the CIT(A). The CIT(A) by order dated May 8, 2009 partly allowed the appeal and reduced ₹ 1,057.1 million from the taxable income of our Company. Our Company filed an appeal (No. 3553/Del/2009) before the ITAT.

- (vii) (a) The Power Transmission Employees and Workers' Union and others filed a writ petition in the High Court of Calcutta (No. 5642 of 2002) against the Union of India and others including our CMD, Directors and other officers for a declaration that the 22nd amendment to the Income Tax Rules, 2001 is ultra vires to section 17 (2) of the I. T. Act, and praying for the issuance of a writ of mandamus directing our Company to withdraw its circular of December 21, 2001 that is analogous to the amendment regarding deduction of tax on perquisites provided by our Company. The petitioners prayed for a direction to refund the deducted sum to the employees as it is not a concession and hence not liable to tax. The High Court passed an interim order on March 27, 2002 to keep the amount if deducted in a separate account.
- (b) The Power Transmission Employees and Workers' Union and others also filed a writ petition in the High Court of Calcutta (No. 20339 of 2007) against the Union of India and others including our CMD, Directors and other officers for a



declaration that the explanation introduced by the Finance Act, 2007 under section 17(2)(ii) of the I. T. Act is ultra vires and violative of Article 14, 246(1) and 300(A) of the Constitution of India and Rule 3 of the I.T. Rules and praying for the issuance of a writ of mandamus directing our Company to not enforce and implement these provisions. Further, the High Court by its order dated May 24, 2002 directed the respondents to file an affidavit in opposition and the aforesaid order dated March 27, 2002 to continue until further orders. The High Court by its order dated September 26, 2007 directed our Company to refund the amount kept in the separate bank account from Fiscal 2002 under the order dated March 27, 2002 in the writ petition (No. 5642 of 2002).

Service Tax Cases:

There are seven service tax cases pending against the Company in various forums. The total claim against our Company is approximately ₹ 909.3 million, with interest. The details of the material cases and claims made against our Company are set forth below:

- (i) The Commissioner, Central Excise, Shillong by show cause cum demand notice dated January 22, 2009 has demanded our Company to deposit a sum of ₹ 664.8 million towards the levy of service tax on business support service offered by the company by way of transmission of electricity. Our Company filed a reply dated June 24, 2009. The Commissioner has by order (No. 7 of 2009) dated November 23, 2009 directed the Company to pay the levied amount along with penalty. Our Company filed an appeal dated March 12, 2010 before the Customs, Excise and Service Tax Appellate Tribunal praying for stay on requirement of pre deposit of duty, interest and penalty. The MoF, through its order (2 of 2010) dated January 22, 2010 has assigned the matter to the Commissioner of Service Tax, Delhi. Meanwhile, MoF notification (11 of 2010) dated February 27, 2010 and notification (45 of 2010) dated July 20, 2010 transmission and distribution of electricity has been exempted from service tax.
- (ii) Our Company has filed a writ petition dated August 20, 2009 against Union of India, Commissioner of Service Tax, Delhi and Central Board of Excise and Customs, Delhi before the High Court of Delhi. The writ petition is filed to set aside the show cause notice dated January 30, 2009 issued by the Commissioner of Service Tax, Delhi demanding our Company to show cause as to why service tax should not be levied on the service of transmission of electricity; and also to set aside the letter dated April 17, 2009 of the MoF holding that transmission of electricity is liable to service tax. However, the Committee of Disputes in its meeting held on January 21, 2010 declined permission to our Company to proceed with the writ petition stating that it is premature as the matter is yet to be adjudicated by the Commissioner of Service Tax, Delhi.

Other Tax Cases

There are 39 proceedings relating to tax and statutory charges, (exclusive of income tax and service tax described above) against our Company with an aggregate liability of approximately ₹ 1044.97 million, with interest. These proceedings relate to entry tax, sales tax, non-agricultural assessment tax, commercial tax, motor vehicle tax, stamp duty, royalty and turnover tax. The details of material cases are set forth below:

- (i) The assessing authority, Jammu by his assessment orders under section 7(8) of the Jammu & Kashmir General Sales Tax Act, 1962 imposed turnover tax of ₹ 493.3 million including interest and penalty for fiscal 1989 to 2006. The assessment order



mentions that our Company as a dealer registered under the Act allegedly concealed the purchase made by it and hence is liable to pay turnover tax on the concealed purchase. We paid an amount of ₹ 11.3 million in advance and have challenged the demand before the Sales Tax Appellate Tribunal, Jammu.

- (ii) The commercial tax department served a notice on our Company pursuant to a notification dated February 10, 2004 issued by the government of Madhya Pradesh, demanding an explanation as to why we should not be assessed at the rate of 5% instead of 1%. Our Company filed a writ petition to challenge this notification in the High Court of Madhya Pradesh at Jabalpur (No. 14026 of 2006). Our liability for assessment years 2004-2005 to 2006-2007 and upto June 30, 2007, amounts to ₹ 406.3 million. The High Court by order dated May 15, 2008 confirmed the notification issued by the government. Our Company filed a special leave petition in the Supreme Court (No. 19026 of 2008) against the order passed by the High Court. The Supreme Court by interim order dated September 15, 2008 directed our Company to pay the principal amount without interest.
- (iii) The MoF by letter dated August 13, 2002 advised our Company to repay the deemed export benefits with 24% interest, availed of by our Company in respect of supplies to Talcher-II transmission project and Sasaram HVDC project for the period before March 1, 2000. Our Company repaid the deemed export benefits excluding the interest amount. The need for repayment arose on account of withdrawal of the World Bank loan for this project. The withdrawal was revoked and loan was re-granted. Pursuant to this we applied for refund of the amount paid by our Company. The MoF by letter dated December 19, 2006 intimated our Company that necessary instructions were issued for expeditious disposal of our pending refund claims. Our Company has recovered deemed export benefits amounting to ₹ 113.4 million and the balance amounting to ₹ 1,986.5 million continues to be pending.

6. Contempt Cases

There are four contempt proceedings pending against our Company. The details of the proceedings are provided below. The total claim against our Company is not ascertainable.

- (i) Mr. Gurbachan Singh filed a suit for injunction (No. 39 of 2007) in the Civil Court Junior Division, Khatima against our Company, praying for an injunction against the construction of a sub-station on the land belonging to him by our Company which was not legally acquired under section 4 of the Land Acquisition Act, 1984 (“**LA Act**”). The Civil Judge by order dated October 30, 2007 directed our Company to stop construction in the land. Our Company filed an appeal before the District Judge, Udham Singh Nagar, which was dismissed. Our Company filed a miscellaneous writ petition (No. 371 of 2008) in the High Court Nainital. Meanwhile, Mr. Gurbachan Singh filed an application (No. 4 of 2008, U/O-39 R-2A, CPC) on January 30, 2008 before the Civil Judge, Khatima, alleging that our Company knowingly breached the Civil Court’s order by continuing with construction. The High Court by order dated April 21, 2008 vacated the stay order by the Civil Court, allowing our Company to resume construction subject to the payment of ₹ 3.0 million and directed that the acquisition proceeding be continued before the District Magistrate, Udham Singh Nagar. The acquisition proceedings were concluded by Special Land Acquisition Officer’s (“**SLAO**”) order dated September 9, 2009 by which an award of ₹ 23.7 million for 0.60 acres was passed. Our Company deposited the amount and filed an application before the Chief Revenue Commissioner, Uttaranchal, challenging the excessive valuation. The prayer was rejected by order dated June 19, 2010.



- (ii) Mr. Kamaruddin Laskar filed a writ petition (No. 6514 of 2001) in the High Court, Guwahati against our Company, claiming appointment in our Company on compassionate grounds. The High Court by order dated January 31, 2007 directed our Company to consider the appointment of Mr. Kamaruddin Laskar as soon as possible. Our Company issued a detailed order on Mr. Laskar's representation, rejecting the appointment on specific grounds. Mr. Laskar filed a contempt petition (No. 446 of 2007) against our company in the High Court, Guwahati.
- (iii) Mr. Prakash Biswas filed a writ petition (No. 2665 of 2003) in the High Court of Calcutta against our Company challenging the order dated July 5, 2002 of our Director (Personnel). The order held that Mr. Prakash Biswas was not entitled to E-4 pay scale on his absorption in our Company with effect from July 1, 1992. The High Court by order dated May 22, 2003 quashed the order dated July 5, 2002 of our Director (Personnel) and directed our Company to grant E-4 pay scale to Mr. Biswas, against which our Company filed an appeal (No. 5184 of 2003). Our Company filed a regular first miscellaneous appeal in the High Court of Calcutta (No. 101 of 2004). The High Court by order dated October 15, 2007 confirmed the High Court order dated May 22, 2003. Our Company filed a special leave petition in the Supreme Court (No. 4646 of 2008) challenging the High Court order. Mr. Biswas filed a contempt petition in the High Court of Calcutta (No. 1796 of 2003) against our Chairman and Managing Director and Director (Personnel) alleging non-compliance of the High Court's order dated May 22, 2003. The Supreme Court by order dated March 3, 2008 and the High Court of Calcutta by order dated March 27, 2009 has stayed the contempt proceeding until further orders.
- (iv) Mr. Bansidhar Mahapatra and others, being security personnel on contractual basis, filed a writ petition (No. 13324 of 2000) in the High Court of Orissa against our Company, claiming absorption in our Company as regular employees and payment of the arrears in their salary. The High Court by interim order dated March 23, 2001 (No. 3040/01) directed that in the event the contractors do not retain and pay the dues to the petitioner, our Company shall pay remaining dues and recover them from the contractors. The petitioners filed a contempt petition in the High Court of Orissa (No. 840 of 2001) dated December 21, 2001 alleging that our deputy general manager and the senior personal officer had not complied with the interim order dated March 23, 2001.

7. Land Acquisition Cases

There are 596 cases in various fora with respect to disputes concerning the acquisition of land acquired by our Company for the purpose of establishing various sub-stations across the country. These cases were initiated by the land oustees primarily for enhancement of the compensation determined by the Land Acquisition Officer ("LAO") under the LA Act. These cases include 206 execution petitions that were filed by land oustees for disbursement of compensation awarded to them. The total claim against our Company is approximately ₹ 5993.1 million plus, with interest. The details of the land acquisition cases for our sub-stations are set forth below.

(i) Kanpur sub-station

There are four appeals in the High Court of Allahabad in relation to land measuring approximately 186 acres, acquired for our Kanpur sub-station. The SLAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the SLAO challenging the compensation awarded to them, which



were referred to the District Court, Kanpur. Accordingly, the Additional District Judge issued directions for the enhancement of compensation payable to the land oustees, which aggregates to approximately ₹ 54.6 million. On an appeal filed by our Company, the High Court of Allahabad stayed the order of the Additional District Judge and directed our Company to pay 50% of the enhanced compensation and furnish security for the rest of the amount, which we have complied with.

(ii) Agra sub-station

There are two references in the District Court, Agra in relation to land measuring approximately 8.28 acres, acquired for our Agra sub-station. The SLAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the SLAO challenging the compensation awarded to them, which were referred to the District Court, Agra. The enhancement of compensation claimed is approximately ₹ 1.4 million.

(iii) Ballabgarh sub-station

There are 13 appeals in the High Court of Punjab and Haryana, Chandigarh in relation to land measuring approximately 63 acres, acquired for our Ballabgarh sub-station. The Land Acquisition Collector (“LAC”) acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAC challenging the compensation awarded to them, which were referred to the District Court, Faridabad. Accordingly, the Additional District Judge, Faridabad enhanced the compensation payable to the land oustees. The land oustees have filed appeals in the High Court of Chandigarh against the order of the Additional District Judge, Faridabad for further enhancement of compensation. The total claim against our Company is approximately ₹ 78.6 million. Our Company filed counter appeals challenging the appeals for further enhancement of compensation. Further there are six appeals in the Supreme Court in relation to land measuring approximately 21 acres, acquired for our Ballabgarh sub-station. Our Company filed these appeals challenging the order of dismissal from the High Court of Punjab and Haryana, Chandigarh. The total claim against our Company deposited with the Execution Court as per the Supreme Court order is ₹ 7.6 million.

(iv) Bassi sub-station

There are seven appeals in the High Court of Jaipur in relation to land measuring approximately 77.90 acres, acquired for our Bassi sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed objections before the LAO challenging the compensation awarded to them, which were referred to the District Court, Jaipur. Accordingly, the Civil Judge (Senior Division) enhanced the compensation payable to the land oustees which is approximately ₹ 0.7 million. On an appeal filed by our Company, the High Court of Jaipur has stayed the operation of the order the Civil Judge (Senior Division) to the extent of payment of interest and has issued directions for payment of full balance compensation as per the decree in the Execution Court. Our Company has complied with the directions of the High Court.



(v) Meerut sub-station

There are 173 appeals in the High Court of Allahabad in relation to land measuring approximately 185 acres, acquired for our Meerut sub-station. The SLAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the SLAO challenging the compensation awarded to them, which were referred to the District Court, Meerut. Accordingly, the Additional District Judge enhanced the compensation payable to the land oustees to a total of ₹ 136.1 million. On an appeal filed by our Company, the High Court of Allahabad has stayed the operation of the order the Additional District Judge. We have however been issued directions by the High Court to pay fifty percent of the enhanced compensation. Our Company has complied with the directions of the High Court.

(vi) Mandola sub-station

There are 61 appeals in the High Court of Allahabad and three references before the Additional District Judge, Ghaziabad in relation to land measuring approximately 106.88 acres, acquired for our Mandola sub-station. The SLAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the SLAO challenging the compensation awarded to them, which were referred to the District Court, Ghaziabad. Accordingly, the Additional District Judge enhanced the compensation payable to the land oustees in 61 cases. There are 3 cases of enhanced compensation before the Additional District Judge. The enhanced compensation aggregates to approximately ₹ 0.5 million. On an appeal filed by our Company, the High Court of Allahabad has stayed the operation of the order the Additional District Judge. We have however been issued directions by the High Court to pay fifty percent of the enhanced compensation. Our Company has complied with the directions of the High Court. Further the High Court has also passed an order enhancing the compensation for 27 cases pertaining to the same matter. Our Company filed a special leave petition in the Supreme Court after depositing the amount of ₹ 19.4 decreed by the High Court at the Execution Court.

(vii) Roorkee sub-station

There are 16 references before the Additional District Judge, Haridwar in relation to land admeasuring approximately 36.74 acres, acquired for our Roorkee sub-station. The SLAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the SLAO challenging the compensation awarded to them, which were referred to the District Court, Haridwar. The total claim against our Company is approximately ₹ 2,132.5 million.

(viii) Sitarganj sub-station

There is a reference before the Additional District Judge, Rudrapur in relation to land admeasuring approximately 6.83 acres, acquired for our Sitarganj sub-station. The SLAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the SLAO challenging the compensation awarded to them, which was referred to the District Court, Rudrapur. The enhancement of compensation claimed aggregates to approximately ₹ 143.5 million.



(ix) Khaileriate Sub-station (Shillong)

There is a reference before the Special Judicial Officer, Shillong in relation to land measuring approximately 6.02 acres, acquired for our Khaileriate sub-station. The Government of Meghalaya acquired the land on behalf of our Company under the LA Act and fixed ₹ 2.8 million as compensation to the land oustees, which we have paid. The land oustee filed a petition for referring the matter to the Reference Court for further enhancement of compensation. The Reference Court enhanced the compensation by ₹ 1.9 million, against which we went in appeal to the High Court of Guwahati, since we were not made a party to the reference. The High Court by order dated July 4, 2005 remanded the matter to the Reference Court with a direction to implead our Company as a party and give our Company a hearing. The enhanced compensation claimed against our Company is approximately ₹ 6.6 million.

(x) Kaithal sub-station

There are 8 appeals in the High Court of Punjab and Haryana in relation to land measuring approximately 49.74 acres, acquired for our Kaithal sub-station. The LAC acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed objections before the LAC challenging the compensation awarded to them, which were referred to the District Court. Accordingly, the Additional District Judge enhanced the compensation payable to the land oustees. Our Company filed six appeals against the orders of the Additional District Judge in the High Court of Punjab and Haryana, which directed our Company to deposit the amount with the District Court. Our Company has complied with the order of the High Court. The land oustees have also appealed against the orders of the Additional District Judge for further enhancement of compensation. The enhanced compensation claimed against our Company is approximately ₹ 10.2 million plus interest on the amount.

(xi) Abdullapur sub-station

There are 17 appeals in the Supreme Court in relation to land measuring approximately 54.53 acres, acquired for our Abdullapur sub-station. The LAC acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed objections before the LAC challenging the compensation awarded to them, which were referred to the District Court. The Additional District Judge issued directions for enhancement of compensation payable to the land oustees. Our Company filed appeals against the order of the Additional District Judge in the High Court of Punjab and Haryana, which directed our Company to deposit the amount with the District Court, which our Company has complied with. The land oustees also appealed against the orders of the Additional District Judge for further enhancement of compensation. The High Court enhanced the compensation payable by our Company to ₹ 6.9 million. Our Company filed a special leave petition in the Supreme Court.

(xii) Moga sub-station

There is an appeal in the High Court of Punjab and Haryana in relation to land measuring approximately 1.85 acres, acquired for our Moga sub-station. The LAC acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed objections before the LAC challenging the compensation awarded to them, which were referred to the District Court. The District Judge dismissed the demand for the enhanced



compensation. The land oustees have appealed against the order of the District Judge in the High Court of Punjab and Haryana. The enhanced compensation claimed against our Company is approximately ₹ 4.1 million plus interest on the amount.

(xiii) Fatehabad sub-station

There are 13 appeals in the High Court of Punjab and Haryana in relation to land measuring approximately 38.33 acres, acquired for our Fatehabad sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the District Court, Fatehabad. The enhancement of compensation claimed aggregates to approximately ₹ 782.0 million.

(xiv) Purnea sub-station

There are 2 appeals in the High Court of Patna in relation to land measuring approximately 4.72 acres, acquired for our Purnea sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed objections challenging the compensation awarded to her, which was referred to the Land Acquisition Judge, Purnea who enhanced the compensation. The State of Bihar then filed an appeal against the order. The total claim against our Company is approximately ₹ 0.3 million.

(xv) Arah sub-station

There are 4 references before Sub-Judge, Arah in relation to land measuring approximately 0.25 acres, acquired for our Arah sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Sub-Judge, Arah. The total claim against our Company is approximately ₹ 9.9 million.

(xvi) Pusauli sub-station

There are 43 references before Sub Judge, Bhabua in relation to land measuring approximately 97.79 acres, acquired for our Pusauli sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Sub-Judge Bhabua. The total claim against our Company is approximately ₹ 22.5 million.

(xvii) Bhadrawati sub-station

There is a civil petition before the Civil Judge (Senior Division), Warora alleged that the Special LAO had illegally taken extra land measuring approximately 0.84 acres for our Bhadrawati sub-station without paying the required compensation. The total claim against our Company is approximately ₹ 3.7 million.



(xviii) Damoh sub-station

There is a suit for permanent injunction before the Additional District and Fast Track Court, Damoh in relation to land measuring approximately 16.37 acres, acquired for our Damoh sub-station. The LAO has acquired the land on behalf of our Company under the LA Act. The plaintiff prayed for a declaration and permanent injunction restraining our Company from carrying out construction at our sub-station. The Civil Judge passed an order dated April 8, 2009, against which the land oustees filed an appeal in the Additional District and Fast Track Court, Damoh (9 of 2009).

(xix) Jabalpur Sub-station

There is an appeal in the High Court of Madhya Pradesh, Jabalpur in relation to land measuring approximately 49.28 acres, acquired for our Jabalpur sub-station. The LAO acquired these lands for our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Jabalpur. Accordingly, the Additional District judge enhanced the compensation payable to the land oustees against which we have filed an appeal in the High Court of Madhya Pradesh at Jabalpur. The total claim against our Company in relation to these disputes is approximately ₹ 0.8 million. There is also an appeal in the District Judge, Jabalpur, for apportionment of compensation to the rightful owner.

(xx) Satna sub-station

There are three appeals in the High Court of Madhya Pradesh, Jabalpur in relation to land measuring approximately 5.97 acres, acquired for our Satna sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the District Judge, Satna. Accordingly, the District judge, Satna enhanced the compensation payable to the land oustees against which the land oustees have filed appeals in the High Court of Madhya Pradesh, Jabalpur for further enhancement of compensation. The total claim against our Company is approximately ₹ 3.4 million.

(xxi) Nagda sub-station

There are six appeals in the High Court of Madhya Pradesh, Indore bench and two references before the Additional District Judge, Nagda and Khachroad in relation to land measuring approximately 86.03 acres, acquired for our Nagda sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Khachroad. Accordingly, the Additional District judge enhanced the compensation payable to the land oustees against which the land oustees have filed appeals in the High Court of Madhya Pradesh, Indore bench for further enhancement of compensation. The total claim against our Company is approximately ₹ 4.8 million. The two references before the Additional District Judge are for correction of the revenue records.



(xxii) Khandwa sub-station

There is a reference before the Additional District Judge, Khandwa in relation to land measuring approximately 2.51 hectares, acquired for our Khandwa sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustee. The land oustee filed objection before the LAO challenging the compensation awarded to him, which was referred to the Additional District Judge, Khandwa. The total claim against our Company is approximately ₹ 1.8 million.

(xxiii) Shujalpur sub-station

There is an appeal before the Civil Judge, Class II Shujalpur in relation to land measuring approximately 30.81 acres, acquired for our Shujalpur sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustee. The land oustee filed objection before the LAO challenging the compensation awarded to him the land oustees then filed an appeal before the Civil Judge, Shujalpur against the order of the LAO. The total claim against our Company is approximately ₹ 0.03 million.

(xxiv) Seoni sub-station

There are 14 references before the Additional District Judge, Seoni in relation to land measuring approximately 41.81 acres, acquired for our Seoni sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Seoni. The total claim against our Company is approximately ₹ 20.6 million.

(xxv) Parli sub-station

There are 3 references before the Additional District Judge, Ambajogai in relation to land measuring approximately 39.02 acres, acquired for our Parli sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Ambajogai. The total claim against our Company is approximately ₹ 279.6 million.

(xxvi) Ludhiana sub-station

There are 10 references before the Additional District Judge, Ludhiana in relation to land measuring approximately 34.91 acres, acquired for our Ludhiana sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Ludhiana. The total claim against our Company is approximately ₹ 1,541.0 million plus interest. There is also a writ petition in the High Court of Punjab and Haryana. The petitioner has challenged the land acquisition for the Ludhiana sub-station.



(xxvii) Jalandhar sub-station

There are 20 appeals filed by our Company and 12 appeals filed by the land owners in the High Court of Punjab and Haryana in relation to land measuring approximately 57.6 acres, acquired for our Jalandhar sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Jalandhar. In accordance with the order passed by the Additional District Judge, Jalandhar, the compensation was deposited by our Company. Our Company filed appeals with the High Court of Punjab and Haryana. Simultaneously, the land oustees filed 12 cross-appeals claiming enhanced compensation. The total claim against our Company is approximately ₹ 152.0 million plus interest.

(xxviii) Amritsar sub-station

There are 10 references before the Additional District Judge, Taran Taran in relation to land measuring approximately 29.75 acres, acquired for our Amritsar sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Taran Taran. The total claim against our Company is approximately ₹ 77.3 million plus interest.

(xxix) Hisar sub-station

There are 23 appeals in the High Court of Punjab and Haryana in relation to land measuring approximately 132 acres, acquired for our Hisar sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Hisar. In accordance with the order passed by the Additional District Judge, Hisar, the compensation was deposited by our Company. The land oustees filed appeals in the High Court of Punjab and Haryana. The total claim against our Company is approximately ₹ 15.1 million plus interest.

(xxx) Bahadurgarh sub-station

There are 23 appeals in the High Court of Punjab and Haryana in relation to land measuring approximately 33.41 acres, acquired for our Bahadurgarh sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge, Bahadurgarh. In accordance with the order passed by the Additional District Judge, Bahadurgarh, the compensation of ₹ 43.4 million was deposited by our Company. Our Company filed appeals in the High Court of Punjab and Haryana.

(xxxi) Vijayawada sub-station

There are 44 appeals in the High Court of Andhra Pradesh in relation to land measuring approximately 101.9 acres, acquired for our Vijayawada sub-station. The LAO had acquired the abovementioned land on behalf of our Company under the LA



Act and fixed the rate of compensation payable to the land oustees. 44 objections were filed by the land oustees before the LAO challenging the compensation awarded to them, which were referred to the District Court, Vijayawada. Accordingly, the Additional Senior Civil Judge issued directions for the enhancement of compensation payable to the land oustees, which aggregates to an approximate amount of ₹ 9.7 million. On appeals filed by our Company, the High Court of Andhra Pradesh has stayed the execution of the orders of the Additional District Judge. We have however been issued directions by the High Court to pay one-third of the enhanced compensation, which we have complied with.

(xxxii) Hosur sub-station

There are six petitions in the Subordinate Court in relation to land measuring approximately 17.36 acres, acquired for our Hosur sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Sub Court, Hosur. The aggregate value of the claims against our Company is approximately ₹ 12.4 million.

(xxxiii) Trivandrum sub-station

There is a reference petition in the Subordinate Court in relation to land measuring approximately 0.26 acres, acquired for our Trivandrum sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Sub Court, Attingal. The aggregate value of the claims against our Company is approximately ₹ 0.40 million.

(xxxiv) Kochi sub-station

There are 46 appeals in the High Court of Kerala in relation to land measuring approximately 36.30 acres, acquired for our Kochi sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the District Court, North Paravur. In accordance with the order passed by the District Court, North Paravur the compensation of ₹ 32.0 million was deposited by our Company. The land oustees filed 38 appeals in the High Court challenging the order of the District Court. The aggregate value of the claims against our Company is approximately ₹ 430.9 million. Our Company filed 11 appeals in the High Court.

(xxxv) Kozhikode sub-station

There are 6 appeals in the High Court of Kerala in relation to land measuring approximately 11.50 acres, acquired for our Kozhikode sub-station. The LAO had acquired the abovementioned land on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Sub Judge, Manjeri. In accordance with the order passed by the Sub Judge, Manjeri, compensation of ₹ 3.6 million was deposited by our Company. Our Company filed appeals in the High Court of Kerala.



(xxxvi) Mysore sub-station

There are eight reference petitions in the District Court, Mysore and two writ petitions in the High Court of Karnataka in relation to land measuring approximately 68 acres, acquired for our Mysore sub-station. The LAO acquired these lands on the behalf of Karnataka Power Transmission Corporation Limited under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the District Court, Mysore. Our Company has by sale deed dated August 7, 2007 purchased the land from Karnataka Power Transmission Corporation Limited. Our Company has made applications in each reference petition to be impleaded as a necessary party since the disputed land is now registered in the name of our Company.

(xxxvii) Wagoora sub-station

There a case in the High Court of Jammu and Kashmir in relation to the land measuring approximately 64.32 acres, acquired for our Wagoora sub-station. The LAO acquired these lands on behalf of our Company under the LA Act and fixed the rate of compensation payable to the land oustees. The land oustees filed individual objections before the LAO challenging the compensation awarded to them, which were referred to the Additional District Judge. In accordance with the order passed by the Additional District Judge, compensation of ₹ 2.2 million was deposited by our Company. Our Company filed an appeal in the High Court. The High Court by order dated August 12, 2005 set aside the order of the Additional District Judge. The land owners filed an appeal in the High Court.

8. Compensation cases for displacement of trees, crops or houses

There are approximately 1,770 cases against our Company in various courts relating to enhancement of compensation claimed by owners of trees, crops or houses through which our transmission lines pass. These cases primarily relate to enhancement of the compensation for the loss of trees, crops or houses of the claimants. Of these cases, 575 and 627 cases were filed for enhancement of compensation in relation to Kutte-Kozhikode transmission line and Madurai-Trivandrum transmission line respectively in Kerala. These cases also include certain suits filed by individuals who were denied compensation on the ground that they did not have a valid title over the land, trees and crops through which our transmission lines pass. The total claim against our Company is approximately ₹ 3402.4 million, with interest.

9. Civil Suits

There are 204 civil suits in various courts against our Company. These suits primarily relate to suit for injunction, compensation (non quantifiable) for transmission lines passing through land, employment on compassionate ground, recovery of money and execution petitions. Further, there are eight consumer claims and two writ petitions, one for the acceptance of a horticulture contract bid and another for release of a public road occupied by our Company. The total claim against our Company is approximately ₹ 41.8 million, with interest. These suits include approximately 82 suits for injunction restraining establishment of the following transmission lines:

- (i) Chamera-Jalandhar transmission line;
- (ii) Parbati Amritsar transmission line;
- (iii) Moga-Bhiwadi transmission line;
- (iv) Abdullapur-Sonepat transmission line;



- (v) Koldam-Nalagarh transmission line;
- (vi) Jakhri-Nalagarh transmission line;
- (vii) Jattikaln-Biwani-Moga transmission line;
- (viii) Banala-Amritsar transmission line;
- (ix) Sasaram-Ara-Khagaul transmission line;
- (x) Mohania transmission line;
- (xi) Khagaul-Fatuha transmission line;
- (xii) Fatehpur-Agra transmission line;
- (xiii) Rihand-Allahabad transmission line;
- (xiv) Sipat-Seoni transmission line;
- (xv) Gwalior-Agra transmission line;
- (xvi) Veerpur-Damor-Bhopal transmission line;
- (xvii) Dehgam-Pirana transmission line;
- (xviii) Sasan-Satna transmission line;
- (xix) Silwar-Satna transmission line;
- (xx) Indore transmission line;
- (xxi) Tarapur-Padghe transmission line;
- (xxii) Korba-Raipur transmission line;
- (xxiii) Bhadravati-Parli transmission line;
- (xxiv) Raipur-Wardha transmission line;
- (xxv) Tirunelveli transmission line;
- (xxvi) Somananalli-Nelamangala transmission line;
- (xxvii) Meramundali-Dubri transmission line;
- (xxviii) Sagardighi-Gokarna transmission line;
- (xxix) Rangit-Siliguri transmission line;
- (xxx) Baripada-Mendhasal transmission line;
- (xxxi) RKL-Raigarh transmission line;
- (xxxii) Durgapur-Jamshedpur transmission line; and
- (xxxiii) Meramundali-Toorshra transmission line.

10. Labour Disputes

There are 59 cases relating to labour and service matters pending against our Company, which were filed by employees of our Company, contract labourers employed by contractors for carrying out works in our projects and labour unions, which may or may not be registered with our Company. These cases primarily relate to disputes regarding absorption of workmen by our Company, wrongful dismissal and reinstatement to service, arrears of salary, gratuity and allowance, matters relating to transfer, promotion and extension of service and claim for fitment benefits on absorption. The total claim against our Company is approximately ₹ 8.4 million, which does not include claims for payment of back wages.

11. Arbitration Matters

There are 52 disputes involving our Company which were referred to arbitration. These disputes relate primarily to disputes under supply contracts executed by our Company and termination of contracts by our Company. The total claim against our Company in these cases is approximately ₹ 792.4 million, with interest.

12. CERC and Tariff Related Disputes

There are certain disputes relating to annual transmission charges fixed by the CERC before the CERC, the Appellate Tribunal for Electricity (“**Electricity Tribunal**”) or the Supreme Court, which were initiated by the SEBs or our Company. The brief details of these disputes are set forth below:

(i) Dispute relating to depletion of equity

There is a dispute in relation to the determination of the capital cost of our transmission projects for the purpose of calculation of the annual transmission charges by the CERC. The net book value of projects for fiscal 1993 to 1998 was determined by the MoP after deducting the cumulative depreciation recovered from the date of commercial operation of the respective projects till March 31, 1992 from the original gross block of the project. Therefore, the net book value of the assets was considered for the purpose of determination of transmission charges, which was divided notionally into debt and equity components in the ratio of 50:50 for computation of interest on loan and return on equity for the period between April 1, 1992 and March 31, 1997. A similar methodology was followed by the MoP for determination of transmission charges for fiscal 1998 to 2002 for assets in existence prior to April 1, 1997 i.e. the net book value of the project as on April 1, 1997 was determined after deducting the cumulative depreciation recovered till March 31, 1997. This net book value was considered for determination of interest on loan and return on equity while determining the transmission charges. The MoP issued a notification providing that 50% of the net book value of the asset as on April 1, 1997 would be considered as equity up to the technical life of the project. After the formation of the CERC, our Company filed a petition before the CERC (No. 26 of 2005) contending that the methodology adopted by the MoP in determining net book value as described above for calculation of the equity component had resulted in a depletion of equity amounting to approximately ₹ 6,463.7 million with respect to 27 transmission assets. The petition was rejected by the CERC primarily on the ground that the CERC could not retrospectively modify principles adopted by the MoP for determination of transmission charges. Our Company filed an appeal against this order before the Electricity Tribunal (No. 121 of 2005), which placed reliance upon a letter from the MoP to our Company admitting an error in determination of net book value, and directed the CERC to rectify the mistake with effect from April 1, 2004. In accordance with the order of the Electricity Tribunal we are entitled to restoration of equity of approximately ₹ 6,463.7 million. Further, transmission charges are to be re-determined after taking into account the restoration of equity with effect from April 1, 2004. We filed six separate petitions before the CERC for recalculation of transmission charges on this basis. The Punjab SEB filed a civil appeal in the Supreme Court (No. 21415 of 2006) for setting aside the order of the Electricity Tribunal. Until re-determination of the charges by the CERC, subject to the decision of the Supreme Court, the applicable transmission charges are those which were originally been determined by the CERC.

(ii) Dispute relating to capitalization of foreign currency fluctuations

There is a dispute in relation to the methodology adopted by the CERC in arriving at the FERV liability in respect of transmission assets while determining the annual transmission charges with respect to these assets. The transmission charges with respect to an asset till March 31, 2001 was determined by CERC based on the norms notified by the GoI on a consideration of the net book value of the asset and the loan and equity components therein. The FERV for this period was also determined on the basis of the exchange rate difference between the date of actual repayment of the loan and the date of commercial operation. CERC notified norms for the calculation of transmission charges for the period 2001 to 2004. In accordance with these norms the historical capital cost of assets as on March 31, 2001 were determined after capitalizing the FERV calculated on the basis of the exchange rate difference between the date of actual repayment of the loan and the date of commercial operation.



Further, this capitalized amount was apportioned into a loan and equity component on the basis of the normative debt-equity ratio of 50:50 (for projects commissioned up to March 31, 1997) and actual debt-equity ratio (for projects commissioned thereafter) to determine the interest on loan and return on equity for the purpose of calculation of the annual transmission charges. The Tamil Nadu SEB filed review petitions with the CERC with respect to the period between April 1, 2001 and March 31, 2004, which were not admitted. The Tamil Nadu SEB filed appeals in the High Court of Madras, which were transferred to the Electricity Tribunal. The grounds of appeal is the methodology followed by CERC in relation to the FERV liability was not in accordance with CERC tariff regulations and this amount could not be apportioned between loan and equity since it arose solely out of a foreign currency loan. The Electricity Tribunal upheld the capitalization of FERV liability calculated as described above. However, the Electricity Tribunal held that the capitalized amount be added to the debt component only. Our Company filed an appeal in the Supreme Court, which was admitted.

The Tamil Nadu SEB filed another review petition with the CERC for review of its order determining the annual transmission charges for the period 2004-2009 for the 400 KV Ramagundam-Hyderabad transmission line and inter-regional HVDC Back to Back station at Chandarpur on the grounds mentioned above. The CERC by order dated March 12, 2007 allowed the review petition and held that the petition in respect of transmission charges for the period 2004-2009 be heard after the impact of FERV for the period 2001-2004 was worked out in terms of Electricity Tribunal order dated October 14, 2006. In the event the Supreme Court upholds the contention of the Tamil Nadu SEB in the dispute described above for the period April 1, 2001 to March 31, 2004, the CERC may be required to re-determine the transmission charges with respect to our transmission assets. Further, this decision may impact calculation of transmission charges with respect to all our existing transmission assets where the FERV may be in dispute and we may be entitled to a lesser transmission charge for each of our assets compared to the transmission charges that were fixed by the CERC.

(iii) Dispute relating to the Uniform Common Pool Transmission Tariff (“UCPTT”)

There is a dispute in relation to the UCPTT method applicable for determination of transmission charges in the north-eastern region. The UCPTT rate is the rate at which tariff is charged for the transmission of power to north eastern region states which is applied on the total central sector energy drawn by each state. Since the north eastern region transmission system comprises transmission lines owned by our Company as well as state owned lines, the UCPTT rate in ₹/unit is derived by pooling the annual transmission charges for the transmission lines owned by our Company and state owned lines divided by total central sector energy in the north eastern region. The UCPTT rate was revised from time to time on account of additional capital investment in transmission systems in the north eastern region. This rate was fixed at ₹ 0.3 per kWh with effect from April 1, 1998, of which the share of our Company was approximately ₹ 0.3 per kWh. Our Company filed an application before the CERC for re-apportionment of the share of our Company and the north-eastern region states with effect from February 1, 2000 on the ground of increased capital investments by our Company. The CERC directed the re-apportionment of the UCPTT rate with effect from April 1, 2004 but did not amend the apportionment of the UCPTT rate between the period 2001 and 2004. Our Company filed an appeal before the Electricity Tribunal for amending the apportionment of the UCPTT rate with effect from February 1, 2000 based on the capital expenditure of our Company in the north eastern region transmission system during this period.



We filed an appeal in the High Court of Delhi (No. 186 of 2002) against the orders of the CERC issued on certain review petition challenging the UCPTT rate fixed at ₹ 0.3 per kWh, on the grounds that this rate does not take into account any payment of an incentive to our Company in accordance with the notification issued by the MoP dated December 16, 1997 for determination of tariff leviable on transmission of power by our Company. Our Company filed an appeal in the High Court of Delhi against the order of the CERC for determination of transmission charges with respect to the Kathalguri transmission system, Kopili Extension Stage-I Transmission System and 132 KV Augmentation Scheme in the North-Eastern region on the ground that our Company's total capital investments in these transmission lines would result in a higher UCPTT rate. The High Court of Delhi by order dated August 20, 2008 transferred the appeal to the Appellate Tribunal for Electricity.

The CERC by order dated December 27, 2006 directed that SEBs are to continue paying transmission charges at 0.35 per kWh and that our Company can recover the difference between actual tariff and tariff of 0.35 per kWh. Our Company filed an appeal (No. 98 of 2007) before the Appellate Tribunal for Electricity, claiming modification of the order and approval for sharing of the 0.35 per kWh based on capital expenditure of the parties. The APE by order dated January 4, 2008 set aside the CERC's order. The Assam SEB filed a civil appeal (No. 2105 of 2009) claiming that unlawful relief was granted to our Company and sought that the Court direct our Company to pay arrears in terms of the CERC order dated December 27, 2006.

In addition to the disputes described above, there are certain disputes in the High Court of Delhi or the Electricity Tribunal relating to certain orders issued by the CERC.

- (iv) There is a dispute in relation to the determination of transmission charges with respect to the Jeypore-Gajuwaka transmission system in the southern region. While determining transmission charges for the period between September 1, 1999 and March 31, 2001, the CERC disallowed the interest during construction amounting to ₹ 119.5 million claimed by our Company, on account of delay in completion of the project. Our Company filed a review petition before the CERC, which was rejected, pursuant to which we filed a writ petition in the High Court of Delhi. On constitution of the Electricity Tribunal, the writ petition was withdrawn and an appeal was instituted in the Electricity Tribunal. However, the Electricity Tribunal did not admit the matter, following which we re-instituted the writ petition in the High Court.
- (v) Our Company filed an appeal in the High Court of Delhi against the order of the CERC issued on a review petition filed by our Company. In the review petition, our Company sought to fix the amount of provisional tariff payable with respect to the Kaiga transmission system at 100% of the revised cost of the project. However, the CERC directed the beneficiaries, being the SEBs, to pay an amount equivalent to 90% of the tariff claimed by our Company subject to final determination of the tariff. The CERC also directed our Company to evolve a mechanism for consultation with beneficiaries in case of an upward revision in the cost of the project. In our appeal in the High Court we prayed for payment of 100% of the tariff claimed by our Company since the assets in question were fully utilized by the SEBs. Further, we prayed for the setting aside of the direction of the CERC for evolving a consultative mechanism prior to revising the cost of a project on the grounds that such a procedure was not contemplated by the ERC Act and was beyond the CERC's jurisdiction.
- (vi) Our Company filed an appeal in the High Court of Delhi against the order of CERC dismissing a review petition filed by our Company in relation to the calculation of



transmission charges for the Chandrapur HVDC back to back station. The CERC held that our Company was not entitled to depreciation on the overseas disbursement assistance (“ODA”) amounting to ₹ 3,215.5 million for determining transmission charges. In our appeal in the High Court we contended that the actual project cost including any ODA be considered for depreciation for the purpose of calculation of the transmission charges. The High Court of Delhi by order dated August 20, 2008 transferred the appeal to the Electricity Tribunal.

- (vii) Our Company filed two appeals in the Electricity Tribunal to set aside the order of CERC dated February 3, 2009 for re-determination of tariff for replacement of transformers at Kaithal, Manipuri, Mandola and Ballabgarh.
- (viii) Our Company filed an appeal in the Electricity Tribunal against the order of CERC dated June 9, 2009 denying the monetary incentive during maintenance based on availability of transmission system for the year 2006-07 in Talcher-Kolar HVDC link.
- (ix) Our Company filed an appeal before the Electricity Tribunal against the order of CERC dated April 30, 2009, denying the shut down of the Talcher-Kolar HVDC link for upgradation work which resulted in loss of monetary incentive due to reduction of availability of the transmission system. Our Company claimed for the capitalisation of ₹ 214.5 million as incentive, with transmission tariff.
- (x) The Tamil Nadu SEB filed an appeal before Electricity Tribunal against the order of CERC dated March 15, 2007 which allows normative debt-equity ratio of 70:30 after date of commercial operation. The Tamil Nadu SEB challenged the order claiming that the actual equity be considered instead of the normative equity for calculation of tariff.
- (xi) The Indian Electricity Grid Code (“IEGC”) is an operating code specifying the policy and procedures required to be followed by participants, including our Company, in the Inter-State Transmission System (“ISTS”). CERC, through its orders dated October 30, 1999 and December 21, 1999, had approved the IEGC submitted by our Company in its capacity as the CTU. Further, CERC through its order dated October 30, 1999, issued certain directions to be followed by our Company as CTU. Our Company filed an appeal (No. 337 of 2000) in the Delhi High Court, challenging the order of CERC dated October 30, 1999, on the ground that CERC exceeded its authority and its terms of reference, in issuing certain directions with respect to the process to be followed by the Company in formulating the IEGC. The ground for our challenge is that the directions of CERC appear to be based on the view that the CTU and our Company should be two separate entities (with our Company, as per CERC’s directions being required to act as an independent power transmission company) and that our Company, acting in capacity of CTU, would be in the position of taking decisions in the process of selection while dealing with its own bid, submitted by our Company in exercise of its commercial functions.
- (xii) The Madhya Pradesh SEB filed a writ petition in the High Court of Madhya Pradesh, Jabalpur (No. 6626 of 2001) against CERC and others including our Company. The petitioner challenged the constitutionality and legality of the CERC order dated December 21, 2000 and notification dated March 26, 2001 issued pursuant to this order, alleging that the order and notification impose a tax of 10 % for central government owned transmission companies as development surcharge which is ultimately imposed on beneficiaries like the petitioner. It is further alleged that the order and notification impose income tax liability of the generating and transmission companies on the beneficiaries. The petitioner contended that CERC does not have



authority to impose any tax and prayed for quashing the order and notification. The High Court has granted a stay on any imposition of tax until the matter is decided.

- (xiii) CERC imposed a penalty of ₹ 0.1 million on the Madhya Pradesh SEB for alleged violation of the Grid Code. The Madhya Pradesh SEB filed a miscellaneous appeal in the High Court of Madhya Pradesh at Jabalpur (No. 1309 of 2003) challenging the legality of the order. Our Company is impleaded as a proforma party since it transmits electricity to the Madhya Pradesh SEB. Our Company has filed a written statement.
- (xiv) Our Company filed a petition before CERC (No. 109 of 2000) for approving fees and charges to be paid to RLDCs by various SEBs for undertaking load despatch functions for the years 1998-1999 to 2003-2004, which was approved by CERC by order dated March 22, 2002. Our Company filed a review petition before CERC seeking review of directions on certain items of fees and charges approved by CERC which was allowed. CERC by order dated May 8, 2003 revised the fees and charges for 2000-2001 to 2003-2004, against which the Tamil Nadu Electricity Board filed an appeal in the High Court of Chennai (No. 2485 of 2004).
- (xv) Our Company filed a petition (No. 916 of 2007) before the Gujarat State Electricity Regulatory Commission, Ahmedabad (the “GERC”) challenging the unilateral action of Uttar Gujarat Vij Company Limited in changing our tariff classification, and claiming refund of the excess amount billed to our Company on account of such unilateral change in classification by Uttar Gujarat Vij Company Limited from September, 2002 onwards.
- (xvi) Our Company filed a petition (No. 157 of 2005) before CERC for approval of the monetary incentive for the year 2004-05 due to shut down of transmission lines. CERC by its order dated November 28, 2006 denied the monetary incentive prayed for. Our Company filed an appeal before the Appellate Tribunal of Electricity, which was dismissed. Our Company filed a writ petition (No. 8413 of 2008) in the High Court of Delhi challenging the scope and applicability of the CERC Tariff Regulations, 2004 for granting revenue on account of loss of revenue due to shut down of transmission lines.

13. Notice under Right to Information Act, 2005

Powergrid Karmachari Union, Jammu has served a notice under the Right to Information Act, 2005 before the Public Information Officer of our Company seeking disclosure of information regarding the transfer policy of workman within the northern region II.

14. Miscellaneous Cases

There are 31 miscellaneous cases against our Company in various fora, pertaining to matters including claiming bank guarantees, compensation for death, compensation towards hire charges, recovery of money and matters before the Motor Accident Claims Tribunal. The claim against our Company is not ascertainable.

II. Litigation by our Company:

1. Criminal Cases

There are six criminal cases filed by our Company, the details of which are set forth below:



- (i) Our Company lodged an FIR against Mr. K. Jangaiah who requested employment in our office on the basis of a forged experience certificate purported to have been issued by one of our officers. A charge-sheet was filed and cognizance taken by the III Metropolitan Magistrate, Cyberabad (No. 722 of 2005) for offences punishable under sections 465 and 471 of the IPC. The court by order dated May 5, 2006 acquitted the accused, against which we filed a memorandum of criminal revision in the High Court of Andhra Pradesh (No. 15023 of 2006).
- (ii) Our Company filed an FIR against Mr. Harish Chandra for the theft of our transmission material. The police filed the charge-sheet before the Chief Judicial Magistrate, Mainpuri (No. 2329 of 1999). The Court have taken the cognizance of the same and registered the case under sections 379 and 411 of the IPC.
- (iii) Our Company filed an FIR against Mr. Bahadur for the theft of our transmission material. The police filed the charge-sheet before the Chief Judicial Magistrate, Etah (No. 80 of 1990). The Court have taken the cognizance of the same and registered the case under sections 379 and 411 of the IPC.
- (iv) Our Company filed an FIR against Mr. Dinesh Pashi for theft of tower material from the Kanpur sub-station. The police filed the charge-sheet in the Munsif Court, Kanpur (No. 359 of 2006), which took cognizance and registered the case under sections 379 and 411 of the IPC.
- (v) Our Company lodged two FIRs against Mr. Khushboo and others in the Patharota police station (Madhya Pradesh) with respect to two separate incidents of theft of certain materials from the Itarsi sub-station in the year 2004 and 2006 respectively. Charge sheets were filed against certain individuals accused of the thefts before the Judicial Magistrate, Itarsi (case nos. 346/2004 and 1575/2006) under sections 386, 387, 295, 506 and 353 of the IPC.
- (vi) Our Company lodged an FIR against Jammu Begum in the Waidhan police station (Madhya Pradesh) for obstructing the construction of the 400kV Vindhyaachal – Satna transmission line. A charge sheet was filed under section 186 of the IPC against the accused before the Judicial Magistrate, Waidhan (No. 215 of 2006).

2. Company Case

There is a case initiated by our Company in the High Court of Calcutta, for the winding up of Ancon Engineering Company Private Limited, where the total claim by our Company is ₹ 11.9 million.

3. Arbitration Matters

In addition to the counter-claims described in the arbitration cases against our Company, we have initiated one arbitration proceeding, where the total claim by our Company is approximately ₹ 0.4 million.

4. Telecom Disputes

There is a case initiated by our Company before the Telecom Disputes Settlement and Appellate Tribunal, to recover outstanding dues against service provided by our Company, where the total claim by our Company is ₹ 1.0 million.



5. Civil suits

There is a suit initiated by our Company in the High Court of Chandigarh, to recover the amount paid to the owners of land which was allotted in consonance with the order of the court, where the total claim by our Company is ₹ 16.6 million.

There is also an appeal initiated by our Company before the Andhra Pradesh State Consumer Redressal Commission challenging the order dated March 9, 2009 of the District Consumer Redressal Forum, Vishakhapatnam filed for deficiency of services due to fraudulent encashment of a demand draft. The total claim by our Company is ₹ 0.1 million.

III. Litigation against our Directors:

Our Chairman and Managing Director and Directors are generally made pro forma parties to litigation filed against our Company. In addition to these cases and except as disclosed below, our Directors have no outstanding litigation towards tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults, non-payment of statutory dues, in their individual capacity or in connection with our Company and other companies with which the Directors are associated.

- (i) Noorjahan Begum filed a civil suit (No. 12009 of 2009) before the Civil Judge, Junior Division, against our Chairman and Western Region Transmission (Maharashtra) Private Limited, alleging that the construction of the Parli to Pune transmission line is illegally taking place in her property and that continuing the construction will cause damage to her oil storage tank. Noorjahan Begum prayed for permanent injunction and temporary injunction to restrain the defendants from continuing construction. The Civil Judge, Junior Division, by order dated April 26, 2010 denied the grant of a temporary injunction. Noorjahan Begum filed a miscellaneous civil appeal (No. 27 of 2010) before the District Judge, Ambajogai, who by order dated July 6, 2010 confirmed the order of the Civil Judge and dismissed the appeal. The matter pertaining to the permanent injunction is pending final disposition.
- (ii) The Power Grid Employees Trade Union, N.R.-I and our chief manager Mr. A.K. Garg filed two civil writ petitions (No. 8158-59 of 2005) in the High Court of Delhi against our Company and others, challenging the Power Grid Self Contributory Superannuation Benefit (Pension) Revised Scheme (“**Revised Scheme**”) and the Power Grid Employees Contributory Family Pension Plan (“**Pension Plan**”) on the grounds that they are arbitrary and detrimental to the interests of the employees. Pursuant to an agreement with Power Grid National Bipartite Committee on March 17, 1998, we introduced the Power Grid Self Contributory Superannuation Benefit (Pension) Scheme 2004 (“**Pre-Revised Scheme**”) which was made compulsory to all our employees. We created the Power Grid Self Contributory Superannuation Benefit Trust under the Pre-Revised Scheme and executed a trust deed in 1998 for that purpose. On October 1, 2004 we replaced the Pre-Revised Scheme with the Revised Scheme by incorporating certain amendments in the Pre-Revised Scheme. It is alleged that no trust deed was executed and no consent of employees was taken before implementing the Revised Scheme and therefore that the Revised Scheme is in contravention of the Indian Trust Act, 1882 and the Indian Contract Act, 1872. The petitioners prayed for quashing the Revised Scheme and the trust deed created under the Pre-Revised Scheme and for dissolving the Power Grid Self Contributory Superannuation Benefit Trust, and for quashing the Pension Plan on the ground that it is not pursuant to any statute and hence not binding on our employees. The High Court by interim order dated May 10, 2005 asked the petitioners to make their



contributions to the Power Grid Self Contributory Superannuation Benefit Trust. The petitioners filed a contempt petition (C. C. No. 744-45/2006) in this writ petition against our Chairman and Director (Personnel) alleging violation of the court's interim order on the grounds that we continue to charge the petitioners' contribution under the Revised Scheme. The High Court dismissed the contempt petition by order dated May 6, 2008.

IV. Litigation against our Subsidiaries

Except as described below there is no pending litigation against our Subsidiaries.

A. Litigation against Power System Operation Corporation Limited (“POSOCO”)

1. CERC and Tariff Related Disputes

There are 14 disputes initiated by various SEBs against POSOCO before CERC, various High Courts and State Commissions. These disputes relate to matters such as validity of the CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2007, overdrawal of electricity and non-compliance of grid discipline as well as the annual transmission charges fixed by the CERC. The amount in these matters is not quantifiable.

2. Civil Suits

There is one civil suit (No. 38 of 2010) filed by Mr. Shiv Kumar Garg against NRLDC through its general manager and others before the Civil Judge, Senior Division, Hapur for mandatory injunction to supply regular and uninterrupted power supply for 20 hours per day. The amount involved in this matter cannot be quantified.

V. Litigation by our Subsidiaries

Except as described below there is no pending litigation filed by our Subsidiaries.

A. Litigation by POSOCO

1. CERC and Tariff Related Disputes

There is one petition (129/2010) filed by NLDC pending before the CERC against the chairman of Uttar Pradesh Power Corporation Limited (“UPPCL”) and others. The petition has been filed against the constituents of the northern region for maintaining grid security of the entire north-east-west grid by curbing the overdrawal of electricity. The amount involved in this matter is not quantifiable.

IV. Litigation against our Joint Ventures:

Except as described below there is no pending litigation against any of our joint venture companies.

A. Torrent Powergrid Limited

1. Civil suits

There are five civil suits filed against Torrent Powergrid Limited before various courts challenging the erection of various transmission lines. The amount involved is not quantifiable.



B. Powerlinks Transmission Limited

1. Civil suits

There are five civil suits filed against Powerlinks Transmission Limited before various courts for disputes relating insufficient payment evaluated by District Forest Authority, restraining the erection of tower, and compensation for the death of an employee of a sub-contractor. The total amount claimed is ₹ 0.7 million.

C. Jaypee Powergrid Limited

1. Civil suits

There are three civil suits filed against Jaypee Powergrid Limited before various courts for enhancement of compensation claimed on account of damage to land and fruit trees. The total amount claimed is ₹ 7.5 million.

V. Amount owed to small scale undertakings/creditors

As on September 30, 2010, we do not owe a sum exceeding ₹ 0.1 million to any micro, small and medium enterprises, which is outstanding for more than 30 days.

VI. Material Developments:

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 254, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months.



GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities.

A. APPROVALS FOR THE ISSUE

1. The Board of Directors has, pursuant to resolutions passed at its meeting held on July 2, 2010 authorised the Issue, subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.
2. The shareholders of our Company have authorised the Issue, pursuant to a resolution passed by postal ballot dated October 8, 2010, under section 81(1A) of the Companies Act.
3. The Selling Shareholder has approved the Issue and the Offer for Sale through letter dated July 27, 2010.
4. The Reserve Bank of India through letter (F.E.CO.FID No.7683/10.21.208/2010-11) dated September 28, 2010 has approved the transfer of 420,884,123 Equity Shares of our Company in favour of residents outside India under Offer for Sale portion in this Issue.

B. APPROVALS FOR OUR BUSINESS

I. Approvals for our ongoing projects

1. Transmission System associated with the Barh Generation Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary, MoP, conveying administrative approval and expenditure sanction of the President of India.	No.12/13/2003-PG	December 12, 2005	Not applicable.
2	Prior approval of the Central Government under section 68 of the Electricity Act, for installation of overhead lines.	No. 11/16/2003-PG	January 14, 2004	Not applicable.
3.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 111.9 ha of forest land for the 765 KV Bina-Seoni transmission line.	No. 8-22/2007-FC	May 28, 2009	Not applicable.
4.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 1.3 ha of forest land for the 400 KV Barh-Ballia transmission line*.	No. 5-BHB054/2008-BHU	July 27, 2010	Not applicable.

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government, we cannot commence construction work in the areas designated in the in-principle approval.

2. East-West Transmission Corridor Strengthening Scheme

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Director, MoP, conveying administrative approval and expenditure sanction of the President of India to the Feasibility Report.	No.12/5/2004-PG	June 23, 2006.	Not applicable.



S. No.	Description	Reference Number	Issue Date	Expiry Date
2	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	No. 11/16/03-PG	April 23, 2004	Not applicable
3.	Approval of the Central Government under section 2 of the Forest Conservation Act for diversion of 18.8 ha of forest land for the 400 KV Ranchi-Rourkela transmission line.	No. JHC096/2009-BHU	5- August 4, 2010	Not applicable.
4.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act for diversion of 111.4 ha of forest land for the 400 KV Rourkela-Raigarh transmission line*.	No. 8-28/2009-FC	July 26, 2010	Not applicable.

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

3. Supplementary Transmission System associated with DVC and Maithon RB Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	April 7, 2008	Not Applicable
2.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act for diversion of 3.4 ha of forest land for the 400 KV Maithon-Mejia transmission line in West Bengal*.	5- WBB038/2010-BHU	September 2, 2010	Not Applicable

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (No. ERNC/TL-M(RB)-R/Forest/3399) dated October 16, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 61.9 ha of forest land for the 400 KV Maithon-Ranchi Transmission Line.
2. Application (No. KOD/KOD-BOK/TLC/W-09) dated October 26, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 198.9 ha of forest land for the 400 KV Bokaro-Koderma Transmission Line.
3. Application (No. KDM/KDM-Gaya/TLC/W-09/100) dated November 6, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 23.5 ha of forest land for the 400 KV Koderma-Gaya Transmission Line.
4. Application (No. IVR-5/V.N.S./TL/Construction/Forest/134) dated July 10, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 2.1 ha of forest land for the 400 KV Sasaram-Fatehapur Transmission Line.
5. Application (No. PG/Agra/Fatehapur-Agra) dated September 14, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 9.3 ha of forest land for the 400 KV Fatehapur-Agra Transmission Line.



6. Application (No. ER-I/PSL/DGM-5/06) dated August 6, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 2.9 ha of forest land for the 400 KV Biharshariff-Sasaram Transmission Line.

4. North East – Northern Western Region Interconnector – I

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	March 2, 2009	Not Applicable
2.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 133.6 ha of forest land for the 400 KV Kameng-Balipara transmission line in Arunachal Pradesh*.	8-20/2010-FC	September 29, 2010	Not Applicable
3.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 98.2 ha of forest land for the 400 KV Kameng-Balipara transmission line in Assam*.	8-47/2009-FC	January 11, 2010	Not Applicable
4.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 74.3 ha of forest land for the 400 KV transmission lines from Gerukamukh-Bishwanath Charialia (Line – I and Line – II) in Arunachal Pradesh*.	8-73/2009-FC	September 29, 2010	Not Applicable
5.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 3.6 ha of forest land for the 400 KV transmission lines from Gorakhpur-Lucknow in Uttar Pradesh.	8B/UP/04/50/2009/FC/572	August 20, 2010	Not Applicable

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Applications

1. Application (No. NERNG/400KV(Q)/Forest-Proposal/22) dated July 31, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 11.8 ha of forest land for the 400 KV Balipada-Bongaigaon Transmission Line.
2. Application (No. PG/AGRA/HVDC/209) dated May 22, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 6.6 ha of forest land for the 800 KV Lucknow-Agra Transmission Line.
3. Application (No. PG/AGRA/HVDC/124) dated April 30, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 0.5 ha of forest land for the 800 KV Lucknow-Agra Transmission Line.



4. Application (No. PG/AGRA/HVDC/237) dated May 25, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 1.4 ha of forest land for the 800 KV Lucknow-Agra Transmission Line.
5. Application (No. N-1/AGRA/800KVHVDC/198) dated July 21, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 5.8 ha of forest land for the 800 KV Lucknow-Agra Transmission Line.

5. Transmission System associated with Rihand – III (2 x 500 MW) and Vindhyaachal – IV (2 x 500 MW) Generation Projects

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for the installation of overhead lines.	11/4/2007-PG	November 12, 2009	Not Applicable

6. Transmission System associated with Koteshwar HEP

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	No. 11/16/2003-PG	July 29, 2004	Not applicable.

7. Establishment of 220/132 kV substations at Kichcha and Pithoragarh (System Strengthening Scheme in Uttaranchal)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Approval under section 18-A of the Electricity (Supply) Act, 1948.	No. 11/3/2003-PG	August 23, 2002.	Not applicable.
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 2.7 ha of forest land for 400 KV Dhauri Ganga-Bareilly transmission line.	8B/UCP/04/196/2005/FC/2989	February 20, 2006	Not Applicable.

8. Transmission System associated with Koldam Hydro-electric Project (4x200 MW)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary, MoP, conveying administrative approval and expenditure sanction of the President to the Feasibility Report for Transmission System associated with Koldam Hydro-electric Project (4x200 MW).	No.12/19/2003-PG	September 7, 2005	Not applicable.
2.	Approval under section 18-A of the Electricity (Supply) Act, 1948.	No. 11/4/2003-PG	March 13, 2003	Not applicable.
3.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 37.5 ha of forest land for the 400 KV Koldam-Nalagarh	No. 9-HPC347/2007-CHA/9309	April 22, 2008	Not applicable.



S. No.	Description	Reference Number	Issue Date	Expiry Date
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transmission line*.

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

9. Transmission System associated with Parbati II HEP

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Approval under section 18-A of the Electricity (Supply) Act, 1948.	11/4/2003-PG	March 13, 2003	Not applicable
2.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines for the 400 KV Parbati-II-Koldam (Line-I) and Parbati-II-Koldam (Line-II) Transmission Lines.	11/1/08-PG	November 14, 2008	Not applicable

10. Transmission System associated with Parbati-III HEP

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary, MoP, conveying administrative approval and expenditure sanction of the President of India to the implementation of Transmission System associated with Parbati-III HEP.	No.12/19/2004-PG	July 31, 2006.	Not applicable.
2.	Approval under section 18-A of the Electricity (Supply) Act, 1948.	No. 11/4/2003	March 13, 2003	Not applicable.
3.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 61.6 ha of forest land for the 400 KV Parbati-Amritsar transmission line*.	No. 8-76/2009-FC	April 23, 2010	Not applicable.
4.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 6.5 ha of forest land for the 400 KV LILO Parbati-II to Parbati-III transmission line*.	No. 9HPC028/2008-CHA/5479	July 1, 2008	Not applicable.
5.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 1.0 ha of forest land for the 400 KV LILO Parbati-II to Parbati-III transmission line*.	No. 9HPB215/2009-CHA/6236	November 18, 2009	Not applicable.

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

11. Uri-II HEP Transmission System

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	No. 11/16/2003-PG	July 30, 2004	Not applicable.
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 22.2 ha of forest land for the 400 KV Uri to Uri-II and Uri-II to	No. 81/05/2010	March 31, 2010	Not applicable.



S. No.	Description	Reference Number	Issue Date	Expiry Date
	Wagoora transmission lines.			

12. Transmission System Associated with Chamera – III Generation Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	April 7, 2008	Not Applicable
2.	In-Principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 130.7 ha of forest land for the 400 KV Chamera-III HEP-Jullundur transmission line*.	8-81/2010-FC	September 22, 2010	Not Applicable.

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Application

1. Application (No. N2CBA/CH-III/220/Forest/09) dated December 16, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 19.2 ha of forest land for the 220 KV Chamera-III-Pooling Station near Chamera-II Transmission Line.

13. Northern Region System Strengthening Scheme – X

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	February 15, 2007	Not Applicable
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 3.7 ha of forest land for the 400 KV Gorakhpur-Lucknow transmission line.	8B/UP/04/50/2009/FC/572	August 20, 2010	Not Applicable

14. Northern Region System Strengthening Scheme – XI

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	February 15, 2007	Not Applicable
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 0.5 ha of forest land for the 400 KV Kaithal-Meerut transmission line.	8B/UP/01/48/209/FC/322	May 3, 2010	Not Applicable
3.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 4.1 ha of forest land for the 400 KV Kaithal-Meerut transmission line in Haryana.	9-HRB560/2009-CHA/1759	May 17, 2010	Not Applicable.
4.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 0.6 ha of forest land for the	8B/UP/04/68/2009/FC/1412	January 6, 2010	Not Applicable



S. No.	Description	Reference Number	Issue Date	Expiry Date
	400 KV Kaithal-Meerut transmission line in Haryana.			

15. Northern Region System Strengthening Scheme – XII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	June 27, 2007	Not Applicable
2.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 1.0 ha of forest land for the 400 KV Bahadurgarh-Sonepat transmission line*.	9-HRB229/2010-CHA	May 24, 2010	Not Applicable
3.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 0.5 ha of forest land for the 400 KV Bahadurgarh-Sonepat transmission line*.	9-HRB230/2010-CHA/2124	June 2, 2010	Not Applicable
4.	Approval of the Central Government under section 2 of the Forest (Conservation) Act, 1980 for diversion of 1.1 ha of forest land for the 400 KV Bahadurgarh-Sonepat transmission line.	9-HRB228/2010-CHA/2119	June 2, 2010	Not Applicable

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

16. Northern Region System Strengthening Scheme – IX

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	February 15, 2007	Not Applicable
2.	Approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 0.9 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line.	8-B/UP/04/38/2009/FC/673	September 9, 2010	Not Applicable
3.	In-principle approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 0.4 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line*.	8-B/UP/01/47/2009/FC/349	September 9, 2010	Not Applicable
4.	In-principle approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 1.4 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line*.	8-B/UP/04/133/2010/FC/929	October 8, 2010	Not Applicable
5.	In-principle approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 0.05 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line*.	8-B/UP/04/133/2010/FC/929	October 8, 2010	Not Applicable
6.	In-principle approval of the Central	8-B/UP/AB/47/2010/FC/670	August 27,	Not



S. No.	Description	Reference Number	Issue Date	Expiry Date
	Government under section 2 of the Forest (Conservation) Act, for diversion of 0.5 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line*.		2010	Applicable
7.	In-principle approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 0.8 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line*.	8-B/UP/04/67/2010/FC/714	September 9, 2010	Not Applicable
8.	In-principle approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 0.3 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line*.	8-B/UP/04/65/2010/FC/715	September 9, 2010	Not Applicable
9.	In-principle approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 0.06 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line*.	N-HRB443/2010-CHA/3048	August 5, 2010	Not Applicable
10.	In-principle approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 0.08 ha of forest land for the 400 KV Kanpur-Ballabgarh transmission line*.	NHRB172/2010-CHA/3222	August 12, 2010	Not Applicable

* After receipt of a compliance report from the State Government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Application

- Application (No. N1/KPTLCONST/36/MAINPURI) dated July 10, 2009 for approval under section 2 of the Forest (Conservation) Act, for diversion of 0.6 ha of forest land for 400 KV Kanpur-Ballabgarh transmission line.

17. System Strengthening for Northern Region Grid for Karcham-Wangtoo HEP

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	June 17, 2008	Not Applicable
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 322.8 ha of forest land for the 400 KV Karcham Wangtoo-Abdullapur transmission line.	8-18/2008-FC	July 21, 2009	Not Applicable

Application

- Application (No. N2SNP/TL/A-S(P-A2)/714/09/1181) dated November 5, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 3.6 ha of forest land for the 400 KV Abdullapur-Sonepat Transmission Line.

18. Northern Region System Scheme – XV



S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	June 17, 2008	Not Applicable

Application

1. Application (No. N1/BWDTLCONST/42) dated June 2, 2010 for approval under section 2 of the Forest (Conservation) Act, for diversion of forest land for 400 KV Manesar-Neemrana transmission line.

19. Northern Region System Scheme – XVII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	June 17, 2008	Not Applicable

20. Northern Region System Scheme – XVIII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	June 17, 2008	Not Applicable

21. Northern Region System Scheme – XIX

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	June 17, 2008	Not Applicable

22. Transmission System Associated with Rampur HEP

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	December 16, 2008	Not Applicable

Applications

1. Application (No. N2PTL/PLTL/Forest/Patiala/544) dated May 3, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 0.4 ha of forest land for the 400 KV Patiala-Ludhiana Transmission Line.
2. Application (No. N2PNPT/KMPT-F12/2010-1313) dated July 23, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 0.3 ha of forest land for the 400 KV LILO Patiala-Hissar Transmission Line.



3. Application (No. N2PNPT/KMTL-F107/2010-1346) dated August 2, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 0.2 ha of forest land for the 400 KV LILO Patiala-Hissar Transmission Line.
4. Application (No. N2PNPT/KMTL-F12/2010-1301) dated July 18, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 0.2 ha of forest land for the 400 KV LILO Patiala-Hissar Transmission Line.

23. 765 KV System for Central part of Northern Grid Scheme Part – I (earlier named as Northern Region Strengthening -765KV System for NCR and around)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	January 20, 2009	Not Applicable

Applications

1. Application (No. N1/AGRA/TL CONST/MA/FRT/2526) dated September 13, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of forest land for the 765 KV Meerut-Agra Transmission Line.
2. Application (No. N1/AGRA/TL CONST/MA/FRT) dated August 30, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of forest land for the 765 KV Meerut-Agra Transmission Line.

24. Northern Region System Strengthening Scheme – XIII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	July 4, 2008	Not Applicable

Application

1. Application (No. NEGGN/MNS/TL/FC/10) dated September 9, 2010 for approval under section 2 of the Forest Conservation Act, for 400 KV Gurgaon-Manesar Transmission Line for diversion of 9.5 ha of forest land.

25. Northern Region System Strengthening Scheme – XIV

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	June 17, 2008	Not Applicable

26. Northern Region System Strengthening – 765 KV System Part – III for NCR and around

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the	11/4/07-PG	October 9, 2007	Not Applicable



S. No.	Description	Reference Number	Issue Date	Expiry Date
	Electricity Act for installation of overhead lines.			

27. Transmission System associated with Sasan and Mundra Ultra Mega Power Projects in Northern Region

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	February 19, 2007	Not Applicable

28. Northern Regional Transmission Strengthening Scheme

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	January 19, 2009	Not Applicable

29. Northern Region System Strengthening Scheme – XXI

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	November 16, 2009	Not Applicable

Application:

1. Application (No. NR1/MRT/CONST/LILO/KM) dated July 29, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 0.2 ha of forest land for the LILO of 400 KV Kaithal- Meerut Transmission Line.

30. Western Region System Strengthening Scheme-II

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary MoP, conveying administrative approval and expenditure sanction of the President to the implementation of Western Region System Strengthening Scheme-II.	No.12/7/2004-PG	July 24, 2006	Not applicable.
2.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	No. 11/16/2003-PG	July 8, 2004	Not applicable.
3.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 84.5 ha of forest land for the 400 KV Brishinghpur-Damoh transmission line.	No. 8-50/2008-FC	May 19, 2009	Not applicable.
4.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 88.7 ha of forest land for the 400 KV Damoh-Bhopal transmission	No. 8-76/2008-FC	May 19, 2009	Not applicable.



	line.				
5.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 62.9 ha of forest land for the 756 KV Bina-Gwalior transmission line.	No. FC	8-38/2007-	December 22, 2008	Not applicable.
6.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 96.8 ha of forest land for the 400 KV Birsinghpur-Korba transmission line.	No. FC	8-52/2008-	November 9, 2009	Not applicable.
7.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 157.5 ha of forest land for the 400 KV Korba-Birsinghpur transmission line.	No. FC	8-10/2010-	July 28, 2010	Not applicable.
8.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 3.6 ha of forest land for the 400 KV Bhadravanti-Parli transmission line*.	No. MHB169/2009-BHO/1380	6-	July 20, 2010	Not applicable.
9.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 15.4 ha of forest land for the 400 KV Raipur-Wardha transmission line*.	No.6-CHC004/2010-BHO/979		May 31, 2010	Not applicable.

* After receipt of a compliance report from the state government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

31. Transmission System associated with Gandhar-II Gas Based Power Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary MoP, conveying administrative approval and expenditure sanction of the President to the implementation of scheme for Transmission System associated with Gandhar-II Gas Based Power Project.	No.12/24/2005-PG	August 18, 2006.	Not applicable.
2.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	No.11/16/2003-PG	February 1, 2005	Not applicable.
3.	Approval for incurring advance expenditure of ₹ 14.0 million for detailed survey.	No. 12/24/2004-PG.	December 23, 2004.	Not applicable.

32. Western Region System Strengthening Scheme – V

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	February 22, 2007	Not Applicable
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 1.3 ha of forest land for	6-DNB146/2009-BHO/7272	July 7, 2010	Not Applicable



S. No.	Description	Reference Number	Issue Date	Expiry Date
	the 220 KV Vapi-Khadoli transmission line in Dadra and Nagar Haveli.			
3.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 0.1 ha of forest land for the 220 KV Vapi-Khadoli transmission line in Vapi District of Gujarat.	6-GJB048/2010-BHO/1092	June 16, 2010	Not Applicable
4.	In-principle approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 26.4 ha of forest land for the 400 KV LILO line from Lonikand-Kalwa in Navi Mumbai and Raigarh District, Maharashtra*.	6-MHC006/2010-BHO/1003	June 2, 2010	Not Applicable
5.	Approval of the Central Government under section 2 of the Forest (Conservation) Act, for diversion of 0.1 ha of forest land for the 400 KV Vapi-Navi Mumbai transmission line in Gujarat.	6-GJB006/2010/BHO/1720	September 7, 2010	Not Applicable
6.	Approvals of the Central Government under section 2 of the Forest (Conservation) Act for diversion of 0.6 ha of forest land for the 400 KV Vapi-Navi Mumbai transmission line.	DNB171/2009-BHO/1628	August 18, 2010	Not Applicable

* After receipt of a compliance report from the state government with respect to the fulfilment of certain conditions, formal approval will be issued under section 2 of the Forest Conservation Act, by the Central Government. Pending the formal approval by the Central Government we cannot commence construction work in the areas designated in the in-principle approval.

Application

1. Application (No. WRTS-2/Surat/MTS/GN-51/9859) dated February 23, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 2.7 ha of forest land for the 400 KV Gandhar-Navsari Transmission Line.

33. Western Region System Strengthening Scheme – VI

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	February 8, 2007	Not Applicable
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 0.2 ha of forest land for the 400 KV Pirana-Dehgam transmission line in Gandhinagar, Gujarat.	6-GJB157/2009/BHO/819	May 10, 2010	Not Applicable

34. Western Region System Strengthening Scheme – VII



S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	November 23, 2007	Not Applicable

35. Western Region System Strengthening Scheme – IX

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	September 25, 2007	Not Applicable

36. Transmission System associated with Mundra and Sasan Ultra Mega Power Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/04/07-PG	September 2, 2008	Not Applicable

Applications

1. Application (FCA-1010/3-03(10)/S.F-71/F) dated July 31, 2010 submitted to MoEF by the government of Gujarat for diversion of 44.3 ha of forest land for KV Mundra-Vadavi, Mundra-Limadi and Mundra-Jetpur Transmission Lines, pursuant to approval of the Supreme Court by order dated May 7, 2010 in Writ Petition No. 202 of 1995, based on which the Government of Gujarat has issued its approval by letter (No. WLP/382/32/8/2316-19/2010-11) dated July 3, 2010 for diversion of 241.6 ha passing through the wild ass sanctuary in Gujarat.

37. System Strengthening in Northern Region for Sasan and Mundra Ultra Mega Power Projects

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	December 3, 2008	Not Applicable

Applications

1. Application (No. F-4/12/21/2009/10-11/Vidut/2438) dated July 8, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 11.9 ha of forest land for the 765 KV Satna-Bina (Circuit – I and II) Transmission Line.
2. Application (No. WR-2/Satna/765KV/211) dated May 14, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 30.5 ha of forest land for the 765 KV Sasan-Satna Transmission Line-I.
3. Application (No. PG/Agra/Fatehpur-Agra) dated September 14, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 0.4 ha of forest land for the 765 KV Sasaram-Fatehpur Transmission Line (II).



4. Application (No. WR-2/SATNA/765KV/212) dated May 15, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 16.0 ha of forest land for the 765 KV Sasan-Satna Transmission Line-II.

38. Western Region System Strengthening Scheme – X

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	February 29, 2008	Not Applicable

39. Western Region System Strengthening Scheme – XI

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	February 10, 2009	Not Applicable

40. Transmission System associated with Korba – III (1 x 5,000 MW) Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	February 17, 2009	Not Applicable

Application

1. Application (No. WRTS-I/BSP/CON-148/6062) dated December 2, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 32.4 ha of forest land for the 400 KV Korba STPS-Raipur Transmission Line.

41. Transmission System associated with Mauda (2x 500 MW) Generation Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	November 13, 2009	Not Applicable

42. Split Bus arrangement and reconfiguration/Shifting of terminating line at 400 kV Raipur Substation

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/26/2009-PG	June 30, 2009	Not Applicable

43. Transmission System associated with Kaiga-3 & 4 (2x235 MW) Project

S. No.	Description	Reference Number	Issue Date	Expiry Date
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S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary MoP, conveying administrative approval and expenditure sanction of the President to the Feasibility Report	No.12/12/2003-PG	March 29, 2005.	Not applicable.
2	Approval under section 18-A of the Electricity (Supply) Act, 1948.	No. 11/4/2003-PG	March 13, 2003	Not applicable.
3.	Approval of the Central Government under section 2 of the Forest Conservation Act for diversion of 39.8 ha of forest land for the 400 KV transmission line from Mysore to Kozhikot in Kerala.	4-KLC244/2006-BAN.	June 25, 2007	Not applicable.

44. Transmission System associated with Chennai NTPC/TNEB JV TPS

S. No.	Description	Reference Number	Issue Date	Expiry Date
1	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	No. 11/16/2003-PG	April 12, 2007	Not applicable.

45. Transmission System Associated with Tuticorin JV TPS

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	April 27, 2007	Not Applicable

46. System Strengthening in Southern Region – IX

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	October 18, 2007	Not Applicable

47. System Strengthening in Southern Region – XI

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	June 17, 2008	Not Applicable

48. Transmission System associated with Kalpakkam PFBR (500 MW)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	March 18, 2005	Not Applicable

49. System Strengthening in Southern Region – X Grid

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under	11/4/07-PG	February 18,	Not



S. No.	Description	Reference Number	Issue Date	Expiry Date
	section 68 of the Electricity Act for installation of overhead lines.		2008	Applicable
2.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	July 29, 2008	Not Applicable

50. Transmission System associated with Simhadri – II Generation Project of NTPC Line connecting the generation to the Grid

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	February 18, 2008	Not Applicable

51. System Strengthening in Southern Region – XII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	March 26, 2009	Not Applicable

52. Eastern Region Strengthening Scheme-I

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Under Secretary MoP, conveying administrative approval and expenditure sanction of the President to the implementation of Eastern Region Strengthening Scheme-I.	No.12/4/2005-PG	October 4, 2006	Not applicable.
2	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	No. 11/16/2003-PG	June 3, 2005	Not applicable.
3.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 30.5 ha of forest land for the 400 KV Durgapur-Jamshedpur transmission line.	No. 5-WBC022/2008-BHU	March 24, 2010	Not applicable.
4.	Approval of the Central Government under section 2 of the Forest Conservation Act, 1980 for diversion of 2.6 ha of forest land for the 400 KV Durgapur-Jamshedpur transmission line.	No. 8-269/1998	February 10, 2010	Not applicable.
5.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 11.4 ha of forest land for the 400 KV Durgapur-Jamshedpur transmission line.	No. 5JHC062/2007-BHV	July 3, 2009	Not applicable.
6.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 54.4 ha of forest land for the 400 KV Jamshedpur-Badipada transmission line.	No. 8-39/2008-FC	February 20, 2009	Not applicable.
7.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 3.4 ha of forest land for the 400 KV Jamshedpur-Badipada transmission line.	No. 5-OEB082/2008-FCE	April 17, 2009	Not applicable.



Application

1. Application (No. E/RB/B-M/Forest/08/6163) dated February 28, 2008 for approval under section 2 of the Forest Conservation Act, for diversion of 20.81 ha of forest land for the 400 KV Baripada-Mendhasal Transmission Line.

53. Eastern Region Strengthening Scheme - II

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	October 19, 2006	Not Applicable

54. Transmission System for start up power for DVC and Maithon RB Generation

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	April 7, 2008	Not Applicable.
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 108.5 ha of forest land for the 400 KV Biharshariff-Koderma transmission line.	8-75/2009-FC	September 21, 2010	Not Applicable.
3.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 2.1 ha of forest land for the 400 KV LILO Maithon-Jamshedpur transmission line at Mejia.	5-WBB031/2009-BHU	January 1, 2010	Not Applicable.

55. Transmission Scheme under the evacuation system for Nabinagar TPS (1,000 MW)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	November 10, 2008	Not Applicable

56. Transmission System for transfer of power from generation projects in Sikkim to NR/WR and Transmission System for development of pooling station in Northern part of West Bengal and transfer of power from Bhutan to NR/WR

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	August 18, 2009	Not Applicable

57. Transmission System for development of pooling stations in Sikkim and transfer of power to a new pooling station in Northern part of West Bengal/Bihar

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	September 5, 2008	Not Applicable



58. Eastern Regional Strengthening Scheme – III

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	February 26, 2010	Not Applicable

59. Transmission System for Phase – I generation projects in Odisha

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/2007-PG	February 15, 2010	Not Applicable

60. NER System Strengthening Scheme-I (Missing Link Transmission System in NER)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/2003-PG	May 18, 2006	Not Applicable.
2.	Approval of the Central Government under section 2 of the Forest Conservation Act for diversion of 27.9 ha of forest land for the 132 KV (Single Circuit Line) of Khandong-Kopili transmission line.	3-ASC067/2008-SHI/238-40	May 18, 2009	Not Applicable.

61. Transmission System associated with Pallatana GBPP (740 MW) and Bongaigaon TPS (750 MW)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	February 24, 2009	Not Applicable

Applications

1. Application (No. NERNG/400KV/Construction/FP) dated February 2, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 1.8 ha of forest land for the 400 KV Bongaigaon TPS-Bongaigaon Line Transmission Line.
2. Application (No. NEAGT/PALLATANA-SMN/Forest/2010-11/151) dated August 21, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 3.9 ha of forest land for the 400 KV Pallatana-Surajmaninagar Transmission Line.
3. Application (No. NEAGT/TL-Construction/PALLATANA/Forest/2010-11/106) dated July 16, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 6.9 ha of forest land for the 400 KV Puba Kanchan Bari Transmission Line.
4. Application (No. NESL/400KV-TL/SM-17/16) dated August 30, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 18.4 ha of forest land for the 400 KV Silchar-Melriat Transmission Line.



5. Application (No. NEIP/05/Construction/2010-11/291) dated July 16, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 19.6 ha of forest land for the 400 KV Silchar-Imphal Transmission Line.
6. Application (No. NEMKG/TL/02) dated July 28, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 32.2 ha of forest land for the 220 KV Mariani (New)-Mokokchung (PG) Transmission Line.
7. Application (No. NEAZL/NEW/TL/2010/259) dated July 22, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 10.5 ha of forest land for the 132 KV Melriat (New)-Melriat (Mizo) Transmission Line.
9. Application (No. NERTEZ/2010-11/PRTL/Forest-Proposal/C03) dated September 14, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 68.4 ha of forest land for the 132 KV Pasighat-Roing Transmission Line.
10. Application (No. NERTEZ/2010-11/TRTL/Forest-Proposal/C-Nirjuli) dated July 26, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 109.9 ha of forest land for the 132 KV Roing-Tezu Transmission Line.
11. Application (No. NERTEZ/2010-11/TNTL/ForestProposal/C-Nirjuli) dated July 26, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 229.0 ha of forest land for the 132 KV Tezu-Namsai Transmission Line.

62. Northern Region System Strengthening- VII

S. No.	Description	Reference Number	Issue Date	Expiry Date
1	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	No. 11/16/2003-PG	March 29, 2006	MoP may withdraw the approval before the expiry of 3 years after giving one month notice.
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 19.1 ha of forest land for the 400 KV Kankroli-Jodhpur transmission line.	No. 8B/RAJ/04/20/2009/FC/1981	March 25, 2010	Not applicable.
3.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 1.1 ha of forest land for the 400 KV LILO Kankroli-Zardha transmission line.	No. 8B/RAJ/04/24/2009/FC/431	July 9, 2009	Not applicable.
4.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 19.6 ha of forest land for the 400 KV LILO Ballabgarh-Bhiwadi transmission line.	No. 9-HRC521/2009-CHA/812	March 26, 2010	Not applicable.

63. Northern Region System Strengthening Scheme – XXIII



S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/1/08-PG	July 31, 2009	Not Applicable

64. Kundankulam Transmission System

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 2.1 ha of forest land for the 400 KV Admon-Muvattupuzha transmission line.	4-TNB378/2007-BAN	April 15, 2008	Not Applicable
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 47.7 ha of forest land for the 400 KV Tirunelveli-Admon transmission line.	8-47/2007-FC	April 22, 2008	Not Applicable
3.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 1.6 ha of forest land for the 400 KV Admon-Kochin transmission line.	4-KLB333/2007-BQN/405	March 24, 2009	Not Applicable.
4.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 1.1 ha of forest land for the 400 KV Muvattupuzha-North Trichur transmission line.	4-KLB187/2006-BAN/2149	March 13, 2008	Not Applicable.

65. Common Scheme for 765 KV pooling stations and network for NR (common for Sasan UMPP + NKP + Maithon/Kodermia/Mejia/Bokaro/Raghunathpur/Durgapur + Import by NR from ER and from NER/SR/WR/via ER) and Common Scheme for Network for WR (Common for NKP + Maithon/Kodermia/Mejia/Bokaro/Raghunathpur/Durgapur + Import by WR from ER and from NER/SR/WR via ER)

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/04/07-PG	April 7, 2008	Not Applicable.

Applications

1. Application (No. ER-I-400KV/Gaya/MGTL/ForestProposal/190) dated September 25, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 168.4 ha of forest land for the 400 KV Maithon-Gaya Transmission Line.
2. Application (No. ER-I/BXR/TL-Construction/W-21) dated December 1, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 0.5 ha of forest land for the 765 KV Gaya-Balia Transmission Line.
3. Application (No. ER-I/765KV/Gaya-SSR/TL/Forest) dated June 7, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 28.0 ha of forest land for the 765 KV Gaya-Sasaram Transmission Line.
4. Application (No. ER/NC/TLC/R-S-32/3983) dated August 3, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 12.6 ha of forest land for the 765 KV Ranchi-WR Pooling Station Transmission Line.



5. Application (No. NR-I/Lucknow/P/112/649) dated July 27, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 3.1 ha of forest land for the 765 KV Balia-Lucknow Transmission Line.
6. Application (No. E/RNC/TL-R(O-R)(N)/15) dated November 14, 2009 for approval under section 2 of the Forest Conservation Act, for diversion of 34.5 ha of forest land for the 400 KV Ranchi (New)-Ranchi Line-I Transmission Line and Ranchi(New)-Ranchi Line - II Transmission Line.
7. Application (No. ER-I/BXR-TL-Construction/W-21) dated May 4, 2010 for approval under section 2 of the Forest Conservation Act, for diversion of 1.9 ha of forest land for the 765 KV Gaya-Balia Transmission Line.

66. Establishment of 400/220 KV GIS Pooling Station near Chamera – II HEP

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/16/03-PG	November 4, 2007	Not Applicable

67. Transmission System Associated with Farakka-III

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	January 22, 2008	Not Applicable

68. 765 KV System for Central Part of Northern Grid – Part – II

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Prior approval of the Central Government under section 68 of the Electricity Act for installation of overhead lines.	11/4/07-PG	January 20, 2009	Not Applicable

Further, for details relating to regulatory approval under Regulation 24 read with Regulations 111 and 113 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations, 2004 accorded to our Company by CERC for constructing nine high capacity power transmission corridors, see “*Regulations and Policies in India*” on page 118.

II. Approvals for our Joint Venture Projects

1. Powerlinks Transmission Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission system associated with evacuation of power from Tala Hydroelectric Project in Bhutan, granted by CERC.	Nil	November 13, 2003	Unless revoked earlier, 25 years from the date of issue.



2. Torrent Power Transmission Private Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission system associated with evacuation of power from 1,100 MW SUGEN Combined Cycle Power Project at Akhakhhol, Gujarat, granted by CERC.	No.2/Transmission/CERC	May 16, 2007	Unless revoked earlier, 25 years from the date of issue.

3. Jaypee Power Grid Ventures Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission system associated with evacuation of power from Karcham-Wangtoo HEP in Himachal Pradesh, granted by CERC.	No.3/Transmission/CERC	October 1, 2007	Unless revoked earlier, 25 years from the date of issue.
2.	Approval of the Central Government under section 2 of the Forest Conservation Act, for diversion of 322.8 ha of forest land for the 400 KV Karcham Wangtoo-Abdullapur transmission line.	8-18/2008-FC	July 21, 2009	Not Applicable

4. Parbati Koldam Transmission Company Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets (Three Quad Moose Conductors and one Triple Snowbird Conductor), granted by CERC.	No.5/Transmission/CERC	September 15, 2008	Unless revoked earlier, 25 years from the date of issue.

5. Teestavalley Power Transmission Limited

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	License under section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets for two transmission lines from Teesta-III to Mangan Pooling Station and from Mangan to the new pooling station at Kishanganj, granted by CERC.	No.8/Transmission/CERC	May 14, 2009	Unless revoked earlier, 25 years from the date of issue.

6. North East Transmission Company Limited

S.	Description	Reference Number	Issue Date	Expiry Date
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No.					
1.	License under section 14 of the Electricity Act to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets for two transmission lines from Palatana-Silchar and Silchar-Bongaigaon granted by CERC.	No.9/Transmission/CERC	June 2009	16,	Unless revoked earlier, 25 years from the date of issue.

III. Licenses and approvals for our telecommunication business

S. No.	Description	Reference Number	Issue Date	Expiry Date
1.	Letter from the Deputy Secretary, MoP, conveying administrative approval and expenditure sanction of the President of India to the establishment of Backbone Telecom Network.	No. 12/4/2000	March 12, 2003	Not applicable.
2.	Registration for Infrastructure Provider Category- I (IP-I) from Director (BS-III), Ministry of Communications and Information Technology, granting permission to establish and maintain the assets such as dark fibres, right of way, duct space and tower for granting them on lease/rent/sale basis to the licensees of telecom services licensed under section 4 of the Indian Telegraph Act.	No. 62/2002	November 7, 2002	Not applicable.
3.	License for installing, operating and maintaining the national long distance service network and providing national long distance service on a non-exclusive basis within the territorial boundaries of India pursuant to the License Agreement dated July 5, 2006 entered into with the Director (BS-III), DoT.	No. 10-15/06-BS-I (NLD-05)	July 5, 2006	20 years, subject to extension of 10 years.
4.	License for maintaining and operating Internet Service on a non-exclusive basis in India pursuant to the License Agreement dated May 29, 2003 entered into with the Assistant Director General (LR V), DoT.	No. 820-709/2003-LR	May 29, 2003	15 years, subject to extension of 5 years.

IV. Central Sales Tax, General Sales Tax and Value Added Tax Registration Details

S. No.	Description	Reference Number	Issue Date	Expiry Date
<i>Central Sales Tax Certificates</i>				
1.	Registration under Section 7 (1) and 7 (2) the Central Sales Tax Act, 1956	AD 5129987	December 5, 1991	Valid until cancellation
2.	Registration under Section 7 (1) and 7 (2) the Central Sales Tax Act, 1956	FBD/CST/1209404	July 21, 1993	Valid until cancellation
3.	Registration under section 7 (1) and 7 (2) the Central Sales Tax Act, 1956	CST/1422/01211	October 22, 1992	Valid until cancellation
4.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	309523	May 8, 2006	Valid until cancellation
5.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	HISSAR-23882	February 17, 1989	Valid until cancellation
6.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	5050542/CST	March 23, 1988	Valid until cancellation
7.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	CST-SIM-3945	September 21, 1995	Valid until cancellation
8.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	PJT/02/01/2534/91-92	September 4, 1991	Valid until cancellation
9.	Registration under section 7 (1) and 7 (2)	11858692	December 12,	Valid until



S. No.	Description	Reference Number	Issue Date	Expiry Date
	the Central Sales Tax Act, 1956		1991	cancellation
10.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	25117510	May 18, 1995	Valid until cancellation
11.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	16773/PRC	October 4, 2006	Valid until cancellation
12.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	208897	November 8, 1995	Valid until cancellation
13.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	2428(O)	November 14, 2006	Valid until cancellation
14.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	PR-1259	June 17, 1992	Valid until cancellation
15.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	194204	February 5, 1996	Valid until cancellation
16.	Registration under the Central Sales Tax (Registration and Turnover Rules), 1957	JBP-IV-PTN-1668	December 20, 2000	Valid until cancellation
<i>General Sales Tax and Value Added Tax Certificates</i>				
17.	Registration under the Delhi Value Added Tax Act, 2004	07680309140	May 12, 2006	Not applicable
18.	Registration under the Himachal Pradesh General Sales Tax Rules, 1969	GST-SIM-III-5654	September 21, 1995	Valid until cancellation
19.	Registration under the Andhra Pradesh General Sales Tax Act, 1957	PJT/02/1/2704/91-92	September 4, 1991	Valid until cancellation
20.	Value Added Tax Registration	28370137631	March 28, 2005	Not applicable
21.	Registration under the Kerala General Sales Tax Rules, 1963	25112510	September 13, 2004	Valid until cancellation
22.	Value Added Tax Registration	TIN-20350101624	August 31, 2006	Not applicable
23.	Registration under section 19 of the Bihar Value Added Tax Ordinance, 2005	TIN-10050053019	April 27, 2005	Not applicable
24.	Registration under the Arunachal Pradesh Sales Tax Act, 1999	12040084176/05	June 7, 2005	Valid until cancellation
25.	TAN granted under the Assam Value Added Tax Act, 2003	KJR/TAN 729	June 23, 2005	Not applicable
26.	Registration under the Assam Value Added Tax Rules, 2005	SLC/TAN 4440	August 16, 2006	Not applicable
27.	Registration under section 24 of the Nagaland Value Added Tax Act, 2005	13040108003	July 20, 2005	Not applicable
28.	Registration under the Manipur Value Added Tax Rule, 2005	14010121137	October 18, 2005	Not applicable
29.	Registration under section 16 of the Maharashtra Value Added Tax Act, 2002	TIN-27690279656 V	April 1, 2006	Not applicable
30.	Registration under the Sales Tax Act/VAT for Punjab	10590514	November 2, 2006	Not applicable

V. Other approvals and registrations

S.No.	Description	Reference	Issue Date	Expiry Date
1.	Registration under Section 69 of the Finance Act, 1994, for our Company's premises at B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi.	DLIL/ST/CE/50/PGEIL/2004	March 11, 2004	Not applicable.
2.	Registration under section 69 of the Finance Act, 1994, for our	CE/BG.III/170/Power/2002	August 23, 2002	Not applicable.



S.No.	Description	Reference	Issue Date	Expiry Date
	Company's premises at Sahakara Bhavan No. 32, Race Course Road, Bangalore.			
3.	Registration under section 69 of the Finance Act, 1994, for our Company's premises at MCH Complex, Secunderabad.	C. Engg/Hyd. VII/5/98	June 19, 1998	Not applicable.
4.	Registration under Section 69 of the Finance Act, 1994, for our Company's premises at MCH Complex, Secunderabad.	AAACP0252GST004	October 9, 2003	Not applicable.
5.	Registration under section 69 of the Finance Act, 1994, for our Company's premises at Old Arunachal Pradesh Secretariat, G.S Road, Shillong, Meghalaya.	283/SH.CEX/S.TAX/2003	March 16, 2004.	Not applicable.
6.	Registration under section 69 of the Finance Act, 1994, for our Company's premises at Boring Road, Alankar Place, Patna, Bihar.	CE/BKP.II/08/PCIL/04	December 8, 2004.	Not applicable.
7.	Registration under section 69 of the Finance Act, 1994, for our Company's premises at Hemkunt Chambers, Nehru Place, New Delhi.	Consulting Engineer/DL/434/98	February 12, 1998	Not applicable.
8.	Registration under section 69 of the Finance Act, 1994, for our Company's premises at Chandigarh.	04/ST/Consult Engineer/STC/Chad/2001	January 24, 2001	Not applicable.
9.	Service Tax Code No. for our Company's premises at Sampriiti Nagar Nari Ring Road, Nagpur, Maharashtra.	AAACP0252GST002	May 22, 2003.	Not applicable.
10.	Service Tax Code No. for our Company's premises at Bardhaman, West Bengal.	AAAC P0252GST009	January 21, 2005.	Not Applicable.
11.	Registration under sub-section 2 of section 7 of the CLRA for our Company's premises at Plot No. 2, Sector-29, Gurgaon, Haryana.	No. 46 (R-15) 2000 ALF	November 17, 2000	Not applicable.

S.No.	Description	Reference	Issue Date	Expiry Date
1.	Permanent Account Number ("PAN") issued by the Income Tax Department	AAACP0252G	October 23, 1989	Not applicable
2.	Registration with the Regional Provident Fund Commissioner, under the Employees Provident Funds and Miscellaneous Provisions Act, 1952, originally granted in the name of National Power Transmission Corporation Limited, subsequently amended to our Company's name.	E/DL/12882	November 1, 1991	Not applicable



VI. Trademark registrations

S.No.	Description	Reference	Date of Registration	Expiry Date
1.	Registration in Class 37 of trademark 'Powertel' issued by the Registrar of Trademarks, Trade Mark Registry, New Delhi with respect to telecommunication services	Trademark No. 1508692 Certificate No. 873108	March 31, 2010	Not Applicable

Application

1. Application dated March 22, 2007 to the Registrar of Trademarks, Trade Mark Registry, New Delhi, for trademark registration of the logo of our Company, in Classes 37, 38 and 42.



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

- Our Board has authorized the Issue, pursuant to a resolution passed at its meeting held on July 2, 2010.
- Our shareholders have authorized the Issue, pursuant to a special resolution under section 81(1A) of the Companies Act, passed by way of a postal ballot, on October 8, 2010.
- The Selling Shareholder has approved the Issue and the Offer for Sale, by letter F. No. 11/10/2010-PG dated July 27, 2010.
- The Reserve Bank of India has approved the transfer of 420,884,123 Equity Shares of our Company in favor of residents outside India in the Offer for Sale, by letter (F.E.CO.FID No.7683/10.21.208/2010-11) dated September 28, 2010.

Prohibition by SEBI, RBI or Governmental authorities

Our Company, our Promoter and our Directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. Neither our Promoter nor any of our Directors has been or is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

Our Directors are not in any manner associated with the securities market and there has been no action taken by SEBI against our Directors or any entity in which any of our Directors is involved as a promoter or director.

Neither our Company, our Promoter nor our Directors, have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past, or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 27 read with Regulation 26(1) (d) and (e) of the SEBI Regulations, as described below:

- (a) The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of issue size is not expected to exceed five times the pre-Issue net worth of our Company as per our audited balance sheet of the preceding financial year; and
- (b) Our Company has not changed its name within the last one year.

Accordingly, our Company is eligible to undertake the Issue under Regulation 27 read with Regulation 26(1) (d) and (e) of the SEBI Regulations.

In addition, in accordance with Regulation 26(4) of the SEBI Regulations, our Company will ensure that the number of Bidders to whom Equity Shares are Allotted in the Issue will be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after we become liable to repay it, our Company and every officer in default will, on and from the expiry of such eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% *per annum*, as prescribed under Section 73 of the Companies Act.



Further, our Company is eligible to make a 'fast track issue' in accordance with Regulation 10 of the SEBI Regulations, as described below:

- (a) The Equity Shares of our Company have been listed on BSE and NSE, which have nationwide trading terminals for a period of at least three years immediately preceding the date of registering this Red Herring Prospectus with the RoC;
- (b) The average market capitalization of public shareholding of our Company is at least ₹ 50,000 million;
- (c) Our public shareholding is less than 15% of our issued equity capital and the annualized trading turnover of our Equity Shares has been at least 2% of the weighted average number of Equity Shares available as free float during such six months' period;
- (d) Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of registering this Red Herring Prospectus with the RoC;
- (e) Our Company has not complied with the Equity Listing Agreement relating to composition of board of directors for certain quarters during the last three years immediately preceding the date of registering this Red Herring Prospectus with the RoC, but is compliant with such provisions at the date of this Red Herring Prospectus, and adequate disclosures are made in this Red Herring Prospectus about such non-compliances during the three years immediately preceding the date of registering this Red Herring Prospectus with the RoC, and accordingly, our Company will be deemed compliant with the condition. Our Company was compliant with the Equity Listing Agreement from October 20, 2010, with the induction of four independent Directors on its Board. Adequate disclosure to this effect has been made in this Red Herring Prospectus;
- (f) The impact of auditors' qualifications, if any, on the audited accounts of our Company in respect of those financial years for which such accounts are disclosed in this Red Herring Prospectus does not exceed 5% of the net profit or loss after tax of our Company for the respective years;
- (g) No show-cause notices have been issued or prosecution proceedings initiated by SEBI or pending against our Company or its Promoter or whole time Directors as on the date of registering this Red Herring Prospectus with the RoC; and
- (h) The entire shareholding of the Promoter of our Company is held in dematerialized form as on the date of registering this Red Herring Prospectus with the RoC.

Compliance with Part A of Schedule VIII of the SEBI Regulations, read with Part B of Schedule VIII of the SEBI Regulations

Our Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI Regulations, read with Part B of Schedule VIII of the SEBI Regulations. No exemption from eligibility norms has been sought under Regulation 109 of the SEBI Regulations, with respect to the Issue. Further, our Company has not been formed by the conversion of a partnership firm into a company.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT IT HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING SBI CAPITAL MARKETS LIMITED, GOLDMAN SACHS (INDIA) SECURITIES PRIVATE LIMITED, ICICI SECURITIES LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI



(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. AS THIS REQUIREMENT IS TO FACILITATE BIDDERS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED, GOLDMAN SACHS (INDIA) SECURITIES PRIVATE LIMITED, ICICI SECURITIES LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED OCTOBER 21, 2010 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY;**

WE CONFIRM THAT:

- A. THE RED HERRING PROSPECTUS IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - C. THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE BIDDERS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, EACH, AS AMENDED, AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND UNTIL DATE SUCH REGISTRATION IS VALID;**



4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS; NOTED FOR COMPLIANCE.**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS - NOT APPLICABLE;**
6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE RED HERRING PROSPECTUS - NOT APPLICABLE;**
7. **WE UNDERTAKE SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WILL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION WILL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT WILL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION WILL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND WILL BE RELEASED TO THE COMPANY, WITH THE PROCEEDS OF THE PUBLIC ISSUE - NOT APPLICABLE;**
8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION;**
9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, AND THAT SUCH MONEYS WILL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/ALLOTMENT OF EQUITY SHARES PURSUANT TO THE ISSUE. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE;**



10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE RED HERRING PROSPECTUS THAT THE BIDDERS WILL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN ₹ 100 MILLION, THEREFORE, UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE OFFERED IN DEMAT ONLY;**
11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE BIDDER TO MAKE A WELL INFORMED DECISION;**
12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE RED HERRING PROSPECTUS:**
 - a. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE WILL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY; AND**
 - b. **AN UNDERTAKING FROM THE COMPANY THAT IT WILL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME;**
13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE; COMPLIED WITH AND NOTED FOR COMPLIANCE.**
14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER, ETC;**
15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY;**
16. **WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY;**
17. **WE CONFIRM THAT THE COMPANY IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE COMPANY, HAS ALSO BEEN DISCLOSED IN THE RED HERRING PROSPECTUS;**



18. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE RED HERRING PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE WILL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN; COMPLIED WITH AND NOTED FOR COMPLIANCE**
19. **WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; NOTED FOR COMPLIANCE;**
20. **WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALIZATION OF THE SPECIFIED SECURITIES OF THE COMPANY; AND**
21. **WE CERTIFY THAT AS PER THE REQUIREMENTS OF THE FIRST PROVISOR TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE RED HERRING PROSPECTUS AND THE PROSPECTUS. COMPLIED WITH AND NOTED FOR COMPLIANCE**

The filing of this Red Herring Prospectus with the RoC does not absolve our Company from any liabilities under section 63 and section 68 of the Companies Act, or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the BRLMs any irregularities or lapses in this Red Herring Prospectus.

Disclaimer from our Company, the Selling Shareholder, the Directors and the Syndicate

Our Company, the Selling Shareholder, the Directors and the Syndicate accept no responsibility for statements made otherwise than those contained in this Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website at www.powergridindia.com, or the website of its subsidiaries, or of any affiliate or associate of our Company or its subsidiaries, would be doing so at his or her own risk.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the underwriting agreement to be entered into between the Underwriters, our Company, the Selling Shareholder and the Registrar to the Issue.

All information will be made available by our Company, the Selling Shareholder and the BRLMs to the Bidders and the public at large and no selective or additional information will be made available for a section of the Bidders or the public, in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.