

POWER GRID CORPORATION OF INDIA LTD. (A Govt. of India Enterprise)
B-9, QUTAB INSTITUTIONAL AREA, KATWARIA SARAI, NEW DELHI-110016.

AUDITED RESULTS FOR THE YEAR ENDED 31st MARCH, 2008

(Rs. in crore)

PARTICULARS	Accounting Year ended 31.03.2008	Accounting Year ended 31.03.2007
1. Revenue from Operations		
a) Transmission Income	4188.52	3248.00
b) Consultancy Income	250.04	226.00
c) Telecom Income	123.53	77.10
d) Short Term Open Access - Transmission Charges	52.73	38.75
Total Revenue from Operations	4614.82	3589.85
2. Other Income		
a) Interest on Bonds & Long Term Advances	149.99	173.24
b) Lease Income - State Sector ULDC	66.54	56.08
c) Interest from Banks	74.62	67.67
d) Provision Written Back	8.39	133.43
e) FERV Gain	42.96	0.00
f) Short Term Open Access-Other Charges	21.11	17.59
g) Others	103.10	59.29
Total Other Income	466.71	507.30
3. Total Income	5081.53	4097.15
4. Expenditure		
I. a) Staff Cost	519.06	338.88
b) Provisions	3.83	2.74
c) Other O&M Expenditure (including DRE Written off)	346.85	314.81
Total Expenditure other than Depreciation	869.74	656.43
II. Depreciation	959.65	827.58
Total Expenditure	1829.39	1484.01
5. Interest & Finance Charges		
a) Interest & Other Charges	1195.65	1119.81
b) FERV as adjustment in Borrowing Cost	76.26	-40.01
c) Rebate to Customers	67.64	60.62
Total Interest & Finance Charges	1339.55	1140.42
6. Profit Before Tax and Prior Period Adjustments	1912.59	1472.72
7. Less : Prior Period Items - FERV	179.28	0.00
Prior Period Items - Others	2.78	-9.28
8. Profit Before Tax	1730.53	1482.00
9. Provision for Taxation		
a) Minimum Alternate Tax	197.11	134.09
b) Fringe Benefit Tax	10.50	8.72
c) Deferred Tax	74.45	109.82
10. Profit after Tax	1448.47	1229.37
11. (a) Paid up Equity Share Capital	4208.84	3787.41
(b) Paid up Equity Share Capital ((@)including Share Capital Deposit)	4208.84	3826.22(@)
12. Reserves excluding Revaluation Reserve	9298.53	6874.21
13.(a) Basic EPS (Rs./Share of Rs 10 each calculated on profit after Tax)	3.6019	3.3146
13.(b) Diluted EPS (Rs./Share of Rs 10 each calculated on profit after Tax)	3.6007	3.2803
14. Public Shareholding		
- Number of shares	573932895	-
- Percentage of shareholding	13.64 %	-

Segment wise Revenue, Results and Capital Employed

	Particulars	Year ended 31/03/2008	Year ended 31/03/2007
A.	Segment Revenue		
	- Transmission	4480.30	3600.19
	- Consultancy	253.29	226.40
	- ULDC/RLDC	224.08	193.26
	- Telecom	125.84	78.42
	Total	5083.51	4098.27
	Less: Inter Segment Revenue	1.98	1.12
	Total Revenue	5081.53	4097.15
B.	Segment Results		
	Profit Before Tax		
	- Transmission	1578.10	1356.69
	- Consultancy	160.93	157.58
	- ULDC/RLDC	9.45	12.23
	- Telecom	-17.95	-44.50
	Total Profit Before Tax	1730.53	1482.00
C.	Segment Capital Employed		
	- Transmission	32984.10	27069.54
	- Consultancy	-588.69	-895.05
	- ULDC/RLDC	1234.15	1381.72
	- Telecom	644.68	754.31
	Total Segment Capital Employed	34274.24	28310.52

Notes :

1. While calculating segment wise capital employed, dererred tax liability for consultancy and other segments has not been considered and included in transmission segment.

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

Notes. :

1. The audited accounts are subject to review by the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956.

2. i) The transmission income included in Revenue from Operations for the period has been accounted for on the basis of regulations issued by CERC and orders received for the block period 2004-09 and 2001-04.

ii) Due to CERC orders on restoration of depletion of equity and deployment of FERV, as per orders of Appellate Tribunal of Electricity, and also upon resolution of the notionally capitalised elements of interest and other incidental expenditure for delayed period of commercial operation, arrears of Rs. 154.35 crore have been accounted for as transmission income.

3. Various matters with reference to accounting of FERV have been referred to Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI). On some of the matters EAC has given opinions which have again been referred to EAC for clarifications. Pending receipt of opinions / clarifications from EAC, the company has changed the accounting treatment of FERV and related issues as detailed below :

i) FERV gain which was considered as adjustment to borrowing cost upto 2006-07, has now been adjusted in Fixed Assets with retrospective effect from 1st April, 2000 for the loans contracted prior to 01.04.2004. In respect of other loans, same is taken to Profit & Loss Account.

ii) FERV on restatement of loans accounted on accrual basis, to the extent recoverable / payable as per CERC norms on actual payment basis, has been accounted as recoverable / payable in accordance with the opinion of EAC of ICAI w.e.f. 1st April, 2004 or date of commercial operation which ever is later on "matching" concept of income and expenses.

iii) FERV on loans for import of goods was adjusted to capital cost of fixed assets upto 2006-07 in view of Schedule VI of the Companies Act, 1956 prevailing over the the AS-11. With the clarifications by Department of Company Affairs that AS-11 will prevail over Schedule VI, the FERV has now been accounted for as per AS-11.

The above has resulted in reduction in profit by Rs. 156.43 crore for the year 2007-08. In addition, FERV gain of Rs. 249.53 crore which was taken as income upto December, 2007 has been reversed in the last quarter of the year. The effect has been partly offset by arrears of Transmission Income of Rs. 154.35 crore as explained at 2(ii) above.

In view of the opinion of EAC of ICAI at 3(ii) above, profit and loss account will be immuned from the impact of FERV in respect of commissioned assets from the Financial Year 2008-09 onwards. However, the adjustment will be carried to Profit & Loss Account for the loans contracted on or after 01.04.2004 in respect of assets under construction as per the Accounting Policy.

4. Wage revision of the employees of the company is due w.e.f. 1st January, 2007. Based on the recommendations of the Committee formed by Government of India, a sum of Rs. 145.98 crore (net of amount charged to construction) has been charged to Profit and Loss Account during the year { Rs. 19.40 crore (net of amount charged to construction) for the year ending 31st March, 2007} as wage revision provision.

5. The issue of charging depreciation has been referred by CAG to the Ministry of Power (MOP). MOP has issued tariff policy which provides that rates of depreciation notified by CERC would be applicable for the purpose of tariff as well as accounting. Pending formalization of norms by CERC in accordance with the Tariff Policy, the rates notified under present Tariff Norms are considered appropriate for charging depreciation for the year.

6. (i) The Company's shares were listed on 5th October, 2007 at Bombay Stock Exchange, Mumbai and National Stock Exchange, Mumbai.

Status of investor complaints received and disposed off during the year ended 31st March, 2008 is given as under :

a) Complaints lying unresolved at the beginning of the year -	NIL
b) Complaints Received* during the year	37118
c) Complaints Attended* during the year	36994
d) Complaints lying unresolved at the end of the year -	124

* Includes references and communications

(ii) As at 31st March, 2008, no investor's complaint / grievance is lying un-resolved in respect of Bonds issued by the Company. Clarifications, as and when sought by any investor, have been furnished.

7. Out of the issue proceeds of IPO of Rs. 1965.76 crore (net of Issue Expenses of Rs. 23.87 crore), the Company has utilised an amount of Rs. 1085.87 crore as per the objects of the issue and the balance is kept in the banks as term deposits.

8. Previous year figures have been regrouped / rearranged wherever necessary.

9. The above results have been reviewed by the Audit Committee and have been taken on record by the Board of Directors in its meeting held on 18.06.2008.

For and on behalf of **POWER GRID CORPORATION OF INDIA LTD**

S. Majumdar
(S. Majumdar)

Director Projects & CMD (Addl. Charge)

Place : Gurgaon.

Date : 18th June, 2008.