

**POWER GRID CORPORATION OF INDIA LTD. (A Govt. of India Enterprise)**  
**B-9, QUTAB INSTITUTIONAL AREA, KATWARIA SARAI, NEW DELHI-110016.**  
**AUDITED FINANCIAL RESULTS**  
**FOR THE YEAR ENDED 31st MARCH, 2006**

(Rs. in crore)

PARTICULARS	Half Year ended 31/03/06 (Audited)	Half Year ended 31/03/05 (Un-audited)	Accounting Year ended 31/03/06 (Audited)	Accounting Year ended 31/03/05 (Audited)
<b>1. Revenue from Operations</b>				
a) Transmission Income	1635.73	1212.82	2905.27	2296.83
b) Consultancy Income	93.92	102.35	154.99	127.96
c) Others	52.62	65.08	85.08	88.28
<b>Total Revenue from Operations</b>	<b>1782.27</b>	<b>1380.25</b>	<b>3145.34</b>	<b>2513.07</b>
<b>2. Other Income</b>				
a) Interest on Bonds & Long Term Advances	138.37	99.31	220.48	178.62
b) Lease Income - State Sector ULDC	20.78	22.05	38.90	47.05
c) Surcharge	10.74	17.58	19.55	18.62
d) Provision Written Back	67.92	1.24	67.93	1.24
e) Others	26.60	46.21	62.11	72.68
<b>Total Other Income</b>	<b>264.41</b>	<b>186.39</b>	<b>408.97</b>	<b>318.21</b>
<b>Total Income</b>	<b>2046.68</b>	<b>1566.64</b>	<b>3554.31</b>	<b>2831.28</b>
<b>3. Expenditure</b>				
a) Staff Cost	126.84	107.65	256.81	227.18
b) Provisions	132.77	65.58	132.77	65.58
c) Prior Period Expenditure (Net)	31.10	-27.43	72.74	-27.43
d) Others O&M Expenditure	132.98	110.09	231.22	206.63
<b>Total Expenditure</b>	<b>423.69</b>	<b>255.89</b>	<b>693.54</b>	<b>471.96</b>
<b>4. Interest &amp; Finance Charges</b>				
a) Interest & Other Charges	450.76	322.94	812.50	684.80
b) Incentive to SEBs under Securitisation scheme	51.41	42.35	85.10	78.41
c) Rebate to Customers	26.89	23.35	49.85	45.48
<b>Total Interest &amp; Finance Charges</b>	<b>529.06</b>	<b>388.64</b>	<b>947.45</b>	<b>808.69</b>
5. Depreciation	388.43	330.13	744.33	642.26
<b>6. Profit Before Tax</b>	<b>705.50</b>	<b>591.98</b>	<b>1168.99</b>	<b>908.37</b>
7. Provision for Taxation (MAT) & FBT	55.88	44.81	90.90	64.81
<b>8. Profit after MAT &amp; FBT</b>	<b>649.62</b>	<b>547.17</b>	<b>1078.09</b>	<b>843.56</b>
9. Provision for Deferred Taxes (After reducing tax recoverable from SEBs)	38.00	58.04	69.16	58.04
<b>10. Profit after Deferred Tax</b>	<b>611.62</b>	<b>489.13</b>	<b>1008.93</b>	<b>785.52</b>
11. (a) Paid up Equity Share Capital	3584.63	3165.25	3584.63	3165.25
(b) Paid up Equity Share Capital (including Share Capital deposit)	3623.44	3204.06	3623.44	3204.06
12. Reserves excluding Revaluation Reserve but including Capital Reserves	6378.55	5826.87	6378.55	5826.87
13.(a) Basic EPS (Rs./Share of Rs 1000 each calculated on profit after Deferred Tax)	180 *	130 *	307	257
13.(b) Diluted EPS (Rs./Share of Rs 1000 each calculated on profit after Deferred Tax)	177 *	129 *	303	254

(\*) Not Annualised

Rs. in crore

**Segment wise Revenue, Results and Capital Employed.**

Particulars	Half Year Ended 31.03.2006 Audited	Year Ended 31.03.2006 Audited	Year Ended 31.03.2005 Audited
<b>A. Segment Revenue (Including Other Income)</b>			
- Transmission	1934.08	3352.34	2656.96
- Consultancy	93.92	155.58	128.27
- Others	18.69	46.39	46.05
<b>Total Income</b>	<b>2046.69</b>	<b>3554.31</b>	<b>2831.28</b>
<b>B. Segment Results</b>			
<b>Profit (before interest and tax)</b>			
- Transmission	1177.31	2018.80	1620.70
- Consultancy	72.87	119.34	103.07
- Others	-15.62	-21.70	-6.71
<b>Total</b>	<b>1234.56</b>	<b>2116.44</b>	<b>1717.06</b>
Less: Interest & finance charges	529.06	947.45	808.69
<b>Total Profit Before Tax</b>	<b>705.50</b>	<b>1168.99</b>	<b>908.37</b>
<b>C. Segment Capital Employed</b>			
- Transmission	22765.75	22765.75	20235.91
- Consultancy	-668.21	-668.21	-526.89
- Others	770.44	770.44	797.84
<b>Total Segment Capital Employed</b>	<b>22867.98</b>	<b>22867.98</b>	<b>20506.86</b>

Note.:

1. Since figures for the reportable segments were not available / published for the half year ended 31.03.2005, information for Segment Reporting in terms of AS-17 is given for the year ended 31.03.2005.
2. While calculating segment wise Capital Employed, Deferred Tax Liability for consultancy and other segments has not been considered and included in 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. The transmission income included in Revenue from Operations for the period has been accounted for on the basis of regulations issued by CERC and order received till date for the block period 2004-09 and 2001-04.
3. During the period the company has provided depreciation at the rates notified for the purpose of recovery of tariff by Central Electricity Regulatory Commission empowered under The Electricity Act, 2003. 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 tariffs 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.
4. During the financial year 2004-05, the accounting of Foreign Exchange Rate Variation was made in accordance with the clause 4 (e) of AS-16 on "Borrowing Costs" read with ASI-10 thereon) only to the extent it pertains to loans contracted after 01/04/2000. In view of the opinion of ICAI, FERV on entire loans contracted prior to 01.04.2000 are also accounted for in accordance with the aforesaid method, including on the loans taken over from transferor companies through "de-jure transfer of assets and liabilities" to the extent details are available.

Pursuant to the change in method as stated in aforesaid para Gross Block of Fixed assets reduced by Rs. 46.48 crore with resultant effect thereof in increase in the interest cost and decrease in depreciation amounting to Rs. 46.48 crore and Rs. 6.56 crore respectively under prior period adjustments (net).

5. During the year, in the matter of Canbank Mutual Fund(CBMF), one of the purported transferee of bonds worth of Rs.48 crore by Canfina, Hon'ble Delhi High court has issued a verdict in favour of CBMF pursuant to which an aggregate amount of Rs.130.99 crore (including Rs.97.79 crore towards interest) has been provided after adjusting Rs.14.80 crore, amount of bonds not forfeited.

In view of the above an adhoc provision of Rs.50 crore made during the financial year 2001-02 towards final settlement of the matter has been written back during the year.

6. 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 in view of AS-28 as at the date of balance sheet. In the current year, there is no indication which requires to re-estimate the recoverable amount of the assets. As regards telecom activities of the company the cash generating unit in terms of the Accounting Standard is yet to be completed and business plan is in the process of finalisation to ascertain the future cash inflows, the Telecom assets will be considered for impairment analysis afterwards.
7. At the end of the financial year 2005-06, no investor's complaint / grievance is lying un-resolved. Clarifications, as and when sought by any investor, have been furnished.
8. 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 13.06.2006.

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

**(R. P. Singh)**  
Chairman & Managing Director

Place : New Delhi.

Date : 13<sup>th</sup> June, 2006.