

**PTC INDIA LIMITED, ITS SUBSIDIARY AND ASSOCIATE**

**SCHEDULE-K**

**CONSOLIDATED NOTES TO THE ACCOUNTS**

1. As per PPAs entered into with the off takers of Chukha and Kurichhu power projects (Bhutan), the interest earned on the Term Deposits made with commercial banks for the payments received on behalf of these projects is passed back to them. Accordingly interest income as well as expense is accounted for in the books of account.
2. The comparative figures for the period ended 31.12.2007 are unaudited.
3. Deferred Tax Liability/Assets have been determined on the basis of Accounting Standard 22 (AS-22) "Accounting for Taxes on Income" and the details thereof are as follow:

(Rs. in million)

<b>Particulars</b>	<b>As at <u>31.12.08</u></b>	<b>As at <u>31.03.08</u></b>
<b>Deferred Tax Liability on account of timing differences in:</b>		
Depreciation	90.47	59.08
<b>Sub-Total (a)</b>	<b>90.47</b>	<b>59.08</b>
<b>Deferred Tax Assets arising on account of timing differences in:</b>		
Retirement benefits	4.01	2.75
Provision for Contingencies	0	3.56
Provision for LTC	1.06	2.20
Preliminary Expenses	3.99	4.80
<b>Sub-Total (b)</b>	<b>9.06</b>	<b>13.31</b>
<b>Net Deferred Tax Liability/ (Assets)/Expense/(Income) (a-b)</b>	<b>81.41</b>	<b>45.77</b>

4. Krishna Godavari Power Utilities Limited (Associate), Teesta Urja Limited (Associate), RS India Wind Energy Private Limited (Associate), Varam Bio Energy Private Limited (Associate) and Ind Barath Power Gen Com Limited (Associate) have not commenced their commercial operations during the year, no Profit & Loss Account has been prepared by them. Hence the investments on those associates have been stated in consolidated balance sheet at their cost
5. Where ever the invoices are yet to be received, the billing/liability has been accounted for based on the data available.
6. The group is primarily in the business of trading of power and investments. Generation of power and consultancy income has not been reported separately as the same being insignificant.
7. Current liabilities, Sundry debtors and Loans and Advances are subject to confirmation.

8. In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
9. The company has given to its employees, "Employees Stock Options" of 45,48,380 nos. of shares on 21-08-2008 .The details of the ESOP scheme is given as under:-

a) Particulars of Scheme

Date of grant	21-Aug-08
Date of Board Approval	21-Aug-08
Date of Shareholder's approval	06-Aug-08
Number of options granted	4,548,380
Method of Settlement	Equity
Vesting Period	12-48 months
Exercise Period	5 years from the date of vesting
Vesting Conditions	Employee remaining in the employment of the enterprise during the vesting period.

b) Details of vesting:

Vesting period from the grant date	Vesting Schedule
On completion of 12 months	15%
On completion of 24 months	15%
On completion of 36 months	30%
On completion of 48 months	40%

c) The details of activity under Plan have been summarized below:

	Number of Shares	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-
Granted during the year	4,548,380	22.41
Forfeited during the year	40,000	30.91
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	4,508,380	22.33
Exercisable at the end of the year	-	-
Weighted average remaining contractual life (in years)	7.59	-
Weighted average fair value of options granted during the year	4,548,380	66.18

d) The details of exercise price for stock options outstanding at the end of the year are:

Range of Exercise Prices (Rs.)	10 to 42.88
Number of Options Outstanding	4,508,380
Weighted average remaining contractual life of options (in years)	7.59
Weighted average exercise price (Rs.)	22.33

e) Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

(Rs. in million)

Total Employee Compensation Cost pertaining to share-based payment plans	44.28
Liability for employee stock options outstanding as at year end	285.92
Deferred Compensation Cost	241.64

f) Impact on reported profit and earning per share

(Rs. in million )

Profit as reported for the period	797.77
Add: Employee stock compensation under intrinsic value method	44.28
Less: Employee stock compensation under fair value method	46.21
Pro forma profit	<u>795.84</u>

Earning per share (Rs.)

-As reported	3.51
-As Pro forma	3.50

g) Significant assumptions used during the year to estimate the fair values of the options

The fair value of each options estimated using the Black Scholes Options Pricing Model after applying the following

key assumptions (weighted values)

Risk free interest rate	9.10%
Expected Life	6 years

Expected volatility	67.53%
Expected dividend	1.23%
The price of the underlying shares in market at the time of option grant	Rs. 81.35

10. The group is organized into following reportable segments referred to in Accounting Standard (AS-17) "Segment Reporting":

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

(Rs. in million)

Particulars	Period Ended 31.12.08	Period Ended 31.12.07
<b><u>Segment Revenue</u></b>		
Power Trading	53503.87	33,595.54
Investment	96.67	24.01
Unallocated	786.84	235.09
<b>Net Revenue from operations</b>	<b>54,387.38</b>	<b>33,854.64</b>

<b><u>Segment Profit/(Loss) before tax</u></b>	Period Ended 31.12.08	Period Ended 31.12.07
Power Trading	254.43	174.55
Investment	78.59	2.80
Unallocated	675.45	192.38
<b>Total Profit Before Tax</b>	<b>1008.47</b>	<b>369.73</b>
Less: Tax Expenses (Including wealth tax & FBT)	175.15	74.08
<b>Profit After Tax</b>	<b>833.32</b>	<b>295.65</b>
Add: Profit of Associates	(7.98)	(0.05)
Less: Minority Interest	27.57	
<b>Net Profit after Tax</b>	<b>797.77</b>	<b>295.60</b>

<b><u>Segment Assets</u></b>	As at 31.12.08	As at 31.03.08
Power Trading	7,334.73	2,197.70
Investment	7,005.78	1,100.73
Unallocated	7,280.81	14,799.32
<b>Total Assets</b>	<b>21,621.32</b>	<b>18,097.75</b>

<b><u>Segment Liabilities</u></b>	<b>As at 31.12.08</b>	<b>As at 31.03.08</b>
Power Trading	3,706.75	1,641.47
Investment	1.07	1.36
Unallocated	706.12	1,098.68
<b>Total Liabilities</b>	<b>4,413.94</b>	<b>2,741.51</b>

<b><u>Other Information's</u></b>	<b>Period Ended 31.12.08</b>	<b>Period Ended 31.12.07</b>
Capital Expenditure during the Period		
Power Trading	0.83	23.22
Investment	0.42	0.25
Unallocated	3.53	0.62
<b>Total Capital Expenditure</b>	<b>4.78</b>	<b>24.09</b>

<b><u>Depreciation &amp; Amortization during the Period</u></b>	<b>Period Ended 31.12.08</b>	<b>Period Ended 31.12.07</b>
Power Trading	9.89	10.37
Investment	0.18	0.05
Unallocated	<b>40.19</b>	<b>1.04</b>
<b>Total Depreciation &amp; Amortization during the Period</b>	<b>50.26</b>	<b>11.46</b>

<b><u>Non Cash Expenses during the period</u></b>	<b>Period Ended 31.12.08</b>	<b>Period Ended 31.12.07</b>
Power Trading	40.25	12.67
Investment	0.00	0.00
Unallocated	4.05	0.10
<b>Total Non Cash Expenses during the Period</b>	<b>44.30</b>	<b>12.77</b>

11. Estimated amount of capital commitments:

(Rs. in million)

<u>As at 31.12.08</u>	<u>As at 31.03.08</u>
1.36	32.60

12. Details of Contingent liabilities:

a. Claims against the group not acknowledge as debt:

(Rs. in million)

<u>Particulars</u>	<u>As at 31.12.08</u>	<u>As at 31.12.07</u>	<u>Remarks</u>
Claims of suppliers	852.87	852.87	Out of total claims, Rs. 849.50 Million pertains to claim of Himachal Pradesh State Electricity Board and the same is pending in the arbitration.
Income Tax Demands	0.83	0.36	Case is pending with the CIT (A)/ITAT
Others	2.23	2.23	-
<b>Total</b>	<b>855.93</b>	<b>855.46</b>	

b. Bank Guarantees :

(Rs. in million)

<u>As at 31.12.2008</u>	<u>As at 31.03.2008</u>
555.50*	475.80*

Note : Includes a guarantee of Rs. 330.00 million issued in favour of Gujarat Urja Vikas Nigam Limited (GUVNL) based on back to back Corporate guarantee of Corporate Ispat Alloys Limited ( Guarantor) on behalf of Corporate Power Limited of Rs.330.00 million and personal Guarantee of Mr. Manoj Jayaswal amounting to Rs.330.00 million, in lieu of the Bank Guarantee.

13. Remuneration to Directors (including Chairman & Managing Director):

(Rs. in million)

<u>Particulars</u>	<u>Period ended 31.12.08</u>	<u>Period ended 31.12.07</u>
Salary, Allowances & Benefits	12.09	9.02
Leave Salary Contribution	0.22	0.03
Contribution to Pension Fund	0.13	0.00
Contribution to Gratuity Fund	0.00	0.02
Directors' Sitting Fees	0.55	0.23
<b>Total</b>	<b>12.99</b>	<b>9.30</b>

(Rs. in million)

Particulars	Mr. T.N.Thakur	Mr. Shashi Shekhar	Mr. Deepak Amitabh	Mr. Ashok Haldia
Designation	Chairman & Managing Director	Director (Operations)	Director (Finance)	Director
Period of employment in the same capacity	1.04.08 to 31.12.08	1.04.08 to 31.12.08	1.04.08 to 31.12.08	13.08.08 to 31.12.08
Salaries & Allowance (CTC basis) (Rs. in million)	4.84	2.83	2.93	1.17
Employers Contribution of PF (Rs. in million)	0.26	0.00	0.00	0.05
Gratuity, Pension & Leave Salary Contribution (Rs. in million)	0.00	0.19	0.17	0
<b>Total</b>	<b>5.10</b>	<b>3.02</b>	<b>3.10</b>	<b>1.22</b>

In addition to the above remuneration, the whole time Directors have been allowed the use of staff car on payment of Rs. 780/- p.m..

The above does not include provision for CMD's leave salary and gratuity which has been included in the overall provision for leave salary and gratuity made on actuarial basis.

14. The group has entered into the following related party transactions. Such parties and transactions have been identified as per Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

(Rs. in million)

Name of Related Party	Influence	Nature of Transaction	(For the period ending 31.12.2008)	(For the period ending 31.12.2007)
The Tata Power Company Ltd.	Significant Influence	Director sitting fees to nominee directors	0.00	0.02
National Thermal Power Corporation Ltd.	Significant Influence	Director sitting fees to nominee directors	0.02	0.04
Power Grid Corporation of India Ltd.	Significant Influence	Director sitting fees to nominee directors	0.07	0.05
		Salary, Allowance and other related payments	0.00	1.75

		Services Received (Wheeling Charges)	1.87	1.95
Power Finance Corporation Ltd.	Significant Influence	Director sitting fees to nominee directors	0.02	0.04
National Hydro Power Corporation Ltd.	Significant Influence	Director sitting fees to nominee directors	0.05	0.04
Athena Energy Venture Private Ltd.	Associate	Equity Contribution	-	2.00
India Energy Exchange Limited	Associate	Advance for investment	-	65.00
RS India Wind Energy Private Limited	Associate	Equity Contribution	319.44	-
		Advance for investment	33.67	
Varam Bio Energy Private Limited	Associate	Equity Contribution	16.41	
Ind Barath Powergencom Limited	Associate	Equity Contribution	556.30	
<b>Key Management Personnel</b>				
Mr. T.N.Thakur	Chairman & Managing Director	Directors remuneration	5.10	6.51
Mr. S.K. Dube *	Director (Operations)	Directors remuneration	0.00	2.56
Mr. Shashi Shekhar*	Director (Operation)	Directors remuneration	3.02	0.00
Mr. Deepak Amitabh*	Director (Finance)	Directors remuneration	3.10	0.00
Mr. Ashok Haldia*	Director	Directors remuneration	1.22	0.00

\* Mr.S.K Dube ceases to be director w.e.f 06.08.07.

\* Mr. Shashi Shekhar & Mr. Deepak Amitabh has become director w.e.f 25.01.08

\* Mr.Ashok Haldia has joined as director w.e.f 13.08.2008 in PTC India Financial Services Ltd.

15 The elements considered for calculation of Earning per Share (Basic and Diluted) are as under:

	Period ending 31.12.08	Period ending 31.12.07
Net Profit after Tax used as numerator (Rs. in million)	797.77	295.60
Weighted Average Number of equity shares	227.42	150

used as denominator (Qty in Million)		
Earning per Share (Amount in Rs.)	3.51	1.97
Face value per share (Amount in Rs.)	10	10

16 The detail of provision for contingencies is as under:-

(Rs. in million)

Opening Balance as on 01.04.2008	Additions	Unused amount reversed	Closing Balance as on 31.12.08
10.47	--	10.47	-

17 Figures of the previous year/period have been regrouped/reclassified wherever considered necessary to conform to current year classification.

18 Loans and advances due from directors-NIL

19 Schedules A to K and accounting policies form an integral part of accounts.

**(Deepak Amitabh)**  
Director Finance  
DIN No. 01061535

**(Tantra Narayan Thakur)**  
Chairman & Managing Director  
DIN No. 00024322

**(Rajiv Maheshwari)**  
Company Secretary

**For T.R.Chadha & Co.,**  
Chartered Accountant

**(Ajesh Tuli)**  
Partner  
M.No.86424

**Dated: April 5, 2009**  
**Place: New Delhi**