Annual Report 2011-12



Discovering new skies

www.powergridindia.com

Vision

"World Class, Integrated, Global Transmission Company With Dominant Leadership in Emerging Power Markets Ensuring Reliability, Safety and Economy"

Values

- Zeal to excel and zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments
- Ensure speed of response
- Foster learning, creativity and team-work
- Loyalty and pride in POWERGRID

Mission

"We will become a Global Transmission Company with Dominant Leadership in Emerging Power Markets with World Class Capabilities by:

- World Class: Setting superior standards in capital project management and operations for the industry and ourselves
- Global: Leveraging capabilities to consistently generate maximum value for all stakeholders in India and in emerging and growing economies
- Inspiring, nurturing and empowering the next generation of professionals
- Achieving continuous improvements through innovation and state of the art technology
- Committing to highest standards in health, safety, security and environment"

Objectives

The Corporation has set following objectives in line with its Mission and its status as "Central Transmission Utility" to:

- Undertake transmission of electric power through Inter-State transmission system.
- Discharge all functions of planning and coordination relating to Inter-State transmission system with -
  - i. State Transmission Utilities;
  - ii. Central Government;
  - iii. State Governments;
  - iv. Generating companies;
  - v. Regional Power Committees;
  - vi. Authority;
  - vii. Licensees;
  - viii. Any other person notified by the Central Government in this behalf.
- To ensure development of an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres.
- Efficient Operation and Maintenance of Transmission systems.
- Restoring power in quickest possible time in the event of any natural disasters like super cyclone, flood etc. through deployment of Emergency Restoration Systems.
- Provide consultancy services at national and international level in transmission sector based on the in-house expertise developed by the organisation.
- Participate in long distance telecommunication business ventures.
- Ensure principles of Reliability, Security and Economy matched with the rising/desirable expectation of a cleaner, safer, healthier Environment of people, both affected and benefited by its activities.

Powertel

Diversified into telecommunication to mobilise additional resources to establish much needed National Grid.

- Established Broadband Telecom Network of about 25,000 kms connecting over 206 cities and towns on extensively spread Transmission Infrastructure.
- Only utility in the Country having overhead optic fibre on its Extra High Voltage Transmission Network.
- POWERGRID Telecom Network
  - Sturdy & Secure
  - Free from rodent menace and vandalism.
- Network has multiple self resilient rings for complete redundancy in backbone as well as intra-city access networks.
- To offer Total Solutions and to meet specific needs of the customers.
- Reliability of Telecom Network 99.99%
- Bandwidth capacity available on all the metros & major cities.
- Extend telecom network to serve uneconomic and backward areas for the benefit of the common man.
- Plan to extend network to neighbouring countries for terrestrial SAARC Telecom Grid.
- Possesses National Long Distance (NLD), Internet Service Porvider (ISP) Category-A and Infrastructure Provider Category-I (IP-I) Licenses to provide Telecom services in the Country.
- One of the executing agency for major prestigious projects of Govt. of India, like- National Knowledge Network(NKN), National Optical Fibre Network(NOFN) etc.
- Plan to Introduce other Value Added Services:
  - Video Conferencing
  - Virtual Local Area Network (VLANs)
  - Multi Protocol Lable Switching (MPLS) based on VPNs Data Centres
  - Voice Over Internet Protocol (VOIP)

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)
Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.
Corporate Office: 'SAUDAMINI', Plot No.2, Sector-29, Gurgaon-122 001, Haryana.

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Power Grid Corporation of India Limited will be held on **Wednesday, the 19th September, 2012 at 11.00 a.m. at "Air Force Auditorium, Subroto Park, New Delhi - 110 010"** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the financial year ended on that date together with Report of the Board of Directors and Auditors thereon.
2. To note the payment of interim dividend and declare final dividend for the Financial Year 2011-12.
3. To appoint a Director in place of Shri I. S. Jha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R. T. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Smt. Rita Acharya, who retires by rotation and being eligible, offers herself for re-appointment.
6. To fix the remuneration of the Statutory Auditors for the Financial Year 2012-13.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolutions as ORDINARY RESOLUTION:
   (i) "Resolved that in supersession of Resolution passed on 17th May, 2010 for enhancing the Borrowing Powers to ₹ 80,000 crore, approval of which was obtained by the Shareholders of the Company through Postal Ballot, the consent of the Company be and is hereby accorded to the Board of Directors under section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company for borrowing, whether by way of Term Loan/Equipment Finance/Cash Credit facilities or the like from time to time any sum or sums of money at its discretion from National/International Financial Institutions/Banks or from Public/Bodies Corporate or from Government Body/Corporation or Govt. of India or by way of issue of Bonds from Domestic/International sources on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) **shall not exceed in the aggregate at any time ₹ 1,00,000 Crore (Rupees One Lac Crore Only)** irrespective of the fact that such aggregate amount of borrowings outstanding at anyone time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose".
   (ii) "Further resolved that pursuant to the provisions of section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or create charge on all or anyone or more of the movable/immovable properties or such other assets of the Company, wheresoever situated, both present and future, on such terms and conditions and at such time or times and in such form or manner as it may deem fit, to or in favour of National/International Financial Institutions/Banks/ Trustees for the Bondholders (in case of issue of Bonds) etc. hereinafter referred as "the lenders" to secure any Term Loans/Cash Credit Facilities/ Debentures/Bonds or the like, obtained/to be obtained from any of the aforesaid lenders together with interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated

damage(s), commitment charge(s), premia on prepayment or on redemption, cost, charge(s), expenses and all other monies payable by the Company to such lenders under the respective loan/other agreement(s) entered/to be entered into between the Company and the lender(s) in respect of the said borrowing(s), such security to rank in such manner as may be agreed to between the Company with concerned lenders and as may be thought expedient by the Board."

(iii) "Further resolved that the Board of Directors be and is hereby authorised and it shall always be deemed to have been so authorised to finalise and execute with the Lenders/Trustees for the holders of the Bonds the requisite agreement, documents, deeds and writings for borrowing and/or for creating the aforesaid mortgage(s) and/or charge(s) and to do all such other acts, deeds and things as may be necessary to give effect to the above resolutions".

By order of the Board of Directors

Divya Tandon

(Divya Tandon)
Company Secretary

Regd. Office:
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi.
Pin:-110 016.
Date: 09.08.2012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   Proxies, in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting, i.e., latest by **11.00 a.m. on Monday, the 17th September, 2012**. Blank proxy form is enclosed.

2. As required by clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri I. S. Jha, Shri R. T. Agarwal and Smt. Rita Acharya, Directors retiring by rotation and seeking re-appointment under Item No. 3, 4 and 5 aforesaid respectively in accordance with applicable provisions of the Articles of Association of the Company and the details of those directors who have been appointed since the last Annual General Meeting, are annexed.

3. None of the Directors of the Company is any way related with each other.

4. Members are requested to:-

   (i) Note that copies of Annual Report will not be distributed at the Annual General Meeting.

   (ii) Bring their copy of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.

   (iii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Hall will be strictly on the basis of the entry slip available at the counter at the venue to be exchanged with the attendance slip. Photocopies of Attendance Slip will not be entertained for issuing entry slip for attending Annual General Meeting.

   (iv) Quote their Folio/Client ID & DP ID Nos. in all correspondence.

   (v) Note that due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium.

   (vi) Note that no gifts/coupons will be distributed at the Annual General Meeting.

5. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting. Alternatively, such an authority duly certified should be brought by the representative attending on behalf of the corporate body, at the meeting.

6. The Register of Members and Share Transfer Books of the Company will remain closed from 7th September, 2012 to 19th September, 2012 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors,

subject to the provisions of Section 206A of the Companies Act, 1956, if declared at the Annual General Meeting, will be paid on 8th October, 2012.

7. The Board of Directors in its meeting held on 8th February, 2012 had declared an interim dividend @ 8% on the paid-up equity share capital of the Company (i.e. ₹ 0.80 per share) which was paid on 23rd February, 2012. Members who have not received or not encashed their dividend warrant may approach Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company, for revalidating the warrant or for obtaining duplicate warrant. The Board had further recommended a Final Dividend @ 13.1% on the paid-up equity share capital of the Company (i.e. ₹ 1.31 per share) at its meeting held on 29th May, 2012. The dividend, if declared at the Annual General Meeting will be paid on 8th October, 2012 to those Members, whose names appear on the Register of Members of the Company as on 19th September, 2012 in respect of physical shares. However, in respect of shares held in dematerialised form, the dividend will be payable to those persons whose names appear as beneficial owners as at the closure of the business hours on 6th September, 2012 as per details to be furnished by the depositories.
8. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/ unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatever on the said amount. Members are advised to encash their Dividend warrants immediately on receipt.
9. Members are advised to submit their Electronic Clearing System (ECS) mandates to enable the Company to make remittance by means of ECS. Those holding shares in Electronic Form may send the ECS Mandate in the enclosed Form directly to their Depository Participant (DP). Those holding shares in physical form may send the ECS Mandate Form to Karvy Computershare Private Limited, the Registrar & Transfer Agent of the Company. Those who have already furnished the ECS Mandate Form to the Company/Depository Participant/Registrar & Transfer Agent with complete details need not send it again.

   The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.
10. Members holding shares in multiple folios in physical mode are requested to apply for consolidation of shares to the Company or its Registrar & Transfer Agent along with relevant Share Certificates.
11. Pursuant to Section 619(2) of the Companies Act, 1956 the auditors of the Government Company are appointed or reappointed by the Comptroller & Auditor General of India (C&AG) and in terms of Section 224(8)(aa) the remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the company in General Meeting may determine. Approval of the Members of the Company is required to authorize the Board of Directors of the Company to approve the remuneration of the Statutory Auditors/Joint Statutory Auditors of the Company appointed by C&AG, for the Financial Year 2012-13, as the Board may deem fit.
12. All the documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days (excluding Saturday and Sunday), between 11.00 AM to 1.00 PM up to Tuesday, the 18th September, 2012.
13. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Registrar & Transfer Agents of the Company the prescribed Form (Form 2B in duplicate) of the Companies (Central Government's) General Rules and Forms, 1956. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.
14. Annual Listing fee for the year 2012-13 has been paid to the Stock Exchanges wherein shares of the Company are listed.
15. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and bank account to Company's Registrars.
16. Members are requested to notify immediately any change of address:
    (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
    (ii) to the Company at its Registered Office or its Registrar & Transfer Agent, Karvy Computershare Private Limited in respect of their physical shares, if any, quoting their folio number.
17. Members desirous of getting any information on any items of business of this meeting are requested to address their queries to the Company Secretary at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.

18. **Important Communication to Members:- (Green Initiative)**

The Ministry of Corporate Affairs (MCA) under **"Green Initiative in the Corporate Governance"** allowed paperless compliances by the companies. MCA had issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the Form and hand over the same along with Attendance Form at the Registration Counter of venue of Annual General Meeting for registration of Email address for receiving notice/documents including Annual Report.

Annexure to Notice

EXPLANATORY STATEMENT

Item No. 7

An outlay of about ₹ 1,00,000 Crore has been planned by POWERGRID during XII Plan for further development of transmission systems. The Company has a capex programme of about ₹ 20,000 Crore each year during the XII Plan. The existing limit of borrowing powers of the Board of Directors is ₹ 80,000 crore. The total amount of loans drawn and tied up to be drawn are nearing the existing borrowing limit of ₹ 80,000 crore. The debt requirement during FY 2012-13 and 2013-14, broadly are as under:

(₹ in Crore)

Sl. No.	Particulars	Amount	Amount
1.a)	**Domestic Loan**		
	As on 30.06.2012 as per Balance Sheet		40,610.22
b)	**Domestic Loan projected to be drawn during Financial Year:**		
	2012-13	7,702.50	
	2013-14	7,679.00	15,381.50
2. a)	**Foreign Loan***		
	As on 30.06.2012 as per Balance Sheet	17,377.24	
	Loans tied up and Un-Drawn as on 30.06.2012	16,095.43	
b)	**Loan projected to be drawn during Financial Year**		33,472.67
	2012-13 (ECB of ₹ 2,850 Cr. under consideration, if materalizes domestic loan projection will be scaled down)		
	2013-14**	2,850.00	2,850.00
3.	**Domestic Loan tied up for FY 2014-15 & 2015-16**		2,000.00
	Total		94,314.39

* Ex. rate as on 29.06.2012 is 1 US$ = ₹ 57.07 (SBI B/S Rate)

** As per project requirements depending upon the market condition and competitive interest rate.

Further, keeping in view the part funding requirement of loan for 2014-15, other business needs, net of repayments, it is proposed to enhance the borrowing power of Board of Directors up to ₹ 1,00,000 Crore.

In pursuance of Section 293 (1) (a) and 293 (1) (d) of the Companies Act, 1956, approval of shareholders is required for borrowing in excess of the paid up capital and free reserves and for creation of security for the borrowings. The equity share capital of the Company as on 31.03.2012 is ₹ 4,629.73 crore and General Reserves are ₹ 18,858.05 crore. The Shareholders are, therefore, requested to approve the proposed resolutions for raising of borrowing limit from ₹ 80,000 crore to ₹ 1,00,000crore.

None of the Directors is concerned or interested in the resolution except to the extent that he/she is a Director of the Company.

BRIEF RESUME OF THE DIRECTORS SEEKING RE-ELECTION AND ALSO OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING

Directors seeking re-election at the 23rd AGM:

Name	**Shri I. S. Jha**	**Shri R. T. Agarwal**	**Smt. Rita Acharya**
Date of Birth and Age	30.06.1959 / 53 years	12.08.1956 / 56 years	13.12.1954 / 58 years
Date of Appointment	1st September, 2009	29th July, 2011	26th August, 2011
Qualification	B.Sc (Engg) in Electrical	B.Com., Chartered Accountant	Master Degree in Social Work
Expertise in specific functional area	Shri I.S.Jha, aged 53 years, is Director (Projects) of our Company. He is an Electrical Engineer from NIT, Jamshedpur and a well known Electrical Power System Professional. Prior to his assignment he has successfully served as Executive Director (Engineering) in the Company. He has also worked as Executive Director - Corporate Monitoring Group and held the position of Executive Director of North Eastern Region. Apart from these functions he was a lead Member in Planning, Engineering and Execution of APDRP and RGGVY schemes in POWERGRID. He has published numerous articles, technical papers in the field of power system in various international and National Conferences/ Symposia. He was appointed as a Director on our Board in September, 2009.	Shri R. T. Agarwal, aged 56 years, is Director (Finance) of our Company. Prior to taking up this assignment, he was working as Executive Director (Finance). A Chartered Accountant by profession, Shri Agarwal has more than 31 years of experience in multifarious Finance & Accounts functions like finalization of Accounts, coordination with Auditors, Taxation, Treasury Functions, Internal Audit, Budgeting, Pay Roll, Concurrence, MIS & Commercial aspects etc. both at the Corporate Centre and at Regional Headquarters of POWERGRID. As ED (Finance), he had played a pivotal role in the successful Follow-on Public Offer of POWERGRID in 2010. Before joining POWERGRID in 1991, he had worked in power major NTPC Ltd. project sites for around 10 years. He was appointed as a Director on our Board in July, 2011.	Smt. Rita Acharya, aged 58 years, is a Government nominee Director of our Company. She holds Masters Degree in Social Work from Madras University and Diploma in Development Administration from International Cooperation University, Italy, Rome. She is an officer of Central Secretariat Service. She is currently Joint Secretary (Transmission) in the Ministry of Power. Before joining Ministry of Power, she has worked in the Ministry of Finance (Department of Economic Affairs) and Ministry of Home Affairs and handled various important portfolios like matters relating to foreign exchange budget, balance of payments, bilateral/multilateral assistance, water supply & forestry projects assisted by World Bank, Centre-State relations, prison reforms & treaties relating to repatriation of prisoners and energy conservation and transmission. She was appointed as a Director on our Board in August, 2011.
Directorship held in other Companies (Part-time)	1. Power System Operation Corporation Limited 2. Powerlinks Transmission Limited 3. M. P. Power Transmission Company Limited 4. Nagapattinam-Madhugiri Transmission Company Limited 5. Vemagiri Transmission System Limited	1. Powerlinks Transmission Limited 2. Power System Operation Corporation Limited 3. Parbati Koldam Transmission Company Limited 4. Nagapattinam-Madhugiri Transmission Company Limited 5. Vemagiri Transmission System Limited	NIL
Membership / Chairmanship of Committees in other Companies	Audit Committee – 1. Power System Operation Corporation Limited 2. M. P. Power Transmission Company Limited	Audit Committee – 1. Parbati Koldam Transmission Company Limited. 2. Powerlinks Transmission Limited. 3. Power System Operation Corporation Limited	NIL
No. of Shares held	2998	4056	NIL

Directors appointed since last Annual General Meeting held on 19th September, 2011

Name	Shri Ravi P. Singh	Shri R. P. Sasmal	Shri Santosh Saraf	Smt. Rita Sinha
Date of Birth and Age	21.01.1960 /52 Years	28.02.1958 /54 Years	01.09.1951 /60 Years	30.07.1950 /62 Years
Date of Appointment	01.04.2012	01.08.2012	27.12.2011	27.12.2011
Qualification	B.E. (Mechanical Engineering), Post Graduate Diploma in HR.	B.Sc. Engineering (Electronics & Tele-Communication).	B.COM, FCA	M.A. (Geography)
Expertise in specific functional area	Shri Ravi P. Singh, 52 years, is Director (Personnel) of our Company. He did his Mechanical Engineering from NIT, Allahabad in First Class with Honors and Post Graduate Diploma in HR from AIMA, New Delhi. He has previously held the positions of Executive Director (Eastern Region-II) and Executive Director (Human Resource Management & Corporate Communication) in POWERGRID. Shri Singh has over 30 years of work experience in the power sector handling various multi-disciplinary functions like HR, Telecom, Contracts, Materials, Planning, Monitoring and Transmission System Construction/O&M. Prior to joining POWERGRID in 1991, Shri Singh has worked for 10 years in NTPC. He was appointed as Director on our Board in April, 2012.	Shri R. P. Sasmal, aged 54 years, is Director (Operations) of our Company. A graduate Engineer from Sambalpur University, Odisha, Shri Sasmal has more than 30 years of experience in power sector. Shri Sasmal has handled multi disciplinary functions such as planning, monitoring and implementation of HVDC projects, EHV transmission systems and Load Despatch and Communication Systems. He was instrumental in introducing the ± 800 kV multi terminal HVDC transmission system, under implementation in the country, which is first of its kind in the world. Under his guidance, the first unmanned operation of 400 kV sub-station at Bhiwadi was implemented as a pilot project. He has been bestowed upon with "Distinguished Member of CIGRE, 2012" and has published various technical papers on transmission systems especially on HVDC in various national and international professional forums/societies like IEEE and CIGRE. He is currently the national representative for India at CIGRE for HVDC and Power Electronics. Before joining POWERGRID in 1993, he had worked in NTPC Ltd. for around 13 years. He was appointed as Director on our Board in August, 2012.	Shri Santosh Saraf, aged 60 years, is a Fellow Member of Institute of Chartered Accountants of India. He started his career in 1977 as a practicing Chartered Accountant and has an extensive experience of more than 35 years in the field of finance and taxation. During his dedicated career he has served, on professional assignment to many large industrial groups, banks, corporates and esteemed professionals. He was Chairman for the Western Development Council of Assocham & has held position of Managing Committee and Patron member for Assocham. Since 2008, he is Member of Central Board of Trustees (CBT) for Employees Provident Fund Organization (EPFO) of Central Government of India. He is member of Executive, Finance & Investment and Pension Implementation Committees of CBT (EPFO). He is member of Cost Accounting Standards Board of Institute of Cost Accountants of India. He was appointed as a Director on our Board in December, 2011.	Smt. Rita Sinha, aged 62 years, is an M.A. in Geography from Panjab University, Chandigarh. She retired from the I.A.S. in July 2010 from the post of Secretary to the Government of India, Department of Land Resources, Ministry of Rural Development. She has held several assignments both in the Central and State Governments in a career span of almost 38 years. She joined our Board on 27th December, 2011. She was appointed as a Director on our Board in December 2011.

Directorship held in other Companies	1. PTC India Limited 2.Powerlinks Transmission Company Limited	**NIL**	* 1. Power System Operation Corporation Limited. 2. North Eastern Electric Power Corporation Limited.	NIL
Membership / Chairmanship of Committees in other Companies	NIL	**NIL**	Audit Committee – 1. Power System Operation Corporation Limited. 2. North Eastern Electric Power Corporation Limited.	NIL
No. of Shares held	9016	**1798**	1190	NIL

* This does not include Directorship in Private Companies.