POWER GRID CORPORATION OF INDIA LIMITED

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

पावरग्रिड

POSTAL BALLOT NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

To,
The Member(s),

Sub: Passing of Resolution by Postal Ballot

Notice is hereby given that the proposed Resolution is circulated for approval of the Members of the Company to be accorded by Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011.

Power Grid Corporation of India Ltd (POWERGRID) made a Follow On Public Offer (FPO) of 841,768,246 Equity Shares consisting of fresh Issue of 420,884,123 Equity Shares and Offer for Sale of 420,884,123 Equity Shares in November,2010. The FPO Proceeds (net of Issue expenses) raised through fresh Issue was proposed to be utilized towards capital expenditure of 13 identified projects as disclosed in "Objects of the Issue" in the Prospectus dated 16th November,2010. FPO proceeds of ₹1600crore has been spent on identified projects during the F.Y. 2010-11 after approval of Board of Directors as against ₹990crore that was set forth in the Prospectus. On review of the progress of work of 13 identified projects, it was observed that expenditure on some of the projects will spill beyond FY 2012-13 resulting in lesser utilization of FPO proceeds in FY 2011-12 & FY 2012-13. In view of same and for the reasons explained in the Explanatory Statement, it is proposed for rescheduling of FPO Proceeds and their deployment on additional 8 on going projects and also in any other projects, as the Board of Directors may from time to time deem appropriate.

The Members are requested to pass the proposed resolution through postal ballot as permissible under Article 25 (ii) of the Articles of Association of the Company read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011.

The proposed Resolution and Explanatory Statement stating material facts and the reasons for the proposal are enclosed and a Postal Ballot Form is attached for your consideration and casting of vote through Postal Ballot Process.

The Company has appointed CS Savita Jyoti, Savita Jyoti Associates, Company Secretaries, as Scrutinizer for conducting the Postal Ballot Process.

Please read carefully the instructions printed in the Postal Ballot Form (including backside of the Form) and return the form duly completed in all respects in the enclosed self addressed pre-paid postage envelope so as to reach the Scrutinizer **not later than the close of working hours up to Tuesday, 21st February, 2012.**

The Scrutinizer will submit the Report to the Chairman of the Company after completion of the scrutiny. The result of the voting by Postal Ballot will be announced through a press release **on Tuesday, 28th February, 2012**

By order of the Board
For Power Grid Corporation of India Limited

(Divya Tandon)
Company Secretary

Date: 6th January, 2012.
Place: New Delhi.

Encl: 1. Resolution along with Explanatory Statement.
2. Postal Ballot Form and self-addressed postage pre-paid envelope.

NOTES:

1. The Notice is being sent through post to all the Members whose names appear in the Register of Members / Record of Depositories **as on 6th January, 2012.**
2. A copy each of the documents referred to in the accompanying Explanatory Statement is open for inspection at the Registered Office of the Company on all working days, except holidays, between **11.00 a.m. and 1.00 p.m. upto Tuesday, 21st February 2012**

RESOLUTION

Inclusion of additional projects for utilization & rescheduling of POWERGRID's FPO proceeds:

Special Business:

To consider and, if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:

"Resolved that pursuant to provisions of the Companies Act, 1956 and such other law, as applicable, approval of the Members of the Company be and is hereby given to the Board of Directors of the Company for rescheduling of unutilized FPO proceeds and deployment in (i) 8 (eight) additional identified projects, and (ii) in such other projects as the Board of Directors may from time to time deem appropriate, as explained in the Explanatory Note annexed to the Notice, in addition to the 13 (thirteen) identified projects disclosed in the "Objects of the Issue" in Prospectus dated 16th November,2010."

"Resolved Further that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient or incidental for the purpose of giving effect to aforesaid resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members of the Company."

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Inclusion of additional projects for utilization & rescheduling of POWERGRID's FPO Proceeds:

Power Grid Corporation of India Ltd (POWERGRID) made a Follow On Public Offer (FPO) of 841,768,246 Equity Shares consisting of fresh Issue of 420,884,123 Equity Shares and Offer for Sale of 420,884,123 Equity Shares in November,2010. The FPO Proceeds (net of Issue expenses) raised through fresh Issue was proposed to be utilized towards capital expenditure of 13 identified projects as disclosed in "Objects of the Issue" in the Prospectus dated 16th November,2010. FPO proceeds of ₹1600crore has been spent on identified projects during the F.Y. 2010-11 after approval of Board of Directors as against ₹990crore that was set forth in the Prospectus. The estimated schedule of deployment of FPO proceeds for the 13 identified projects as mentioned in the Prospectus is as under:

(₹ in crore)

FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	TOTAL*
₹ 990.68	**₹ 1206.41**	**₹1404.90**	**₹89.64**	**₹3691.63**

***estimated at the time of filing of Prospectus**

On review of the progress of work of 13 projects identified for deployment of FPO proceeds, it is observed that expenditure on some of the projects will spill beyond FY 2012-13 resulting in lesser utilization of FPO proceeds in FY 2011-12 & FY 2012-13. This is on account of certain external factors such as right-of-way, forest clearance, land availability, generation project readiness, other statutory clearances, etc. Consequently FPO utilization of approx ₹763crore shall spillover beyond March, 2013 as detailed below:

(₹ in crore)

FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	TOTAL
₹ 1600.00	**₹ 800.00**	**₹550.00**	**₹ 762.89**	**₹ 3712.89**

The utilisation of FPO proceeds as stated above may further spillover depending on actual progress of the projects.

Presently, the unutilized FPO proceeds are invested in Term Deposits with Banks as per SEBI Guidelines and thus are earning a lower return. The nature of transmission sector is dynamic and the pace of execution of transmission lines is dependent upon various external factors as stated above. Accordingly, if the deployment of FPO proceeds is made in additional on-going projects with the objective of utilization of FPO proceeds up to March,2013 as mentioned below, considering the commissioning of these projects before/till March,2013, the return on FPO proceeds would improve as the Return on Equity for commissioned projects as per CERC Regulations is 15.5% which is higher as compared to interest on Term Deposit. The additional projects proposed for FPO proceeds utilization during F.Y. 2011-12 & F.Y. 2012-13 are as under:

I	Name of Projects	Estimated Completion
1	Common scheme for 765kV pooling stations and network for NR (common for Sasan UMPP + NKP + Maithon / Koderma / 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 / Koderma / Mejia / Bokaro + Raghu-nathpur / Durgapur + Import by WR from ER and from NER / SR / WR via ER)	March, 2013
2	Supplementary Transmission System Associated with DVC and Maithon Right Bank Project	March, 2013
3	765 kV System for Central Part of Northern Grid-Part-I	December, 2012
4	765 kV System for Central Part of Northern Grid-Part-II	December, 2012
5	765 kV System for Central Part of Northern Grid-Part-III	December, 2012
6	Northern Region System Strengthening Scheme-XV	March, 2013
7	Northern Region System Strengthening Scheme-XVIII	March, 2013
8	Northern Region System Strengthening Scheme-XIX	March, 2013
II. In addition to the above projects, FPO proceeds are also proposed to be deployed in any other projects as the Board of Directors may from time to time deem appropriate keeping in view the earliest utilization of FPO proceeds in on-going projects, which can be commissioned earlier.		

The tentative revised schedule of FPO proceeds utilization, after inclusion of additional on going projects in the list of Identified projects, shall be as under:

(₹ in crore)

FY 2010-11	FY 2011-12	FY 2012-13	TOTAL
₹ 1600.00	**₹ 1562.89**	**₹550.00**	**₹ 3712.89**

The balance expenditure on the above projects shall be met through Debt and Internal resources as per regulatory norms.

In view of above, it is proposed to obtain approval of the Members for rescheduling of FPO Proceeds and their deployment on additional 8 on going projects and also in any other projects, as the Board of Directors may from time to time deem appropriate as explained above.

The Members are requested to pass the proposed resolution through postal ballot as permissible under Article 25 (ii) of the Articles of Association of the Company read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011.

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

****