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Raj Nagar, Ghaziabad – 201 002.
National Capital Region of Delhi

S R I Associates
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Umamaheswara Rao & Co.
Chartered Accountants
Flat No. 5-H 'D' Block, 8-3-324,
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LIMITED REVIEW REPORT

Board of Directors
Power Grid Corporation of India Limited
B-9, Qutab Institutional Area
Katwaria Sarai, New Delhi – 11 00 16

We have reviewed the accompanying statement of unaudited financial results of Power Grid Corporation of India Limited for the quarter and nine months ended 31st December, 2010 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors / Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, *Engagements to Review Financial Statements* issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of interim financial information consists principally of applying analytical procedures for financial data and making inquires of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For A.R. & Co.
Chartered Accountants
Regn No.002744C


(Anil Gaur)
Partner
Membership No. 017546
New Delhi
Place : New Delhi
Date : 08.12.2010



For S R I Associates
Chartered Accountants
Regn No.305109E


(I. Pasha)
Partner
Membership No. 013280
Kolkata



For Umamaheswara Rao & Co.
Chartered Accountants
Regn No. 004453S


(G. Siva Rama Krishna Prasad)
Partner
Membership No. 024860



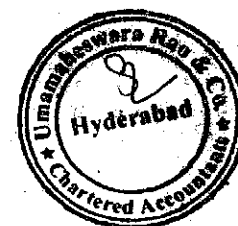
POWER GRID CORPORATION OF INDIA LTD. (A Govt. of India Enterprise)
B-9 QUTAB INSTITUTIONAL AREA, KATWARIA SARAI, NEW DELHI-110016.

UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2010

(Rs. in lacs)

| PARTICULARS | Quarter ended on | | Nine Months ended on | | Year ended on |
|---|------------------|---------------|----------------------|---------------|---------------|
| | 31.12.2010 | 31.12.2009 | 31.12.2010 | 31.12.2009 | 31.03.2010 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1. Revenue from Operations | | | | | |
| a) Transmission Income | 190730 | 154327 | 568289 | 474594 | 657638 |
| b) Consultancy Income | 5589 | 6727 | 20784 | 16332 | 26917 |
| c) Telecom Income | 4205 | 4052 | 13142 | 12159 | 15772 |
| d) Short Term Open Access | 4688 | 3957 | 15572 | 7530 | 12418 |
| Total Revenue from Operations | 205212 | 169063 | 617787 | 510615 | 712745 |
| 2. Expenditure | | | | | |
| I. a) Staff Cost | 18831 | 15096 | 58098 | 51649 | 72670 |
| b) Other O&M Expenditure (including DRE Written off) | 13637 | 12775 | 40260 | 33161 | 53136 |
| Total Expenditure other than Depreciation | 32468 | 27871 | 98358 | 84810 | 125806 |
| II. Depreciation | 57092 | 53597 | 161643 | 158483 | 197969 |
| Total Expenditure | 89560 | 81468 | 260001 | 243293 | 323775 |
| 3. Profit from Operations before Other Income and Interest & Finance Charges | 115652 | 87595 | 367786 | 267322 | 388970 |
| 4. Other Income | 9311 | 7464 | 34002 | 27435 | 37613 |
| 5. Profit before Interest & Finance Charges | 124963 | 95059 | 391788 | 294757 | 426583 |
| 6. Interest & Finance Charges | | | | | |
| a) Interest & Other Charges | 38483 | 40548 | 115353 | 113549 | 146339 |
| b) Rebate to Customers | 1996 | 2231 | 5774 | 6093 | 7768 |
| c) Foreign Exchange Rate Variation (FERV) | 31 | (77) | 288 | (54) | 217 |
| Total Interest & Other Charges | 40510 | 42702 | 121415 | 119588 | 154324 |
| 7. Profit after interest but Before Tax and Prior Period Adjustments | 84453 | 52357 | 270373 | 175169 | 272259 |
| 8. Less : Prior Period Expenses / (-) Incomes | 467 | (39) | 697 | (100) | 9627 |
| 9. Profit before Tax | 83986 | 52396 | 269676 | 175269 | 262632 |
| 10. Provision for Taxation | | | | | |
| a) Minimum Alternate Tax | 13022 | 3374 | 48866 | 24005 | 42191 |
| b) Fringe Benefit Tax | | | | (150) | (150) |
| c) Deferred Tax | 11845 | 238 | 26233 | 1972 | 16497 |
| 11. Profit after Tax | 59119 | 48784 | 194577 | 149442 | 204094 |
| 12. Paid up Equity Share Capital | 462973 | 420884 | 462973 | 420884 | 420884 |
| 13. Reserves excluding Revaluation Reserve | | | | | 1173306 |
| 14. Basic and Diluted EPS (*) (Rs. / Share of Rs 10 each calculated on Profit after Tax) | 1.35 | 1.16 | 4.56 | 3.55 | 4.85 |
| 15. Public Shareholding | | | | | |
| - Number of shares | 1415701141 | 573932895 | 1415701141 | 573932895 | 573932895 |
| - Percentage of shareholding | 30.58% | 13.64 % | 30.58% | 13.64 % | 13.64 % |
| 16. Promoters and Promoter Group Shareholding | | | | | |
| (a) Pledged/ Encumbered | | | | | |
| Number of Shares | - | - | - | - | - |
| Percentage of share (as % of the total shareholding of promoter and promoter group) | - | - | - | - | - |
| Percentage of share (as % of the total share capital of the company) | - | - | - | - | - |
| (b) Non-encumbered | | | | | |
| Number of Shares | 3214024212 | 3634908335 | 3214024212 | 3634908335 | 3634908335 |
| Percentage of share (as % of the total shareholding of promoter and promoter group) | 100 % | 100 % | 100 % | 100 % | 100 % |
| Percentage of share (as % of the total share capital of the company) | 69.42% | 86.36 % | 69.42% | 86.36 % | 86.36 % |

* EPS figures for the quarter/ nine months have not been Annualised.



Segment wise Revenue, Results and Capital Employed

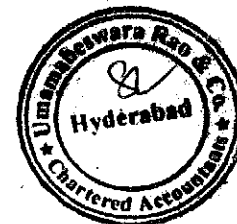
(Rs. in lacs)

| Particulars | Quarter ended 31.12.2010 (Unaudited) | Quarter ended 31.12.2009 (Unaudited) | Nine Months ended 31.12.2010 (Unaudited) | Nine Months ended 31.12.2009 (Unaudited) | Year ended 31.03.2010 (Audited) |
|---|--|--|--|--|---------------------------------------|
| A Segment Revenue including Other Income | | | | | |
| - Transmission | 201376 | 160579 | 593592 | 493004 | 670579 |
| - Consultancy | 5660 | 6719 | 20966 | 16379 | 27708 |
| - RLDCs (System Operations Segment)(*) | 0 | 6565 | 14662 | 17868 | 22458 |
| - ULDCs - Other Assets | 3298 | | 9427 | | 13730 |
| - Telecom | 4498 | 4182 | 13677 | 12487 | 16729 |
| Total | 214832 | 178045 | 652324 | 539738 | 751204 |
| Less: Inter Segment Revenue | 309 | 83 | 535 | 253 | 846 |
| Total Revenue including Other Income | 214523 | 177962 | 651789 | 539485 | 750358 |
| B Segment Results | | | | | |
| Profit Before Tax | | | | | |
| - Transmission | 79325 | 46844 | 251655 | 165270 | 239396 |
| - Consultancy | 3216 | 4620 | 11289 | 7613 | 14555 |
| - RLDCs (System Operations Segment) | 0 | 1087 | 2924 | 1848 | 4177 |
| - ULDCs - Other Assets | 1061 | | 2703 | | 3815 |
| - Telecom (**) | 384 | -155 | 1105 | 538 | 689 |
| Total Profit Before Tax | 83986 | 52396 | 269676 | 175269 | 262632 |
| C Segment Capital Employed | | | | | |
| - Transmission (***) | 6036880 | 4461853 | 6036880 | 4461853 | 4873125 |
| - Consultancy | -153176 | -136568 | -153176 | -136568 | -152509 |
| - RLDCs (System Operations Segment) | 11746 | 121189 | 11746 | 121189 | 28728 |
| - ULDCs - Other Assets | 91472 | | 91472 | | 97525 |
| - Telecom | 49680 | 76615 | 49680 | 76615 | 73019 |
| Total Segment Capital Employed | 6036602 | 4523089 | 6036602 | 4523089 | 4919888 |

(*) Assets and Liabilities of System Operation Segment have been transferred to POSOCO, a wholly owned subsidiary of POWERGRID, w.e.f. 01.10.2010. As such, Segment Revenue and Profit before Tax for the RLDCs (System Operations Segment) are nil for the quarter.

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

(***) While calculating segment wise capital employed, entire deferred tax liability has been considered and included in transmission segment.



Notes :

1. In exercise of powers u/s 178 of Electricity Act 2003, Central Electricity Regulatory Commission (CERC) has notified 'CERC (Terms and Conditions of Tariff) Regulations 2009' vide order dated 19.01.2009 for the determination of transmission tariff for the block period 2009-14. Pending disposal of petitions filed with CERC in certain cases and filing of petition in certain other cases, transmission income of Rs. 174996 lacs for the quarter and 521086 lacs for the nine months (corresponding quarter Rs. 149836 lacs and nine months Rs. 461120 lacs for the previous year) have been provisionally recognised based on the CERC norms for the block period 2009-14 and as per accounting policy of the Company.

However, The Tariff Regulations, 2009 provide that pending determination of tariff by the CERC, the Company has to provisionally bill the beneficiaries at the tariff rates approved by the CERC as on 31.03.2009. Accordingly, the Company has provisionally billed the transmission charges amounting to Rs. 123354 lacs for the quarter and Rs. 366160 lacs for the nine months ended 31.12.2010 (corresponding quarter Rs. 131188 lacs and nine months Rs. 393563 lacs for the previous year).

As such, transmission income amounting to Rs. 51642 lacs for the quarter and Rs. 154926 lacs for the nine months ended 31.12.2010 are yet to be billed to the beneficiaries.

2. The re-statement of foreign currency loans has resulted in Foreign Exchange Rate Variation (FERV) loss of Rs. 100 lacs for the quarter and FERV loss of Rs. 1612 lacs for the nine months ended 31.12.2010 as against FERV gain of Rs. 32613 lacs and FERV gain of Rs. 77301 lacs for the corresponding quarter and nine months of the previous year 2009-10.

Accounting of such FERV consistently as per accounting policies adopted by the Company has resulted in decrease in profit for the quarter by Rs. 31 lacs (increase in profit by Rs. 77 lacs in the corresponding quarter of previous year) and decrease in profit for the nine months ended on 31.12.2010 by Rs. 288 lacs (increase in profit by Rs. 54 lacs in the corresponding nine months of the previous year). Balance has been capitalized/decapitalised or shown as recoverble/payable as per the opinion of Expert Advisory Committee of ICAI.

3. The company had set up a wholly owned subsidiary company on 20.03.2009 namely "Power System Operation Corporation Limited" (POSOCO) for taking over Assets and Liabilities along with associated manpower of Power System Operation Segment comprising of five Regional Load Despatch Centres (RLDCs) and National Load Despatch Centre (NLDC) as per directions by the Ministry of Power, GOI vide letter dt. 04.07.2008.

Pursuant to shareholders approval obtained through postal ballot and notification dated 27.09.2010 u/s 27(2) of the Electricity Act, 2003 by Ministry of Power authorizing POSOCO to operate the NLDC at Delhi and five RLDCs situated at Delhi, Kolkata, Mumbai, Bangaluru and Shillong w.e.f., 01.10.2010, fixed assets (net block) of Rs. 7655 lacs and net current assets (other than Debtors) of Rs. 1428 lacs of such NLDC and five RLDCs have been transferred at book value to POSOCO on 01.10.2010 pending finalization of Purchase Consideration and completion of legal formalities.

The un-audited results of POSOCO for the quarter ended 31.12.2010 are as under:

| | |
|-------------------|---------------|
| Turnover | Rs. 6853 lacs |
| Profit before Tax | Rs. 1206 lacs |



4. (i) In view of an opinion of the expert advisory committee of the Institute of Chartered Accountants of India, capital expenditure on assets not owned by the company, which was hitherto amortized over a period of four years, is now charged off to revenue as and when incurred. The unamortized balance as on 01/04/2010 under Fixed Assets and CWIP Schedule has been written off as prior period expenditure. This has resulted in decrease in profit by Rs. 642 lacs (including prior period impact of Rs. 465 lacs).
- (ii) Leashold land, which was hitherto depreciated over the tenure of the lease, is now depreciated in 25 years or tenure of the lease whichever is less in accordance with the rate and methodology specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 with retrospective effect from 01.04.2009. This has resulted in decrease in profit by Rs. 369 lacs (including prior period impact of Rs. 192 lacs).
5. Pursuant to the Further Public Offer (FPO), on 23rd November, 2010 the Company allotted 4209 lacs fresh equity shares of Rs. 10 each at a premium of Rs. 80 each (Rs. 75.50 each for retail investors) and further allotted 4209 lacs equity shares of Rs. 10 each for a consideration of Rs. 90 each (Rs. 85.50 each for retail investors) being disinvestment on behalf of President of India.

Out of the issue proceeds of FPO of Rs. 371257 lacs {net of Issue Expenses (provisional)}, the Company has utilised an amount of Rs. 30000 lacs as per the objects of the issue and the balance is kept in the banks as term deposits.

6. (i) Status of investor complaints received and attended, regarding equity shares, during the quarter ended 31.12.2010 is given as under :

| | Opening Balance | Additions* | Attended* | Closing Balance |
|-------------------|-----------------|------------|-----------|-----------------|
| No. of Complaints | 0 | 10928 | 8713 | 2215 * * |

* includes references and communications

- (ii) As at 31.12.2010, no investor's complaint / grievance is lying un-resolved in respect of Bonds issued by the Company. Clarifications, as and when sought by investors, have been furnished. *As per above complaints have been attended to, as certified by share transfer agent.*

7. Previous quarter / nine months / year figures have been regrouped / rearranged wherever necessary.
8. The above results have been reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on 08.02.2011.
9. The above results have been reviewed by the Statutory Auditors as required under clause 41 of the listing agreements.

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

(S.K. Chaturvedi)

Chairman & Managing Director

Place : New Delhi.

Date : 08.02.2011.

