

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance philosophy stems from our belief that the business strategy and plans should be consistent with the welfare of all stakeholders. We follow Corporate Governance Guidelines details of which are as under

### BOARD OF DIRECTORS

The Board has an optimum combination of executive and non-executive Directors. The Board, as on 31-03-2011 comprised of five Directors which included (i) two whole-time Functional Directors viz., Director (Engineering) & Director (Finance), (ii) one Government Director and (iii) Two non official part time Independent Directors. The Independent Directors are usually drawn from the field of Management, Accounts and Engineering as per Article 81(c) of Articles of Association. The Nominee Director on the Board are appointed by the Administrative Ministry of Government of India in terms of Article 81(a) of Articles of Association of the Company.

After the completion of tenure of 5 years of Shri Arbind Kumar, Ex-CMD on 27.04.2010, Shri A.B. Pandya, Commissioner (Projects), Ministry of Water Resources took over the additional charge as CMD of NPCC for a period of three months.

After completion of tenure of Shri A.B. Pandya, Shri A.K. Jhamb, Director (Engg) of the Corporation was entrusted with the additional charge of CMD of the Company which was continued uptill 31.03.2011.

**Shri Ram Mohan Mishra**, Jt Secretary(Admn) was relieved from Ministry of Water Resources on 27.04.10 and henceforth ceased to be Director of the Company.

**Shri Sat Pal**, Jt Secretary was nominated on the Board of NPCC as Part Time Govt Director who remained with the Company from 20.05.10 to 30.06.10.

**Shri Sudhir Garg**, IAS, Jt. Secretary (Admn) Ministry of Water Resources, has been nominated on the Board of NPCC Limited w.e.f. 20.07.10.

The Board meets at regular intervals. During the year under review five Board Meetings were held on 29.06.10, 25.08.10, 08.10.10, 24.11.10 and 04.03.11. Provisions of the Companies Act, 1956

amended up to date have been properly adhered to regarding holding of the Board Meeting.

Details of composition of the Board of Directors, their tenure, category of the Director, attendance at the Board Meeting, General Meeting & other Directorships held during the year 2010-11 are given below:

Name of Directors	Meeting Attended	AGM Attended	Other Directorship	Period
(a) Functional Directors				
Shri Arbind Kumar Chairman & Managing Director	NIL	N.A.	NIL	Upto 27.04.10
Shri A.B. Pandya Chairman & Managing Director (Addl. Charge)	1/1	N.A.	NIL	w.e.f 03.05.10 to 02.08.10
Shri A.K. Jhamb Chairman & Managing Director (Addl. Charge)	4/4	Yes	NIL	w.e.f. 04.08.10 to 31.03.11
Shri A.K. Jhamb Director (Engineering)	5/5	Yes	NIL	Full Year
Shri Ravendra Garg Director (Finance)	5/5	Yes	NIL	Full Year
(b) Govt. Nominees				
Shri Ram Mohan Mishra Joint Secretary Ministry of Water Resources	NIL	N.A.	1	Upto 27.04.10
Shri Sat Pal	0/1	N.A.	1	20.05.10 to 30.06.10
Shri Sudhi Garg	4/4	Yes	1	w.e.f. 20.07.10
(c) Independent Director				
Shri Rihan Ahmad	2/2	No	NIL	w.e.f. 16.11.10
Dr. M.K. Soni	2/2	No	NIL	w.e.f. 16.11.10

### INDEPENDENT PART TIME DIRECTORS

Two independent Directors, having expertise in two distinct areas of Finance and Engineering were

appointed on the Board of NPCC on 16.11.2010. Their best experience guided to the Board which would go a long way in improving towards corporate excellence.

#### COMMITTEES OF BOARD

NPCC, by following best practices of Corporate Governance, in its 265th Board Meeting re-constituted the committees to assist Board in Compliance of Corporate Governance Guidelines of CPSE. These committees were as under:

- Audit Committee
- Establishment Committee

#### AUDIT COMMITTEE

The Audit Committee was re-constituted in accordance with Guidelines on Corporate Governance for CPSE's in the 265th meeting the Board of Directors of the Corporation held on 24.11.10 with terms and reference of the committee being same as proposed in the Guidelines. The present composition of committee is as under:

Name	Designation	Category
Shri Rihan Ahmad	Chairman	Independent Director
Dr. M.K. Soni	Member	Independent Director
Shri A.K. Jhamb	Member	Director (Engineering)

#### REMUNERATION OF DIRECTORS

Sitting fees paid to Independent Directors during 2010-11 is as follows:

Name & Designation	Sitting Fees (Amt. in ₹)
Sh. Rihan Ahmad, Independent Director	35000
Dr. M.K. Soni, Independent Director	35000

#### GENERAL BODY MEETINGS

The Annual General Meetings/Extra-ordinary General Meetings held during last three years are given below:

Year	Date	Time	Venue
2009-10	29th Dec'10	3.00 p.m.	Regd Office
2008-09	30th Dec'09	12.00 noon	Regd. Office
2007-08	31st Dec'08	2.00 p.m.	Scope Convention Centre

No Extra Ordinary General meeting was held during 2010-11.

#### AUDIT QUALIFICATION

The comments on accounts for the year ended on 31st March, 2011 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 and Statutory Auditor are given separately in the addendum to the Director's Report along with the comments of the Company.

#### MEANS OF COMMUNICATION WITH THE SHAREHOLDERS

The paid up share capital of the Company is being held by the Government of India and 14 State Governments. The majority paid up capital of the company i.e. 98.89% is held by the President of India and rest 1.11% is held by 14 State Government. The Company displays complete Annual Report on its website for the information of its stakeholders together with other important information pertaining to the Company. Annual Report and other papers related to Shareholders are being sent regularly in physical form.