

पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड  
(भारत सरकार का उद्यम)  
POWER GRID CORPORATION OF INDIA LIMITED  
(A Government of India Enterprise)



केन्द्रीय कार्यालय : "सौदामिनी" प्लॉट सं-2, सेक्टर-29, गुडगाँव-122 001, हरियाणा  
फोन : 0124-2571700-719 फैक्स : 0124-2571760, 0124-2571761 तार : 'नेटग्रिड'  
Corporate Office : "Saudamini" Plot No-2, Sector-29, Gurgaon - 122 001 Haryana  
Tel.: 0124-2571700 - 719 Fax: 0124-2571760, 0124-2571761 Gram: 'NATGRID'

संदर्भ संख्या / Ref. No.

केन्द्रीय कार्यालय / CORPORATE CENTRE

C/COS/834

Dt.15.01.2010

The GM (Listing)  
National Stock Exchange of India Limited,  
Exchange Plaza, Plot No. C/1, G - Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai- 400 051

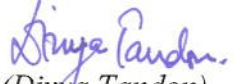
Dear Sir,

Sub: Quarterly Compliance Report on Corporate Governance

Enclosed please find the Quarterly Compliance Report on Corporate Governance for the Quarter ended 31.12.2009. This is being filed in terms of Clause 49VI(ii) of the Listing Agreement .

Thanking you,

Yours faithfully,

  
(Divya Tandon)  
Company Secretary

**Quarterly Compliance Report on Corporate Governance**

**Name of the Company:** Power Grid Corporation of India Ltd.

**Quarter ending on:** 31.12.09

<b>Particulars</b>	<b>Clause of Listing agreement</b>	<b>Compliance Status Yes/No</b>	<b>Remarks</b>
<b>I. Board of Directors</b>	49I		
(A) Composition of Board	49I(A)	Yes	Presently, the Board consists of CMD, 4 functional Directors, 2 official part -time Directors and 7 non - official part -time Directors (Independent Directors).
(B) Non-executive Directors' compensation & disclosures	49 I(B)	N.A.	The non – executive Directors are paid only the sitting fees. The sitting fee is within the limits prescribed under the Companies Act, 1956.
(C) Other provisions as to Board and Committees	49 I(C)(i)	Yes	The Board meets more frequently than the minimum requirement of four times in a year.
	49I (C)(ii)	Yes	The overall Directorship of the Directors in various Companies is within the permissible limits.  Almost all the issues listed under Annexure 1A are being placed before the Board of Directors.
(D) Code of Conduct	49 I(D)	Yes	
<b>II. Audit Committee</b>	49 II		
(A) Qualified & Independent Audit	49II (A)	Yes	POWERGRID has an independent and qualified

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
Committee			Audit Committee as specified in Clause 49II(A).
(B) Meeting of Audit Committee	49 II (B)	Yes	
(C) Powers of Audit Committee	49 II (C)	Yes	
(D) Role of Audit Committee	49 II(D)	Yes	
(E) Review of Information by Audit Committee	49 II (E)	Yes	
<b>III. Subsidiary Companies</b>	49 (III)	N.A.	<p>POWERGRID has incorporated a 100% subsidiary Company named Power System Incorporation Corporation Ltd. on 20<sup>th</sup> March, 2009 for independent system operation with separate accounting and Board structure. The Company is yet to obtain the Certificate of Commencement of Business.</p> <p>POWERGRID had incorporated a "Project Specific" shell Company named Byrnihat Transmission Co. Ltd. as its subsidiary company. The Company was incorporated to take up implementation of Misa Byrnihat Transmission Line on JV route. The said Transmission line is being executed by POWERGRID as consultancy work. Internal approval for winding up the Company has been obtained and further processing in this regard is being initiated.</p> <p>As on date, both the above companies do not fall under</p>

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
			the scope of "Material Non – Listed Indian Subsidiary".
<b>IV. Disclosures</b>	49 (IV)		
(A) Basis of related party transactions	49 IV (A)	Yes	
(B) Disclosure of Accounting Treatment	49 IV (B)	Yes	
(C) Board Disclosures	49 IV (C)	Yes	<ul style="list-style-type: none"> <li>- All the Projects / Schemes to be undertaken by the Company are agreed to prior to execution by all the Beneficiary States. The Projects / Schemes are made part of the 'Bulk Power Transmission Agreement'.</li> <li>- Contractual provisions for timely execution of the Projects / Schemes are in place.</li> <li>- To ensure the timely completion of the Projects necessary steps are discussed at Project Review meetings and at higher levels and implemented.</li> </ul> <p>POWERGRID has engaged KMPG as a Consultant for developing "Enterprise Risk Management Framework (ERM) and Internal Control Framework for CEO/CFO certification" in compliance with Clause 49 of the Listing Agreement.</p>
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 IV (D)	Yes	
(E) Remuneration of Directors	49 IV (E)	Yes	The remuneration of the Directors is disclosed in the "Corporate Governance Report". Presently, the element

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
			of remuneration is not being mentioned as POWERGRID is a Government Company and the remuneration of the Directors is determined by the guidelines issued by the Department of Public Enterprises.
(F) Management	49 IV (F)	Yes	Being published since 2003-04.
(G) Shareholders	49 IV (G)	Yes	
<b>V. CEO/CFO Certification</b>	49 (V)	Yes	The certification was placed before the Board with Annual Accounts for the F.Y. 2008-09.
<b>VI. Report on Corporate Governance</b>	49 (VI)	Yes	
<b>VII. Compliance</b>	49 (VII)	Yes	

*Singh Gaudan*