

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/

Dt.13.10.2010

*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 30.09.2010. This is being filed in terms of Clause 49VI(ii) of the Listing Agreement .

Thanking you,

Yours faithfully,

Divya Tandon
(Divya Tandon)
Company Secretary

Quarterly Compliance Report on Corporate Governance

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

Quarter ending on: 30.09.2010

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	49I		
(A) Composition of Board	49I(A)	Yes	<p>During the quarter, the Board comprised CMD, 4 functional Directors, 2 official part -time Directors and 3* non - official part -time Directors (Independent Directors).</p> <p>* The tenure of 04 independent Directors who were appointed for a period of three years w.e.f. 10.07.2007 by Hon'ble President of India in terms of Article 31 of Articles of Association of POWERGRID has completed on 09.07.2010.</p>
(B) Non-executive Directors' compensation & disclosures	49 I(B)	N.A.	The non – executive Directors are paid 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	<p>The overall Directorship of the Directors in various Companies is within the permissible limits.</p> <p>Almost all the issues listed under Annexure 1A are being placed before the Board of Directors.</p>
(D) Code of Conduct	49 I(D)	Yes	
II. Audit Committee	49 II		
(A) Qualified & Independent Audit	49II (A)	Yes	

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
Committee			
(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	
III. Subsidiary Companies	49 (III)	N.A.	<p>POWERGRID has incorporated a 100% subsidiary Company named Power System Operation Corporation Ltd. on 20th March, 2009 for independent system operation with separate accounting and Board structure. The Company has obtained the Certificate of Commencement of Business on 23.03.2010. Further, vide notification dt. 27.09.2010 under Section(s) 26(3) and 27(2) of Electricity Act, 2003 published in the Official Gazette, Power System Operation Corporation Ltd shall operate the NLDC and RLDCs w.e.f. 01.10.2010.</p> <p>POWERGRID had incorporated a "Project Specific" shell Company named Byrnihat Transmission Co. Ltd. as its subsidiary company. Upon an application being made by the Company, the Registrar of Companies has issued Notice u/s 560 (3) dt. 24.09.2010 to the effect that at the expiration of 30 days of the Notice unless cause is shown to the contrary, the name of</p>

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
			<p>this Company shall be struck off from the Register of Companies and the Company shall be dissolved.</p> <p>As on date, both the above companies do not fall under the scope of “Material Non – Listed Indian Subsidiary”</p>
IV. Disclosures	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"> - 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’. - Contractual provisions for timely execution of the Projects / Schemes are in place. - To ensure the timely completion of the Projects necessary steps are discussed at Project Review meetings and at higher levels and implemented. <p>POWERGRID has engaged KPMG as a Consultant for developing “Enterprise Risk Management Framework (ERM) and Internal Control Framework for CEO/CFO certification” in compliance</p>

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
			<p>with Clause 49 of the Listing Agreement.</p> <p>The Enterprise Risk Management Framework (ERM) and Internal Control Framework for CEO/CFO certification has been finalized and approval of the Board of Directors to the same is expected shortly.</p>
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 IV (D)	Yes	
(E) Remuneration of Directors	49 IV (E)	Yes	<p>The remuneration of the Directors is disclosed in the "Corporate Governance Report". Presently, the element of remuneration is not being mentioned as POWERGRID is a Government Company and the remuneration of the Directors is determined in terms of the guidelines issued by the Department of Public Enterprise.</p> <p>POWERGRID constituted a Remuneration Committee for deciding the performance related pay (PRP) in terms of the DPE directive for the CMD and Functional Directors at the Board level which has since been finalized.</p>
(F) Management	49 IV (F)	Yes	Being published since 2003-04.
(G) Shareholders	49 IV (G)	Yes	
V. CEO/CFO Certification	49 (V)	Yes	The certification was placed before the Board with Annual

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
			Accounts for the F.Y. 2009-10.
VI. Report on Corporate Governance	49 (VI)	Yes	
VII. Compliance	49 (VII)	Yes	

Shruti Pandey