

Quarterly Compliance Report on Corporate Governance

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

Quarter ending on: 31.12.2010

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	49I		
(A) Composition of Board	49I(A)	Yes	During the quarter, the Board comprised of CMD, 4 functional Directors, 2 official part -time Director 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 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.
	49 I (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	
II. Audit Committee	49 II		
(A) Qualified & Independent Audit Committee	49II (A)	Yes	
(B) Meeting of Audit Committee	49 II (B)	Yes	
(C) Powers of Audit Committee	49 II (C)	Yes	

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(D) Role of Audit Committee	49 II(D)	Yes*	* Except Clause 49 (II) (D) (12A). It is informed that in line with the provisions of Articles of Association of POWERGRID, the whole-time Functional Directors of the Company including that of Director (Finance) referred to as CFO are appointed by the Administrative Ministry through Public Enterprise Selection Board.
(E) Review of Information by Audit Committee	49 II (E)	Yes	
III. Subsidiary Companies	49 (III)	N.A.	<p>As on date, below mentioned Subsidiary companies do not fall under the scope of "Material Non – Listed Indian Subsidiary".</p> <p>(i) 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. In terms of Gazette notification dt. 27.09.2010 under Section 27(2) of Electricity Act, 2003, the Central Government had notified that Power System Operation Corporation Ltd is to operate the NLDC and RLDCs w.e.f. 01.10.2010. The agreements in this regard to be signed are under finalization.</p> <p>(ii) POWERGRID had</p>

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			<p>incorporated a "Project Specific" shell Company named Byrnihat Transmission Co. Ltd. which is under winding up under Easy Exit Scheme, 2010 launched by the Ministry of Corporate Affairs.</p> <p>Approval for winding-up is awaited.</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>"The Enterprise Risk Management Framework (ERM) and Internal Control Framework for CEO/CFO certification", in compliance with Clause 49 of the Listing</p>

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			Agreement, has been finalized in consultation with KPMG and has been put up for approval of the Board of Directors.
(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 Accounts for the F.Y. 2009-10.
VI. Report on Corporate Governance	49 (VI)	Yes	
VII. Compliance	49 (VII)	Yes	

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