

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, सैक्टर-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. C/COS/Listing/

Dt: 13.01.2012

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

Dear Sir,

Sub: **Quarterly Compliance Report on Corporate Governance**

Enclosed please find the Quarterly Compliance Report on Corporate Governance for the quarter ended 31.12.2011. 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: 31.12.2011

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	49I		
(A) Composition of Board	49I(A)	No	CMD, 3 functional Directors, 2 Official Part-time Directors remained on the Board during the entire quarter.  Two Independent Directors have been appointed by the President of India on the Board of POWERGRID w.e.f. 27.12.2011 vide Ministry of Power Office Order No. 1/38/96-PG dt. 27.12.2011.
(B) Non-executive Directors' compensation & disclosures	49 I(B)	N.A.	The non – executive Independent Directors are paid 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	There was no time gap of four months between any two meetings.
	49 I (C) (ii)	Yes	The membership/chairmanship of the Directors in various Committees is within the permissible limits across all the Companies in which he/she is a Director.  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 Committee	49II (A)	No	During the quarter, Audit Committee comprised two Official Part Time Directors and one functional Director.
(B) Meeting of Audit Committee	49 II (B)	No	Three Audit Committee Meetings held during the quarter on 13.10.2011; 22.10.2011 & 27.12.2011. Quorum for Audit Committee Meetings held on 13.10.2011 and 22.10.2011 was two Official Part Time Directors and one functional Director and Quorum for Audit Committee Meetings held on

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
			27.12.2011 was two Official Part Time Directors.
(C) Powers of Audit Committee	49 II (C)	Yes	
(D) Role of Audit Committee	49 II(D)	Yes Except Clause 49 (II) (D) (12A).	Director (Finance) / 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.	As on date, POWERGRID has only one subsidiary company (wholly owned) named Power System Operation Corporation Ltd which does not fall under 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/IPPs. 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>"The Enterprise Risk Management Framework (ERM) and Internal Control Framework for CEO/CFO certification", in compliance with Clause 49 of the Listing Agreement, has been implemented w.e.f. 1<sup>st</sup> September, 2011. General Manager (Corporate Planning) has been appointed as Chief Risk Officer of the Company.</p>
(D) Proceeds from public	49 IV (D)	Yes	

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
issues, rights issues, preferential issues etc.			
(E) Remuneration of Directors	49 IV (E)	Yes	The remuneration of the Directors is disclosed in the "Corporate Governance Report". Presently, all elements of remuneration are 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.
(F) Management	49 IV (F)	Yes	Being published since 2003-04.
(G) Shareholders	49 IV (G)	Yes	
V. CEO/CFO Certification	49 (V)	Yes	For the Financial Year 2010-11
<b>VI. Report on Corporate Governance</b>	49 (VI)	Yes	
<b>VII. Compliance</b>	49 (VII)	Yes	Certificate from Practicing Company Secretary regarding compliance of conditions of Corporate Governance has been obtained.

**For and on behalf of  
Power Grid Corporation of India Limited.**

  
(Divya Tandon)  
Company Secretary

Date: 13<sup>th</sup> January, 2012