

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/ 952

Dt. 15.07.2010

*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 30.06.2010. 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: 30.06.2010

| 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 7* 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 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 | During the quarter, POWERGRID had an |

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| Particulars | Clause of Listing agreement | Compliance Status Yes/No | Remarks |
|--|-----------------------------|--------------------------|---|
| Committee | | | independent and qualified 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 | |
| III. Subsidiary Companies | 49 (III) | N.A. | <p>POWERGRID has incorporated a 100% subsidiary Company named Power System Incorporation 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.</p> <p>POWERGRID had incorporated a "Project Specific" shell Company named Byrnihat Transmission Co. Ltd. as its subsidiary company. POWERGRID Board has approved the dissolution of this Company.</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 | |

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| Particulars | Clause of Listing agreement | Compliance Status Yes/No | Remarks |
|--|-----------------------------|--------------------------|---|
| (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 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> <p>The consultant has had discussion with officials at various levels in the Company and based on the same, they have submitted a Draft Report, which is under deliberation.</p> |
| (D) Proceeds from public issues, rights issues, preferential issues etc. | 49 IV (D) | Yes | |

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| Particulars | Clause of Listing agreement | Compliance Status Yes/No | Remarks |
|---|------------------------------------|---------------------------------|--|
| (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 by 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 finalised.</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. 2008-09. |
| VI. Report on Corporate Governance | 49 (VI) | Yes | |
| VII. Compliance | 49 (VII) | Yes | |

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