

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 : 2571700 - 719 फैक्स : 2571760, 2571761 तार 'नेटग्रिड'  
Corporate office : "Saudamini" Plot No. 2, Sector-29, Gurgaon-122 001 Haryana  
Tel. : 2571700 - 719, Fax : 2571760, 2571761 Gram : 'NATGRID'

संदर्भ संख्या /Ref. Number

C/COS/CG/

Dt.13.10.2011

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

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

Dear Sir,

Please find enclosed the Quarterly Compliance Report on Corporate Governance for the Quarter ended 30.09.2011. This is being filed in terms of Clause 49VI (ii) of the Listing Agreement.

Thanking you,

Yours faithfully,

  
(Divya Tandon)  
Company Secretary

Encl: a/a

**Quarterly Compliance Report on Corporate Governance**

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

Quarter ending on: 30.09.2011

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	49I		
(A) Composition of Board	49I(A)	No	At the beginning of quarter i.e. 01.07.2011, the Board comprised CMD, three functional Directors, two Official part time Directors and five non-official part-time Directors (Independent Directors). Changes in Board Composition thereafter are as under: <ol style="list-style-type: none"> <li>i. Shri S. K. Chaturvedi, CMD superannuated on 31.08.2011 and Shri R. N. Nayak took over charge as CMD w.e.f. 01.09.2011.</li> <li>ii. Dr. M. Ravi Kanth ceased to be a Director (Official part time Director) w.e.f. 16.08.2011. Smt Rita Acharya was appointed as a Director (Official part time Director) w.e.f. 26.08.2011.</li> <li>iii. Shri R. T. Agarwal assumed the charge of Director (Finance) w.e.f. 29.07.2011.</li> <li>iv. The tenure of five non-official part-time Directors (Independent Directors) completed during the quarter – for four Independent Directors viz. Shri F.A. Vandrevala; Shri Anil K. Agarwal; Dr A.S. Narag and Dr. P.K.Shetty, tenure completed on 09.07.2011 and for one Independent Director viz. Smt. Sarita Prasad, tenure completed on 03.08.2011.</li> </ol>
(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	The Board meets more frequently than the minimum requirement of four times in a year.

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
	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	At the beginning of quarter i.e. 01.07.2011, the Audit Committee comprised four members of which three members (i.e. 2/3 <sup>rd</sup> of its total composition) were non-official part-time Directors (Independent Directors). The tenure of said three non-official part-time Directors (Independent Directors) completed during the quarter i.e. for two Independent Directors on 09.07.2011 and for one Independent Director on 03.08.2011. The Chairman of Audit Committee (Official part time Director) was present at the Annual General Meeting of the Company held on 19.09.2011.
(B) Meeting of Audit Committee	49 II (B)	No	The tenure of all viz. five non-official part-time Directors (Independent Directors) completed during the quarter – four Independent Directors on 09.07.2011 and one Independent Director on 03.08.2011. In the last Audit Committee meeting (held on 02.08.2011), quorum was two members viz. one non-official part-time Director (Independent Director) and one Official part time Director.
(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	

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
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 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, 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

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
			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	
VI. Report on Corporate Governance	49 (VI)	Yes	
VII. Compliance	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: <sup>22</sup>3 October, 2011