

**Quarterly Compliance Report on Corporate Governance**

Name of the Company: Power Grid Corporation of India Ltd.  
 Quarter ended on: 30.09.2012

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	49I		
(A) Composition of Board	49I(A)	No	<p>CMD, 4* functional Directors, 2 Official Part-time Directors and 2 non-Official Part-time Directors (Independent Directors) were on the Board during the quarter.</p> <p>*Shri R. P. Sasmal assumed the charge of Director (Operations) w.e.f. 01.08.2012.</p> <p>Five more vacancies of Independent Directors are to be filled up.</p> <p>POWERGRID, being a Govt. Company within the meaning of Section 617 of the Companies Act, 1956, the power to appoint functional/ Official Part-time Directors / non-Official Part-time Directors (Independent Directors) vests with the President of India. The matter has already been taken up with MoP to expedite the appointment of remaining Independent Directors on the Board of POWERGRID. The details of such appointment will be informed accordingly.</p>
(B) Non-executive Directors' compensation & disclosures	49 I(B)	N.A.	The Independent Directors are paid sitting fee. The sitting fee paid is within the limits prescribed under the Companies Act, 1956.
(C) Other provisions as to Board and Committees	49 I(C)	Yes	
(D) Code of Conduct	49 I (D)	Yes	
<b>II. Audit Committee</b>	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	
(D) Role of Audit Committee	49 II(D)	Yes Except	Director (Finance) / CFO are appointed by the Administrative Ministry through

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		Clause 49 II (D) - (12A).	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 three wholly owned Subsidiary companies as under:
			1. Power System Operation Corporation Ltd.
			2. Powergrid NM Transmission Limited (formerly Nagapattinam-Madhugiri Transmission Company Limited)
			3. Powergrid Vemagiri Transmission Limited (formerly Vemagiri Transmission System Limited)
			The aforesaid Subsidiary Companies do not fall under the scope of "Material Non-Listed Indian Subsidiary".
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"> <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 'Transmission Service 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.</p>
(D) Proceeds from public	49 IV (D)	Yes	

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issues, rights issues, preferential issues etc.			
(E) Remuneration of Directors	49 IV (E)	Yes	
(F) Management	49 IV (F)	Yes	
(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	

Date: 15<sup>th</sup> October, 2012

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

*Diya Tandon*  
(Diya Tandon)  
Company Secretary

(b) Non-executive Directors' compensation & disclosures	49 (D)	N/A	
(C) Other provisions as per Board and Committees	49 (C)	Yes	
(D) Code of Conduct	49 (D)	Yes	
II. Audit Committee	49 II		
(A) Qualified & Independent Audit Committee	49 II (A)	Yes	
(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	