

Quarterly Compliance Report on Corporate Governance

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

Quarter ending on: 30.06.2011

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
I. Board of Directors	49I		
(A) Composition of Board	49I(A)	No	<p>CMD, 3 functional Directors, 2 official part-time Directors and 5 non - official part - time Directors (Independent Directors) remained on the Board during the entire quarter.</p> <p>In addition:</p> <p>(i) Shri J. Sridharan, Director (Finance) ceased to be a Director on the Board of POWERGRID on 30.04.2011 (A/N) on attaining the age of superannuation.</p> <p>(ii) the tenure of 02 independent Directors who were appointed for a period of three year w.e.f. 25.04.2008 by Hon'ble President of India in terms of Article 31 of Articles of Association of POWERGRID completed on 24.04.2011.</p> <p>Accordingly, compliance/non compliance status is as below:</p> <p>(i) from 01.04.2011 to 24.04.2011 – Full Compliance</p> <p>(ii) from 25.04.2011 to 30.04.2011 – as against 7 Directors (full time & official part-time Directors) 5 non-official part - time Directors (Independent Directors) were in place, and</p> <p>(iii) from 01.05.2011 to 30.06.2011 – as against 6 Directors (full time & official part-time Directors) 5 non-official part - time Directors (Independent Directors) were in place.</p>
(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.
	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 is a Director.
			Almost all the issues listed under

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			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	
(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 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, below mentioned Subsidiary companies do not fall under the scope of "Material Non – Listed Indian Subsidiary". POWERGRID has incorporated a 100% subsidiary Company named Power System Operation Corporation Ltd. on 20 th March, 2009 for independent system operation with separate accounting and Board structure.
IV. Disclosures	49 (IV)		
(A) Basis of related party transactions	49 IV (A)	Yes	
(B) Disclosure of Accounting Treatment	49 IV (B)	Yes	

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(C) Board Disclosures	49 IV (C)	Yes	<p>- 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'.</p> <p>- Contractual provisions for timely execution of the Projects / Schemes are in place.</p> <p>- To ensure the timely completion of the Projects necessary steps are discussed at Project Review meetings and at higher levels and implemented.</p> <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 finalized and approved by the Board of Directors. Implementation of the same is in process. 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	<p>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.</p> <p>A Remuneration Committee comprising of Independent Directors</p>

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			for deciding the Performance Related Pay (PRP) for Directors and Executives of POWERGRID is in place.
(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 certificate was placed before the Board with Annual Accounts for the F.Y. 2009-10. For the Financial Year 2010-11, the certificate is being obtained.
VI. Report on Corporate Governance	49 (VI)	Yes	
VII. Compliance	49 (VII)	Yes	