

**F.No.05/01/2021-UR&SI-II-Part(1)-(E-258189)**

**Government of India**

**Ministry of Power**

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**Shram Shakti Bhawan, Rafi Marg  
New Delhi, Dated: 27<sup>th</sup> April, 2023**

**To**

**Additional Chief Secretary/ Principal Secretary/ Secretary (Energy/ Power) of  
all States and UTs.**

**Subject: Revised Corporate Governance Guidelines for Discoms, Gencos &  
Transcos after incorporating Finance and IT functions.**

**Sir**

Ministry of Power had issued the Corporate Governance Guidelines for Discoms, Gencos & Transcos with an overall objective of institutionalising Corporate Governance practices in the power sector.

2, Keeping in view the emphasis on technological developments and financial sustainability, the guidelines for Corporate Governance Guidelines have been revised to include provisions relating to IT and Finance functions. The copies of the revised guidelines for (i) Discoms and (ii) Gencos & Transcos are enclosed herewith at Annexure-I and Annexure-II respectively.

3. It is requested to ensure that these guidelines are implemented in the State Power Utilities in a time bound manner.

4. This issues with the approval of Hon'ble Minister of Power and NRE.

**Encl.: As above.**



**(Jamiruddin Ansari)**

**Deputy Secretary to the Govt. of India**

**Tel: 011-23351913**

Copy to:

1. CMD/MD of DISCOMS, GENCOs and TRANSCOs of all States/ UTs
2. CMD, REC Ltd.
3. CMD, PFC Ltd.

Also Copy to:

PS to HMOP/ PPS to Secretary (P)/ PPS to JS(D)

**Revised Guidelines for Corporate Governance of State Power  
Distribution Utilities (DISCOMs)**

**I. Background:**

In order to ensure operational autonomy, the State Electricity Boards were unbundled under the Electricity Act 2003 and newly unbundled entities were incorporated under the Companies Act.

However, the performance of many of the State owned DISCOMs has not been up to the mark and many of them continue to incur heavy losses each year. One of the reasons for this has been the weak Governance structure in these companies at the Board as well as Senior Management levels.

The Companies Act 2013 provides for Governance measures and the Central Government have prescribed additional measures in the Department of Public Enterprises (DPE) Corporate Governance Guidelines for Central PSUs. SEBI has also mandated Governance Norms.

These guidelines on governance framework for Distribution Companies, also referred to as companies for the purpose of this document unless otherwise stated, cover essential aspects pertaining to Corporate Governance, and are required to be followed.

**II. Applicability of Guidelines:**

These guidelines shall be applicable to all Electricity Distribution Companies. These guidelines will also be used for assessment of the performance of Utilities in the Annual Integrated rating exercise as well in schemes of the Ministry of Power, where the release of grants to DISCOMs is tied up with the performance of DISCOMs.

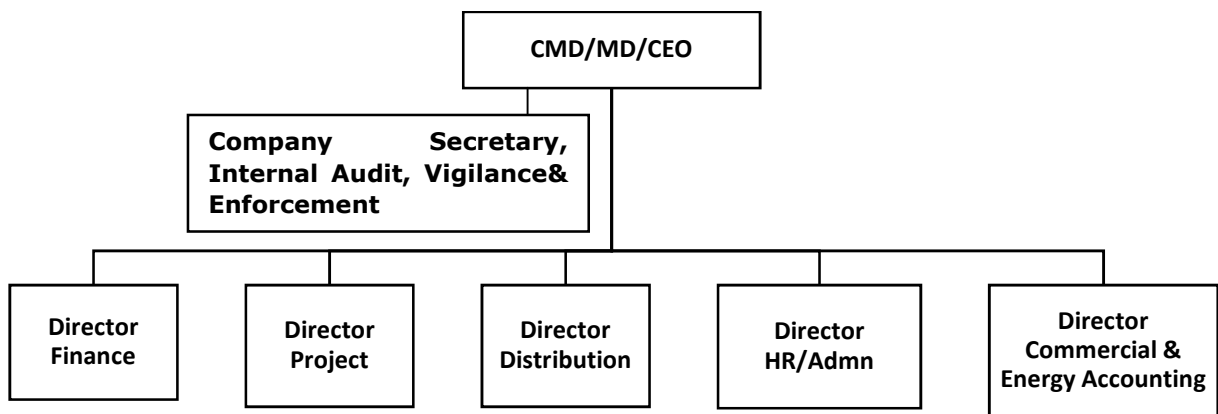
**III. Corporate Governance Structure:**

**1. Board of Directors**

- 1.1. Shareholders (including State Governments) being owners of the company shall not participate in the day-to-day operations of the DISCOMs. There shall be a firewall / arm's length relationship between the Shareholders and the DISCOMs. The Management shall be led by a full time competent CEO / MD/CMD with adequate number of functional Directors.
- 1.2. The Board of Directors shall have mix of members with right expertise, experience and merit to deal with complex and diverse functions in DISCOMs. At least 50 percent of the Board shall comprise of non-executive Directors, who can impartially render oversight on the Management of the DISCOMs. The composition of the Non-executive Directors shall be a good mix of professionals from power / finance / administrative background.

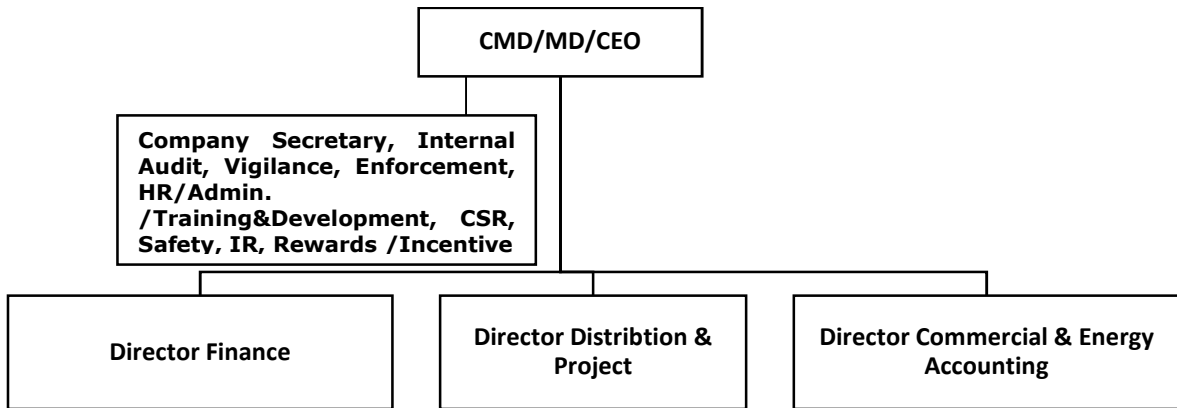
- 1.3. For larger DISCOMs, the number of Directors shall be 12 to 15 Directors in line with DPE guidelines for large organizations. The Board shall have at least one woman Director as per the provisions of Companies Act, 2013. DISCOMs may be classified as Large or Small based on parameters such as number of consumers, geographical area covered, input energy (DISCOMs with input energy of 25,000 MUs and above shall be considered as a large Discom and others as small DISCOMs), etc. In case of larger DISCOMs, Board may comprise of 1 CMD / MD assisted by at least 5 functional Directors.
- 1.4. In smaller DISCOMs, the number of Directors shall be 8 to 12 Directors, in line with DPE guidelines / Articles of Association of the Company and shall not be restricted to minimum levels as per Companies Act, 2013. In smaller DISCOMs, the Board may comprise of 1 CMD / MD assisted by at least 3 functional Directors. Therefore, considering the provisions regarding Independent Directors (at para 1.10), in case of small DISCOMs the Board of Directors shall comprise of 1 CMD/MD, 3 Functional Directors, 3 Independent Directors and 1 nominee or other non-executive Director.
- 1.5. Every DISCOM shall discharge various functions under different verticals headed by a functional Director as per indicative organograms given below:

## Organogram for a Large Discoms:



Director	Indicative Verticals in Large Discoms
<b>Finance</b>	<ul style="list-style-type: none"> <li>➤ Finance &amp; Accounts</li> <li>➤ Budget and Resource Mobilization</li> <li>➤ Taxation</li> <li>➤ Risk Management</li> <li>➤ Investor Relation</li> </ul>
<b>Project</b>	<ul style="list-style-type: none"> <li>➤ Projects &amp; Technical matters</li> <li>➤ Materials Management</li> <li>➤ System Planning</li> <li>➤ Quality /R&amp;D /Labs /Innovations</li> <li>➤ Wire Business</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>➤ Operations &amp; Maintenance of Network</li> <li>➤ SCADA /DMS /Reliability</li> <li>➤ Cyber Security</li> <li>➤ Consumer Rights/Relations/Redressal</li> </ul>
<b>HR /Admin.</b>	<ul style="list-style-type: none"> <li>➤ HR /Admin. /Training /Development</li> <li>➤ CSR, Safety, IR</li> <li>➤ Rewards /Incentive</li> </ul>
<b>Commercial and Energy Accounting</b>	<ul style="list-style-type: none"> <li>➤ Power Market -Power Procurement</li> <li>➤ Energy Transition /RE Integration</li> <li>➤ Supply</li> <li>➤ Metering (Smart pre-paid metering)</li> <li>➤ Energy Accounting</li> <li>➤ Regulatory /Legal /Compliance</li> <li>➤ IT/OT / AI &amp; ML</li> </ul>

**Organogram for a Small Discoms:**

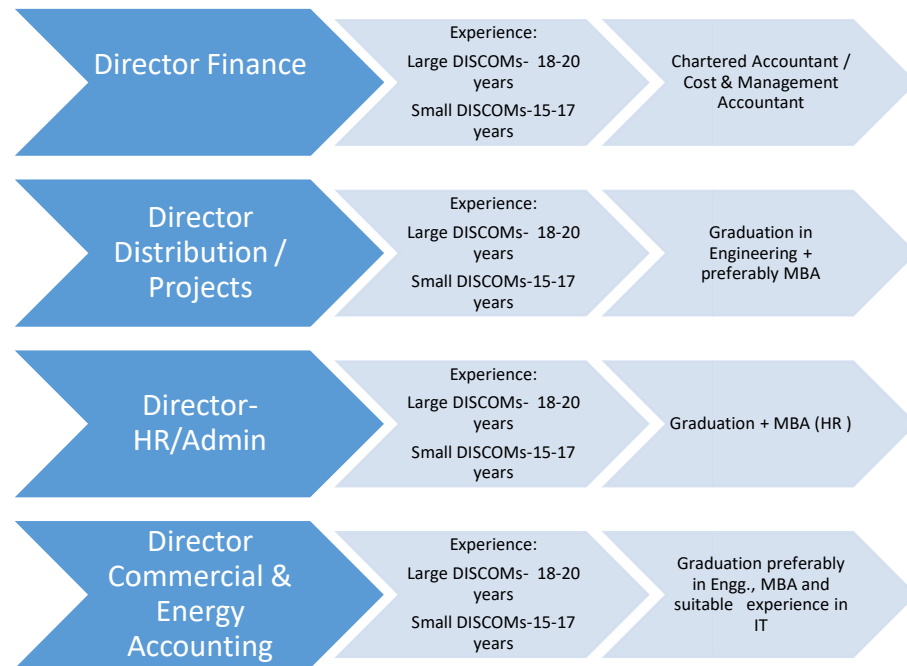


Director	Indicative Verticals in Small Discoms
<b>Finance</b>	<ul style="list-style-type: none"> <li>➤ Finance &amp; Accounts</li> <li>➤ Budget and Resource Mobilization</li> <li>➤ Taxation</li> <li>➤ Risk Management</li> <li>➤ Investor Relation</li> </ul>
<b>Distribution and Project</b>	<ul style="list-style-type: none"> <li>➤ Operations &amp; Maintenance of Network</li> <li>➤ SCADA /DMS/ Reliability</li> <li>➤ Cyber Security</li> <li>➤ Consumer Rights/Relations/Redressal</li> <li>➤ Technical &amp; Projects</li> <li>➤ Material Management</li> <li>➤ System Planning</li> <li>➤ Quality /R&amp;D /Labs /Innovations</li> <li>➤ Wire Business</li> </ul>
<b>Commercial and Energy Accounting</b>	<ul style="list-style-type: none"> <li>➤ Power Market -Power Procurement</li> <li>➤ Energy Transition /RE Integration</li> <li>➤ Supply</li> <li>➤ Metering (Smart pre-paid metering)</li> <li>➤ Energy Accounting</li> <li>➤ Regulatory /Legal /Compliance</li> <li>➤ IT/OT / AI &amp; ML</li> </ul>

In small DISCOMs, some functions may independently be handled headed by ED/CE, directly reporting to CMD/MD.

Company Secretary / Compliance officer will ensure compliance of all Statutory provisions and Secretarial Standards for convening and conduct of Meetings of the Board of Directors / Board level Committees and matters related thereto as per the Companies Act, 2013. The Board Meeting Agenda items shall be prepared in lines with requirements mentioned in the Secretarial Standard – 1 on Meetings of the Board of Directors.

1.6. Selection of the CMD / MD / Functional Directors shall be made by inviting open applications from internal as well as external candidates. The experience and qualifications of functional Directors shall be as follows:



A detailed eligibility criterion for appointment of Functional Directors shall be issued separately.

Upper age limit for appointment of Functional Directors to Board shall be fixed as per DPE guidelines (DPE OM No.18(10)/99-GM-GL-33 dated 22.8.2001), so that a minimum of 2 years residual length of service before retirement is available.

1.6.1 DPE /MCA Databank of Independent Directors may be used or State may develop their own data bank of Independent Directors for screening and to appoint the right candidate. In case of appointment of retired civil servants as Independent Directors, only Chief Secretary /Adl. Chief Secretary /Principal Secretary level retired persons may be considered for such appointment.

1.6.2 The Selection of CMD / MD / Functional Directors / Independent Directors shall be made by a selection Committee constituted by the State Government. The composition of the selection Committee maybe as under:

a. Chief Secretary of the state	<b>-Chairperson</b>
b. Administrative Secretary- General Administration / Personnel Deptt. of State	-Member
c. Administrative Secretary- Energy /Power Deptt. Of State	-Member
d. Head of a Premier Institution (IIT/IIM in the State/Outside State)	-Member

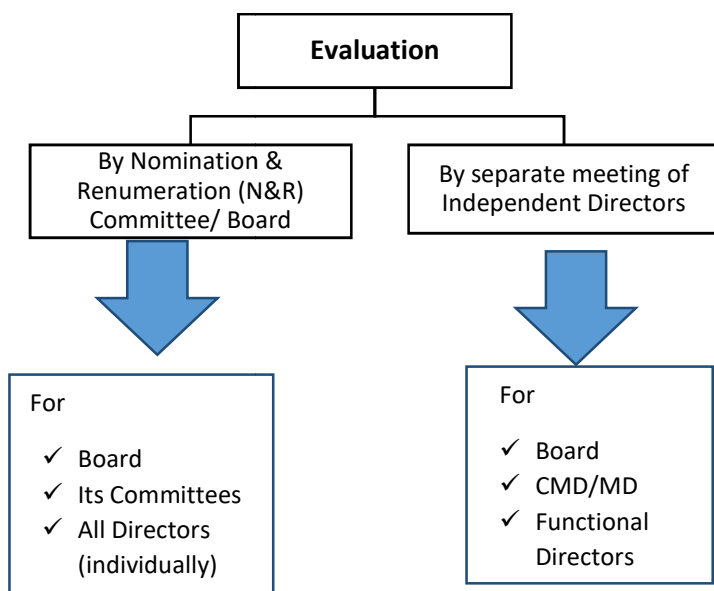
If the State Government so desire the Ministry of Power will nominate its representative on the selection committee. The Selection committee shall ensure that Independent Directors are from diverse backgrounds.

- 1.7. As per DPE guidelines and the recommendations of Krishna Menon Committee, no Public Representatives (MLAs / MPs) may be appointed on the Board.
- 1.8. Removal of Directors shall be done only on the basis of recommendations of the Selection Committee as per DPE Guidelines, and an ordinary resolution / special resolution (for Independent Directors) in AGM (As per Companies Act, 2013).
- 1.9. Board of DISCOMs shall have 1/3rd of members as Independent Directors<sup>1</sup>. This shall be implemented for all DISCOMs irrespective of current exemption available under Companies Act, 2013 for wholly owned subsidiary of an unlisted public company.
- 1.10. DISCOMs may have non-executive nominee Directors from major lenders like PFC / REC / other financial institutions apart from Government nominee Directors to support DISCOMs in their endeavors to adopt better operational practices.
- 1.11. The Companies shall formulate a comprehensive Code of Conduct and Ethics Policy for Directors and senior management as per DPE guidelines. A Handbook for Directors shall be prepared for effective compliance. Roles and Responsibilities for all Board members shall be defined by DISCOMs. Indicative duties /roles and functions of Directors/Independent Directors is placed at **Annexure I**.

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<sup>1</sup>These directives are also available in DPE guidelines on Corporate Governance practices of CPSEs

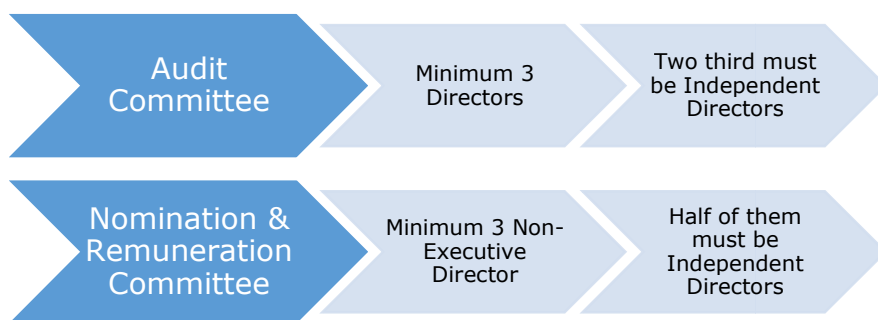
1.12. Evaluation of the Board, its Committees and all Directors may be done as follows:



1.13. The formal mechanism for evaluation of performance of Board, its Committees and all Board members shall be defined by Nomination & Remuneration Committee and various Board level Committees shall be in place which shall be closely aligned with the KRA(Key Result Areas) of the Board as mentioned at 4.1 so that the individual performance of the Board members results in overall improvement in the performance of the Board. The evaluation mechanism of Board members shall be disclosed in the Director’s Report, forming part of the Annual report for the DISCOMs.

**2. Board Level Committees**

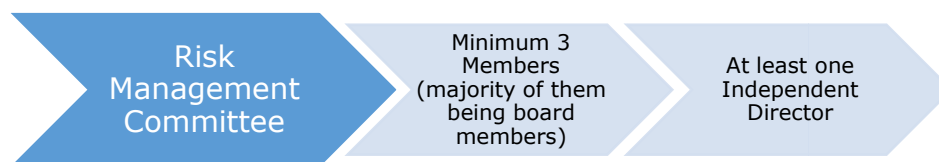
2.1. The Companies shall constitute Audit Committee and Nomination & Remuneration (N&R) Committee as per DPE guidelines, irrespective of the exemption available under the Companies Act, 2013 for wholly owned subsidiary of an unlisted public company. The composition of both Committees shall be as follows:



Independent Directors shall be the Chairman of both Committees in line with DPE Guidelines.

2.2. The Companies shall constitute a Risk Management Committee and develop the Risk Management Framework as an integral part of the business operations. The Risk Management policies and critical risk factors shall be

disclosed in the Director's Report as per Companies Act, 2013. The composition of Risk Management Committee shall be as follows:



**Annual compliance audit/ review:** Utilities shall undertake an annual review of their compliance against various applicable rules, regulations and directives which have been issued by appropriate Regulatory Authorities. The report shall be submitted to Risk Management Committee for identification of areas of improvement for utility.

- 2.3. Role of abovementioned Committees i.e. Audit Committee, Nomination and Remuneration Committee and Risk Management Committee is enclosed as **Annexure II, III and IV** respectively.
- 2.4. All companies shall develop a Whistleblower Policy. For this purpose, companies may follow stipulations as per DPE guidelines. An effective vigilance mechanism in DISCOMs shall be put in place as per CVC guidelines.

### **3. Financial Reporting and Control**

- 3.1. As per DPE guidelines, DISCOMs shall close their books on a quarterly basis. DISCOMs should also get audit/ limited audit review done of such quarterly results from FY 2023-24 onwards. Audit Committee shall review status of audit observations and take steps to resolve the same.
- 3.2. DISCOMs shall publish quarterly un-audited accounts within 60 days of the end of each quarter during for FY 2021-22 and FY 2022-23 and thereafter Audited /Limited reviewed quarterly accounts within 45 days of the end of each quarter. Further DISCOMs shall publish annual audited accounts by the end of December of the following year for FY 2021-22 and FY 2022-23 and thereafter audited annual accounts by the end of September of the following year. DISCOMs may prepare an action plan to implement the above and progress made in this regard may be discussed in the Directors Report forming part of the annual report of the company. This parameter shall be incorporated among the KRAs of the Board as mentioned at 4.1.
- 3.3. The DISCOM may be required to present their performance vis-a-vis MoU parameters (referred at para 4.1) and financial statements on quarterly basis in review meetings to be chaired by the Hon'ble Chief Minister and attended by the Hon'ble Finance Minister, Hon'ble Energy/Power Minister, Chief Secretary, Finance Secretary, Energy/Power Secretary of the State and a representative of the Ministry of Power, Govt. of India.
- 3.4. Internal Auditor shall submit report to the Audit Committee. There shall be a comprehensive review and strengthening of Internal Control System (Process / Special Audit) by Audit Committee.

- 3.5. Prepare and publish Annual Report within nine (9) months of the close of financial year. Apart from financial statements, the Annual Report shall also contain following information:
- Director's report
  - Management discussion
  - Performance analysis on key financial, commercial, technical and operational metrics (like AT&C loss, ACS-ARR gap etc.)
  - Business responsibility report (if applicable)
  - Management response to Auditor comments
  - Annual Energy Audit conducted as per BEE regulations along with past trends, improvements etc.
  - Divergence and discrepancy between Financial Accounts and Energy Accounts (if any)
  - Quarterly subsidy bills prepared in accordance to the SOP issued by MoP along with subsidy bill raised and subsidy received from the State Government, along with past trends
  - Electricity dues of Government Departments and payment received from State Government, along with current year dues, accumulated arrears and past trends

Ensure closure of all audit observations (Statutory, CAG and internal auditors) in accordance with appropriate accounting standards.

- 3.6. Create an internal MIS to track Cash flow management including payments to vendors, loan repayments etc. Also going forward endeavour to adopt ERP-based Financial Management Information Systems (FMIS) to automate financial operations of budget and treasury units.

#### **4. MoU with State Government/ Delegation of Powers**

- 4.1. The DISCOMs shall be required to sign an MoU with the State Governments covering Key Result Areas (KRAs) and providing for a reporting and evaluation mechanism against these KRAs which shall be closely linked with the performance of the Directors as mentioned at 1.13 and 3.2. These key result areas may include following indicative parameters:

<b>Key Result Areas</b>	
i.	Adhering to AT&C loss and ACS-ARR gap reduction trajectory as may be specified
ii.	Improvement in average hours of supply in rural and urban areas
iii.	Advance payment of current subsidy amount in accordance with Section 65 of the Act and government dues and liquidation of legacy subsidy and Government dues over a specified duration
iv.	Quarterly and Annual Audited Accounts to be prepared as per the norms specified for listed Company
v.	Yearly filing of tariff petition for current year and true up petition of penultimate year
vi.	Tariff determined by the SERC/JERC to be reflective of cost with no regulatory asset.
vii.	Payment of tariff subsidy by State Government on quarterly basis on the basis of bills submitted by the DISCOM-which shall report the

<b>Key Result Areas</b>	
	numbers of units of electricity supplied to each subsidised category and the per unit subsidy notified by the State Government for each category of customers
viii.	Implementation of Corporate Governance Norms and its regular reporting to MOP and / or state government in the prescribed format
ix.	Installation of pre-paid/smart pre-paid meters , DT meters and Feeder Meters
x.	Separation and solarization of agricultural feeders
xi.	Implementation of Rights of Consumers (Electricity) Rules, 2020.

An indicative format of the MOU is at **Annexure V**.

- 4.2. The Delegation of Financial Powers shall be well defined. Level of such delegation of financial powers / empowerment to the Board / Senior Management shall be suitably modified based on the performance evaluation as per MoU parameters.

## **5. HR Policies and Guidelines / manpower planning, training and incentive mechanisms**

- 5.1. HR Mission, Vision & Values of the companies shall be aligned with organizational goals. HR policies shall be codified in a manner which promotes efficiency and productivity.
- 5.2. Code of Business Ethics and Conduct shall be defined for employees in line with the DPE guidelines.
- 5.3. Manpower planning exercise shall be periodically carried out over short term (yearly) and medium term (3 to 5 years).
- 5.4. Selection of just below Board level positions shall be merit based and by an internal Selection Committee in a transparent mechanism. Best practices such as group discussions, aptitude tests etc. shall be adopted by the Selection Committee for such selections.
- 5.5. Transfer and deployment policy shall be defined for employee rotation.
- 5.6. Dedicated employee training and development centre shall be opened in DISCOMs partnering with premier institutions for providing training and launching e-learning platforms for employees.
- 5.7. Performance based employee incentive / reward mechanism shall be introduced in focus areas such as loss reduction, financial performance, billing & collection efficiency etc. (e.g. incentive for detecting theft, reducing AT&C losses, improving collection efficiency / billing efficiency etc. for employees).

## **6. Information Technology (IT) Function**

- 6.1. Utilities shall setup a dedicated IT wing/ department for management of IT/ OT services, which may be supplemented by external consultants/ outsourcing partners. The IT wing/ department can provide services to all other departments in rest of the company.

To ensure better coordination for implementation/ adoption of digital transformation initiatives, all other wings/ departments with high IT interdependence, shall appoint a nodal officer to work/ liaison with the IT wing/ department.

The IT wing/ department of the utility should be sufficiently staffed in accordance with the size of utility operations and should be headed by an officer with designation of Executive Director.

Utilities should constitute a 'Steering Committee for IT'. The Committee should be chaired by CMD and must consist of ED IT, Director Commercial & Energy Accounting and Director Finance, among others. The role of Steering Committee shall be to ratify IT-related policies/ standards, make IT investment decisions and adopt new IT/ OT/ AI & ML technologies, IT outsourcing, Cloud migration etc. Committee should present its report periodically (half yearly) to the Board of Directors.

- 6.2. Utilities shall appoint a Chief Information Security Officer (CISO) in accordance with CEA (Cyber Security in Power Sector) Guidelines 2021 and its amendments thereof, if any.

The CISO shall adopt measures for improving Cyber security, in accordance with CEA (Cyber Security in Power Sector) Guidelines, 2021, including:

- Cyber Security Training program for IT as well as OT O&M Personnel.
- Cyber Security Audit of IT as well as OT system at least once every six (6) months.

Utilities shall submit compliance reports on cyber security to the Board of Directors on periodic basis (half yearly).

Also companies should develop following IT related policies:

- Cyber security policy
- Data Privacy policy
- IT usage policy (such as blocked pen-drive access, Port security, VPN access, MAC binding, internet access etc.)

## **7. Review mechanism for implementation of Guidelines**

- 7.1. Respective State Govt. should comprehensively review the implementation of these guidelines on a monthly basis and submit report to Ministry of Power in a prescribed format.

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### **Duties of Directors**

1. To act in accordance with the articles of the company, in other words, to act within powers;
2. To act in good faith in order to promote the objects of the company for the benefit of its members as a whole;
3. To act in the best interest of the company, its employees, shareholders, community and for the protection of environment;
4. To exercise due and reasonable care, skill and diligence and independent judgment;
5. To avoid direct or indirect conflicts of interest;
6. To avoid undue gain or advantage either to himself or relatives, partners or associates; and
7. Not to assign his office to any other person;
8. To attend meetings regularly;
9. To ensure that disagreements/dissenting views are recorded in the minutes;
10. To act honestly and with reasonable justifications;
11. To report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. To seek professional advice, engage external agencies, if situation demands;
13. To engage external agencies for addressing whistleblowing issues, if required.
14. To provide requisite disclosure of interest / conflicts of interest.
15. To make the required disclosures in case of related party transactions and to always act as per the mandate of applicable law for related party transactions.

### **Role & functions of Independent Directors**

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. Bring an objective view in the evaluation of the performance of Board and management;
3. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. Safeguard the interests of all stakeholders, particularly the minority shareholders;
6. Balance the conflicting interest of the stakeholders;

7. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
8. The independent directors shall hold at least one meeting in a year without the presence of full-time directors. In such meeting, the independent directors shall:
  - a) review the performance of directors on the Board and the Board as a whole;
  - b) review the performance of CEO / MD /CMD taking into account the views of the executive and non-executive directors; (c) assess the quality, quantity and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### **Duties of the Independent Directors**

The Independent Directors shall:

1. undertake appropriate induction briefing and regularly update and refresh their skills, knowledge and familiarity with the company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the company;
6. where they have concerns about the running of the company or a proposed action, bring them before the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the company and the external environment in which it operates;
8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;

13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

**Role of Audit Committee includes the following:**

1. To consider issues related to the appointment of the external auditor, the audit fee, and any matter relating to resignation or dismissal;
2. To review and monitor the auditor's independence and performance, and effectiveness of audit process.
3. To discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
4. To review the interim (quarterly or half-yearly, as the case may be) and annual financial statements and auditors report before submission to the Board, focusing particularly on :
  - i. any change in accounting policies and practices;
  - ii. major judgmental areas e.g., matters relating to accounting estimates;
  - iii. significant adjustments resulting from the audit;
  - iv. compliance with accounting standards;
  - v. compliance with legal requirements;
  - vi. disclosure of related party transactions
5. To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
6. To review the external auditor's management letter and management's response;
7. To evaluate the DISCOM's internal financial control and risk management systems;
8. To review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the DISCOM;
9. To consider the major findings of internal investigations and management's response;
10. To look into reasons for substantial payment defaults of creditors, lenders, etc.
11. To review the utilization of loans / advances taken by DISCOM.
12. To review the functioning of the Whistle Blower Mechanism in case the same is existing.
13. To review management discussions and analysis of financial condition and results of operations;
14. To review statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
15. To review management letters / letters of internal control weaknesses issued by the statutory auditors;

16. To consider other topics, as defined by the Board.
17. Any other functions required under corporate law and statutory requirements.

**Role of Nomination and Remuneration Committee**

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director.
2. To devise a policy on diversity of Board of Directors.
3. To formulate criteria for evaluation of Board of Directors, its Committees and individual Directors.
4. To specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
5. To assist the Board in fulfilling all related responsibilities and consider other topics as defined by Board.
6. Any other functions required under corporate law and statutory requirements

**Role of Risk Management Committee**

1. To formulate a detailed risk management policy which shall include:
  - a) A framework for identification of internal and external risks specifically faced by the DISCOM, in particular including financial, operational, sectoral, sustainability, information, cyber security risks, no increase in tariff, AT&C Loss increased by a certain limit, late/non receipt of subsidy, increase in open access, non-receipt of bills or any other risk as may be determined by the Committee.
  - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
6. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
7. To develop and implement a risk management framework and internal control system.
8. To have special investigations into areas of corporate risk and break-downs in internal control.
9. To report the trends on the Company's risk profile, reports on specific risks and the status of the risk management process.
10. To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
11. To ensure that the risk awareness culture is pervasive throughout the organization.
12. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

