

CORPORATE GOVERNANCE

At POWERGRID, corporate governance is deeply rooted in a set of core values that guide every aspect of its operations. The organization thrives on a zeal to excel and a zest for change, constantly pushing boundaries to achieve excellence while embracing innovation. Integrity and fairness are upheld in all dealings, ensuring transparency and trust. POWERGRID places immense importance on the dignity and potential of individuals, fostering a culture of respect and empowerment. It is committed to strict adherence to commitments, reflecting reliability and accountability. The company emphasizes the need to ensure speed of response, enabling agility in a dynamic environment. A spirit of learning, creativity, and teamwork is actively nurtured, driving continuous improvement and collaboration. Above all, there is a profound sense of loyalty and pride in POWERGRID, uniting employees in their shared mission to power the nation with responsibility and dedication.

BOARD OF DIRECTORS

Qualified and Effective Leadership

Corporate governance at POWERGRID is driven by a proactive and transparent framework led by the Board of Directors and supported by employees across the organization. The Board oversees the company's strategic vision and ensures stakeholder interests are safeguarded. Major decisions—covering investments, diversification, procurement, commercial, and financial matters—require Board approval. Independent committees further reinforce accountability and ethical conduct. As a “Maharatna” company, POWERGRID exercises its autonomy responsibly, making impactful decisions with integrity and a strong commitment to ethical resource management.

Board's Tenure

7 (Nos.)	0-2 years
3 (Nos.)	More than 2 years
1.27 years	Board's Average Tenure

BOARD LEVEL COMMITTEES

Audit Committee

Committee on Investment on Projects

Committee on Award of Contracts

Stakeholders' Relationship Committee

CSR Committee

Risk Management Committee

Bonds Committee

Committee on Transfer/ Split/ Rematerialisation

Nomination and Remuneration Committee

Committee of Directors for New Businesses

Exchange Risk Management Committee

Committee for monetization of assets through InvIT

Committee for TBCB Projects

Committee of Directors on compliance to GOI Directives on procurement and national missions

Committee of Directors for settlement of Legal and Commercial Disputes



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COMPOSITION OF THE BOARD OF DIRECTORS

Our Board is structured to maintain a well-balanced blend of executive and non-executive leadership. It comprises five Whole-Time Directors, including Chairman and Managing Director, Director (Finance), Director (Personnel), Director (Operations) and Director (Projects). Additionally, the Board includes two Government Nominee Directors serving in a part-time capacity, alongside three Independent Directors appointed in a non-official, part-time role. This diverse composition ensures that POWERGRID benefits from a wide array of perspectives and expertise, crucial for navigating the complexities of the energy sector.



Shri Ravindra Kumar Tyagi
Chairman & Managing Director



Shri Ravisankar Ganesan
Director (Finance)



Dr. Yatindra Dwivedi
Director (Personnel)



Shri Naveen Srivastava
Director (Operations)



Shri Vamsi Rama Mohan Burra
Director (Projects)



Dr. Saibaba Darbamulla
Govt. Nominee Director



Shri Abhay Bakre
Govt. Nominee Director



Shri Shiv Tapasya Paswan
Independent Director



Shri Rohit Vaswani
Independent Director



Smt. Sajal Jha
Independent Director

NOMINATION & SELECTION OF BOARD OF DIRECTORS

As a Central Public Sector Enterprise (CPSE), POWERGRID operates under the oversight of the Government of India, which governs the appointment of all Directors to the company's Board. The process for selecting Functional Directors is meticulously managed by the Public Enterprise Selection Board (PESB), which forwards its recommendations to the government for final appointments. In its dual capacity as a listed entity and CPSE, POWERGRID diligently complies with regulatory frameworks, including the Securities and Exchange Board of India (SEBI) Regulations and the Companies Act of 2013, along with the accompanying rules and government directives issued by the Department of Public Enterprises (DPE).

The Ministry of Power, Government of India, is entrusted with the appointment of Independent Directors to POWERGRID's Board, following the detailed criteria set forth by the DPE. These criteria encompass various factors such as experience, qualifications, and age, ensuring that the Board is composed of individuals with the requisite expertise and insight. Both Functional and Independent Directors are appointed for fixed tenures, providing stability and continuity in governance. Similarly, Government Nominee Directors are appointed to POWERGRID's Board by the Ministry of Power, reinforcing the government's strategic direction and oversight.

BOARD DIVERSITY

POWERGRID is committed to fostering a diverse and inclusive Board, as articulated in its Board Diversity Policy. This policy emphasizes the need for an optimal balance between executive and non-executive members, including the mandatory inclusion of at least one female director. Non-executive directors are required to constitute a minimum of fifty percent of the Board. Further, if the chairperson is an executive, it is stipulated that at least half of the Board must consist of independent directors. This structure ensures a broad spectrum of perspectives and fosters robust decision-making, aligning with best practices in corporate governance. You can find more details in the Board Diversity Policy document available here (https://www.powergrid.in/sites/default/files/inline-files/05_Policy_on_Diversity_of_Board.pdf).

POLICIES & MECHANISMS

ETHICS & CODE OF CONDUCT

POWERGRID is committed to upholding high ethical standards and responsible decision-making through distinct Codes of Conduct for its Board Members and senior management. These codes are aligned with the company's mission, ensuring that all decisions are made within the bounds of authority and in the best interest of the company. Further, POWERGRID has established Conduct, Discipline, and Appeal Rules that apply to all permanent employees, including Whole-Time Directors. These rules foster ethical behavior, promote non-discrimination, and ensure confidentiality, thereby providing a clear framework for accountability throughout the organization.

WHISTLEBLOWING AND FRAUD PREVENTION

To effectively address fraud and misconduct involving employees or external partners, POWERGRID has adopted a comprehensive Whistleblower and Fraud Prevention Policy. This policy guarantees a secure environment for reporting concerns and protects the rights of whistleblowers. An Empowered Committee, alongside a dedicated Vigilance Department, is tasked with overseeing investigations, ensuring that all disclosures are handled thoroughly and impartially.

AVOIDING CONFLICT OF INTEREST

POWERGRID has implemented a robust governance framework to mitigate potential or existing conflicts of interest through its "Related Party Transaction Policy." This policy is periodically reviewed, approved, and potentially amended by the company's Board of Directors to ensure alignment with legal requirements and best practices.

ANTI-BRIBERY MANAGEMENT SYSTEM

POWERGRID has achieved Anti-Bribery Management System (ABMS) IS/ISO 37001 certification, following a comprehensive assessment of 100% of the company's operations for corruption. This certification highlights POWERGRID's unwavering commitment to transparency and serves as a proactive measure to uphold fairness and integrity within the organization.

For more information on POWERGRID's governance policies, please visit here <https://www.powergrid.in/en/code-conductpolicies?title=&page=1>.

PREVENTIVE VIGILANCE

The Vigilance Department at POWERGRID is a crucial component of the organization's commitment to maintaining integrity and transparency. Headed by the Chief Vigilance Officer (CVO), the department acts as an extension of the Central Vigilance Commission (CVC), providing assistance to the Board of Directors and management on vigilance-related matters. The CVO is supported by a Deputy CVO, who holds the rank of Executive Director (ED), along with 19 executives stationed at the Corporate Centre and 30 executives operating at the regional level.

The Corporate Vigilance Department is organized into three specialized wings: the Investigation Wing, Disciplinary Proceedings Wing, and Technical Wing. In addition to these, there are 10 Regional Vigilance Offices, and a separate wing dedicated to overseeing vigilance functions for POWERGRID's subsidiaries and joint ventures.

To enhance the effectiveness of its vigilance operations, POWERGRID leverages technology through several innovative initiatives. These include the Vigilance Online Management System (VOMS), Vigilance Inspection System 2.0 (VINS 2.0), and the Online Vigilance Clearance System. Furthermore, the organization has implemented an Online Property Return and Scrutiny System, ensuring thorough oversight and accountability across its operations.

RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT FRAMEWORK

POWERGRID is a leading public sector entity in India's power transmission sector, operating under a regulated environment. This necessitates a sophisticated, integrated Enterprise Risk Management strategy. To address the multifaceted operational, strategic, financial, compliance, regulatory, and environmental challenges, POWERGRID has established a comprehensive Enterprise Risk Management (ERM) framework. This framework not only focuses on identifying and mitigating risks but also incorporates risk awareness into strategic planning, operational execution, and decision-making processes at all organizational levels.

ERM POLICY FOUNDATION & COMPLIANCE

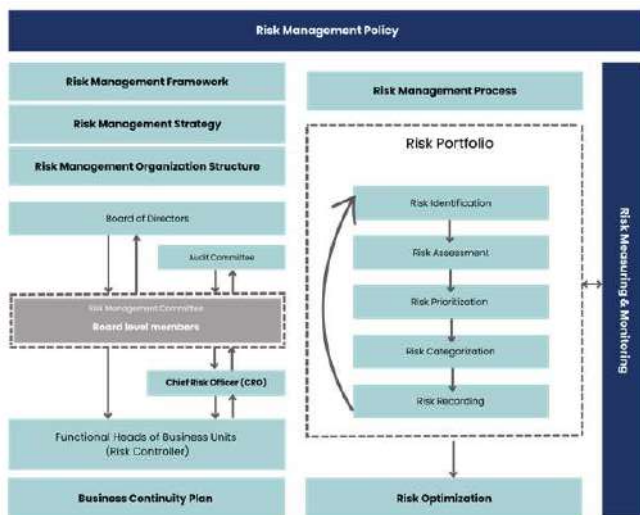
POWERGRID's ERM Policy complies with the SEBI (LODR) Regulations, 2015, the Companies Act, 2013, and the Committee of Sponsoring Organizations (COSO) Framework. The policy's primary objective is to facilitate a structured and disciplined approach to risk identification, assessment, prioritization, categorisation, and recording. This ensures that risks are managed within the approved risk appetite, minimizing disruptions and enabling the achievement of business objectives.

The ERM policy is applicable to all process and functions in POWERGRID and its wholly owned subsidiaries. It is designed to foster a proactive risk culture, enhance employee awareness, and build organizational resilience by integrating risk management into business processes.

GOVERNANCE & STRUCTURE

POWERGRID's risk governance is structured through a multi-tiered organizational framework with clearly defined roles and responsibilities:

This comprehensive structure ensures that ERM is integrated into daily operations and governance, rather than functioning as an isolated activity.



ERM PROCESS & METHODOLOGY

POWERGRID follows a structured ERM process cycle that includes five key stages:



RISK OVERVIEW

POWERGRID has systematically identified and documented a comprehensive array of risks including strategic, operational, financial, compliance, cyber security, technological etc. These risks are assessed using standardized risk matrices and are subject to quarterly reviews to ensure timely mitigation and alignment with the organization's dynamic risk appetite. A brief on the major risk categories and their respective mitigation frameworks are mentioned below:

R1 RIGHT OF WAY (RoW), LAND ACQUISITION, AND STATUTORY CLEARANCES

Significance and Impact

One of the significant operational risks encountered by POWERGRID is the delay in obtaining Right of Way (RoW), forest clearances, and land acquisition for substations. These delays can stem from multiple factors, including opposition from landowners, procedural bottlenecks at the state level regarding the adoption of central guidelines, and ecological challenges in hilly or forested regions.

Mitigation Actions

- » Establishment of dedicated RoW and Survey Cells to proactively manage field-level challenges.
- » Use of GIS tools, Gati-Shakti portal, QGIS, and remote sensing technologies to map optimal routes that minimize environmental impact and reduce displacement.
- » Active policy advocacy with states to adopt Ministry of Power (MoP) guidelines on RoW compensation.
- » Engaging in public consultations and measures towards building social acceptance.
- » Deployment of alternative tower technologies like compact towers, insulated cross arms, and monopoles, wherever feasible, to minimize RoW and expedite approvals.

R2 REGULATORY & TARIFF DISALLOWANCE RISK

Significance and Impact

A key strategic and financial risk for POWERGRID is the potential disallowance of capital expenditures by regulators like CERC, especially due to project delays or cost overruns. This can affect ROI and financial planning. To mitigate this, POWERGRID ensures rigorous project management and financial transparency.

Mitigation Actions

- » Maintaining detailed documentation and audit trails of project delays that are due to force majeure or third-party issues.
- » Timely filing of Revised Cost Estimates (RCE) and appeals to APTEL or Supreme Court where necessary.
- » Active pre-engagement with regulators during tariff framework revisions to align organizational interests.
- » Implementation of early warning systems to flag cost escalations and ensure proactive budget control.



R3 MARKET COMPETITION AND TBCB (TARIFF-BASED COMPETITIVE BIDDING)

Significance and Impact

As the transmission sector in India opened further to private players through TBCB, POWERGRID faces competition in securing TBCB projects and maintaining its dominance, particularly, in Inter-State Transmission Systems (ISTS).

Mitigation Actions

- » Pre-bid due diligence, including detailed survey and land pre-assessments.
- » Adoption of cost optimization techniques like modular substation design, bulk procurement of high-value equipment (transformers/reactors), and clustering of O&M contracts.
- » Innovative financing models to reduce project bid tariffs.

R4 TECHNOLOGICAL OBSOLESCENCE AND INNOVATION GAPS

Significance and Impact

The power transmission sector is experiencing rapid transformation due to emerging technologies such as digital substations, HVDC systems, predictive maintenance, and grid automation. Failing to adopt these could erode operational efficiency and competitive advantage.

Mitigation Actions

- » Continuous engagement with international standard-setting bodies like IEEE, IEC and CIGRE.
- » Partnerships with academic institutions (IITs, NITs) and private OEMs for co-development of innovative transmission solutions.
- » Taking up Research and Development initiatives.
- » Structured training programs on the latest technological advancements.
- » Periodic residual life assessments and phased modernization of aged infrastructure.

R5 CYBERSECURITY AND INFORMATION TECHNOLOGY RISKS

Significance and Impact

With a growing reliance on digital infrastructure, POWERGRID faces increasing threats related to cyberattacks, data breaches, and system failures that could compromise operations or customer trust.

Mitigation Actions

- » ISO 27001 certification and periodic vulnerability assessments.
- » Deployment of layered cybersecurity architecture including firewalls, endpoint detection, and intrusion prevention systems.
- » Data governance framework with defined roles and escalation mechanisms.
- » Use of a centralized control system for monitoring IT assets and real-time incident response.

BUSINESS CONTINUITY AND RISK MANAGEMENT/CULTURE

POWERGRID's Board-approved Business Continuity Plan (BCP) is designed to ensure resilience in the face of disruptions such as natural disasters, cyber incidents, or geopolitical shocks. This plan incorporates strategic spare storage, Emergency Restoration Systems (ERS), disaster response committees, and escalation protocols.

A strong risk culture is fostered through the integration of risk management into business operations, conducting regular workshops, risk awareness programs and maintaining a centralized KPI dashboard. ERM frameworks sets Clear risk ownership and accountability that upheld through reviews and performance assessments.

IDENTIFYING EMERGING RISKS

POWERGRID is attuned to the evolving risk landscape shaped by the global climate crisis, economic repercussions, and accelerated environmental degradation. To future-proof our operations, we proactively identify emerging risks that could pose threats to our business. Recognizing the potential impact of unforeseen challenges, we conduct thorough reviews of these risks as part of our ongoing risk management procedures, ensuring business continuity and resilience in the face of dynamic environmental and economic conditions.

