

CIMPLYFIVE'S **Report on TOR** **for** **Sub-Committees** **of the Board**

**A study of Nifty50
Companies**



Board of Directors

Board Committees

Statues and Regulation

Sept 2021

Team



Disclaimer and Limitations of the Study

- **General Information:** CimplifyFive has prepared the Report on TOR for Sub-committees of the Board of Directors to identify the practices of Nifty 50 Companies, with the intent of formulating a model policy for use by Listed Companies. This report is not intended to act as a recommendation or condemnation of any practice, company or firm covered in this report.
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- **Source of Information:** CimplifyFive has used the information contained in the websites/Annual Reports of the Company.
- **Limitations:** Competent professionals with adequate experience have undertaken this study. Further, they have also followed a due process of checks and verifications to ensure accuracy of this report. This should have eliminated almost all errors from this report. If any points in the nature of errors are brought to our notice and we agree with the same, CimplifyFive will rectify the report at the earliest and have the revised report available on its website. CimplifyFive does not accept any loss or damage caused to any individual or institution by use of this report.

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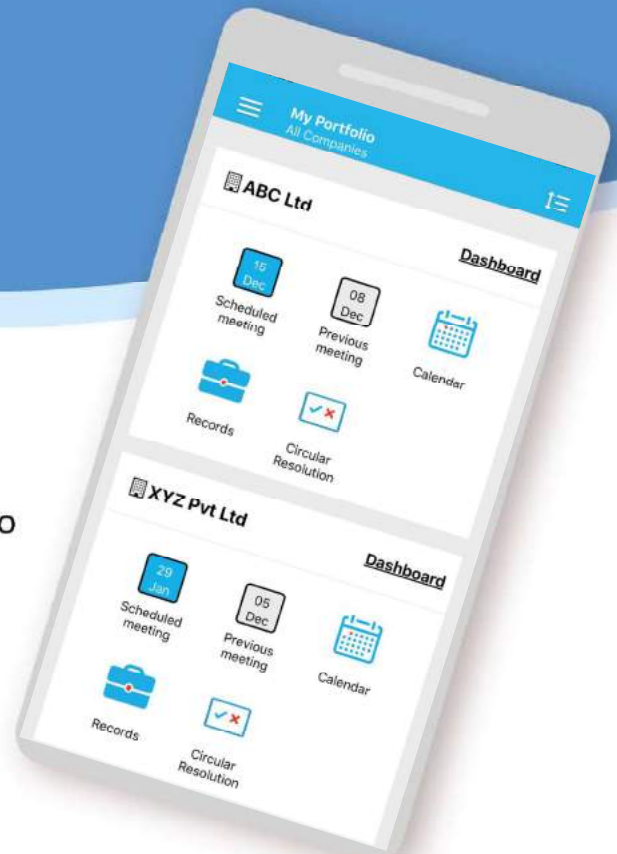


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A Preamble

The pivotal role played by the Board of Directors in ensuring good corporate governance is unquestioned in today world by all stakeholders including the regulators. However, for the discerning practitioner and the student of corporate governance, the role played by the sub-committees of the board, especially the Audit Committee and the Nominations & Risk Management Committee becomes the focus areas of their attention, as the Board by a written instrument of Charter for these sub-committees delegates their responsibilities and entrusts them with its execution.

As in every delegation, while the authority and powers can be delegated, the responsibility remains solely with the delegator, the Board. Hence a clearly articulated Charter or Terms of Reference for the board's sub-committees ensures that the board has done an adequate job in ensuring effective delegation. Regulators have played a key role in ensuring effective delegation by the board by mandating specific elements of tasks that need to be delegated to the various sub-committees. In practice, the board of many companies have gone beyond the mandate and identified additional tasks to be performed by the sub-committees by including it in their charter.

This study of the 'Terms of Reference for Sub-committees for the Board of Directors of Listed Companies in India' intends to examine the practices of Nifty 50 companies as contained in the Charter of their sub-committee by documenting the prevailing practices and extracting the best practices to serve as a guide for both companies in the process of initiating their IPO or companies desirous of benchmarking their existing practice and enhancing it to enable good corporate governance.

B Sample Size

The sample considered for this study is the Nifty 50 Companies. We analysed the terms of references of various sub-committees of the Board of Directors as published in their latest Annual Reports¹ or the charters on their website. As part of this study, we have considered the following sub-committees:

1. Audit Committee
2. Nominations & Remunerations Committee
3. Independent Directors Meeting (for the purpose of this study we have considered Independent Directors Meeting that is mandated by the regulators on par with a Sub-committee and included it.)
4. Stakeholders Relationship Committee

CSR Committee and the Risk Management Committee are not considered for this study. These two committees will be included in the second part of the study planned in the fourth quarter of the financial year 2021-22, as they are evolving due to regulatory changes.

¹ BPCL, SBI Life and Power Grid Corporation had not published their Annual Reports for 2021 at the time of preparation of this report. Hence, their annual report for the year 2020 is considered for this report.

C Our Findings

C.1 On Audit Committee

C.1.1. Historical Triggers

Audit committees had evolved over 60 years before they came to be mandated in most jurisdictions across the world. As in most aspects of governance, regulatory initiatives for prescribing controls were triggered by corporate scandals and were seen as an effective solution in preventing corporate scandals. Table 1 contains the major triggers that culminated in the regulators mandating Audit Committees for listed companies.

Table-1: Chronology of Events Leading to the Mandate for Audit Committees of the Board

Year	Jurisdiction	Corporate Failure	Regulatory Rection	Action prescribed
1940	USA	McKesson & Robbins-financial misappropriation	Accounting Series Release No.19	Auditor to be appointed by a special committee of non-executive Board Members
1969	Canada	Atlantic Acceptance Corporation Limited	Royal Commission on ACCL	Recommended Audit Committee for public companies
1972	USA	Penn Central failure	Accounting Series Release No.123	Audit Committee to protect investors who rely on financial statements
1976	UK	Secondary banking companies & property market failure	The Companies (Audit Committee) Bill	Bill introduced was not enacted and fell through
1987	USA	Series of corporate frauds and financial misreporting	National Commission on Fraud Investigation	Treadway Committee: Every public company to have an audit committee
1988	Canada	Canadian Commercial Bank, National Business Systems, Cal Group Graphics	MacDonald Commission	Role of Audit Committee in improving financial aspects of governance
1992	UK	BCCI, Poly Peck, Coloroll plc, Maxwell	Cadbury Commission	Audit Committee to have minimum of three independent, non-executive members
1999	USA	None	Blue Ribbon Committee	Defined independence by listing out what did not constitute independence
2000	India	None	Kumaramangalam Birla Committee on Corporate Governance	Audit committee with minimum 3 non-executive members, to meet 3 times a year and once before finalization of annual accounts

Source: Adapted from Table 7.1 in page 236, of Corporate Disclosures, 1553 to 2007, Shankar Jaganathan, published by Routledge, 2009

Audit Committee of the board are the fulcrum for ensuring fair accounting practices and transparency. Its primary role is ensuring the right tone at the top, which is conducive for various stakeholders to highlight their apprehensions and concerns in enabling fair accounting and transparent disclosure practices. To enable this, the regulators in India have provided the Audit Committee with powers to oversee financial reporting process and practices, which includes appointment of the CFO, the internal and statutory auditors, and the appointment of valuers for any valuation that is needed to be undertaken by the company of its assets or business.

Further, the committee is also required to approve or recommend transactions with related parties and review the disclosures made in the Management Discussion & Analysis contained in the Annual Report.

C.1.2 Coverage based on Regulations

Our findings based on this study, the Terms of Reference of the Audit Committee of the Nifty 50 Companies is given in Table 2:

Table 2: Elements of Tasks Included in TOR of Audit Committees of the Nifty 50 Companies

#	Description	Companies
Regulation 18 and SCHEDULE II Part C of SEBI (LODR), 2015		
1	Oversight of financial reporting process & disclosure of its financial information	50
2	Recommend appointment, remuneration and terms of Statutory auditors	44
3	Approval for engaging statutory auditors for any other services	40
4	Review with the management, the annual financial statements and auditor's report thereon before submission to the board for approval	43
5	Review with the management, the quarterly financial statements before submission to the board for approval	42
6	Review with the management, the statement of uses / application of funds raised through an issue and recommend to board appropriate actions	32
7	Review and monitor the auditor's independence, performance, and effectiveness	46
8	Approval of transactions of the listed entity with related parties	45
9	Scrutiny of inter-corporate loans and investments	35
10	Valuation of undertakings or assets of the listed entity, wherever it is necessary	35
11	Evaluation of internal financial controls and risk management systems	45
12	Review with the management the performance of statutory and internal auditors, adequacy of the internal control systems	45
13	Review the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit	40

14	Discuss with internal auditors of any significant findings and follow up there on	41
15	Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board	34
16	Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain area of concern	34
17	Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors	27
18	Review the functioning of the whistle blower mechanism	41
19	Approval of appointment of Chief Financial Officer after assessing the qualifications, experience, and background, etc. of the candidate	33
20	Any other function mentioned in the terms of reference of the audit committee	36
21	Review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.	32
22	Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders. (Amendment w.e.f. 05/05/2021).	4
The Audit committee shall mandatorily review the following information:		
23	Management Discussion & Analysis of financial condition and results of operations;	39
24	statement of significant related party transactions (as defined by the audit committee), submitted by management;	46
25	Management letters / letters of internal control weaknesses issued by the statutory auditors;	29
26	Internal audit reports relating to internal control weaknesses	39
27	Appointment, removal, and terms of remuneration of the Chief Internal Auditor	37
28	statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).	26
Section 177 of the Companies Act, 2013		
29	Recommend appointment, remuneration and terms of auditors of the company	44

30	Review and monitor auditor's independence, performance, and effectiveness	47
31	Examination of the financial statement and the auditors' report thereon	47
32	Approval of transactions of the company with related party	47
33	Scrutiny of inter-corporate loans and investments	34
34	Valuation of undertakings or assets of the company, wherever it is necessary	36
35	Evaluation of internal financial controls and risk management systems	45
36	Monitor the end use of funds raised through public offers and related matters	33

- Analysing the regulatory mandate, excluding the residual clause, we see the Audit Committee is entrusted with six key responsibilities by the LODR Regulations and Companies Act, namely oversight of:

#	Nature of Responsibility	Number of Clauses
1	Internal control, Internal Audit & Whistle blowers	8
2	Auditor appointment, remuneration & evaluation	7
3	Related Party & Intercorporate transaction	7
4	Financial reporting systems	6
5	Utilisation of Funds raised, valuation and repayment defaults	6
6	Fraud and control lapses	1
	Total	35

- Our Analysis showed that tasks pertaining to monitoring of defaults, use of funds raised from shareholders, intercorporate transactions and approval of CFO appointment were not explicitly covered in the Charter of a few companies.

C.1.3 Voluntary inclusions.

- **Dr Reddy's**
 - Review the implementation of applicable provisions of the Sarbanes-Oxley Act, 2002;
 - Ensure compliance with accounting standards and listing requirements with respect to the financial statements;
 - Ensure that adequate safeguards have been taken for legal compliance for the company and its subsidiaries;
- **Bharti Airtel**
 - Establish the systems for storage, retrieval and display of books of accounts and other financial records in electronic format; Appointment of a registered valuer of the Company and fixation of their terms and conditions.

- **TCS**
 - To consider matters with respect to the Tata Code of Conduct, Anti-Bribery and Anti-Corruption Policy and Gifts Policy.
- **Tata Consumers Ltd**
 - Disclosure of contingent Liabilities;
 - Earnings Guidance, if any, provided to analysts and rating agencies.
- **Infosys**
 - Assist management in carrying out management's obligation of fostering a culture of co-operation and openness between management, the Committee, independent auditors, internal auditors and other internal and external compliance functions;
 - Review and discuss the company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- **Kotak Bank**
 - Review and update this Charter, considering regulatory requirements, business environment, etc. and place it before the Board of Directors of the Bank for its approval. The frequency of review shall be atleast once every three years.
- **UPL**
 - The Chairman of the Audit Committee to note the status reports detailing the dealings by Designated Persons in securities of the Company;
- **Shree Cements**
 - To monitor and review issues/risks related to Cyber Security of the Company

C.1.4 Key Statistics:

- ✓ No company has included all the 36 prescribed parameters defined in the regulations in their charter.
- ✓ 30% of the Companies (15 Companies²) have covered a maximum of 35 out of 36 parameters in their terms of reference of Audit Committee.
- ✓ Only 24% of the Companies (12 Companies³) had published their Charters on their websites. Others have included it as part of their Annual Report.

C.2. On Nomination & Remuneration Committee

C.2.1. Historical Triggers

The requirement to appoint independent directors combined with the need to have a fair and independent process for compensating senior management team, especially the Chairperson, the CEO and the CFO led to the requirement to have a Nominations and Remunerations Committee of the Board of Directors.

Like for Audit Committee, the Cadbury Committee played a key role in popularising the Nomination & Remuneration Committee as a key vehicle for good corporate governance. The trigger for it was the combination of the need for appointing independent directors on the board and the concerns raised by soaring executive compensation, which required a fair validation before it was proposed. In the words of Cadbury Committee, their rationale was:

² Adani Ports, Bajaj Auto, Bajaj Finserv, BPCL, Bharti Airtel, Cipla, Coal India, Grasim, HCL, Hero Motocorp, Hindalco, Indus Ind, Infosys, Reliance, Ultra Tech

³ Bajaj Auto, Bajaj Finserv, Cipla, HUL, Infosys, Kotak Mahindra, L & T, NTPC, Reliance, TCS, UPL, Wipro

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executive compensation, which required a fair validation before it was proposed. In the words of Cadbury Committee, their rationale was:

- For Nominations Committee, 'one approach to making board appointments, which makes clear how these appointments are made and assists boards in making them, is through the setting up of a nomination committee, with the responsibility of proposing to the board, in the first instance, any new appointments, whether of executive or of non-executive directors.'
- For Remuneration Committee, 'We also recommend that the board should appoint remuneration committees, consisting wholly or mainly of non-executive directors and chaired by a non-executive director, to recommend to the board the remuneration of the executive directors in all its forms, drawing on outside the executive directors in all its forms, drawing on outside advice as necessary. Executive directors should play no part in decisions on their own remuneration.'

Over the years, the advent of Board evaluation as a key component for ensuring corporate governance was added as an essential role of this committee to make it comprehensive along with the need to recommend a comprehensive remuneration policy for the company to help realise its vision.

C.2.2. Coverage based on Regulations

Table 3: Elements of Tasks Included in TOR of Nominations & Remunerations Committees Of the Nifty 50 Companies

#	Description	Companies
Regulation 19 and Para A of Schedule II Part D		
1	Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, and other employees	45
2	Formulation of criteria for evaluation of performance of independent directors and the board of directors	44
3	Devising a policy on diversity of board of directors	33
4	Identify and recommend to the Board for appointment candidates for becoming directors and senior management, and where required initiate action for their removal.	44
5	Recommend to the board whether to reappoint independent director, based on their performance evaluation.	26
6	Recommend to the board, all remuneration, in whatever form, payable to senior management	44
Section 178 of the Companies Act, 2013		
7	Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down	44
8	Recommend to the Board their appointment and removal	43

9	Carry out evaluation of Directors performance by specifying the manner for effective performance evaluation of Board, its committees, and individual directors to be carried out either by the Board or by an independent external agency and review its implementation and compliance	41
10	Formulate the criteria for qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.	44

➤ Functions of the Nomination & Remuneration Committee as defined in the regulations can be broadly classified into three groups:

1. Activities related to forming norms for and selecting candidates for the board, which constitutes about 75% of the activities and the balance divided between the below two,
2. Evaluation of the board, its sub-committees, Chairperson and directors of the company, and
3. Formulate the remuneration policy for directors, key managerial personnel and senior directors.

➤ Tabulating the charters of the Nifty 50 companies, we found that

1. 80% of the companies (40 Companies) have covered responsibilities of the Nomination aspect
2. 88% of the Companies (44 Companies) have covered the remuneration aspect
3. Only 66% of the companies (33 Companies) have covered the responsibility for devising of diversity policy as a responsibility in the Charter.
4. 52% of the companies (26 companies) have articulated the task of recommending independent directors for reappointment based on the results of board evaluation

C.2.3 Voluntary inclusions.

- **Wipro**
 - Assit the Board in annually reviewing the composition of each Committee and present recommendations for Committee memberships to the Board as appropriate, including selection of Chairman and Members for each of the committees of the Board;
 - Developing the future requirements for the Board as well as its Committees and making recommendations to the Board regarding Company's overall Corporate Governance effectiveness;
 - Developing and overseeing the execution of a formal Board member capacity building program, including such elements as orientation of new members, and continuing education and training, and a mentoring program with senior Board members.
- **Bajaj Finserv**
 - To act as the Compensation Committee under SEBI (Share Based Employee Benefits) Regulations, 2014 (including amendment thereof) for Bajaj Finserv Employee Stock Option Scheme 2019

-
- **HCL**
 - Regularly review the Human Resource function of the Company.
- **Mahindra & Mahindra**
 - Amend the Code of Conduct for Employees and recommended the same to the Board; Penalty Framework under Code of Conduct for Employees
- **Tata Consumers**
 - Identify Independent Directors to be inducted into the Board from time to time and take steps to refresh the composition of the Board from time to time.
- **Tata Motors**
 - Oversee HR philosophy, HR and people strategy and efficacy of HR practices including those for leadership development, rewards and recognition, talent management and succession planning and recognition, talent management and succession planning (specifically for the Board, KMP and Senior Management).
- **Tata Steel**
 - The NRC and the Board periodically reviews the succession planning process of the Company and is satisfied that the Company has adequate process for orderly succession of Board Members and Members of the Senior Management.
- **UPL**
 - Administer, monitor and formulate detailed terms and conditions of the Employee's Stock Option Plan / Scheme; Review significant labour problems and their proposed solutions.

C.2.4 Key Statistics:

- ✓ 40% of the Companies (20 Companies⁴) have covered all the 10 parameters in their terms of reference of Nomination and Remuneration Committee.
- ✓ Appointment, Remuneration and Performance Evaluation of Directors of the Government companies are carried out by the Central Government and hence, 5⁵ out of 6 Government Companies (except NTPC) have not included it in their terms of reference.
- ✓ Only 20% of the Companies (10 Companies⁶) have published their Charters on its websites. Others have included it as part of their Annual Report.

C.3 On Independent Directors Committee

C.3.1. Historical trigger

Though there is no specific requirement for constituting a separate committee of Independent Directors, we believe it to be a good corporate governance practice to constitute one, and provide it with a charter that cover at a minimum all the regulatory responsibilities cast on the Independent Directors in discharging their mandated duties. This charter will act as a guide for directors who are not legal experts

⁴ Adani Ports, Bajaj Auto, Cipla, Eicher Motors, Grasim Industries, Hindalco, ICICI Bank, IndusInd Bank, JSW Steel, Maruti Suzuki, Nestle India, NTPC, Reliance, SBI Life, Shree Cements, Tata Consumers, Tata Motors, Tech Mahindra, Titan, UPL

⁵ BPCL, Coal India, IOCL, ONGC, Power Grid

⁶ Bajaj Auto, Bajaj Finserv, Cipla, HUL, Infosys, Mahindra & Mahindra, NTPC, TCS, UPL, Wipro

or conversant with the legal provisions by providing them with a short crips document that clearly outlines their responsibilities.

C.3.2 Coverage based on Regulations

The coverage tabulated here is based on the information contained in the Boards Report or in the Corporate Governance Report annexed to the Boards Report.

Table 4: Responsibility of the Indpendent Directors Committee or Agenda for their Meeting Of the Nifty 50 Companies

#	Description	Companies
Clause 3 of Para VII of Schedule IV of Companies Act, 2013 and Regulation 25(4) of SEBI(LODR), 2015		
1	Review the performance of non-independent directors and the board of directors as a whole	33
2	Review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors	30
3	Assess the quality, quantity, and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties	26

➤ The role of Independent Directors Committee is two -Evaluation of Board of Directors, Chairperson, and the Directors & assessing the effectiveness of flow of information between the management and the Board.

- 66% of the Companies (33 Companies) have covered evaluation of the board
- 52% of the Companies (26 Companies) have included assessment of the effectiveness of flow of information between management and the Board.

C.3.3. Voluntary inclusions.

- **Cipla**
 - The independent directors met the Statutory Auditor without the presence of the Management to understand the key audit areas, internal financial controls, audit procedures and sought a general feedback.

C.3.4 Key Statistics:

- ✓ 46% of the Companies (23 Companies⁷) have covered all the 3 parameters in their terms of reference of Audit Committee.
- ✓ 32% of the Companies (16 Companies⁸) have not covered any of the parameters in their terms of reference.

⁷ Adani Ports, Axis Bank, Bajaj Auto, Bajaj Finance, Bajaj Finserv, Bharti Airtel, Cipla, Coal India, Dr. Reddy's Laboratories, HCL, HDFC Ltd, Hindalco, IndusInd Bank, Infosys, ITC, JSW Steel, Mahindra & Mahindra, NTPC, Power Grid, Shree Cement, Tata Consumers, Tata Motors, UltraTech Cement

⁸ BPCL, Eicher Motors, Grasim, HDFC Bank, HDFC Life, Hero Motocorp, ICICI Bank, IOCL, Kotak Mahindra, Maruti Suzuki, Nestle India, ONGC, Reliance, SBI, Tech Mahindra, Wipro

- ✓ None of the Companies have published a separate charter for Independent Directors' Committee on their website.

C.4. On Stakeholders/ Shareholders Grievance Redressal Committee

C.4.1 Historical trigger

Mandated by the Kumarmangalam Birla Committee on Corporate Governance in 1999, the responsibility for handling shareholder/investor grievance was delegated to a committee of the board to ensure speedy redressal of shareholder complaints as this committee could meet at more frequent intervals and provide timely resolution. With demat of shares being mandated for all listed companies, the role of this committee has changed to promoting greater shareholder engagement and overseeing the functioning of Registrar & Share Transfer Agent by monitoring their deliverables to the shareholders and investors.

C.4.2 Coverage based on Regulations

Table 5: Elements of Tasks Included in TOR of Stakeholders/Shareholders Grievance Redressal Committees Of the Nifty 50 Companies

#	Description	Companies
Regulation 20 and Para B of Schedule II Part D:		
1	Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc	48
2	Review of measures taken for effective exercise of voting rights by shareholders.	36
3	Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.	40
4	Review of measures taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company	39

- The responsibilities of the Stakeholder Grievance Redressal Committee are three, which are overseeing the measures for
 - Effective grievances redressal mechanism for investors,
 - Improving shareholder participation in Shareholder meetings by voting, and
 - Ensuring quantum of unclaimed dividends is reduced.
- While stakeholder grievance redressal mechanism is better addressed by most companies, only 72%(36 Companies) of the Companies included improvement of shareholder engagement and 78% (39 companies) have included reducing the quantum of unclaimed dividend as an identified role in their charters.

C.4.3 Voluntary inclusions.

- **Dr Reddy's**
 - Review investor engagement plans/initiatives and movement in shareholdings and ownership structure;
- **HDFC**
 - During the year, the committee also reviewed various initiatives taken by the Corporation in ensuring timely receipt of the annual report by the shareholders and effective e-voting by shareholders which was done by way of sending reminders (through SMS and e-mails) prior to the commencement of e-voting period and also during the e-voting period.
- **Infosys**
 - The Committee shall also have authority to appoint, remove, obtain advice and assistance from internal or external legal, accounting or other advisors.
 - The Committee shall monitor and review on an annual basis the Company's performance in dealing with Stakeholder grievances.
- **Reliance**
 - Monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading
- **Tata Consumers**
 - To expedite the process of share transfers, the Board has delegated the power of share transfer to the Registrars and Share Transfer Agent and share transfer are approved by them on a fortnightly basis and placed before the Committee /the Board in every quarter.
- **Tata Motors Ltd**
 - Conduct a Shareholders' Satisfaction Survey to ascertain the level of satisfaction amongst shareholders;
 - Suggest and drive implementation of various investor-friendly initiatives.
- **Tech Mahindra**
 - Review Company's obligation towards meeting environment, health and safety obligations towards all stakeholders;
 - Review the complaints/queries received from other stakeholders such as vendors, suppliers, service providers, customers etc.
- **UltraTech Cements**
 - To give directions for monitoring the stock of blank stationery and for printing of stationery required by the Secretarial Department of the Company from time to time for issuance of share certificates, debenture certificates, allotment letters, dividend warrants, pay orders, cheques, and other related stationery.

C.4.4 Key Statistics:

- ✓ 64% of the Companies (32 Companies⁹) have covered all the four parameters in their terms of reference.

⁹ Adani Ports, Asian Paints, Axis Bank, Bajaj Auto, Bharti Airtel, Cipla, Coal India, Dr Reddy's Laboratories, Eicher Motors, Grasim, HDFC Ltd, Hero Motocorp, IndusInd Bank, Infosys, IOCL, JSW Steel, Kotak Mahindra, L& T, Mahindra &Mahindra,

- ✓ 14% of the Companies (7 Companies¹⁰) have covered the least number(1) of parameters in its terms of reference.
- ✓ Only 26% of the Companies (13 Companies¹¹) have published their Charters on its websites. Others have included it as part of their Annual Report.

D. Regulatory Extracts

D.1 Audit Sub-committee

D.1.1. Section 177 of the Companies Act, 2013

(4) Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include, —

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statement and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related party;

Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed;

Provided further that in case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it:

Provided also that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;

Maruti Suzuki, NTPC, Reliance, Shree Cements, Sun Pharma, Tata Consumers, Tata Motors, TCS, Tech Mahindra, Titan, UltraTech, UPL, Wipro

¹⁰ Divis Lab, HCL, ICICI Bank, Nestle, PowerGrid, SBI Life, SBI

¹¹ Bajaj Auto, Bajaj Finserv, Cipla, Hero Motocorp, HUL, Infosys, IOCL, Kotak Mahindra, NTPC, Reliance, TCS, UPL, Wipro

(viii) monitoring the end use of funds raised through public offers and related matters.

D1.2 Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014

Establishment of vigil mechanism

(1) Every listed company and the companies belonging to the following class or classes shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances-

(a) the Companies which accept deposits from the public;

(b) the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees.

(2) The companies which are required to constitute an audit committee shall oversee the vigil mechanism through the committee and if any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.

(3) In case of other companies, the Board of directors shall nominate a director to play the role of audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concerns.

(4) The vigil mechanism shall provide for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee or the director nominated to play the role of Audit Committee, as the case may be, in exceptional cases.

(5) In case of repeated frivolous complaints being filed by a director or an employee, the audit committee or the director nominated to play the role of audit committee may take suitable action against the concerned director or employee including reprimand.

D.1.3 Regulation 18 and Schedule II Part C of LODR, 2015

A. The role of the audit committee shall include the following:

(1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

(a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

- (e) compliance with listing and other legal requirements relating to financial statements;
- (f) disclosure of any related party transactions;
- (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

B. The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal, and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

D.2 Nomination & Remuneration Committee

D.2.1 Section 178 of the Companies Act, 2013

(2) The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall 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.

(3) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

(4) The Nomination and Remuneration Committee shall, while formulating the policy under subsection (3) ensure that—

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Provided that such policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

D.2.2 Regulation 19 and Schedule II Part D of LODR, 2015

A. Role of committee shall, inter-alia, include the following:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management.

D.3 Independent Directors Committee

D.3.1 Clause 3 of Para VII of Schedule IV of Companies Act, 2013 and Regulation 25(4) of SEBI(LODR), 2015

The independent directors in the meeting referred in sub-regulation (3) shall, inter alia-

- (a) review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

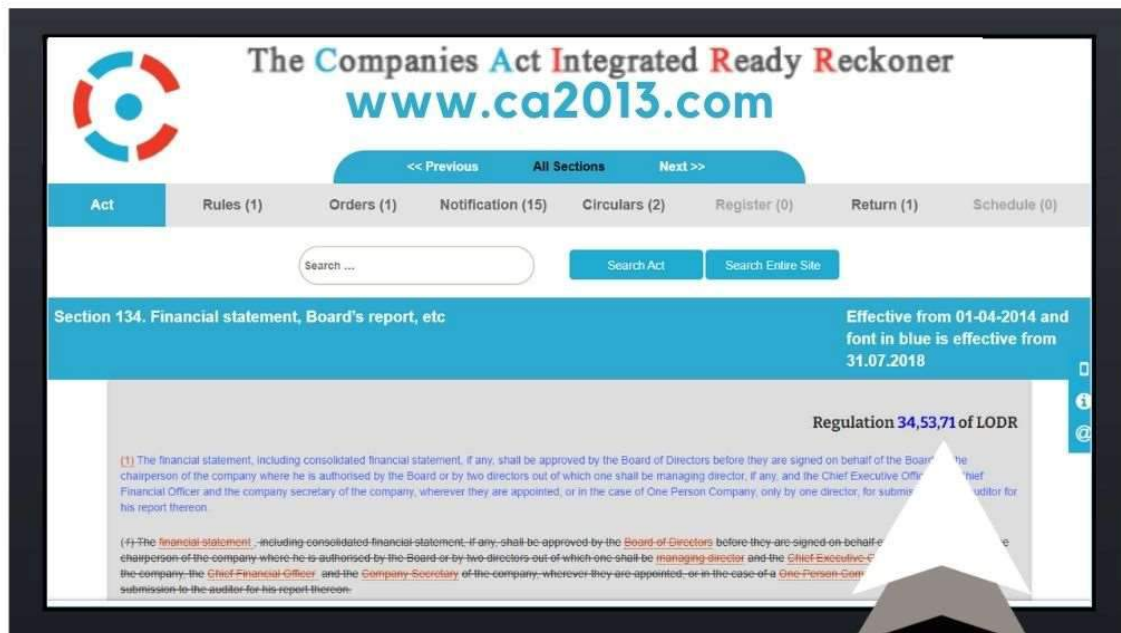
D.4 Shareholders Grievance Redressal Committee

D.4.1 Regulation 20 and Para B of Part D of Schedule II

The role of the committee shall inter-alia include the following:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

(4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.



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E CimplyFive's Model Charter for Board Sub-committees

Based on this study, CimplyFive has prepared CimplyFive's Model Charters which forms a part of this report.

CimplyFive Model Charter Section

CimplyFive's Model Charter for Audit Committee

Custodian	Designation of the person entrusted with keeping the policy current
Approved by	Final approving authority –Board of Directors of the Company
Approved on	Date of the Board Meeting where the Policy is approved
Effective Date	Date in the policy from which the policy will become effective
Version	Start from XX and keep updates numbered chronologically
Next Review	On the 1st of April each year or at such shorter frequency as changes in regulations necessitate

1. PURPOSE

The Audit Committee is constituted by, and accountable to, the Board of Directors of 'the Company' and has the following primary objectives

- 1.1. To assist the Board of Directors in fulfilling its oversight responsibilities for financial reporting ensuring quality and integrity of the accounting, auditing and reporting practices of the Company, overseeing transactions with related parties, inter-corporate loans and investments, recommending Auditor appointments & remuneration, evaluating financial controls and risk management systems, compliance with the legal and regulatory requirements and overseeing the operations of the internal audit team and ombudsman process

2. ROLE OF THE AUDIT COMMITTEE AND REVIEW OF INFORMATION BY AUDIT COMMITTEE

- 2.1. The Audit Committee's role and the information that Audit Committee is empowered to review is as stated in Section 177 of the Companies Act, 2013 , Regulation 18(3) read with Part C of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015,matters stated in any applicable law and all matters delegated by the Board from time to time. Amongst the role defined above, critical matters include, but are not limited to:

AUDITOR RELATED

- a. Recommend for appointment, remuneration and all other terms of the Auditors of the Company and interact with them on behalf of the Board;
- b. Approval of payment to statutory auditors for any other services rendered by the statutory auditor
- c. Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- d. Pre-approve all permitted audit and non-audit work that could be entrusted to the Statutory Auditor;
- e. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- f. Resolve any disagreement between Management and Auditors regarding financial reporting;
- g. Review Accounting Policies and recommend to the Board;

INTERNAL CONTROL & INTERNAL AUDITOR RELATED

- a. Evaluate internal controls and risk management system in the Company;
- b. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up of any instances of non-compliance;
- c. Plan and review resourcing and performance of the internal audit team, internal audit scope and schedule;
- d. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- e. Discussion with internal auditors of any significant findings and follow up there on;
- f. Oversee the design, resourcing, communication and operations of the Ombudsman process of the Company;
- g. Appoint Internal Auditors, decide on scope of audit and fix remuneration payable to them and recommend to the Board and review the performance of internal auditors and internal control systems;
- h. Establish a vigil mechanism for directors and employees to report genuine concern with adequate safeguards against victimization of persons and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases;
- i. Institute and oversee special investigations as needed including reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- j. Review the findings of any examinations by regulatory agencies, and any Auditor Observations;
- k. Reviewing the internal audit reports relating to internal control weaknesses;
- l. Reviewing the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee

FINANCIAL STATEMENT RELATED

- a. Examine the financial statements of the Company and the Auditor's Report thereon;
- b. Review the financial statements, in particular, the investments made by the unlisted subsidiary companies
- c. Review the matters required to be included in the director's responsibility statement in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- e. Compliance with listing and other legal requirements relating to financial statements;
- f. Reviewing changes, if any, in accounting policies and practices and the reasons for the same;
- g. Reviewing major accounting entries involving estimates based on the exercise of judgement by management;
- h. Reviewing significant adjustments in the financial statements arising out of audit findings;
- i. Reviewing the disclosure of related party transactions in the financial statements;

- j. Reviewing modified opinion (s) in the draft audit report with respect to the financial statements;
- k. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible

COMPLIANCE RELATED

- a. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- c. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- d. evaluation of internal financial controls and risk management systems;
- e. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- f. reviewing the functioning of the whistle blower mechanism
- g. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders
- h. Reviewing the management discussion and analysis of financial condition and results of operations;
- i. Reviewing the statement of significant related party transactions (as defined by the audit committee), submitted by management;
- j. Review the statements of deviations:
 - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
 - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

RELATED PARTY TRANSACTIONS RELATED

- a. Approve or modify the transaction of the Company with related parties and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;

INVESTMENT RELATED

- a. Scrutinize inter-corporate loans and investments;
- b. Oversee the valuation of undertaking or assets of the Company;
- c. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

INSIDER TRADING RELATED

- a. Setting forth the policies relating to and overseeing the implementation of the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("Regulations")
- b. The Committee shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

RESIDUAL

- a. The Committee may assume such other responsibilities as it deems necessary or appropriate in carrying out its functions and perform other activities related to this Charter or as requested by the Board of Directors from time to time.

2. COMPOSITION & CHAIRPERSON

- 2.1. The Audit Committee shall consist of a minimum of three Directors and at least two-thirds of the members of the Audit Committee shall be Independent Directors
- 2.2. Each Member of the Audit Committee shall satisfy the independence, experience and other requirements of, or as defined by the Companies Act, 2013 and in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of Audit Committee including its Chairperson shall be financially literate and at least one member shall have accounting or related financial management expertise
- 2.3. The Chairperson of the Audit Committee shall be an Independent Director and shall be present at Annual general meeting to answer shareholder queries
- 2.4. The Company Secretary shall act as the Secretary to the Audit Committee

3. MEETINGS & QUORUM

- 3.1. The Audit Committee shall meet prior to the Board Meeting in which financial statements are being considered. The Audit Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings
- 3.2. The Committee may meet in person or through other methods like video conferencing, audio conferencing etc. as may be permitted by law from time to time
- 3.3. In addition, the Audit Committee can convene additional meetings, as circumstances may require.
- 3.4. The quorum for Audit Committee meeting shall either be two members or one third of the members, whichever is greater, with at least two Independent Directors
- 3.5. The Audit Committee may invite members of the Management team, Statutory Auditors, Internal Auditors or such other persons as it may consider necessary
- 3.6. The Audit Committee shall meet with the representatives of the Company's major subsidiaries regarding their systems of internal control, results of audits and integrity of financial reporting
- 3.7. The decisions to be taken by the Audit Committee members may be taken by way of a Circular Resolution wherever it is not possible or in the matter of urgency to have a meeting, unless mandated otherwise in the Act/Regulations
- 3.8. All determinations of the Audit Committee shall be made by a majority of its members present at a duly convened meeting

4. POWERS

- 4.1. The Audit Committee shall have powers

- a) to investigate any activity within its terms of reference;
- b) seek information from any employee;
- c) obtain outside legal or other professional advice;
- d) secure attendance of outsiders with relevant expertise;
- e) To call for the comments of the Auditors about internal control systems, the scope of audit, including the observations of the Auditors; and
- f) review and discuss issues of financial statements before their submission to the Board with the Internal and Statutory Auditors and the Management.

5. COMPENSATION.

The compensation of the Audit Committee members shall be determined by the Board based on the recommendation made by the Nominating & Corporate Governance Committee.

6. REPORTS AND DOCUMENTATION

- 6.1. Members of the Audit Committee will be provided Agenda along with the required briefing materials and reports as mandated.
- 6.2. Audit Committee meetings will record its summaries of recommendations to the Board and these shall be incorporated as a part of the Minutes provided to its members and Board.
- 6.3. The Audit Committee will report and update the Board, periodically, on various matters that it has considered as well as on the independence of the Auditors.
- 6.4. The recommendations of the Audit Committee on any matter relating to financial management including the Audit Report, shall be binding on the Board. If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the shareholders.

7. DELEGATION OF AUTHORITY

The Audit Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such preapproval decision is presented to the full audit committee at its scheduled meetings

8. REVIEW OF AUDIT COMMITTEE CHARTER

The adequacy of this charter shall be reviewed and reassessed by the Audit Committee, at least, annually and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about to the regulatory framework, from time to time.

X-X-X-X-X-X

CimplyFive's Model Charter for Nomination and Remuneration Committee

Custodian	Designation of the person entrusted with keeping the policy current
Approved by	Final approving authority –Board of Directors of the Company
Approved on	Date of the Board Meeting where the Policy is approved
Effective Date	Date in the policy from which the policy will become effective
Version	Start from XX and keep updates numbered chronologically
Next Review	On the 1st of April each year or at such shorter frequency as changes in regulations necessitate

1. PURPOSE

- 1.1. The Nomination, and Remuneration Committee is constituted by, and accountable to, the Board of Directors of the Company and has the following primary objectives;
- Identifying the list of criteria to be considered in choosing Directors and Key Management Personnel of the Company;
 - Formulate a Remuneration philosophy and policy for the Company that attracts, retains and motivates Directors and Key Management Personnel;
 - Examine the structure, composition and functioning of the Board, and recommend changes, as necessary, to improve the Board's effectiveness;
 - To develop a process for evaluation of the performance of the Independent Directors and Board of Directors, its Committees and Directors; and
 - To ensure succession plans are in place to maintain an appropriate balance of skills, experience and expertise on the Board and reviewing those plans periodically.

2. ROLE & RESPONSIBILITIES

- 2.1. The Nomination, and Remuneration Committee's role and responsibilities is as stated in Section 178 of the Companies Act, 2013 read with all applicable Rules thereunder and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, Remuneration Policy of the Company, all matters stated in any applicable law and all matters delegated by the Board from time to time. Amongst the role & responsibilities defined above, critical matters include (but are not limited to):
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management positions of the Company in accordance with the criteria laid down;
 - Recommend to the Board the appointment and removal of Directors and Key Management Personnel of the Company;
 - Develop a process and specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out and review its implementation and compliance;
 - Formulate a Remuneration philosophy and policy for the Company that
 - Attracts, retains, and motivates Directors and Key Management Personnel.
 - Establishes relationship of remuneration to performance, which is clear and meets appropriate performance benchmarks; and
 - Balances between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
 - Formulate the criteria for determining qualifications, positive attributes and independence of a Director;

- f. Devising a policy on diversity in the Board of Directors;
- g. Ensure succession plans are in place to maintain an appropriate balance of skills, experience and expertise on the Board;
- h. Decide whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- i. Determine compensation (including salaries and salary adjustments, incentives/benefits, bonuses) and performance targets of the Chairman, Managing Director and Chief Executive Officer;
- j. The Committee may assume such other responsibilities as it deems necessary or appropriate in carrying out its functions and perform other activities related to this Charter or as requested by the Board of Directors from time to time.

3. AUTHORITY & POWERS

- 3.1. The Nomination, and Remuneration Committee shall have the following authorities and powers to:
 - a. Review and discuss with Company's executives the Company's Remuneration policy, Succession plans and Recruitment processes;
 - b. Receive, as and when appropriate, reports from the Company's executives the reports, reviews and assessments of the Company's remuneration and recruitment activities;
 - c. Recommend to the Board, all remuneration, in whatever form, payable to senior management;
 - d. Review Shareholder's proposals relating to Board's composition and recommend appropriate course of action;
 - e. Review disclosure regarding remuneration and recruitment activities contained in the Company's Annual Report and Website;
 - f. Have access to any internal information necessary to fulfil its role;
 - g. Investigate any activity within its terms of reference; and
 - h. Review the Company's ESOP Schemes and recommend changes as necessary; oversee implementation and administration of the ESOP Schemes
 - i. Seek information from any employee/Management and to obtain advice and assistance from internal or external legal, accounting or other advisors and to approve related fees and retention terms.
- 3.2. The Nomination, and Remuneration Committee shall have the authority to delegate any of its responsibilities to sub-committees as it may deem appropriate.

4. COMPOSITION & CHAIRPERSON

- 4.1. The Nominations and Remuneration Committee shall consist of a minimum of three Directors, all of whom shall be non-executive directors and at least fifty percent of the members shall be Independent Directors.
- 4.2. The Chairperson of the Nomination and Remuneration Committee shall be an Independent Director. The Chairperson of the Board of Directors can be a member of the Nominations and Remuneration Committee, but he cannot be its Chairperson.
- 4.3. The Independent Member of the Committee shall satisfy the independence, experience and other requirements of, or as defined by the Companies Act, 2013 and be in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 4.4. The Chairperson of the Nomination and Remuneration Committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

5. MEETINGS

- 5.1. The Nominations and Remuneration Committee shall meet at least once in a financial year.
 - a. The Committee shall meet prior to the Board Meeting in which nominations to the Board are considered or remuneration is being decided.
 - b. Further in addition, the Committee can convene additional meetings, as circumstances may require.
- 5.2. The Nominations and Remuneration Committee shall invite members of the Management team or such other persons as it may consider necessary.
- 5.3. The Nominations and Remuneration Committee may meet in person or through other methods like video conferencing, audio conferencing etc. as may be permitted by law from time to time.
- 5.4. The decisions to be taken by the Nominations and Remuneration Committee members may be taken by way of a Circular Resolution wherever it is not possible or in the matter of urgency to have a meeting.
- 5.5. All decisions of the Nominations and Remuneration Committee shall be made by a majority of its members present at a duly convened meeting.
- 5.6. The quorum for the Nominations and Remuneration Committee shall be the higher of two directors or one-third of its members, of which at least one independent director is present at the meeting.

6. COMPENSATION.

The compensation of the Nominations and Remuneration Committee members shall be as determined by the Board.

7. REPORTS AND DOCUMENTATION

- 7.1. Members of the Nominations and Remuneration Committee will be provided Agenda along with the required briefing materials.
- 7.2. Nominations and Remuneration Committee meetings will record its summaries of recommendations to the Board and these shall be incorporated as a part of the Minutes provided to its members and Board.
- 7.3. The Nominations and Remuneration Committee shall report and update the Board, periodically, on various matters that it has considered
- 7.4. The Nominations and Remuneration Committee shall report to the Board of Directors of the Company, at least once a year on the remuneration policy and such policy shall be placed on the Website of the Company, and the salient features of the Policy and changes therein, if any, along with the web address of the Policy, if any, shall be disclosed in the Board's report.

8. DELEGATION OF AUTHORITY

The Nominations and Remuneration Committee may delegate to one or more designated members of the Committee the authority to pre-approve any matters in scope provided such preapproval decision is presented to the full Nominations and Remuneration Committee at its scheduled meetings.

9. REVIEW OF COMMITTEE CHARTER

The adequacy of this charter shall be reviewed and reassessed by the Nominations and Remuneration Committee, at least, annually, and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about to the regulatory framework, from time to time.

CimplyFive's Model Charter for Independent Directors Committee

Custodian	Designation of the person entrusted with keeping the policy current
Approved by	Final approving authority –Board of Directors of the Company
Approved on	Date of the Board Meeting where the Policy is approved
Effective Date	Date in the policy from which the policy will become effective
Version	Start from XX and keep updates numbered chronologically
Next Review	On the 1st of April each year or at such shorter frequency as changes in regulations necessitate

1. PURPOSE

Independent Directors bring an unbiased judgment to bear on the Board's deliberations on all matters especially on issues related to the governance and the performance, of the Board, its Chairman, Executive Directors, and the Management. The objective of setting up the Independent Directors' Committee is to assist the Company by providing a critical avenue to provide valuable feedback to the Board and the Management, which is in line with the best corporate governance practices.

2. ROLE AND RESPONSIBILITY

- 2.1. The Independent Directors' Committee's role and responsibilities is as stated in Section 149, Schedule IV of the Companies Act, 2013 read with all applicable Rules thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Governance Policy of the Company, all matters stated in any applicable law and all matters delegated by the Board from time to time. Amongst the role & responsibilities defined above, critical matters include, but are not limited to:
 - 2.2. Review the performance of non-Independent Directors and the Board of Directors, as a whole;
 - 2.3. Review the performance of the Chairperson of the Company, considering the views of both the Executive Directors and Non-Executive Directors;
 - 2.4. Assess the quality, quantity, and timeliness of flow of information between the Management of the Company and the Board of Directors that is necessary for the Board of Directors to perform their duties effectively and reasonably effectively and reasonably.
 - 2.5. Safeguard the interests of all stakeholders, particularly the minority shareholders;
 - 2.6. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict.
 - 2.7. At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of an unlisted material subsidiary, incorporated in India.

3. AUTHORITY & POWERS

- 3.1. The Independent Director Committee shall have the following authorities and powers:
 - j. Review and discuss with Company's executives the Company's policy, plans and processes;
 - k. Receive, as and when appropriate, reports from the Company's executives the reports, reviews, and assessments of the Company's activities;
 - l. Review disclosure regarding Company contained in the Company's Annual Report, Quarterly Report and Website;
 - m. Access to any internal information necessary to fulfil its role;
 - n. Investigate any activity within its terms of reference;
 - o. Seek information from any employee/Management, and
 - p. Obtain advice and assistance from internal or external legal, accounting, or other advisors and to approve related fees and related terms.

4. EVALUATION MECHANISM:

- 4.1. The performance evaluation of Independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 4.2. Based on the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

5. COMPOSITION AND CHAIRPERSON

Only Independent Directors as defined under the law shall be members of this Committee. The Chairperson of this Committee shall be an Independent Director who shall be elected by majority vote of the Committee. All the Independent Directors shall be registered on databank of Independent Directors and clear the online proficiency test unless exempted from the requirement

6. MEETINGS

- 6.1. The Independent Directors of the Company shall hold at least one meeting in a year, without the presence of non-independent directors and members of the Management. All the independent directors shall strive to be present at such meetings. Further in addition, the Independent Directors Committee can convene additional meetings, as circumstances may require.
- 6.2. The Independent Directors Committee shall invite members of the Management team or such other persons as it may consider necessary.
- 6.3. The Independent Directors Committee may meet in person or through other methods like video conference or audio conference as may be permitted by law from time to time.
- 6.4. All decisions of the Independent Directors Committee shall be made by a majority of its members present at a duly convened meeting.

7. COMPENSATION.

The compensation of the Independent Directors Committee members shall be as determined by the Board and Shareholders of the Company. Independent directors shall not be entitled to any stock option.

8. REPORTS AND DOCUMENTATION

- 8.1. Members of the Independent Directors Committee will be provided Agenda along with the required briefing materials.
- 8.2. Independent Directors Committee meetings will record its recommendations to the Board and these shall be incorporated as a part of the Minutes provided to its members and Board. In addition, certain matters may be confidential and communicated orally to the Chairperson of the Board and monitored by the Independent Directors for course correction.
- 8.3. The Independent Directors Committee shall report and update the Board, periodically, on various matters that it has considered

9. DELEGATION OF AUTHORITY

The Independent Directors Committee may delegate to one or more designated members of the Committee the authority to pre-approve any matter included in its scope provided such preapproved decision is presented to the full Independent Directors Committee at its scheduled meetings.

10. REVIEW

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

CimplyFive's Model Charter for Stakeholders Relationship Committee

Custodian	Designation of the person entrusted with keeping the policy current
Approved by	Final approving authority –Board of Directors of the Company
Approved on	Date of the Board Meeting where the Policy is approved
Effective Date	Date in the policy from which the policy will become effective
Version	Start from XX and keep updates numbered chronologically
Next Review	On the 1st of April each year or at such shorter frequency as changes in regulations necessitate

1. PURPOSE

The purpose of the Stakeholders Relationship Committee of the Board is to assist the Board of Directors of the Company to oversee the redressal mechanisms in relation to Stakeholders and look into various aspects of interest of the Stakeholders of the Company. The term "Stakeholder" shall include shareholders, debenture holders, deposit holders and other security holders.

The Stakeholders Relationship Committee shall also review unresolved issues during the course of time and shall have the authority to make recommendations to resolve any such issues.

2. ROLE& RESPONSIBILITIES

2.1. The Stakeholders Relationship Committee's role and responsibilities is as stated in Section 178 read with all applicable Rules thereunder, Regulation 20 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, Stakeholder Policy of the Company, all matters stated in any applicable law and all matters delegated by the Board from time to time. Amongst the role & responsibilities defined above, critical matters include, but are not limited to:

- a. Oversee the implementation of the objective stated in this Charter.
- b. Formulation of policies and procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from stakeholders from time to time
- c. Monitor and review any investor complaints received by the Company or through SEBI, SCORES Stock Exchanges and ensure its timely and speedy resolution, within such period as stipulated by SEBI from time to time, in consultation with the Company Secretary and Compliance officer and RTA of the Company
- d. Resolve complaints related to transfer/transmission of shares, non-receipt of annual report and non-receipt of declared dividends, issue of duplicate certificate and new certificates on split/consolidation/renewal etc., approve transfer/transmission, dematerialization and re-materialization of shares in a timely manner and oversee the performance of the Register and Transfer Agents and recommend measures for overall improvement in quality of stakeholder services.
- e. Review of measures taken for effective exercise of voting rights by shareholders
- f. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

- g. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- h. Consider and review reports on stakeholder satisfaction surveys respectively.
- i. The Chairperson of this Committee shall be present at the Annual General Meeting to answer queries of the security holders.
- j. Shall review the company's obligations towards meeting environment, health and safety requisites for the benefit of Stakeholders.
- k. Shall perform any other function required under the Companies Act, 2013 and rules framed thereunder, SEBI Regulations, or any other applicable law from time to time.

3. AUTHORITY & POWERS

- 3.1. The Stakeholders Relationship Committee shall have the following authorities and powers:
- a. To review and discuss with Company's executives the Company's grievance reversal policy, plans and processes.
 - b. To receive, as and when appropriate, reports from the Company's executives the reports, reviews and assessments of the Company's grievance's redressal activities.
 - c. To review disclosure regarding Company's grievance's contained in the Company's Annual Report, Quarterly Report and Website.
 - d. Have access to any internal information necessary to fulfil its role.
 - e. To investigate any activity within its terms of reference,
 - f. Seek information from any employee/Management and to obtain advice. And
 - g. Seek assistance from internal or external legal, accounting or other advisors and to approve related fees and retention terms.
- 3.2. The Stakeholders Relationship Committee shall have the authority to delegate any of its responsibilities to sub-committees as it may deem appropriate

4. COMPOSITION AND CHAIRPERSON

The Stakeholders Relationship Committee shall be appointed by and will serve at discretion of the Board. The Committee shall have a minimum of three Directors of the Board as its members, of which at least one of the Director shall be an independent director. The Committee shall function with a Chairperson, who shall be a Non-executive Director.

5. MEETINGS

- 5.1. The Stakeholders Relationship Committee shall meet at least once every year and at such regular intervals as may be necessary and required by law.
- 5.2. Further in addition, the Stakeholders Relationship Committee can convene additional meetings, as circumstances may require.
- 5.3. The Stakeholders Relationship Committee shall invite members of the Management team or such other persons as it may consider necessary.
- 5.4. The Stakeholders Relationship Committee may meet in person or through other methods like video conferencing or audio conferencing as may be permitted by law from time to time.

- 5.5. The decisions to be taken by the Stakeholders Relationship Committee members may be taken by way of a Circular Resolution wherever it is not possible to meet in person or in the matter of urgency.
- 5.6. All decisions of the Stakeholders Relationship Committee shall be made by a majority of its members present at a duly convened meeting.

6. COMPENSATION.

The compensation of the Stakeholders Relationship Committee members shall be as determined by the Board.

7. REPORTS AND DOCUMENTATION

- 7.1. Members of the Stakeholders Relationship Committee will be provided Agenda along with the required briefing materials.
- 7.2. Stakeholders Relationship Committee meetings will record its recommendations to the Board and these shall be incorporated as a part of the Minutes provided to its members and Board.
- 7.3. The Stakeholders Relationship Committee shall report and update the Board, periodically, on various matters that it has considered
- 7.4. The Stakeholders Relationship shall report to the Board of Directors of the Company, at least once a quarter on the number and status of complaints received and solved and such report shall be placed on the Website of the Company.

8. DELEGATION OF AUTHORITY

The Stakeholders Relationship Committee may delegate to one or more designated members of the Committee the authority to pre-approve any matters in scope provided such preapproval decision is presented to the full Stakeholders Relationship Committee at its scheduled meetings.

9. REVIEW

This Charter will be reviewed annually to reassess its adequacy and any recommended changes will be submitted to the Board for approval.

Board Leaders Integrated Software Solutions



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BLISS is a Cloud hosted software that automates the routines, provides an e-repository, timely alerts and a real-time dashboard, all aimed at ensuring compliance and good corporate governance. By doing so, it provides complete peace of mind to the Board of Directors and assurance to professionals by providing them with real-time compliance status with respect to the Companies Act,2013

An advanced variant of BLISS with multiple premium features like Directors view, facility to store past Secretarial records, automated compliance tracker for size based compliance under the Companies Act,2013

An advanced variant of BLISSPLUS for Listed Companies with Companies Act,2013 and SEBI's LODR 2015 compliances integrated to provide a single point compliance automation, risk manager & e-repository for secretarial records including past secretarial records.

BLISSGLOBAL is a cloud hosted key document management solution with Action Tracker that provides master data capture of the entity, e-repository for document management, Automated Tracker for managing event based and calendar based activities.

An Android/IOS based Board app for Directors which provides secure access to Board documents on Tablets/mobile phones, enhancing Directors productivity and making the Board meetings efficient & effective

CimplyBest is a tailor-made software for Indian Corporates in conducting Corporate Board Evaluation which will optimize Board's Time & Effort with confidentiality assured.

CAIRR is a free to use website from CimplyFive that provides at your fingertips, an integrated view of the Companies Act, 2013, IB Code, 2016 and LODR, 2015. The site and app is updated daily at 10AM for changes in the Act & Regulations. For more details, please visit www.ca2013.com