

- (viii) **A statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public.**

#### **A. Board of Directors**

Company being a legal juristic person, the Board of Directors is entrusted with the responsibility of formulation of policies and strategies. While the full time directors through their hierarchies i.e. the management, ensure overseeing the day-to-day activities and formulate long term plan, the part-time official and non-official directors share their wisdom and expertise in policy formulations and strategies. The Corporate Governance practice thus brings in a blend of Executive directors and Non-executive directors on the Board.

#### **Composition**

Against the sanctioned strength of sixteen Directors, the Board had 9 directors comprising of five full time directors, two non-executive official directors and two non-executive non-official (independent) directors as on 31<sup>st</sup> March, 2020.

#### **Age limit and tenure of Directors**

Being a Government Company, the age limit of the Chairman-cum-Managing Director and other whole-time directors is 60 years. All the functional directors are appointed for five years from the date of taking over the charge or until the date of superannuation or until further orders from the Government of India, whichever event occurs earlier.

The upper age limit for consideration of appointment of independent directors is 65. They are generally appointed by the Government of India for a tenure of three years.

Government Nominee Directors representing Ministry of Mines, Government of India cease to be Director on the Board on ceasing to be officials of the Ministry of Mines.

#### **Board Meetings**

Board meetings are convened by giving at least seven days' notice in advance after obtaining approval of the Chairman of the Board/Committee. In case of exigencies or urgency, resolutions are also passed by circulation which is subsequently placed before the Board for confirmation.

#### **Information placed before the Board of Directors**

- Annual operating plans and budgets and any updates.
- Capital Budgets and any updates.
- Quarterly financial results and the business segments.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Review of progress of on-going projects.
- Annual Accounts, Directors' Report, Business Responsibility report etc.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems etc.
- Operational highlights and substantial non-payment for goods sold by the Company.
- Major investments, formation of collaboration, Joint Ventures, Strategic Alliances, signing of MoU etc.
- Award of large value contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by

them in other Companies.

- Report on Short Term Deposits and Investments.
- Quarterly Report on Contract awarded on nomination basis.
- Quarterly Report on Reconciliation of Share Capital Audit, Half yearly certificate on share transfers as per provisions in Listing Agreement.
- Report on Compliance of various laws.
- Matters relating to Industrial Relations viz. wage agreement, employees' welfare schemes etc.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer, etc.
- Information relating to major legal disputes.
- Action Taken Report on all pending matters.
- Any other information required to be presented to the Board for information or approval.

## B. Board Committees

Details of the Committees constituted by the Board are as follows:

### Statutory Committees

- a. Audit Committee
- b. Stakeholders relationship Committee
- c. Nomination and Remuneration Committee
- d. Risk Management Committee
- e. CSR & Sustainability Development Committee
- f. Technology Committee

### Non-statutory Committees

- g. Human Resources Committee
- h. Ethics & Corporate Governance Committee
- i. Committee of Directors for Projects and New Ventures

#### a. **Audit Committee**

- i) The Terms of Reference of the Audit Committee are broadly as follows:

#### **Powers of the Audit Committee**

- To investigate any activity within its Terms of Reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **Role of the Audit Committee inter-alia, includes the following:**

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and if required, the replacement or removal of cost auditors, fixation of audit fees and other terms of appointment.
- Approving payment to statutory auditors, including cost auditors for any other services rendered by them.

- Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of Section 134(5) of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.
- Reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval.
- 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.
- Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments, if any.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems.
- 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.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- 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.
- 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.
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.

- To review compliances with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and to verify that the system for internal control are adequate and are operating efficiently.
- 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.
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.

**Mandatory review of the following information by Audit Committee:**

- 1) The Management Discussion and Analysis of financial condition and results of operations;
- 2) Statement of significant related party transactions, 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 internal auditors / chief internal auditor.
- 6) Statement of deviation :
  - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchanges 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).

**The functions of Audit Committee also include;**

- a. To check whether cost controls are adequate and commensurate with size of the operations.
- b. To study the areas where income can be increased and the areas where cost can be reduced.
- c. Management Information System on each of the above areas and give its recommendations to the Board.

**b. Stakeholders Relationship Committee**

- i) The Terms of Reference of the Committee is as follows:
  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.

**c. Nomination and Remuneration Committee**

- i) The Terms of Reference of the Committee is :
  - a. Approval of the annual bonus/variable pay pool and policy for the distribution across the executives and non-unionized supervisors within the prescribed limit.
  - b. Matters as contained in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

**d. Risk Management Committee**

- i) The Terms of Reference of this Committee now also cover cyber security, as prescribed under SEBI (LODR) (Amendment) Regulations, 2018. The Terms of Reference of the Committee is as follows:
  - Assisting the Board of Directors in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic, external environment risks and cyber security.
  - Overall responsibility for monitoring and approving the risk policies and associated practices of the Company.
  - Reviewing and approving risk disclosure statements in any public documents or disclosures.
- ii) The Committee reviews and monitors risk assessment plan, informs the Board periodically about the risk assessed and action required to be taken. Details of risks perceived are also given in the Management Discussion & Analysis Report.

**e. CSR & Sustainability Development Committee**

The Terms of Reference of the Committee is as follows:

- a. Overseeing peripheral development activities being under taken by the Company through the respective Rehabilitation and Periphery Development Advisory Committees (RPDAC) and proposed to be taken under MMDR Act.
- b. Nalco Foundation.
- c. Environment Protection & Pollution controls.

**f. Technology Committee**

- i) Technology Committee was constituted in compliance with the requirements under the DPE guidelines.
- ii) The Committee monitors and pays special attention to the assessment of the Company's efforts to develop technology and acquiring and assimilating new technologies necessary to make it competitive and to its own R&D efforts for maintaining a sustained strength in the technological field and review specific consumption norms pertaining to Smelter, Refinery etc.

**g. Human Resources Committee**

Terms of reference of HR Committee include:

To study and recommend to the Board for approval, proposals in the following areas:

- i. Framing of rules and regulations and changes therein relating to recruitment, transfer, promotion, deputation and other conditions of service in respect of employees of the Company, other than those which are approved by the Board and which are delegated to CMD.
- ii. Wage structure and scales of pay of the employees of the Company and any changes therein.

- iii. Organization chart including manpower planning.
- iv. Any other reference made by the Board from time to time.

**h. Ethics & Corporate Governance Committee**

- i. This Committee looks into the ethical standard and good governance being practised in the Company.
- ii. The Terms of Reference of the Committee include:
  - a. Practices of Corporate Governance at all levels and to suggest remedial measures, wherever necessary.
  - b. Provision of correct inputs to the media so as to preserve and protect the Company's image and standing.
  - c. Dissemination of factually correct information to the investors, institutions and public at large.
  - d. Interaction with existing and prospective FII's and rating agencies, etc.
  - e. Establishing oversight on important corporate communication on behalf of the Company with the assistance of consultants / advisors, if necessary.
  - f. Institution of standardized channels of internal communications across the Company to facilitate a high level of disciplined participation.
  - g. Compliance of the following, formulated in terms of SEBI & DPE guidelines:
    - Code of Conduct for Senior Management
    - Insider Trading Regulations
    - Related Party Transactions
    - Vigilance Related Issues
    - Whistle Blower Policy

**i. Committee of Directors for Projects and New Ventures**

- i) This Committee looks into the project related activities and recommend investment in new projects.
- ii) The Terms of Reference of the Committee is to examine and make recommendation to the Board on new projects/capital expenditure on Joint Ventures:
  - a) Appraisal and approval of the procedures and formalities in respect of various stages of new projects including preparation of DPR.
  - b) To study and recommend to the Board, proposals for investment in new projects, in India and abroad, exceeding Rs.10 crore each.
  - c) Review the status of capital projects, costing over Rs.100 crore each.

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