



## **RADICO KHAITAN LIMITED**

### **Composition of Committees of Board of Directors**

#### **1. Audit Committee**

##### **Composition:**

The Audit Committee comprises of three (3) Independent, Non-executive Directors as members. The members of the Audit Committee are Mr. Sarvesh Srivastava, Chairperson of the Committee, Dr. Raghupati Singhania and Mr. Tushar Jain. All Members of the Audit Committee are financially literate and bring in expertise in the fields of finance, taxation, economics, industry, and risk.

The scope of activities and terms of reference of the Audit Committee, as stated below, is in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

##### **Terms of reference:**

1. Overseeing the Company'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 Company;
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 Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, 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 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 Company and its shareholders.
23. To review management discussion and analysis of financial condition and results of operations;
24. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
25. To review internal audit reports relating to internal control weaknesses; and
26. To review the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
27. To review the following 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) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
28. Any other matter referred to by the Board of Directors.

## 2. **Nomination, Remuneration and Compensation Committee**

### **Composition:**

The Nomination, Remuneration and Compensation Committee comprises of four (4) Independent Directors as members, viz., Dr. Raghupati Singhania (Chairperson of the Committee), Mr. Tushar Jain, Mr. Sharad Jaipuria and Mr. Sarvesh Srivastava. The Committee's terms of reference include reviewing and recommending to the Board the salary, commission, other benefits, service agreements and employment conditions of the Managing Directors and Whole-time Directors and to approve the selection, appointment and remuneration of the Directors pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has framed Charter of the Committee which ensures effective compliance of Section 178 of the Companies Act, 2013 Regulation 19 and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has clearly defined terms of reference for the Nomination, Remuneration and Compensation Committee, which are as follows:

**Terms of reference:**

1. Formulation of attraction and Retention strategies for employees.
2. Formulation and recommendation to the Board, a policy relating to remuneration of directors, key managerial personnel and other employees.
3. Formulation of criteria for determining qualifications, positive attributes and independence of a director and evaluation of Independent Directors and Board.
4. Formulation of criteria for evaluation of performance of independent directors and the board of directors.
5. Devising a policy on Board Diversity.
6. Identification of persons who are qualified to become directors and who may be appointed in the senior management in accordance with the criteria laid down by the Committee and recommend to the Board their appointment and removal.
7. Determine the compensation (including salaries and salary adjustments, incentives/benefits, bonuses) and Performance targets of the Chairman and of the Managing Directors & CEO's.
8. Determine the Board regarding extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
9. Recommend to the board, all remuneration, in whatever form, payable to senior management.
10. Review the employee development strategies.
11. Assess the learning and development needs of the directors and recommend learning opportunities which can be used by directors to meet their needs for development.
12. Review all human resource related issues including succession plan of key personnel.
13. Recommendation to the Board the remuneration payable to managerial persons in case of no profit or inadequate profit taking into account the financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration while bringing objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.
14. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation and prepare a description of the role and capabilities required of an independent director.

15. Recommendation to the Board for appointment of a person as an independent director, who shall have the capabilities as identified by the Committee in accordance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:
  - a) use the services of an external agencies, if required;
  - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c) consider the time commitments of the candidates.
  
16. Determining the following with respect to the ESOP Schemes/ Plans approved by the Company from time to time:
  - a) the quantum of options to be granted, per employee and in aggregate; .
  - b) conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
  - c) The exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period;
  - d) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - e) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - f) The grant, vest and exercise of option in case of employees who are on long leave;
  - g) The procedure for cashless exercise of options; and
  - h) Allotment of shares upon exercise of options by the Employees.
  
17. Determine the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the compensation committee:
  - a. the number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action.
  - b. for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
  - c. the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.

18. Listing of options issued under ESOP Schemes/ Plans approved by the Board/ Shareholders of the Company, with the Stock Exchanges and to execute necessary documents/ to take necessary actions, as the Committee may deem fit, in this regard.
19. To exercise all such roles and powers as prescribed under section 178 of the Companies Act, 2013 read with Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and as may be decided by the Board from time to time.

### **3. Stakeholder's Relationship Committee**

#### **Composition:**

The Board of Directors of the Company has constituted the Stakeholder's Relationship Committee which is chaired by a Non-Executive Director / Independent Director to specifically look into the redressal of shareholders queries and complaints.

The Stakeholder's Relationship Committee comprises of three (3) members, viz., Mr. Sharad Jaipuria (Chairperson of the Committee), Mr. Sarvesh Srivastava and Mr. K.P. Singh.

#### **Terms of reference:**

1. To resolve the grievances of the security holders of the Company 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. To review measures taken for effective exercise of voting rights by shareholders.
3. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. To review 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.

### **4. Sustainability and Corporate Social Responsibility (CSR) Committee**

#### **Composition:**

The Sustainability and Corporate Social Responsibility comprises of total 4 members comprising (3) Executive Directors and (1) Independent women director viz., Dr. Lalit Khaitan (Chairperson of the Committee), Mr. Abhishek Khaitan, Mr. K.P. Singh and Ms. Sushmita Singha.

The purpose of the Committee is to formulate and monitor the CSR Policy of the Company and to make it more comprehensive so as to indicate the activities to be

undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The Committee monitors and gives guidance on various CSR activities to be undertaken by the Company.

**Terms of reference:**

- i. Sustainability:
  - To take all steps and decide all matters relating to triple bottom line indicators viz. Economic, Environmental and Social factors.
  - To take all necessary steps related to Environmental, Social and Governance ('ESG') Reporting, if any.
- ii. CSR:
  - To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company.
  - To recommend the Annual Action Plan including amount of expenditure to be incurred on the activities referred to in the CSR Policy and review the same.
  - To monitor the CSR Policy including CSR projects/ programmes.
- iii. Business Responsibility Policies:
  - To review and implement Business Responsibility Policies; and
- iv. Any other role as may be decided by the Board from time to time.

**5. Risk Management Committee**

**Composition:**

The Risk Management Committee comprises of four (4) Members, viz., Dr. Lalit Khaitan (Chairperson of the Committee), Mr. Abhishek Khaitan, Mr. Sharad Jaipuria and Mr. Dilip K. Banthiya.

The Board had constituted Risk Management Committee to focus on risk management including determination of Company's risk appetite, risk tolerance and regular risk assessments (risk identification, risk quantification and risk evaluation) etc.

**Terms of reference:**

1. To formulate a detailed risk management policy which shall include:
  - a) To framework for identification of internal and external risks specifically faced by the Company, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk

as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To undertake any other matters as may be prescribed under law or as the Board may decide from time to time

The Risk Management Committee shall coordinate its activities with other committees, where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

## **6. Environmental, Social and Governance Committee (ESG Committee)**

### **Composition:**

The ESG Committee comprises of three (3) members, viz., Mr. Tushar Jain (Chairperson of the Committee), Mr. Abhishek Khaitan and Ms. Sushmita Singha.

### **Terms of Reference:**

1. To approve, note & ratify the ESG goals, targets and strategy and monitor performance thereof including the ESG initiatives to ensure long-term value creation for the stakeholders.
2. To overview of material ESG risks (including Climate change risk) and opportunities, approach to mitigate or adapt to the risks along with financial implications of the same.
3. To periodically review the ESG initiatives in the areas of (i) environment including energy consumption, de-carbonization plan and increased sourcing of renewable energy, water management, waste management, other climate related issues, science based targets etc., (ii) Social including Stakeholder engagement and materiality assessment, ESG risk (including human rights) mapping in supply chain etc. and (iii) Governance including business ethics, Anticompetitive practices, privacy and information security, transparency, accounting and core Corporate Governance practices.
4. To review and approve the Charter of ESG and Sustainability Council of the Company.



5. To review the working of ESG and Sustainability Council specific to ESG goals, targets & strategy as approved by ESG Committee.
6. To review of ESG reporting in line with various national and global sustainability/ ESG indices and guidelines.
7. To review and noting of the Business Responsibility and Sustainability Report or any other similar report.
8. To do all acts, deeds & things incidental and deemed necessary for achievement of ESG goals, targets and strategy of the Company.
9. To carry out such other functions as may be delegated by the Board of Directors from time to time, or as may be stipulated under the Act or any other law applicable to the Company, for time being in force.