

# SUDARSHAN CHEMICAL INDUSTRIES LIMITED

## Terms of Reference of the Committees

### 1] AUDIT COMMITTEE:

#### a) Objective -

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies.

#### b) Terms of Reference -

##### A] 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.

##### B] Role of the Audit Committee includes:

1. 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;
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:
  - 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;
  - 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 management;
  - Significant adjustments made in the financial statements arising out of audit Findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - 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 utilization of proceeds of a public issue or rights issue or preferential issue or qualified institutional placement, 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 and details of complaints received from whistleblowers / complaints about sexual harassment;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) 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 company and its shareholders;
23. To review management discussion and analysis of financial condition and results of operations;
24. To review prior approval to all related party transactions and subsequent material modification(s), if any
25. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
26. To review internal audit reports relating to internal control weaknesses;
27. To review the appointment, removal and terms of remuneration of the chief internal auditor;
28. To monitor end use of funds raised through public offers and related matters;
29. Risk management evaluation;
30. To review compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, and verify adequacy and effectiveness of the systems for internal control;
31. Noting of declaration required as per Regulation 31(4) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, relating to disclosure on encumbered shares by promoters;

32. To review statement of deviations:

- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations, 2015;
- annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI Listing Regulations, 2015;

\*\*\*\*\*

## **2] STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

### **a) Terms of Reference -**

1. To resolve the grievances of the security holders 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 various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

\*\*\*\*\*

## **3] NOMINATION AND REMUNERATION COMMITTEE:**

### **a) Terms of Reference -**

1. To 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 to specify the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors to be carried out by the Board, by the Committee or by an independent external agency and review its implementation and compliance;
2. To 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;

While formulating the policy, to ensure that -

- 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;

- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - 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;
3. 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, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    - a. Use 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
  4. To take into account financial position of the company, trend in the industry, appointee's qualifications, experience, past performance, past remuneration, etc., and bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders while approving the remuneration payable to managing director, whole time director or manager;
  5. To lay down / formulate the evaluation criteria for performance evaluation of independent directors and the Board;
  6. To devise a policy on Board diversity;
  7. To recommend to board, 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;
  8. To review and approve the remuneration and change in remuneration payable to whole-time director(s);
  9. Whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors
  10. To recommend the board, all remuneration, in whatever form, payable to senior management

To act as the Compensation Committee under SEBI (Share Based Employee Benefits) Regulations, 2014 (including amendment thereof) for Bajaj Auto Employee Stock Option Scheme 2019; and

\*\*\*\*\*

#### **4] RISK MANAGEMENT COMMITTEE:**

##### **a) Terms of Reference -**

1. To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the company, in particular 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 the 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 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 keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer, if any, shall be subject to review by the risk management committee

The risk management committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

Performing such other functions as may be necessary or appropriate for the performance of its oversight function.

\*\*\*\*\*