

BOARD COMMITTEES

Currently, the Board has 5 (five) Committees namely (1) Audit Committee (2) Nomination and Remuneration Committee (3) Stakeholders' Relationship Committee (4) Corporate Social Responsibility Committee and (5) Banking Transaction Committee (Non Statutory Committee).

1. AUDIT COMMITTEE:

The Audit Committee assists the Board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of Audit Committee covers all matters specified in SEBI (LODR) Regulations, 2015 and also those specified in section 177 of Companies Act, 2013. The terms of reference broadly include:

- ◆ Review of internal Audit Reports and action taken reports.
- ◆ Assessment of the efficiency of internal control systems/financial reporting systems and reviewing the efficiency of the financial policies and the practices followed by the company.
- ◆ Review of the compliance with the legal and Statutory requirements, the quarterly and annual financial statement and related party transactions and report its findings to the Board.
- ◆ Recommendations of the appointment of the Internal Auditor, Statutory Auditor and Cost auditor.
- ◆ Noting of any default in the payments to creditors and shareholders.
- ◆ Such other matters as may be specifically referred to it by the Board.

The Audit Committee comprises of the following Directors:

Sl. No.	Name of the Member	Category
1.	Mr. H S Venkatesh, Chairman	Independent Director
2.	Ms. Nicola Neeladri, Member	Independent Director
3.	Mr. Jatish Sheth , Member	Independent Director

- ◆ All the members of Audit Committee are financially literate and have relevant finance/audit exposure.
- ◆ The Company Secretary acts as the Secretary to the Committee.
- ◆ The composition of the Audit Committee is as per the SEBI (LODR) Regulations, 2015.

Role of the Audit Committee and review of information by Audit Committee:

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

- (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:
 - (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 utilization 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 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) the committee shall review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

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; management letters / letters of internal control weaknesses issued by the statutory auditors;
- (3) internal audit reports relating to internal control weaknesses; and
- (4) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (5) 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).

2. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee functions as per the provisions of Section 178 of the Companies Act, 2013.

2.1 Brief description of terms of reference:

- To guide the Board in relation to appointment and removal of the Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.

2.2 The Nomination and Remuneration Committee comprises of the following Directors:

Sl. No.	Name of the Member	Category
1.	Mr. H S Venkatesh, Chairman	Independent Director
2.	Ms. Nicola Neeladri, Member	Independent Director
3.	Mr. Jatish Sheth, Member	Independent Director

2.3 Role of Nomination and Remuneration Committee:

(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.

3. STAKE HOLDER'S RELATIONSHIP COMMITTEE:

3.1 The Committee consists of the following members of the Board:

Sl. No.	Name of the Member	Category
1.	Mr. H S Venkatesh, Chairman	Independent Director
2.	Ms. Nicola Neeladri, Member	Independent Director
3.	Mr. Shailesh Siroya, Member	Executive Director
4.	Mr. Jatish Sheth, Member	Independent Director

3.2 The Committee shall meet at least once in a year.

3.3 Name and designation of the Compliance Officer: Mr. Abdul Basith

3.4 Role of Stakeholders Relationship Committee:

- (1) Resolving 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) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) 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.

4. CORPORATE SOCIAL RESPONSIBILITY:

The Committee consists of the following member of the Board:

Sl. No.	Name of the Member	Category
1.	Mr. H S Venkatesh, Chairman	Independent Director
2.	Mr. Shailesh Siroya, Member	Executive Director
3.	Mr. Jatish Sheth, Member	Independent Director

The Committee has formulated a Corporate Social Responsibility (CSR) Policy and the Board has approved the Policy for its implementation. The CSR Policy may be accessed from our website i.e., www.balpharma.com.

5. BANKING TRANSACTIONS COMMITTEE.

Considering the size and the continuous growth of both the Company and its banking transactions, a Sub-Committee of Board, named as Banking Transactions Committee was constituted on 30th April, 2006 for approving specific banking transactions, annexed below:

- a) To review periodically the banking transactions of the Company;
 - b) To open new bank accounts for the business purposes of the Company, wherever required;
 - c) To close bank accounts of the Company, where required
 - d) To change signatories to the bank accounts of the Company, where required;
 - e) To borrow funds from various Banks and financial institutions, within the limits prescribed towards working capital and for purchase of movable and immovable assets and to create charge of these assets. The Committee comprises of Mr. Shailesh Siroya, Managing Director, Mr.V Himesh , Whole Time Director and Mr. Kotian CD, Whole Time Director.
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