

The Company is managed by the Board of Directors which formulates strategies, policies and reviews its performance periodically. The Chairman of the Board is Chairman and Managing Director. Company has several committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

## **COMMITTEES OF THE BOARD**

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to focus on specific areas and make informed decisions within the authority delegated. As a part of good governance practice, the Committees of the Company are constituted under the formal approval of the Board and appointment of members and fixing of terms of reference/role of the Committees done by the Board of Directors. The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Company has established following committees, namely:

1. Audit Committee
2. Nomination and Remuneration Committee
3. CSR&SD Committee
4. Strategy Formulation & Investment Committee

### **Audit Committee**

Audit Committee at the Board level is one of the main pillars of Corporate Governance mechanism of the Company. Audit Committee aims to enhance the confidence in the

integrity of Company's financial reporting, Internal control processes and act as a link between the Auditors and Board of Directors.

**Audit Committee reviews the following matters:**

The terms of reference of the Audit Committee includes:

- i) 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 parties;
- v) Scrutiny of inter-corporate loans and investments;
- vi) Valuation of undertakings or assets of the Company, where it is necessary;
- vii) Evaluation of internal financial controls and risk management systems;
- viii) and Monitoring the end use of funds raised through public offers and related matters.
- ix) 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.
- x) Recommending to the Board the fixation of audit fees.
- xi) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

- xii) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms 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 legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
- xiii) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- xiv) Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.
- xv) 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.

- xvi) Discussion with internal auditors and/or auditors on any significant findings and follow up thereon.
- xvii) Reviewing the findings of any internal investigations by the internal auditors/agencies 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.
- xviii) 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.
- xix) 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.
- xx) To review the functioning of the Whistle Blower Mechanism.
- xxi) To review the follow up action on the audit observations of the C& A G audit.
- xxii) To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
- xxiii) Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- xxiv) Review all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.
- xxv) Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.

xxvi) Consider and review the following with the independent audit or and the management:

- The adequacy of internal controls including computerized informationsystem controls and security,and
- Related findings and recommendations of the independent auditor andinternal auditor, together with the management responses.

xxvii) Consider and review the following with the management, internal auditor and the independent auditor:

- Significant findings during the year, including the status of previous audit recommendations
- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

xxviii) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The scope and terms of reference of the Committee was enlarged by including the matters specified in Section 178 of the Companies Act, 2013.

### **Corporate Social Responsibility & Sustainable Development Committee**

HLL Lifecare Ltd. is socially committed to helping people enrich their lives in every way possible. The Corporate Social Responsibility & Sustainable Development (CSR&SD) policy of HLL is to 'be a socially responsible corporate entity with thrust on three pillars of sustainable development – Social, Environmental and Economical', helping many activities grow into consistently successful entities of their own.

The terms of reference of the CSR Committee are as per the provisions of the Companies Act, 2013. The following are the scope/terms of reference of the CSR & SD Committee:

- a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company.
- b) Recommend the amount of expenditure to be incurred on the above activities
- c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

### **Strategy Formulation and Investment Committee**

The terms of reference of the Committee includes the following

- i) Develop long-term strategies and policies for the company.
- ii) Assessment of HLL's internal and external business environment.
- iii) Develop a strategic management process for achieving company's annual business targets.
- iv) Assess and approve for implementation projects that are supportive of goals and plans of HLL as outlined in the Vision 2020 Plan.
- v) Plan periodic senior leadership meetings with a strategic agenda.
- vi) Provide guidance for effective functioning of the strategic management department in the Company.
- vii) Assist the Board of directors in monitoring and evaluation of projects by identifying implementation problems or outstanding performance through project exception reports.
- viii) Monitor and evaluate financial and physical performance of all projects.
- ix) Recommend investment / project proposals to the Board.