

## **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 full time directors and independent directors on the Board.

## **Composition**

Against the sanctioned strength of sixteen Directors, the Board had 15 directors comprising of five full time directors, two non-executive official directors and eight non-executive non-official (independent) directors as on 31<sup>st</sup> March, 2013.

## **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.

## **Board Committees**

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

- a. Audit Committee (also entrusted with the responsibilities of Shareholders/Investors Grievance Committee)
- b. Human Resources Committee
- c. Remuneration Committee
- d. Technology Committee
- e. Committee of Directors for consideration of unaudited results
- f. Ethics & Corporate Governance Committee
- g. Risk Management Committee
- h. CSR & Sustainability Development Committee
- i. Committee of Directors for Projects and New Ventures

## **Audit Committee**

The role of the Audit Committee inter-alia includes 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. Approval of payment to statutory auditors for any other services rendered by them.
3. 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 clause (2AA) of Section 217 of the Companies Act, 1956.
  - 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. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
5. 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.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. 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.
8. Discussion with internal auditors any significant findings and follow-up there on.
9. 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.
10. 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.
11. 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.
12. To review the functioning of the Whistle Blower mechanism.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice, subject to the approval of Board of Directors.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To protect whistler blowers.

The Audit Committee's functions also include the following:

1. To check whether controls are adequate commensurate with size of the operations.
2. To study the areas where income can be increased and the areas where cost can be reduced.
3. Management Information System on each of the above areas.

### **Shareholders/Investors Grievance Committee**

The Audit Committee is assigned with the responsibilities of Shareholders/Investors Grievance Committee. The Committee looks into redressal of shareholders'/investors' complaints/grievances pertaining to share transfers/transmissions, non-receipt of dividend/Annual Reports, issue of duplicate share certificates, rematerialization/dematerialization of shares, change in address, bank particulars and other miscellaneous complaints.

## **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.

## **Remuneration Committee**

Remuneration Committee has been constituted as per the provisions in DPE guidelines to decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits.

## **Remuneration of Directors**

### **(a) Whole-time Directors**

Being a public sector enterprise, appointment, tenure and remuneration of the Chairman-cum-Managing Director and other whole time directors are decided by the President of India.

### **(b) Part-time Non-official (Independent) Directors**

Sitting fees is payable to the Independent Directors as per the ceiling prescribed under the Companies Act, 1956. Presently, sitting fees of ₹ 20,000/- for each meeting of the Board/Committee meetings is being paid to each of the Independent Directors.

### **(c) Part-time official Directors**

No remuneration was paid to the part-time official directors.

There is no provision for payment of severance fees to any category of Directors.

## **Technology Committee**

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.

## **Committee of Directors for consideration of unaudited financial results**

The Committee considers and takes on record, the quarterly Financial Results of the Company in terms of Clause 41(II) of the Listing Agreement, when it is not convenient to call a Board meeting. The minutes of the Committee are placed in the subsequent Board meetings for information.

## **Ethics & Corporate Governance Committee**

The terms of reference of the Committee include:

- (i) Practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary.
- (ii) Provision of correct inputs to the media so as to preserve and protect the Company's image and standing.
- (iii) Dissemination of factually correct information to the investors, institutions and public at large.
- (iv) Interaction with existing and prospective FIs and rating agencies, etc.
- (v) Establishing oversight on important corporate communication on behalf of the Company with the assistance of consultants / advisors, if necessary.
- (vi) Institution of standardized channels of internal communications across the Company to facilitate a high level of disciplined participation.
- (vii) Compliance of the following, formulated in terms of SEBI & DPE guidelines:
  - a) Code of Conduct for Senior Management
  - b) Insider Trading Regulations
  - c) Related Party transactions
  - d) Vigilance Related issues
  - e) Whistle Blower Policy

### **Risk Management Committee**

The terms of reference include:

- Assisting the Board of Directors in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks.
- 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.

### **CSR & Sustainability Development Committee**

The terms of reference include:

- i) Overseeing peripheral development activities being undertaken by the Company through the respective Rehabilitation and Periphery Development Advisory Committees (RPDAC) and proposed to be taken under proposed MMDR Bill.
- ii) Nalco Foundation.
- iii) Environment Protection & Pollution controls.

## **Committee of Directors for Projects and New Ventures**

The terms of reference of the Committee include:

- 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 ` 10 crore each.
- c) Review the status of capital projects, costing over ` 100 crores each.

## **Other Committees**

Beside the above designated Committees constituted by the Board, there are few other Committees comprising of internal directors for specific purposes. Those committees are;

- a. Investment Committee
- b. Committee of Directors for Sales
- c. Committee of Directors for Procurements
- d. Share Transfer Committee

All functional directors including Chairman-cum-Managing Director are members of these Committees except Share Transfer Committee where CMD is not a member.

These Committees take care of certain regular activities within the scope approved by the Board.

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