

## **6. Terms of reference of the Committee**

- a) The Committee shall review and approve the Enterprise Risk Management Framework / Risk management plan / Policy of the Company at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- b) The Committee shall periodically review the risk management processes and practices of the Company and ensure that appropriate methodology processes and systems are in place to monitor and evaluate risks and to achieve prudent balance between risk and reward in both ongoing and new business activities.
- c) The Committee shall monitor and oversee implementation of Risk Management Policy, including evaluating the adequacy of risk management systems.
- d) The Committee shall inform Board of Directors about the nature and content of its discussions, recommendations & actions to be taken.
- e) The 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.
- f) The Committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives and ongoing activities such as business continuity planning).
- g) The Committee shall evaluate risks related to cyber security and ensure appropriate procedures are in place to mitigate these risks.
- h) The Committee may form and delegate authority to subcommittees when appropriate.
- i) The Committee shall review and reassess the adequacy of this charter / terms of reference periodically and recommend any proposed changes to the Board for approval.
- j) The Committee shall have access to any internal information necessary to fulfill its oversight role.
- k) The Committee shall have power to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- l) The Board may review the performance of the Committee periodically.

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# NOVARTIS INDIA LIMITED

## AUDIT COMMITTEE

### “Terms of Reference”

#### 1. Applicability

As per Section 177 of the Companies Act 2013 (“the Act”) read with Rules framed thereunder and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the SEBI Listing Regulations”), every listed entity shall constitute a qualified and independent Audit Committee of the Board (“the Committee”) to specifically look into various aspects of interest of shareholders, debenture holders and other security holders, as specified under the Act and Rules framed thereunder, including the SEBI Listing Regulations .

#### 2. Constitution of the Committee

- 2.1. The Committee shall consist of a minimum 3 Directors as members, including two thirds of members being Independent Directors.
- 2.2. In case of a listed entity having outstanding SR equity shares, the Committee shall only comprise of Independent Directors.
- 2.3 All members of the Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- 2.4 The Committee, at its discretion, shall invite Head of the Finance function, Head of business, Internal auditor and a representative of the statutory auditor and any other such executives to be present at the meetings of the Committee, provided that occasionally the Committee may meet without the presence of any executives of the listed entity.

#### 3. Meeting and Quorum of the Committee

- 3.1 The Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.
- 3.2 The quorum for holding the meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one member of the Board of Directors in attendance.
- 3.3 The meetings of the Committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

#### 4. Chairperson of the Committee

- 4.1 The chairperson of the Committee shall be an Independent Director and shall be present at Annual General Meeting to answer shareholder queries.

## **5. Secretary of the Committee**

5.1 The Company Secretary shall act as the secretary to the Committee.

## **6. Role of the Committee**

6.1 Oversight the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

6.2 Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity.

6.3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

6.4 Review, 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;

6.5 Review, with the management, the quarterly financial statements before submission to the Board for approval.

6.6 Review, 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.

6.7 Review and monitor the auditor's independence and performance, and effectiveness of audit process.

6.8 Approval or any subsequent modification of transactions of the listed entity with related parties.

6.9 Scrutiny of inter-corporate loans and investments.

6.10 Valuation of undertakings or assets of the listed entity, wherever it is necessary.

- 6.11 Evaluation of internal financial controls and risk management systems.
- 6.12 Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 6.13 Review 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.
- 6.14 Discussion with internal auditors of any significant findings and follow up there on.
- 6.15 Review 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.
- 6.16 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.
- 6.17 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.
- 6.18 Review the functioning of the whistle blower mechanism.
- 6.19 Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
- 6.20 Carry out any other function as is mentioned in the terms of reference of the Committee.
- 6.21 Review 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.
- 6.22 Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

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# NOVARTIS INDIA LIMITED

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### “Terms of Reference”

#### 1. Applicability

As per Section 135 of the Companies Act 2013 (“the Act”) read with Rules framed thereunder, every entity having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute the Corporate Social Responsibility Committee (“the Committee”).

#### 2. Constitution of the Committee

2.1. The Committee shall consist of a minimum 3 Directors, at least one being Independent Director, shall be members of the Committee.

#### 3. Meeting and Quorum of the Committee

3.1 The Committee shall meet at least twice a financial year or more, if necessary.

3.2 The quorum for holding the meeting of the Committee shall be two members.

#### 4. Role of the Committee

4.1. Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the entity in areas or subject, specified in Schedule VII of the Act.

4.2. Recommend the amount of expenditure to be incurred on the activities referred to in point 3.1.

4.3. Review the CSR Policy of the Company from time to time.

4.4. To receive reports and review activities executed by the CSR team

4.5. To consider and propose an Annual Budget for CSR activities to the Board for approval as part of the overall budget process

4.6. To consider and review the Annual Corporate CSR Report and ensure that it is a fair reflection of the Company’s CSR approach, policies, systems and performance and is coherent and published in a timely manner

- 4.7. To review the CSR programme of the Company and ensure that the internal CSR function is adequately resourced and has appropriate standing within the Company
- 4.8. To retain / hire outside consultants, if required; and
- 4.9. To consider other matters as specified by the Board.

The CSR Committee shall have the authority to investigate any matter within its terms of reference (and shall have the resources which it needs to do so) and to seek any information it requires from any officer or employee and such officers or employees respond to such enquiries in a timely manner and to co-operate with the CSR Committee.

The CSR Committee is authorised to take such independent professional advice (including legal advice) and to secure the attendance of outsiders with relevant expertise or experience as it considers necessary.

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# NOVARTIS INDIA LIMITED

## NOMINATION AND REMUNERATION COMMITTEE

### “Terms of Reference”

#### 1. Applicability

As per Section 178 of the Companies Act 2013 (“the Act”) read with Rules framed thereunder and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the SEBI Listing Regulations”), every listed entity shall constitute the Nomination and Remuneration Committee (“the Committee”).

#### 2. Constitution of the Committee

- 2.1. The Committee shall consist of minimum 3 members being Non-Executive Directors, at least two third of them shall be Independent Directors.
- 2.2. In case of a listed entity having outstanding SR equity shares, at least two thirds of the Committee shall comprise Independent Directors.

#### 3. Meeting and Quorum of the Committee

- 3.1 The Committee shall meet at least once in a year.
- 3.2 The quorum for holding the meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one Independent Director in attendance.

#### 4. Chairperson of the Committee

- 4.1 The Chairperson of the Committee shall be an Independent Director.  
Provided that the Chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.
- 4.2. The Chairperson of the Committee may be present at the Annual General Meeting, to answer the shareholders' queries; however, it shall be up to the Chairperson to decide who shall answer the queries.

## **5. Role of the Committee**

- 5.1 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.
- 5.2 Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- 5.3 Devise a policy on diversity of Board of Directors;
- 5.4 Identify 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.
- 5.5 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.
- 5.6 Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

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# NOVARTIS INDIA LIMITED

## STAKEHOLDERS RELATIONSHIP COMMITTEE

### “Terms of Reference”

#### 1. Applicability

As per Section 178 of the Companies Act 2013 (“the Act”) read with Rules framed thereunder and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the SEBI Listing Regulations”), the entity which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee (“the Committee”) to specifically look into various aspects of interest of shareholders, debenture holders and other security holders.

#### 2. Constitution of the Committee

- 2.1. The Committee shall consist of a minimum 3 Directors, at least one being Independent Director, shall be members of the Committee.
- 2.2. In case of a listed entity having outstanding SR equity shares, at least two thirds of the Committee shall comprise Independent Directors.
- 2.3. The Chairperson of the Committee shall be Non-Executive Director.

#### 3. Meeting and Quorum of the Committee

- 3.1. The Committee shall meet at least once in a year.
- 3.2. The quorum for holding the meeting of the Committee shall be either two members or one third of the members of the Committee, whichever is higher.

#### 4. Chairperson of the Committee

- 4.1. The Chairperson of the Stakeholders Relationship Committee shall be present at the Annual General Meetings to answer queries of the security holders.

#### 5. Terms of reference of the Committee

- 5.1. Resolving the grievances of the security holders of the listed entity, 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.
- 5.2. Review of measures taken for effective exercise of voting rights by shareholders.
- 5.3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 5.4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.