



XOLOPAK INDIA LIMITED

POLICY ON COMPOSITION, POWERS, AND DUTIES OF BOARD COMMITTEES

1. Purpose and Scope

- **Legal Compliance:** This policy governs the mandatory constitution, composition, quorum, powers, and duties of the committees of the Board of Directors under the applicable laws.
- **Statutory Framework:** It is framed in accordance with the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
- **Applicability Threshold:** Having a paid-up share capital of ₹10 Crore, the Company is mandatorily required to maintain an Audit Committee and a Nomination and Remuneration Committee (NRC).

2. Audit Committee

A. Composition, Meetings, and Quorum

- **Minimum Size:** The Committee must comprise a minimum of three (3) Directors.
- **Independent Director Majority:** Independent directors must form a majority of the total membership.
- **Financial Literacy:** All members, including the Chairperson, must possess the ability to read and understand financial statements.
- **Committee Chair:** The Board shall appoint an Independent Director to act as the Chairperson of the Committee.
- **Meetings:** The Audit Committee must meet as and when required.
- **Quorum:** The quorum is two (2) members or one-third of the total strength, whichever is greater, subject to a minimum of two members present.

B. Powers of the Audit Committee

The Audit Committee is vested with the following absolute powers:

1. **Investigate Activities:** Investigate any activity within its terms of reference or any matter referred to it by the Board.
2. **Access Information:** Seek full and unrestricted information from any employee, director, or key managerial personnel (KMP) of the Company.
3. **External Advice:** Obtain external professional legal, accounting, or other independent advice whenever necessary.
4. **Attendance Control:** Invite statutory auditors, internal auditors, or management personnel to attend meetings as and when required.

5. **Secure Cooperation:** Secure the attendance of outsiders with relevant expertise if it considers this necessary.

C. Duties of the Audit Committee

The Audit Committee shall execute the following statutory duties:

1. **Auditor Oversight:** Recommend the appointment, reappointment, remuneration, and terms of engagement of statutory, cost, and internal auditors.
2. **Independence Check:** Review and monitor the statutory auditor's independence, objectivity, and effectiveness of the audit process.
3. **Financial Review:** Examine the annual and quarterly financial statements and the auditors' report before submission to the Board.
4. **Related Party Transactions:** Approve, modify, or grant omnibus approvals for any transactions of the Company with related parties.
5. **Asset Valuation:** Undertake or oversee valuations of undertakings, shares, or assets of the company whenever necessary.
6. **Internal Controls:** Evaluate internal financial controls, statutory compliance systems, and corporate risk management systems.
7. **Vigil Mechanism:** Oversee the establishment and functioning of the Whistleblower / Vigil Mechanism, ensuring direct access to the Audit Committee Chair in exceptional cases.
8. **Fund Monitoring:** Monitor the end-use of funds raised through public offers or placements, if applicable.

3. Nomination and Remuneration Committee (NRC)

A. Composition, Meetings, and Quorum

- **Minimum Size:** The Committee must comprise a minimum of three (3) directors.
- **Director Status:** All members must be Non-Executive Directors.
- **Independent Representation:** At least fifty percent (50%) of the committee members must be Independent Directors.
- **Committee Chair:** The Board shall appoint an Independent Director as the Chairperson.
- **Board Chair Restriction:** The Chairperson of the Company may be a member but shall not chair the NRC.

- **Meetings and Quorum:** The Committee can meet as and when required. The quorum is two (2) members or one-third of the total strength, whichever is greater.

B. Powers of the Nomination and Remuneration Committee (NRC)

The NRC is vested with the following operational powers:

1. **Request Data:** To call for any records, employment contracts, performance appraisals, and salary benchmarks from the Human Resources department.
2. **Engage Consultants:** To appoint independent compensation consultants or executive search firms to assist in identifying candidates or benchmarking pay scales.
3. **Formulate Criteria:** To establish binding frameworks for identifying individuals eligible to become directors or senior management.
4. **Call Meetings:** To convene formal meetings whenever appointments, promotions, or structural pay revisions are required.

C. Duties of the Nomination and Remuneration Committee (NRC)

The NRC shall execute the following statutory duties:

1. **Identify Talent:** Identify individuals who are qualified to become directors or can be appointed to senior management positions.
2. **Recommend Board Changes:** Recommend to the Board of Directors the appointment, extension, or removal of directors and senior management personnel.
3. **Formulate Attributes:** Formulate the criteria for determining qualifications, positive attributes, and independence of a director.
4. **Draft Remuneration Policy:** Recommend to the Board a policy relating to the remuneration for directors, key managerial personnel, and other employees.
5. **Performance Evaluation:** Carry out a formal and documented annual evaluation of every director's performance, as well as the performance of the Board as a whole.
6. **Ensure Balance:** Ensure that the level and composition of remuneration is reasonable, sufficient to attract/retain talent, and maintains a clear relationship between performance and incentive benchmarks.

4. Administrative Guidelines

A. Secretarial Support

- The Company Secretary (CS) serves as the official Secretary to both committees, managing agendas, notices, and legal compliance filings.

B. Reporting Structure

- Both committees must report their findings, decisions, and recommendations directly to the Board at subsequent Board meetings. Minutes of all committee meetings must be tabled before the Board for formal adoption.

C. Policy Review

- The Board shall review this policy annually to ensure continuous alignment with amendments to the Companies Act, 2013.
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