

A Table on Composition of Committees under Companies Act, 2013 and SEBI (LODR) Regulations, 2015

	<b>Composition</b>	<b>Independent Directors</b>	<b>Chairperson</b>	<b>Others</b>
<b>Audit Committee</b>	Minimum 3 Directors as members	2/3 <sup>rd</sup> should be Independent Directors or Majority of the members should be Independent Director	Chairperson of the Audit Committee will be Independent Director	The Chairperson and other members must have ability to read and understand Financial Statements
<b>Nomination and Remuneration Committee</b>	Minimum 3 Directors all are Non-Executive	Half of the members should be Independent Directors	Chairperson of the NRC will be Independent Director	Chairperson of the Company(Executive or Non-executive) can be appointed as member of the Committee but cannot chair the committee
<b>Stakeholder Relationship Committee</b>	As decided by the Board of Directors	-	Chairperson of the SRC will be Non-Executive Director	
<b>Corporate Social Responsibility Committee</b>	Minimum 3 Directors as members	At least 1 should be Independent Director	Any member of the committee can become the chairman of the CSR Committee	
<b>Risk Management Committee</b>	Members of the Board and Senior executives of the listed entity can be members	-	Chairperson shall be a member of the Board	Majority of the members must be from the Board

**GEM CABLE CASE**

	<b>Name</b>	<b>Category</b>	<b>Nature</b>	<b>Management</b>	<b>Audit Committee</b>	<b>Nomination and Remuneration Committee</b>	<b>Stakeholder Relationship Committee</b>
1.	Kamesh Y	Promoter Director	Executive	Chairman	Member	--	Chairperson
2.	KVS Rao	Promoter Director	Non Executive	Member	--	--	Member
3.	Y.Malla Reddy	Independent Director	Non Executive	--	Member	Chairperson	--
4.	V. Geetha	Independent Director	Non Executive	Member	Chairperson	Member	--

## **Conclusions –**

### **AUDIT COMMITTEE:**

- Minimum 3 Directors
- Majority are Independent Director or 2/3<sup>rd</sup> are Independent Director
- Independent Director is the Chairperson

**Therefore, Gem Cables has complied with the composition of Audit Committee** as per Section – 177 of Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **NOMINATION AND REMUNERATION COMMITTEE:**

- The committee should consist of minimum 3 directors, but there are only two directors
- ½ of the members should be Independent Director
- Independent Director is the Chairperson

**Therefore, Gem Cables has not complied** with Section – 178 of Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

***Solution: Mr. Kamesh, Chairperson of the Company, can be appointed as a member of the Nomination and Remuneration Committee***

### **STAKEHOLDER RELATIONSHIP COMMITTEE:**

- The Committee should consist of such number members as decided by board
- It is not Mandatory to have an Independent Director in the Committee
- The Chairperson Shall be Non-Executive

**Therefore, Gem Cables has not complied** with the provisions of section – 178(5) of Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

***Solution: Since Mr. Kamesh is an Executive Director, he cannot act as chairman of this Committee. A Non-Executive Director should be appointed as the Chairman.***

### **RISK MANAGEMENT COMMITTEE:**

- Majority members are the members of the Board
- Chairperson shall be a member of the Board

**Therefore, Gem Cables has complied** with the Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**CSR COMMITTEE:**

- Minimum 3 Directors
- Atleast 1(one) Independent Director shall be a member
- Any member of the Committee can become the the Chairperson

**The Company has to constitute a CSR committee.**

***Solution: The Company can take the same Composition as that of Risk Management Committee since all the above are complied with in the composition of Risk Management Committee.***