

Terms & Reference of the Committees of the Board of NTPC

(A) STATUTORY COMMITTEES:

(i) AUDIT COMMITTEE:

The scope of the Audit Committee is in line with the Companies Act, 2013, provisions of the SEBI (Listing Obligations and Disclosure Requirements) Requirements, 2015 and Guidelines on Corporate Governance as issued by Department of Public Enterprises, Govt. of India.

Scope of Audit Committee:

1. Before commencement of Audit, discussion with the auditors about the nature and scope of audit; and after the completion of Audit, deliberation on area of concern.
2. Provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors.
3. Approval or any subsequent modification of transactions of the company with related parties.
4. Scrutiny of inter-corporate loans and investments.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the annual financial statements and draft 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 related party transactions;
 - g. Qualifications in the draft audit report.
7. Noting the appointment and removal of independent auditors. Recommending audit fee of independent auditors and also approval for payment for any other service.
8. Recommending to the Board the appointment and remuneration of the cost auditors of the Company.
9. Review of observations of C&AG including status of Government Audit paras.
10. Reviewing with the management, statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), statement of funds utilised for purposes other than those stated in the offer documents/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.
11. Valuation of undertakings or assets of the company, wherever it is necessary.
12. Evaluation of internal financial controls and risk management systems.
13. 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.
14. To review the functioning of the Whistle Blower mechanism.

15. 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.
16. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
17. Review of:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Management letters/ letters of internal control weaknesses; issued by the statutory auditors
 - c. Internal Audit Reports relating to internal control weaknesses.
18. 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.
19. 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.
20. 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.
21. Consider and review the following with the independent auditor and the management:
 1. The adequacy of internal controls including computerized information system controls and security, and
 2. Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
22. Consider and review the following with the management, internal auditor and the independent auditor:
 - a. Significant findings during the year, including the status of previous audit recommendations.
 - b. Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
23. Review of appointment and removal of the Chief Internal Auditor.
24. Reviewing, with the management, the performance of the internal auditors and of the independent auditors and effectiveness of the audit process.
25. Review of internal audit observations outstanding for more than two years.
26. Reviewing 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.
27. To review compliance with the provisions of SEBI Insider Trading Regulations at least once in a financial year.
28. To verify that the systems for internal control are adequate and are operating effectively.
29. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
30. Any matter referred to it by the Board or any other terms of reference as amended by the Companies Act, 2013 & rules made thereunder, the Listing Regulations, 2015 and Guidelines issued by DPE.

(ii) CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY COMMITTEE:

The Scope of CSR Committee is in line with the Companies Act, 2013 and DPE guidelines on Corporate Social Responsibility and Sustainability (SD) for CPSE is as under:

1. To formulate and recommend to the Board, Corporate Social Responsibility Policy as per Schedule VII of the Companies Act, 2013 as amended from time to time;
2. To recommend the amount of expenditure to be incurred on the activities specified in the CSR Policy;
3. To monitor the Corporate Social Responsibility Policy of the company from time to time; and any other matter as the Board may delegate from time to time.

(iii) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Terms of reference of Stakeholders' Relationship Committee is as under:

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.
2. Review of measures taken for effective exercise of voting rights by shareholders.
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.
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.

(iv) RISK MANAGEMENT COMMITTEE:

The role of Risk Management Committee shall include the following:

1. To formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG-related risks), information, cyber security risks or any other risk as may be determined by the Committee
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
3. To monitor and oversee the implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken.
6. The Risk Management 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.

7. Risk Identification, measurement, mitigation and control for foreign currencies exposure undertaken; and recommending a comprehensive amendment in the Exchange Risk Management Policy to the Board. Till the time of amendment in ERM Policy, existing ERM Policy shall remain in force with the amendment that wherever Committee of Directors for Exchange Risk Management is appearing under the ERM Policy, shall be replaced by Risk Management Committee.
8. Supervising legal matters and giving guidance regarding handling of legal matters (for cases above Rs.50 Crore related to Taxation matters and above Rs.100 Crore. for other matters).
9. RMC shall have powers 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.

(v) NOMINATION AND REMUNERATION COMMITTEE INCLUDING PRP:

Terms of Reference of the Nomination and Remuneration Committee including PRP shall be as under:

1. Decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed limits.
2. 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.
3. Formulation of criteria for evaluation of performance of independent directors and the board of directors.
4. Devising a policy on diversity of board of directors.
5. Identifying 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.
6. 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.
7. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

(vi) STANDING COMMITTEE FOR ESG, CLIMATE CHANGE AND COMPLIANCES ON GOVERNMENT DIRECTIONS:

The Terms of Reference of the Committee shall include:

ESG & Climate Change (CC) Matters:

1. To recommend and advise the Board of Directors in relation to ESG and CC matters:
 - a. Setting NTPC's overarching strategy on alignment with national and global priorities.
 - b. Developing, implementing, and monitoring initiatives and policies in line with evolving regulatory and stakeholder expectations.
 - c. Overseeing internal and external communications with employees, investors, and other stakeholders of the Company.
 - d. Monitor the ESG activities of the Company as per the approved budget and suggest measures for improvement in implementation.
 - e. Anticipating developments relating to and improving the Company's understanding of ESG & CC Matters.

2. To review and recommend the Business Responsibility and Sustainability Report or other reports as required by SEBI or other authorities to the Board for approval.

Compliances on Government Directions:

1. Ensuring wholesome compliance with the rules and regulations of the Government of India along with the directions and guidelines issued expressed the priorities of the Government.
2. To look into issues like compliance with make In India norms, GEM related directions and directive related to various National Mission like Swachh Bharat Mission etc.
3. To monitor compliance with rules and regulations issued by the Govt. of India from time to time

(B) OTHER COMMITTEES:

(i) PROJECTS & OPERATIONS SUB-COMMITTEE:

This Committee examines and makes recommendations to the Board on the following matters:

A. NEW PROJECT / EXPANSION

- (i) Recommendations to the Board for the following:
 - a) Proposals for investment in New / Expansion projects and feasibility reports of new projects.
 - b) Construction Budget
 - c) Operational and Maintenance Budget
- (ii) Review of project implementation and significant deviations from standard performance parameters.
- (iii) Review of actual expenditure versus budget estimate (Construction and Operation & Maintenance) approved by the Board
- (iv) Review of management control systems and suggestion for improvement of the same.
- (v) Review and approval of manuals / criteria for various systems of the organisation from time to time.

B. BUSINESS DEVELOPMENT

- (i) To provide support or investment in Start-ups for bringing innovative solutions to the problems/challenges faced by NTPC across various streams of its Business including green technology demonstration projects subject to maximum of Rs.350 Crore in aggregate.
- (ii) Progress Report on half yearly basis for utilization of Business Development Fund be placed for information of the Board.

C. FUEL MANAGEMENT

- (i) Review of Tender Committee proposals for development and operation of coal blocks.
- (ii) To review availability of fuel at NTPC Stations and to recommend measures of improvement in this regard.
- (iii) To examine proposals for appointment of MDO, review of availability of fuel at NTPC Stations and to recommend measures for improvement etc.

(ii) ACQUISITION AND DEVIATION COMMITTEE:

The Terms of Reference of the Committee shall include:

A. ACQUISITION

1. To explore possibilities of acquisition of power projects under NCLT process or through other route subject to being value accretive.
2. To guide the process of acquisition of power assets / companies and to make recommendation to the Board.
3. To approve the due-diligence & valuation reports for the participation of NTPC for the propose acquisition of power assets / companies
4. To take go/no decision for participation of NTPC for the proposed acquisition of power assets/ companies.
5. To recommend the valuation range for the participation of NTPC for proposed acquisition of power assets/companies.

B. DEVIATION

To consider the proposals having Financial Implication beyond provisions of the Contract and recommend to the Board.

(iii) POST ALLOTMENT COMMITTEE:

The Terms of Reference of the Committee shall include:

1. To approve allotment, issue of Certificate(s)/ Letter of allotment(s), transfer, transmission, rematerialisation, issue of duplicate certificate(s), consolidation/ split and other post allotment activities of NTPC's domestic and foreign Securities.
