

CADILA PHARMACEUTICALS LIMITED

CHARTER OF FINANCE AND AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Finance and Audit Committee's mandate is to help the Board:

- to decide short term (1 to 2 years) financial strategies and recommend necessary steps for improvement and strengthening financial health of the company;
- to review and strengthen internal financial control systems and processes for effective utilization of resources;
- to identify and evaluate all relevant risks and formulate risk management and mitigation policy, to be reviewed periodically to cope with new risks, if any;
- to review financial statements of the company with regular periodicity and ensure that they are in accordance with prevalent laws and standards; and
- to ensure compliance of all laws applicable to the company.

ROLE OF FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee is to discuss, review and decide the following:

1. to design optimal capital structure in tune with growth aspirations of the Company;
2. to review existing capital structure and recommend steps to fine tune the same including restructuring capital and identifying sources of long term capital;
3. to evaluate yearly / half yearly basis the return on capital (current and projected) from existing allocation of capital and recommend measures including divestment plan for improving return of capital;
4. to identify ways for improving efficiency of resource allocation and utilization;
5. to review Annual Operating Budget & Annual Capital Budget consistent with the long-range financial plan and policies;
6. to review and approve company's long term borrowing arrangements and all major capital expenditures proposals;
7. to carry out conventional audit functions such as :
 - a) interaction with statutory and internal auditors;
 - b) evaluating and recommending appointment / reappointment of statutory auditors, cost auditors;
 - c) review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - d) deciding scope of internal audit and reviewing internal audit observations with management;
 - e) reviewing and recommending quarterly and annual audited financial statements to the board;
 - f) ensuring statutory and other compliances applicable to the company;
 - g) examination of the financial statement and the auditors' report thereon;

- h) approval or any subsequent modification of transactions of the company with related parties;
 - i) scrutiny of inter-corporate loans and investments;
 - j) valuation of undertakings or assets of the company, wherever it is necessary;
 - k) evaluation of internal financial controls and risk management systems;
 - l) monitoring the end use of funds raised through public offers and related matters.
8. to identify risks including financial risks exposures and ensure that proper guidelines and policies are in place for risk mitigation.

MEMBERS OF THE COMMITTEE

1. Shri Narendra Jhaveri, Chairman
2. Shri C.R. Shah
3. Prof. Pradip Khandwalla
4. Maj. Gen. D. N. Khurana
5. Prof. Atul Tandan

FREQUENCY OF THE MEETING

The Finance and Audit Committee should meet once in every quarter, however, not more than 120 days shall elapse between the two meetings. Further, the Committee may meet as frequently as decided by the members of the Committee from time to time.