



## **AUDIT COMMITTEE CHARTER**

## 1. Primary Objectives:

The Audit Committee acts as a link between statutory, internal, cost auditors and the Board of Directors ('Board'). It assists the Board in overseeing the integrity of the Company's financial statements, ensuring legal and regulatory compliances, reviewing the performance of external and internal auditors and monitoring the internal control systems.

#### 2. Members:

The composition of the Committee shall be as prescribed by Section 177 of the Companies Act, 2013 ('Act') and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). Regulation 18 mandates that, all Members shall have the ability to read and understand financial statements and possess accounting or related financial management expertise. An Independent Director shall be Chairman of the Committee. The Chairman shall attend the Annual General Meeting and answer shareholders queries.

## 3. Meetings:

The quorum for transacting business shall be two Members or one-third of the total Members, whichever is greater with the presence of at least two Independent Directors. The participation of Members through Video conferencing or by other audio visual means shall also be counted for the purpose of quorum. The Committee shall meet at least four times in a year and not more than 120 days shall elapse between two successive meetings. The Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, seek external, legal or other professional advice and secure the attendance of outsiders with relevant expertise, if considered necessary.

## 4. Secretary:

The Company Secretary shall act as Secretary to the Committee.

# 5. Responsibilities:

### > Accounts

- Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with the management, the annual financial statements and auditors' report thereon before submission for approval of the Board, with particular reference to:
  - a) matters required to be included in the Directors' Responsibility Statement included in the Board's Report in terms of Section 134(3)(c) of the Act;
  - b) changes, if any, in accounting policies and practices and reasons therefor;
  - **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, if any;
  - e) compliance with listing and other legal requirements relating to financial statements:
  - f) disclosure of related party transactions; and



- g) modified opinion(s) in the draft audit report, if any.
- Reviewing with the management, the quarterly unaudited financial results together with the Limited Review Reports of auditors before submission for approval of the Board.
- Reviewing financial statements of subsidiaries as also consolidated financial statements, including investments made by subsidiaries.

### Auditors

- Recommending to the Board, the appointment, remuneration and terms of appointment of auditors.
- Approving payments to statutory auditors for any other additional services rendered by them except those enumerated under Section 144 of the Act.
- Reviewing and monitoring the auditors' independence, performance and effectiveness of audit process.
- Reviewing with the management, the performance of statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, its staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audits.
- Recommending to the Board, the appointment and remuneration of Cost Auditor to conduct audit of cost records in compliance with the provisions of the Act and Rules made thereunder.

#### Finance

- Reviewing with the management, the statement of use/application of funds raised through an issue (public/rights/preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the 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.
- Scrutinising inter-corporate loans and investments.
- To look into the reasons for substantial defaults, if any, in payments to depositors, debenture holders, shareholders (for non-payment of declared dividends) and creditors:
- Reviewing utilisation of loans and/or advances from/investment in subsidiaries exceeding ₹ 1000 millions or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.



• Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

## > Related Party Transactions:

- Only Independent Directors who are Members of the Committee, shall approve related party transactions or subsequent modifications, if any.
- To ensure that all related party transactions are in the ordinary course of business, on an arm's length basis and in conformity with the provisions of the Act and Rules made thereunder as also the Listing Regulations.
- To grant omnibus approvals to transactions which are likely to be entered into by the Company with related parties other than wholly owned subsidiaries and review on a quarterly basis, details of transactions entered into by the Company pursuant to each omnibus approval.
- To ensure that no related party transaction conflicts with the interests of the Company.

## Control systems

- Evaluate internal financial controls and risk management systems.
- Discuss with internal auditors significant findings and follow-ups thereon.
- Review the findings of internal auditors and report them to the Board.
- Discuss with statutory auditors, before commencement of audit, about the nature and scope of audit as also post-audit discussion to ascertain areas of concern, if any.

### Other functions:

- Approving the appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
- Reviewing the functioning of Whistle Blower mechanism.
- Reviewing compliance with the provisions of Prohibition of Insider Trading Regulations and verifying that the systems for internal control for prohibition of insider trading are adequate and are operating effectively.
- Valuation of undertakings or assets of the Company, wherever necessary.
- Carrying out such other functions as may be delegated by the Board.