



# BHARTI HEXACOM LIMITED

## Charter Document of Audit Committee

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## 1. Purpose and Objective

As per the provisions of Section 177 of the Companies Act, 2013 ('Act') and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Company is required to constitute Audit Committee to carry out functions relating to review and recommendation of the quarterly, half-yearly and annual financial results/ statements to the Board of Directors, overseeing the internal financial controls, approval and modification of related party transaction amongst others.

The objective of this Charter of Audit Committee is to clearly document the composition, quorum, powers and roles & responsibilities of the Audit Committee of the Company by adhering to the highest corporate governance standards.

## 2. Composition

- 2.1. The Audit Committee shall have minimum three Directors as members with at least two-third of its members as Independent Directors. All members of Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- 2.2. Chairperson of the Audit Committee shall be an Independent Director.
- 2.3. Company Secretary/ Deputy Company Secretary of the Company shall act as secretary to the Audit Committee.

## 3. Meetings and Quorum

- 3.1. The Audit Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two consecutive meetings.
- 3.2. The quorum for the meeting of Audit Committee shall be two members or one third of the total members of Audit Committee, whichever is greater, subject to presence of at least two Independent Directors.
- 3.3. The Chairperson of the Audit Committee shall, after Audit Committee meeting, brief the Board on discussions and decisions at such meeting in summary form.

## 4. Roles and Responsibilities

The key roles & responsibilities of the Audit Committee shall, *inter-alia*, include the following:

### Financial Statements

- 4.1. Oversee the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are correct, sufficient and credible.



- 4.2. Review, with the management, the quarterly financial statements before submission to the Board for approval.
- 4.3. Review, with the management, the Annual Financial Statements and Auditor's Report thereon, before submission to the Board for approval, with particular reference to the following:
  - (i) matters required to be included in the Director's responsibility statement, included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (ii) changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) significant adjustments made in the financial statements arising out of audit findings;
  - (v) compliance with listing and other legal requirements relating to financial statements;
  - (vi) disclosure of any related party transactions; and
  - (vii) modified opinion(s) in the draft audit report.
- 4.4. Review of:
  - (i) management discussion and analysis of financial condition and results of operations;
  - (ii) the financial statements, in particular the investments, if any, made by unlisted subsidiary companies.

#### **Auditors and Audit**

- 4.5. Consider and recommend to the Board, the appointment (including filling of a casual vacancy), resignation or dismissal, remuneration and terms of appointment (including qualification and experience) of the Statutory Auditor, Internal Auditors/ Chief Internal Auditor, Cost Auditor and Secretarial Auditor.
- 4.6. Prior approval of non-audit services that can be provided by the Statutory Auditors and approval of payment of such non-audit services.
- 4.7. Discussion with the Statutory Auditors before the commencement of audit, about the nature and scope of audit to be conducted and post-audit discussion to ascertain any area of concern.
- 4.8. Discuss with the Internal Auditor the coverage, functioning, frequency and methodology of internal audits as per the annual audit plan and discuss significant findings and follow up thereon.
- 4.9. Review 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.
- 4.10. Review and monitoring the Auditor's independence and performance, and effectiveness of audit process.
- 4.11. Review of the following:
  - (i) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
  - (ii) Internal audit reports relating to internal control weaknesses.



- 4.12. Ensure that the internal audit function is effective, adequately resourced, and to review coordination between Internal and Statutory Auditors.
- 4.13. To call for comments of the Auditors about internal control system, including the observation of the Auditors, review financial statement before their submission to the Board and discussion on any related issues with the Internal and Statutory Auditors and the management of the Company.

**Others:**

- 4.14. Approve the appointment, re-appointment & removal of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
- 4.15. Appointment of Registered Valuer and fixation of terms & conditions in relation thereto.
- 4.16. Prior approval of all transactions with related party(ies), subsequent modifications (including material modifications) of transactions with related parties and review of the statement of related party transactions with specific details of the transactions.
- 4.17. Monitor and review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), quarterly statement of deviations, if any, the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 4.18. Review the utilization of loans and/or advances from/investment in the subsidiary company exceeding rupees 100 crore or 10% of asset size of subsidiary, whichever is lower including existing loans/advances/Investment.
- 4.19. Review and scrutinize the inter-corporate loans & investments.
- 4.20. Oversee the functioning of Vigil Mechanism/ Whistle Blower Policy and Ethics Framework/ ethical issues.
- 4.21. Review the state and adequacy of internal controls with key members of the Management, Statutory Auditors and Internal Auditors.
- 4.22. Evaluation of internal financial controls.
- 4.23. Review the Company's financial and risk management policies, implementation of treasury policies, strategies and status of investor relation activities.
- 4.24. Review of quarterly compliance certificate(s) confirming compliance with applicable laws and regulations, including any exceptions to these compliances.
- 4.25. Review the reason for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.



- 4.26. Establish the systems for storage, retrieval and display of books of accounts and other financial records in electronic format.
- 4.27. Valuation of undertakings or assets of the listed entity, wherever it is necessary.
- 4.28. Consider and comment on rationale, cost-benefits and impact of Schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The Audit Committee shall carry out such other functions as may be delegated by the Board of Directors from time to time, or as may be stipulated under the Act, SEBI Listing Regulations, or any other law applicable to the Company, for time being in force.

## 5. Authority & Powers

- 5.1 Investigate any activity in the Company within its terms of reference.
- 5.2 Seek any information that is required from any employee of the Company, and all employees have been directed to cooperate with any request made by the Audit Committee.
- 5.3 Obtain outside legal or independent professional advice.
- 5.4 Secure attendance of outsider(s) with relevant expertise, if necessary.
- 5.5 Access sufficient resources to carry out its duties.
- 5.6 Invite other Directors, Officers of the Company/ subsidiary company(ies), representative of Internal Auditor, Statutory Auditor, or any other person to attend any meeting of the Audit Committee as 'Invitee' from time to time, as and when required.
- 5.7 Delegate any function as mentioned in Clause 4 above to one or more sub-Committee(s), employee(s), officer(s), representative(s), consultant(s), professional(s), agent(s) etc., whenever required.

## 6. General

- 6.1 This Charter shall be reviewed by the Audit Committee on periodic basis and appropriate changes, if any, shall be recommended to the Board of Directors for updation of this Charter.
- 6.2 The Company Secretary of the Company shall have authority to make appropriate changes in this Charter based on the regulatory amendments and present it to the Audit Committee and Board of Directors for their review, noting and ratification at the subsequent meetings.
- 6.3 In case any provision of this Charter is contrary to or inconsistent with the provisions of the Act, SEBI Listing Regulations and/ or any other applicable law for time being in force, the latter shall prevail.
- 6.4 Words and expressions used in this Charter, shall have the same meaning as ascribed to them in SEBI Listing Regulations, SEBI Act, Companies Act, 2013, rules & regulations made thereunder and/ or any other law applicable to the Company for time being in force.