



# Welspun Enterprises Limited

AUDIT COMMITTEE CHARTER



# WELSPUN ENTERPRISES LIMITED

## AUDIT COMMITTEE CHARTER

Adopted on July 29, 2021

### 1. Objectives

The primary objective of the Audit committee is to assist the Board of Directors of the company in fulfilling its oversight responsibilities with respect to:

- a. Company's financial reporting process;
- b. Integrity of the financial statements;
- c. Compliance with legal and regulatory requirements;
- d. Reporting and disclosure requirements in the annual report;
- e. Qualification and independence of statutory auditors;
- f. Overseeing the functioning of statutory auditors, internal auditor, and cost auditors;
- g. Review and approval of related party transactions;
- h. Evaluation of internal financial controls and risk management systems.

The primary duties and responsibilities of the Committee shall include matters set out in this Charter and such other items as may be prescribed by applicable laws as amended or by the Board in compliance with applicable law from time to time.

### 2. Composition

- The Audit committee shall comprise of a minimum of three directors (all directors would be independent directors).
- All members of the Audit Committee shall be persons with ability to study and understand the financial statements.
- One of the members shall be elected as the chairperson, either by the entire Board or by the members themselves, by majority vote. The chairperson of the Committee shall be present at annual general meetings to answer shareholder queries.



- The Company Secretary shall act as the secretary to the Committee.

### 3. Meetings and reports

- The Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. Meetings may be in person or through calls/videoconferences as permitted by law.
- The quorum will be two or one third of the Committee strength, whichever is higher.
- The CFO shall be permanent invitee to the Audit Committee meetings.
- The Committee may invite the Internal Auditors, Statutory Auditors, Cost Auditors and the Secretarial Auditors and other executives of the Company to attend the meeting.
- The Committee shall meet separately with the internal auditors and with the statutory auditors, without the presence of management, on a quarterly basis.
- Minutes of the meeting:-
  - Draft Minutes of the meeting to be circulated within 7 days from the date of meeting.
  - Final minutes of the meeting to be circulated within 21 days from the date of meeting (7 days for receiving inputs on the draft minutes and 7 days to update & finalize)
- Audit committee meeting to be held as per the below:
  - Financial Statement: On the same day as the Board Meeting for review of financial results.
  - Subsidiary financials: Not more than 7 days before the parent company's meeting for review of financial results.
  - Internal audit reports: preferably in the meeting held for approving quarterly/ annual financial results.
- Circulation of agenda & pre-read – 7 days prior to the meeting. Financial results to be circulated before the Committee meeting.



- Committee chair to submit a summary of the committee meetings to the board and brief the Board on the outcome & key updates from the committee meeting.
- The Committee shall report regularly to the Board with respect to the Committee's activities and receive feedback and direction from the Board on such activities. Committee reports shall include significant issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the internal control or independence of the Company's statutory auditor, as applicable, after review with the management, with recommendations being made to the Board by the Committee as appropriate.
- The committee shall review and monitor the Action Taken Report on a quarterly basis.

#### **4. Primary duties and responsibilities**

- Oversight of the Company's financial reporting process and disclosure of financial information.
- Review, with management and the statutory auditor, the annual financial statements, quarterly financial statements and 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 under Section 134 (3)(c) 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 the management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements related to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Modified opinion(s), if any, in draft audit report.



- Make recommendations to the Board for appointment, re-appointment, remuneration, and terms of appointment of statutory auditors of the Company.
- Review with statutory auditors the nature and scope of audit coverage, to ascertain adequacy and appropriateness.
- Approval of payment for permitted non-auditing services to be provided by the statutory auditor to the Company.
- Evaluation of the adequacy of internal financial controls (including cyber security controls) and the Company's statement on the same prior to endorsement by the Board.
- Reviewing the appointment, re-appointment and terms of remuneration of the internal auditor.
- To review reports of the Internal Auditors and discussion on any significant findings and follow up there on.
- Reviewing the findings of any investigations 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.
- Approval for appointment of the Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Approval of transactions with related parties.
- To review statement of related party transactions submitted by the management.
- Review of compliance with the Company's insider trading policy.
- To review, statement of deviation(s), if any, in terms of SEBI Listing Regulations.
- Examine reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- Review the end utilization of funds where the total amount of loans/advances/investment from the Company to its subsidiary exceeds Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
- Scrutinize inter-corporate loans and investments.



- Oversee the valuation of undertakings or assets of the Company, wherever it is necessary.
- Review the functioning of whistle blower mechanism.
- Performing the duties under the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.
- Carry out any other function as applicable under law or as determined by the Board as per applicable laws.

In discharging its oversight role, the Committee shall have the power to retain legal, financial or other advisors as it deems necessary.

#### 5. Delegation of authority

The Committee may delegate to one or more designated members of the Committee, the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Audit Committee at its scheduled meetings.

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