

Audit Committee Composition as on 31.03.2023

<b>S.No</b>	<b>Name &amp; Designation of Director</b>	<b>Composition of Audit Committee</b>
1.	Sh. Mahmood Ahmed, Govt. Nominee Director, NHIDCL	Chairman
2.	Independent Director(I) and in his absence Sh. Anshu Manish Khalkho, Director(A&F), NHIDCL	Member
3.	Sh. Pradeep Kumar Saraogi, Independent Director, NHIDCL	Member

### Scope/ Terms of reference of Audit Committee

1. Recommending to the Board the fixation of audit fees.
2. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
3. 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.
4. Reviewing, with the management and ensuring that the company's annual financial statements and audits are in compliance with applicable laws, regulations and company policies before submission to the Board for approval. The Audit Committee shall also review the Annual Financial Statement with reference to:
  - i. Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of 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 legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions; and
  - vii. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors and/or auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies 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.

10. To review the follow up action on the audit observations of the C&AG audit.
11. To review all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transaction.
12. To review the functioning of the Whistle Blower Mechanism.
13. Consider and review the following with the independent auditor and the management: -
  - The adequacy of internal controls including computerized information system controls and security, and
  - Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
14. Consider and review the following with the management, internal auditor and the independent auditor-
  - Significant findings during the year, including the status of previous audit recommendations
  - Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
15. The Audit Committee should be invested by the Board of Directors with sufficient powers, which should include the following:-
  - (i) To investigate any activity within its terms of reference.
  - (ii) To seek information on and from any employee.
  - (iii) To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.
  - (iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.
  - (v) To protect whistle blowers.
16. As per Sec 177(4) of the Companies Act, 2013 every audit committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include—
  - (i) ~~The recommendation for appointment, remuneration and terms of~~ appointment of auditors of the company;

- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters;
- (ix) Audit Committee may call for comments of the Auditors about internal control systems, the scope of audit, including the observations of the Auditors and review of financial statements before their submission to the Board and may also discuss any related issues with the internal and Statutory Auditors and the management of the Company.
- (x) The Audit Committee shall have the authority to investigate into any matter in relation to the items specified in sub-section (4) of Sec 177 of the Companies Act, 2013 or referred to it by the Board and for this purpose shall have the power to obtain professional advice from external sources and have full access to information obtained in the records of the Company.
- (xi) Auditors of a Company and Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.
- (xii) Any other roles as directed by DPE Guidelines, Companies Act, 2013 and rules thereon.

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