

AUDIT COMMITTEE CHARTER
OF
CORE ENERGY SYSTEMS LIMITED

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1. OBJECTIVES:

The objectives of the audit committee of the Board of Directors (“Board”) of (“company”) is primarily to assist the Board with an oversight of -

- A. The accuracy, integrity and transparency of the company’s financial statement with adequate and timely disclosures;
- B. Compliance with legal and regulatory requirements;
- C. Internal control over financial reporting and on policies and procedures adopted for orderly and efficient conduct of business;
- D. Monitoring the independence of the statutory auditors;
- E. External and internal audit processes including performance of the statutory auditors and internal auditors of the company;
- F. Impact of schemes involving merger, demerger, amalgamation, etc. on the company and its shareholders; and
- G. Scrutiny of loans given, investments made, guarantees and securities provided in connection with any loan taken by any person or entity.

The audit committee should also assist the Board with regard to-

- A. Laying down the criteria for granting omnibus approvals in line with policy on related party transactions which shall be applicable in respect of transactions which are repetitive in nature.
- B. Evaluation of process of identification of related parties and related party transactions, involving cash or otherwise to ascertain that such transactions are not prejudicial to the interest of all stakeholders including minority shareholders.

This charter is subject to laws as applicable to the company.

2. PROCESS:

- The Audit Committee should:
 - I. Annually review this charter and recommend any changes it considers necessary to the Board;
 - II. Ensure the independence of its members from any management or promoter's influence;
 - III. Ensure an effective and independent internal audit function which provides assurance regarding the adequacy and operation of internal controls and processes intended to safeguard the company's assets and other resources, effective and efficient use of the company's resources and, timely and accurate recording of all financial transactions. The head of the internal audit function should report functionally to the chairman of the audit committee to ensure independence of internal audit function;
 - IV. Meet the statutory auditors at as per the requirement to discuss key observations relating to the financial statement for the relevant period;
 - V. Provide an independent channel of communication for the Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer, internal auditors, statutory auditors, cost auditors and secretarial auditors;
 - VI. At its discretion, invite members of the management and external experts in legal, financial and technical matters, to provide advice and guidance;
 - VII. In case internal audit function is carried out internally, identify an employee as the person in-charge of internal audit who shall have a direct functional reporting line to either:
 - the Non-Executive Chairperson, if any; or
 - the Chairman of the audit committee, with a dotted reporting line to the Managing Director or CEO or Chairman for administrative matters only;
 - VIII. Meet the Person in-charge of internal audit, cost audit and secretarial audit on a half yearly basis, at which meetings nobody other than the members of the audit committee shall be present;
 - IX. Provide periodic feedback to the Board about the financials and adequacy of internal control mechanism in the company, place the comments, if any,

of the internal auditors, statutory auditors, cost auditors and secretarial auditors before the Board and review the feedback of the Board for any corrective measures to be taken;

- X. Review the accounting policies of the company periodically;
- XI. Review the compliances with the accounting policies and accounting standards and examine the deviations, if any, and its impact on the financial statements of the company;
- XII. Review the aspects of dissemination of financial information to the stakeholders.

In no circumstances shall the person in-charge of internal audit be dismissed or suspended or removed without the consent of the audit committee.

3. COMPOSITION:

The Composition of Audit Committee shall be in accordance to the provisions of Section 177 of Companies Act, 2013.

4. MEETINGS AND REPORTS:

- i. The audit committee shall meet at least once a year and as and when required. Meetings may be in person or through video-conferencing as permitted by law.
- ii. Sufficient time shall be allocated during the meetings of audit committee to deal with issues other than financial statements, e.g., meeting to consider processes for ascertaining universe of related parties, determining arm's length basis for related party transactions etc.
- iii. It is desirable that the quorum for meetings of audit committee shall be at least half of the total strength of the audit committee with presence of at least two independent directors. In case of any fraction, the same shall be rounded to the nearest higher number. In case of a meeting to consider related party transactions, it is desirable that majority of independent directors who are members of the audit committee should be present at such meeting.
- iv. The audit committee shall report regularly to the Board with respect to the activities assigned and receive feedback/direction from the Board on such activities. Such reporting to Board shall include significant issues, if any, arises with respect to the quality or integrity of the company's financial statements, the company's compliance with legal or regulatory requirements, the performance of the internal audit function or the performance and independence of the statutory auditors.
- v. The audit committee shall facilitate open flow of information and co- operation with other

committees of the Board, wherever necessary.

- vi. The Company secretary shall act as the secretary to the committee
- vii. The audit committee shall invite such employees or advisors or auditors as it considers appropriate.

5. POWERS OF AUDIT COMMITTEE:

In discharging its responsibilities, the audit committee shall have the following powers:

- i. To have unrestricted access to the company's books and records.
- ii. To seek information from the management of the company and its external advisors.
- iii. To investigate into any matter in relation to the tasks assigned by the Board and to summon any employee of the company.
- iv. To obtain the advice of lawyers, accountants or other professionals / consultants at the committee's sole discretion. The audit committee shall have authority to approve the related fees and retention terms. Fees to auditors shall be recommended for approval by the Board with adequate information as may be required under the requisite law.
- v. To obtain any information from any employee of the company to perform its duties effectively and have direct access to any employee of the company particularly in relation to the functioning of the vigil mechanism.
- vi. To have necessary resources and authority to discharge its duties and responsibilities.

6.	RESPONSIBILITIES AND DUTIES: The Committee shall have the following responsibilities and duties:	
6.1	Primary Responsibilities of Audit Committee	
	6.1.1	Overseeing the processes that ensure the integrity of financial statement issued by management from time to time. Where specific disclosures are required to be made in financial statement, the audit committee shall ensure compliance thereof.
	6.1.2	Review the audit strategy risk involved in the audit and audit observations.
	6.1.3	Overseeing the adequacy and effectiveness of the internal controls and processes by which confidential or anonymous complaints or information regarding financial, operational or commercial matters are received and acted upon. This includes the protection of whistle-blowers from victimization and the provision of access to the chairman of the audit committee by whistle-blowers. The audit committee shall nominate/ designate one or more of its senior management personnel or a committee

		comprising of senior management personnel for the purpose of dealing with the whistle blower complaints and providing status of the said complaints to the audit committee at least once in a half-year. The audit committee shall review the status of whistle blower complaints and ensure that the whistle blower mechanism including the framework for offering protection against victimization is functioning effectively.
	6.1.4	Pre-approval/approval/disclosure of any related party transactions;
	6.1.5	Approval of any subsequent modification of transactions of with related parties.
	6.1.6	Major accounting entries involving estimates based on the exercise of judgment by the management
	6.1.7	Changes if any, in accounting policies and practices and reasons for the same
	6.1.8	Modified opinion(s), if any, in draft audit report
	6.1.9	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
	6.1.10	Significant adjustments made in the financial statements arising out of audit findings
	6.1.11	Compliance with accounting standards
		Evaluation of internal financial controls and risk assessment and management systems. The Committee will meet with the management, the internal auditors and the independent auditors to review and discuss the Company's internal controls and the integrity of the Company's audited financial statements. Oversight of the company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
	6.1.12	review and monitor the auditor's independence and performance, and effectiveness of audit process;
6.2	Secondary Responsibilities of Audit Committee	
	6.2.1	Overseeing the quality of internal controls and other controls relevant to its primary responsibilities.
	6.2.2	Oversee appropriate disclosure and presentation of information in financial reports.
	6.2.3	The audit committee shall also review the financial statements of subsidiary companies (including statutory audit reports) and other entities that are consolidated into the group financial statements to satisfy itself that the: <ul style="list-style-type: none"> (i) managing group financial risks; (ii) intra group transactions are commensurate with business needs; and (iii) material investments and other assets of the subsidiaries are real.

	6.2.4	the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
	6.2.5	Scrutiny of Inter-Corporate Borrowings and Investments of Company
	6.2.6	valuation of undertakings or assets of the company, wherever it is necessary;
	6.2.7	monitoring the end use of funds raised through public offers and related matters.
	6.2.8	Reviewing the findings of 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 same to the Board
	6.2.9	Reviewing the findings of the statutory auditors with respect to the actual, suspected or alleged fraud affecting the entity or deficiency in the internal control or misstatements identified in disclosures during the audit.
6.3	Responsibilities of Audit Committee in relation to review of compliance	
	6.3.1	Overseeing the adequacy and effectiveness of the processes for compliance with applicable laws.
	6.3.2	Review of statutory compliance reports with applicable laws, to assess non-compliance and seek clarifications and explanations together with steps taken to ensure compliance, including those reported by statutory auditors during the audit of the financial statements, looking for early warning signals to ensure objective of the audit committee is not defeated.
	6.3.3	Review of financial/non-financial regulatory matters and violations under Code of Business Conduct to assess non-compliance, seek clarifications and explanations together with steps taken to ensure compliance.
	6.3.4	Review the policies of the company which includes monetary transaction/values/financial ethics.
	6.3.5	Updating of policies and processes in light of significant events pertaining to financial malpractices
	6.3.6	In addition to feeds from the management, also endeavour to look for third party sources of information while discharging its duties.
6.4	Principles which may be relied by the Audit Committee while discharging its “Roles and Responsibilities”	
		<p>Audit committee should ensure:</p> <ul style="list-style-type: none"> • Optimum utilization of company’s financial resources in the best economics interests of the company. • Arm’s length relationship and fairness of the terms in all related party transactions. • Integrity of financial reporting process and financial statements of the company from time to time. • Timely, adequate and accurate disclosure of all the financial information to the stakeholders. • Effective assessment, appraisal and mitigation of all types of risks–

		<p>internal, external, audit, financial, operational, reputational, informational, cyber security, etc. in case of companies which are not required to have risk management committee.</p> <ul style="list-style-type: none"> • Adequacy and effectiveness of internal controls and processes with respect to fraud detection mechanism, complaint redressal mechanism and whistle blower mechanism. • Independent channel of communication with internal auditors, statutory auditors and secretarial auditors
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7. 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.

8. CIRCULAR RESOLUTION:

The decisions to be taken by the committee members may be taken by way of a circular resolution wherever it is not possible to have a meeting of the committee members.

9. RIGHT TO AMEND:

The Company reserves its right to amend or modify this Charter in accordance to the provisions of Companies Act and any other applicable law, in whole or in part, at any time without assigning any reason whatsoever.