

CHARTER OF THE AUDIT COMMITTEE

Adopted by the Board of Directors of Sterlite Power Transmission Limited on July 25, 2016

Revised and approved by the Board on August 07, 2021

PREAMBLE

This Charter is granted by the Board of Directors of Sterlite Power Transmission Limited (“**Company**”) to the Audit Committee of the Board (hereafter called “**the Committee**”). It governs the operations of the Committee. Audit Committee shall review the financial reporting process, the system of internal financial controls, the audit process, independence of auditors, the Company’s process for monitoring compliances, the Code of Conduct, investments, related party transactions etc .

The Charter is subject to provisions of the Companies Act, 2013 and rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and/or any other law as may be applicable in this regard. If a provision of this Charter is inconsistent or contrary to any law in force in India, such law, rules and/or regulations shall prevail over the Charter. The words and phrases used in the Charter shall have the same meaning as defined under the Companies Act, 2013, SEBI Listing Regulations and other applicable laws. The Board has the right, subject to applicable laws and regulations, to modify this Charter, to reconstitute/dissolve the Committee or to supersede its actions.

COMPOSITION

1. The Committee shall comprise of minimum three directors, all of whom are financially literate (with ability to read and understand, the financial statements), duly constituted by the Board of whom-
 - a. at least two-thirds shall be independent directors.
 - b. at least one member shall have accounting or related financial management expertise.
 - c. one independent director shall be elected as Chairperson by the Board.
2. The Chairperson of the Committee shall be present at annual general meetings to answer shareholder queries.
3. The Chief Financial Officer of the Company shall be the permanent invitee to all the meetings of the Committee and the Company Secretary shall act as the secretary to the Committee.

MEETINGS AND QUORUM

1. The Committee shall meet at least four times a year and not more than one hundred and twenty days shall elapse between two meetings. Meetings may be in person or through audio calls/video conferences as permitted by law.
2. The quorum shall be two members or one third of the Committee strength whichever is higher and at least two Independent Directors shall be present to form a valid quorum.
3. The auditors of a company and the 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.

TERMS OF REFERENCE - ROLES AND RESPONSIBILITIES

The terms of reference of the Committee shall be as under:

A. Review Role

1. 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.
2. Review with the management, the annual 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 in terms of clause (c) of sub-section (3) of Section 134 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 management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions;
 - g. qualifications and modified opinion(s) in the draft audit report;
3. Examination and review with the management of the quarterly financial statement and auditor's report thereon; and audit findings, including any significant suggestions for improvements provided to the Management by the independent auditors, or the internal auditor before submission to the board for approval.
4. Review the financial statements, in particular, the investments made by the unlisted subsidiary.
5. Review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
6. Review and monitor effectiveness of the audit process.
7. Review and monitor the auditor's independence, performance and qualifications, including an evaluation of the lead audit partner; and to assure the regular rotation of the lead audit partner and consider regular rotation of the accounting firm serving as the independent auditors.
8. Review with the Management, performance of Statutory and Internal auditors and adequacy of the internal control systems.
9. Evaluate Internal Financial Controls and Risk Management systems and call for comments by the auditors about internal control systems/scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the Internal and Statutory Auditors and the Management of the Company.
10. Review of 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;
11. Discussion with internal auditors of any significant findings and follow up thereon and review the findings of any 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.

12. Review material issues raised in any inquiry or investigation by governmental or professional authorities, regarding any independent audit performed by the independent auditor, during their tenure with the Company, and any steps taken to deal with any such issues.
13. Review proposals for fund raising, mergers and acquisitions, making investments or sale of investment/ assets.
14. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
15. Review with the Management, and independent auditors, any prospectus or such other document including financial statements contained therein, proposed to be issued by the Company for the purpose of raising capital.
16. Monitoring of end use of funds raised through public offers and related matters.
17. Monitoring and review of the utilization of loans and/ or advances from/investment in the subsidiary companies exceeding rupees 100 crore or 10% of the asset size of the subsidiary/associate companies, whichever is lower; including existing loans / advances / investments existing as on the date of coming into force of this provision.
18. Review the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
19. Periodically review the treasury policy of the Company.
20. Review the functioning of the Vigil / Whistle Blower Mechanism.
21. Review of compliance with the Code of Business Conduct & Ethics, Prevention of Sexual Harassment at Workplace Policy, Conflict of Interest Policy, Anti-Trust Policy and Anti-Corruption and Bribery Policy
22. Note report of compliance officer as per SEBI (Prohibition of Insider Trading) Regulations, 2015;
23. Review of secretarial audit report, cost audit report and other audit report as required under the applicable laws.
24. Review, in conjunction with legal counsel, any legal matters that could have a significant impact on the Company's financial statements/position.
25. Review the following:
 - a. Management discussion and analysis of financial condition and results of operation.
 - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors including Internal audit reports relating to internal control weaknesses.
 - d. Statement of deviations, if any in the use of proceeds as against the objects for which the funds were raised.
 - e. Review the statement of deviations:
 - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

- f. Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

B. Approval Role

26. Approval of other non-audit services rendered by the Statutory Auditors including finalization of fees for such other services;
27. Approval or any subsequent modification of transactions of the Company with the related parties or recommendation of the same to the Board.
28. Approval of appointment of the Chief Financial Officer and Chief Internal Auditor after assessing the qualifications, experience and background, etc. of the candidate. The removal and terms of remuneration of the chief internal auditor shall also be subject to review by the Audit Committee.
29. Recommendation for appointment, remuneration and terms of appointment of the auditors of the Company including secretarial auditors and cost auditors.

C. Other Roles and Functions

30. Formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with internal auditor.
31. Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
32. Scrutiny of inter corporate loans and investments and periodically review its status.
33. Valuation of undertakings or assets of the Company, wherever it is necessary
34. Appointment of Registered Valuer in terms of Section 247 of the Companies Act, 2013, if required.
35. Formulate the criteria for granting omnibus approval in line with the policy on related party transactions of the Company.
36. Make an omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions and requirements as prescribed by Applicable Law.
37. Undertake any other activity in this regard as may be required by the Companies Act, 2013, the Rules, or the SEBI Listing Regulations or other applicable law from time to time.
38. To do all acts, deeds and things which may be necessary for effective implementation of the foregoing acts.
39. Investigate into any matter in relation to activities mentioned above and for this purpose have the authority to obtain professional advice from external sources and have full access to records of the Company.

The audit committee shall have powers to investigate any activity within its terms of reference or referred to it by the Board, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

MINUTES & REPORTING

1. The Committee will report to the Board with respect to the recommendations that the Committee deems appropriate from time to time.
2. The Company Secretary shall maintain minutes of the meetings of the Committee, which shall be placed before the Board quarterly.