
CHARTER OF AUDIT COMMITTEE

A. OBJECTIVE AND PURPOSE

The objectives of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Shrem Infra Invest Private Limited (the “Company”) is to assist the Board with oversight of:

- (i) the accuracy, integrity and transparency of the Company's financial statements with adequate and timely disclosures;
- (ii) compliance with legal and regulatory requirements;
- (iii) the Company's independent auditors' qualifications and independence;
- (iv) the performance of the Company's independent auditors and internal auditors; and
- (v) acquisitions and investments made by the Company.

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 role, responsibilities and powers 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.

B. DEFINITIONS:

“**Board**” means Board of Directors of the Company.

‘**Committee**’ means Audit Committee of the Company as constituted or reconstituted by the Board.

C. CONSTITUTION OF COMMITTEE:

- The Board of Directors of the Company (the Board) constituted the committee known as “Audit Committee” consisting of three or more directors as members out of which at least two-thirds are independent directors.
- All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- The Chairman of the Committee shall be an Independent Director and shall be present at Annual General Meeting to answer shareholder queries.

- The Company Secretary shall act as the secretary to the audit committee.
- The quorum for the Committee meeting shall be two members or one third of the members of the Audit Committee, whichever is higher, with at least two Independent Director.
- The committee meet shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.

D. ROLE OF COMMITTEE:

The role of the audit committee shall include the following:

(1) to oversight 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) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, 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. modified opinion(s) 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, 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 issue or rights issue or preferential issue or qualified institutions placement public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) 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;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing 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;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- (22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

E. RESPONSIBILITIES:

The Audit Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations and as the Board or the Audit Committee deems appropriate.

The following are the principal recurring responsibilities of the Audit Committee:

- overseeing the quality of internal accounting controls and other controls relevant to its primary responsibilities.
- Overseeing the quality of the financial reporting process, including the selection of the most appropriate of permitted accounting policies, Significant adjustments and the disclosure of aggregate effect of material adjustments pertaining to last quarter, the appropriateness of use of the going concern assumption, the exercise of reasonable judgment where required and the use of the most appropriate estimates. It shall enquire into material or unusual transactions. It shall oversee appropriate disclosure and presentation of information in financial reports.
- The Committee shall review all written communication between the auditors and management, including, inter alia, engagement letters, management representations to auditors and management letters from the auditors.
- The Committee shall also review the financial statements of subsidiary companies and other entities that are consolidated into the Group financial statements.
- The Committee shall be responsible for ensuring the independence of the statutory auditors from management influence and effectiveness of audit process. It shall annually appraise the quality of the statutory audit. Based on such appraisal it shall recommend to the Board the appointment and the remuneration of an auditor, including any other terms, for the following year and for any other services rendered by the statutory auditors under section 144 of the Companies Act, 2013.
- The Committee shall discuss with statutory auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, before the audit commences.
- The Committee shall scrutinize inter-corporate loans and investments with the object of ascertaining if management has taken appropriate steps to protect their value and that they are appropriately reflected in the financial statements.
- The Committee shall oversee the internal audit function.
- The Committee shall record its recommendations to the Board which shall be incorporated in the information placed before the Board. The recommendations of the Committee on any matter would need to be considered by the Board. In case of non-acceptance of any of the recommendations of the Committee by the Board, the same shall be disclosed in the board's report along with the reasons therefor.
- The Committee shall look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

F. RESOURCES TO THE COMMITTEE:

The Committee shall discharge its oversight responsibilities by considering reports from and discussions with management, both auditors and other consultants as it deems necessary. The Committee shall take such steps as are reasonable in the circumstances to ensure the reliability of the reports it is depending upon. The Committee is not expected to itself undertake any audit, evaluation, appraisal, investigation or other similar activities in the discharge of its responsibilities.

G. COORDINATION WITH OTHER COMMITTEES:

The Committee shall coordinate with other committees to the extent that its work has a bearing on their scope of work.

The Committee may consult the Nominations and Remuneration Committee to discuss disclosures in the annual report of remuneration to directors and senior executives.

It shall coordinate with the Risk Management Committee for the segregation of responsibilities for review of internal controls between those related to the financial statements closing process, the accounting processes, for the efficient and economic operations of the business and those of a strategic nature. The Risk Management and Audit Committees shall jointly determine the annual internal audit work plan. The Committee shall not be responsible for the reliability of disclosures that relate to the responsibilities of other committees.

H. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

- i. This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the Audit Committee.
- ii. This Policy may be reviewed at such intervals as the Board or Audit Committee may deem necessary.
- iii. Such disclosures of this Policy as may be required under the Act may be made.

I. REVIEW

The Audit Committee shall review, at least annually, the Committee's charter and recommend and proposed changes to the Board for approval. The Audit Committee shall conduct, and report to the Board the results of, an annual performance evaluation of the Audit Committee, which evaluation shall include a comparison of the performance of the Audit Committee with the requirements of this charter.

J. AMENDMENT

The Audit Committee or the Board may review the policy as and when it deems necessary and it may be amend or substitute the same as and when required, where there is any statutory changes necessitating the changes in the policy.

Adopted by the board of directors of **Shrem Infra Invest Private Limited** on 15^h March, 2024.

For Shrem Infra Invest Private Limited

Nitan Chhatwal
Director
DIN: 00115575