



**Global Health Limited**  
**Terms of Reference of Audit**  
**Committee of Board of Directors**

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## Terms of reference: Audit Committee

### A. Objects of the Document:

In terms of Section 177(1) of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company (Global Health Limited), is required to constitute a committee of the Board of Directors to discharge such functions and responsibilities as prescribed. Primarily the Audit Committee has to review the integrity of the financial statements and disclosures, the internal financial controls and risk management systems, selection of the statutory, cost and internal auditors, monitoring the compliance with applicable laws, examining the internal audit reports and approval of the related party transactions. The Document outlines the role and responsibilities of the Audit Committee and provides a working framework outlining other aspects relating to the Committee.

### B. Constitution of the Committee:

1. The Audit Committee shall be a Committee of Directors and have minimum three directors as members. At least two-thirds of the members of Audit Committee shall be Independent Directors.
2. The Chairperson of the Audit Committee shall be an Independent Director, and he / she shall be present at the Annual General Meetings of the Company.
3. All members of Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
4. The Company Secretary shall act as the secretary to the committee.

Explanation (i): The term “financially literate” means the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

Explanation (ii): A member will be considered to have “accounting or related financial management expertise” if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

### C. Meetings of the Committee

1. The Audit Committee should meet at least four times in a year and not more than four months or 120 days shall elapse between two meetings.
2. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but with atleast two Independent Directors.
3. Participation of the Members by video conferencing or by other audio visual means shall also be counted for the purposes of quorum.
4. The Audit Committee at its discretion shall invite finance director or head of the finance function or chief financial officer or such other executives, as it considers appropriate to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The representative(s) of internal / statutory auditor may be present as invitees for the meetings of the audit committee for their respective items.



5. The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Committee when it considers the auditor's report but shall not have the right to vote.

#### **D. Powers of Audit Committee:**

The Audit Committee shall have powers:

1. To investigate any activity within its terms of reference or as may be referred to it by the Board of Directors.
2. To seek information or documents from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To have full access to information contained in the records of the company.
6. To meet the Auditors (both statutory or internal) without presence of management.

#### **E. Role and Responsibilities of Audit Committee**

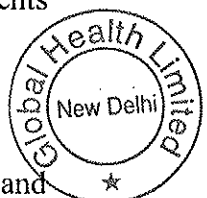
The terms of reference of the Audit Committee shall include the following:

##### **(1) Financial Statement:**

- a. overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b. reviewing with the management, the annual financial statements and the auditors' report thereon before submission to the Board for approval, with particular reference to:
  - i) matters required to be stated in the Directors' responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act;
  - 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 listing and other legal requirements relating to financial statements;
  - vi) disclosure of any related party transactions; and
  - vii) qualifications and modified opinions in the draft audit report.
- c. reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- d. management discussion and analysis of financial condition and results of operations;
- e. reviewing the financial statements, in particular, the investments, the investments made by any unlisted subsidiary; and the examination of the financial statements and the auditors' report thereon.

##### **(2) Auditors:**

- a. recommending to the Board, the appointment, re-appointment, removal and replacement, remuneration and the terms of appointment of the auditors of the



- Company, including fixing the audit fees;
- b. reviewing and monitoring the statutory auditors' independence and performance and the effectiveness of audit process;
  - c. approving payments to the statutory auditors for any other services rendered by statutory auditors;
  - d. discussing with internal auditors any significant findings and follow up thereon;
  - e. 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;
  - f. discussing with the 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;
  - g. reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
  - h. 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;
  - i. reviewing the appointment, removal and terms of remuneration of the chief internal auditor, if any.

**(3) Related Party Transaction:**

- a. formulating a policy on related party transactions, which shall include materiality of related party transactions;
- b. approving transactions of the Company with related parties; or any subsequent modification thereof and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
- c. reviewing, 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;
- d. Approval of related party transactions shall be made only by the Independent Directors who are members of the Audit Committee. (*Applicable w.e.f. January 1, 2022*)
- e. review the status of long-term (more than one year) or recurring RPTs on an annual basis (*Applicable w.e.f. April 1, 2022*)
- f. particular tenure of the RPTs shall be specified and value of the proposed transaction (*Applicable w.e.f. April 1, 2022*)
- g. Justification as RPT in the interest of the Company. (*Applicable w.e.f. April 1, 2022*)

**(4) Vigil Mechanism:**

- a. a. establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- b. reviewing the functioning of the whistle blower mechanism;

**(5) Internal Control:**

- a. evaluation of internal financial controls and risk management systems;
- b. ensuring that an information system audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Company;
- c. reviewing compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to



- time at least once in a financial year and verify that systems for internal control with respect to matters relating to Insider Trading and handling price sensitive information are adequate and are operating effectively;
- d. reviewing the management letters/letters of internal control weaknesses issued by the statutory auditors, if any;
  - e. reviewing the internal audit reports relating to internal control weaknesses, if any;

**(6) Loans and Investment:**

- a. scrutinizing inter-corporate loans and investments;
- b. looking 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;
- c. reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiaries exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- d. Reviewing any material default in financial obligations by the Company;
- e. Review the details of the source of funds, in connection with the proposed transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company and information including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; *(Applicable w.e.f. April 1, 2022)*
- f. purpose for which the funds will be utilized by the ultimate beneficiary *(Applicable w.e.f. April 1, 2022)*

**(7) Others:**

- a. undertaking or supervising valuation of undertakings or assets of the Company, wherever it is necessary;
- b. reviewing, along 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- c. approving the appointment of the chief financial officer, or any other person heading the finance function or discharging that function, after assessing the qualifications, experience and background, etc. of the candidate;
- d. formulating, reviewing and making recommendations to the Board to amend the Audit Committee charter from time to time;
- e. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- f. Reviewing:
  - i. Any show cause, demand, prosecution and penalty notices against the Company or its Directors which are materially important including any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies;
  - ii. Any significant or important matters affecting the business of the Company.

- g. performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Companies Act or other applicable law.
- h. Reviewing the statement of deviations, including:
  - (i) quarterly statement of deviation(s), including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
  - (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

