



# **HEALTHCARE GLOBAL ENTERPRISES LIMITED**

## **CHARTER FOR THE AUDIT AND RISK MANAGEMENT COMMITTEE**

**(Adopted by the Board of Directors of the Company on August 08, 2008 and as amended from time to time)**

## **A. OBJECTIVES:**

The management of the Company has the overall responsibility to prepare financial statements in accordance with Generally Accepted Accounting Principles. The Company's Statutory Auditors have the responsibility to audit the financial statements. The Audit and Risk Management Committee's responsibility is one of overseeing the financial information. However, the Audit Committee has no obligation to provide any expert or other special assurance as to the Company's financial statements.

The objectives of the Audit and Risk Management Committee ("referred is to:

- (a) Assist the Board of Directors of the Company in fulfilling its responsibilities to oversee and monitor the:
  - Company's financial reporting process;
  - Integrity of the Company's financial statements;
  - Company's compliance with legal and regulatory requirements;
  - Statutory Auditors qualification and independence; and
  - Performance of the Company's Internal Auditor and Statutory Auditor
- (b) Provide the Company's Board with the results of its monitoring and recommendations derived there from.
- (c) Provide to the Board such additional information as the Audit Committee deems necessary to make the Board aware of significant financial matters that require the attention of the Board.

## **B. MEMBERSHIP:**

The Audit Committee will consist of a minimum three Independent Directors, who shall meet all applicable legal requirements including Companies Act 2013, SEBI (Listing Obligations & Disclosure Requirements) 2015 with respect to Independence, Financial Literacy, Accounting, etc. The members of the Committee shall be appointed by the Board of Directors upon recommendation by the Nomination and Remuneration Committee and will serve until separation voluntarily or otherwise.

Company Secretary shall act as 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. POWERS:**

In discharging its responsibilities, the Audit Committee shall have the following powers:

- (a) unrestricted access to the Company's books and records;
- (b) to seek information from any employee of the Company including the management of the Company.
- (c) to investigate any activity within its terms of reference.
- (d) to obtain the advice of lawyers, accountants or other professionals / consultants at the Audit Committee's sole discretion and to secure attendance of outsiders with relevant expertise, if it considers necessary.
- (e) To have adequate resources and other authority necessary to discharge its duties and responsibilities.
- (f) 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.

The Committee shall act on the basis of simple majority.

### **D. RESPONSIBILITIES AND DUTIES:**

The following are the responsibilities and duties of the Audit Committee. The Audit Committee may diverge from these responsibilities and may assume such other responsibilities as it deems necessary or appropriate in carrying out its functions.

#### **1. Responsibilities and Duties in relation to Internal Auditors:**

- (a) Reviewing on a regular basis the adequacy of the internal audit function, coverage and frequency of internal audits including the structure of internal audit department..
- (b) Reviewing and discussing with internal auditors and management on issues / findings arising from the internal audit reports and follow up thereon. This would include reviewing the issues / findings arising from internal investigations 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 of Directors.
- (c) 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;
- (d) Meeting separately with the Internal Auditors, Statutory Auditors and Management on a quarterly basis.

#### **2. Responsibilities and Duties in relation to Statutory Auditors**

- (a) Reviewing and monitoring the Auditor's Independence, performance and effectiveness of audit process.
- (b) Audit Committee shall have the sole authority to :

- make necessary recommendations to the Board to engage, disengage and re-engage Statutory Auditors
  - pre-approve all audit engagement fees and terms
  - Pre-approve any non-audit relationship with the Statutory Auditor and the payment to be made for such services.
- (c) Discussion with Statutory Auditors before the audit commences, on the nature, scope and approach of the audit.
- (d) Post-audit discussion with Statutory Auditors to ascertain areas of concern.
- (e) Review of the performance of the Statutory Auditors.
- (f) Conducting a “post-audit review” of the financial statements and audit findings including any suggestions for improvements provided to management by the Statutory Auditors.
- (g) Annually obtaining and reviewing a report by the Statutory Auditor describing:
- any material issues raised by the most recent peer review of the firm
  - any inquiry or investigation by governmental or professional authorities within the preceding five years in respect of one or more independent audits carried out by the firm
  - any steps taken to deal with any such issues
  - all relationships between the Statutory Auditor and the Company so as to assess the Auditor’s independence
- (h) Reviewing and evaluating the Statutory Auditor as well as if necessary to consider rotation of Auditor in consultation with the Management.
- (i) Regularly reviewing with the Statutory Auditor any audit problems or difficulties and management’s response thereon.
- (j) Regularly reviewing with the Statutory Auditor:
- any accounting adjustments that were noted or proposed by the auditor but were “passed” (as immaterial or otherwise)
  - any “management” or “internal control” letter issued or proposed to be issued by the audit firm to the Company

### **3. Responsibilities in relation to the Company’s financial statements**

- (a) Review of the Company’s accounting policies, internal accounting controls, financial and risk management policies and such other matters as the Audit Committee deems appropriate.
- (b) Overseeing of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are materially correct.
- (c) Review and discuss the audited financial statements with management and the Statutory Auditors and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles.

- (d) Reviewing and examining with management the annual financial statements and the auditors' report thereon before submission to the Board of Directors for approval with particular reference to:
- 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;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on exercise of judgement by management
  - Modified opinion(s) in the draft audit report
  - Qualifications in draft audit report
  - Significant adjustments made in the financial statements arising out of audit findings
  - The going concern assumption
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Off-balance sheet structures on the financial statements
- (e) Reviewing with management the annual financial statements before submission to the Board of Directors, focusing primarily on:
- Any change in accounting policies and practices
  - Major accounting entries based on exercise of judgment by management
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards applicable to the Company
  - Disclosure of any related party transactions,
- (g) Reviewing before release of the quarterly financial statements audited or otherwise, the Director's Report, and such other matters which form part of the Annual Report of the Company.
- (h) Reviewing with the Management, the statement of uses/application of fund 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
- (i) Review and approval of a policy on materiality of related party transactions, approval or any subsequent modifications of transactions with related parties.
- (j) 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, Statement of significant related party transactions, (as defined by the Audit Committee), if any, submitted by the Management.

- (k) Reviewing the financial statements of unlisted subsidiaries and in particular the investment made by unlisted subsidiaries.
- (l) 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.
- (m) Scrutiny of inter-corporate loans and investments.
- (n) Valuation of undertakings or assets of the Company, wherever it is necessary.
- (o) 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
- (p) Prior to filing, discussing with the management and the Statutory Auditor the following:
  - annual audited financial statements
  - quarterly financial statements
  - disclosures under "Management's Discussion and Analysis of Financial Condition"
  - disclosures under "Results of Operations"
  - Financial statements/forms to be released or submitted to any legal or regulatory authority
- (q) Discuss and review with the management:
  - earnings press releases
  - financial information provided to analysts
  - earnings guidance provided to analysts and rating agencies
  - policies with respect to risk assessment and risk management
  - the major financial risk exposures and the steps management has taken to monitor and control such exposures
- (r) Reviewing:
  - Major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies
  - Analyses prepared by the management and/or the Statutory Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements
  - The effect of regulatory and accounting initiatives
  - Off-balance sheet structures on the financial statements

Explanation: "Related Party" means Related Party as defined under Section 2(76) of the Companies Act 2013 and with reference to a Company means:

- i) director or his relative;
- ii) a key managerial personnel or his relative;
- iii) a firm, in which a director, manager or his relative is a partner;
- iv) a private company in which a director or manager is a member or director;

- v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- vi) any body corporate whose Board of Directors, Managing Director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii) any person under whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-Sections (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii) any company which is—
  - (A) a holding, subsidiary or an associate company of such company;  
or
  - (B) a subsidiary of a holding company to which it is also a subsidiary

#### **4. Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

- (a) Management discussion and analysis of financial condition and results of operations;
- (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (d) Internal audit reports relating to internal control weaknesses; and
- (e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

#### **5. Other general responsibilities**

- (a) Regularly report to the Board of Directors its conclusions with respect to the various matters that the Audit Committee has considered as well as the independence of the Auditor to the full Board.
- (b) Review and reassess the adequacy of this Committee's Charter structure, processes and membership from time to time.
- (c) Review management's monitoring of compliance with Company's standards of Business conduct.
- (d) Reviewing on a need basis and if considered necessary, in conjunction with outside legal, accounting or other advisors any matters that could have a significant impact on the Company's financial statements.

- (e) Overseeing and reviewing of the Company's asset management policies, including an annual review of the Company's investment policies and performance for cash and short-term investments.
- (f) Reporting regularly to the Board with respect to:
  - the quality or integrity of the Company's financial statements;
  - Company's compliance with legal or regulatory requirements; and
  - the performance of the Statutory Auditor as well as the Internal Audit function
- (g) Setting clear hiring policies for employees or former employees of the Statutory Auditors.
- (h) Reviewing, approving and monitoring the Company's code of ethics for its Principal and Finance Officers.
- (i) Review the financial statements of the subsidiaries.
- (j) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate
- (k) Review the functioning of the Whistle Blower mechanism
- (l) Presenting its conclusions at least annually with respect to the independence of the Auditor to the full Board.
- (m) Review of Statutory Compliance reports with applicable laws, every quarter to assess non-compliance and seek clarifications and explanations together with steps taken to ensure compliance.
- (n) Review of financial/non-financial regulatory matters and policies of the Company such as Code of Conduct, Code of Ethics, and Code of Conduct to Regulate, Monitor and Reporting of Trades by Insiders and recommend improvements.

## **6. Additional Responsibilities**

In addition to the above primary responsibilities, the Audit Committee will undertake such other duties as the Board of Directors delegates to it, and will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

## **E. MEETINGS**

The Committee will meet at least four times in a year for quarterly meetings and additional meetings, if required, for specific review of Internal Controls/Review of Strategic and Operating Plan for Internal Audit, Enterprise Risk Management, Review of Internal Audit reports, Internal Controls over Financial Reporting, etc. The Committee may meet in person or through other methods like video conferencing, audio conferencing etc. as may be permitted by law from time to time. The Audit Committee may invite the other members of the Board, officers of the Company, statutory auditors, internal auditors or such other person (s), who in the opinion of the Chairman of the Audit Committee can be invited for attending the Audit Committee meeting.

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.



## **G. REPORTS**

The Chairman of the Committee shall brief the Board of Directors at the next Board meeting, and this will be incorporated as a part of the minutes of the Board of Directors meeting.

## **H. MINUTES:**

The Company Secretary will maintain minutes of the meetings of the Committee, which will be submitted to the Board for noting.

## **I. COMPENSATION**

Members of the Audit Committee may not receive any compensation from the Company except as Sitting fees, as approved by the Board of Directors of the Company.

## **J. VOTING**

Each member of the Audit Committee shall have one vote on any matter requiring action by the Audit Committee.

## **K. DELEGATION OF AUTHORITY**

The Audit Committee may delegate to one or more designated members of the Audit 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.

## **L. ANNUAL PERFORMANCE EVALUATION**

The Committee shall perform a review and evaluation at least annually, of its performance and its members, including reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and re-assess at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable.