



TERMS OF REFERENCE FOR AUDIT COMMITTEE

VINDHYA TELELINKS LIMITED

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VINDHYA TELELINKS LIMITED

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

The Board of Directors in their meeting held on 29th June, 2021 have revised/amended the “Terms of Reference” of the Audit Committee in consonance with the requirements of the Regulation 18 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“Listing Regulations”). Accordingly, the Audit Committee shall have the revised/amended terms as mentioned below and shall have the authority and obligations as spelt out hereunder read with the provisions of Section 177 of the Companies Act, 2013 read with rules made thereunder as amended from time to time and such additional functions/features as are contained in Part C of Schedule II of Listing Regulations, as amended from time to time.

(A) Meetings & Proceedings

- (1) The Chairman of the Audit Committee shall be an Independent Director.
- (2) The quorum for a meeting of the Audit Committee shall be either two members or one third of the members of the Committee, whichever is higher but subject to a minimum of two (2) independent directors.
- (3) The Audit Committee shall meet at least four times in a year and not more than four months shall elapse between two meetings.
- (4) Meetings of the Audit Committee shall be attended by Statutory Auditors, Internal Auditors, Cost Auditors and Key Managerial Personnel of the Company but they shall not have the right to vote. The Audit Committee may invite such of the executives of the Company, as it considers appropriate (and particularly the head of the finance function) to be present at the meeting, but on occasions it may also meet without the presence of any executives of the Company.
- (5) The Chairman of the Audit Committee shall be present at the Annual General Meeting of the Company to provide clarifications on the matters relating to audit and answer shareholders queries.
- (6) The Secretary of the Company appointed within the meaning of Section 2 (24) and Section 203 of the Companies Act, 2013, shall act as Secretary to the Audit Committee.
- (7) The Audit Committee shall act in accordance with the Terms of Reference specified by the Board from time to time which shall, inter alia, include:-
 - (a) the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
 - (b) review and monitor the auditor’s independence and performance, and effectiveness of audit process;
 - (c) examination of the financial statement and auditors’ report thereon;
 - (d) approval or any subsequent modification of transactions of the Company with related parties;

- (e) scrutiny of inter-corporate loans and investments;
 - (f) valuation of undertakings or assets of the Company, wherever it is necessary;
 - (g) evaluation of internal financial controls and risk management systems;
 - (h) monitoring the end use of funds through public offers and related matters.
- (8) Besides the powers and role as specified hereunder, the Committee shall have periodical discussions with Auditors about internal control systems, the scope of audit including observations of the auditors, review of quarterly, half yearly and annual financial statements before submission to the Board and ensure compliance of the internal control systems.

(B) Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:-

- (1) To investigate any activity within its terms of reference;
- (2) To seek information 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.

(C) Role of Audit Committee

The role of the Audit Committee shall, inter alia, include the following:-

- (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) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (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; and
 - (g) Modified opinion(s), if any, 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 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 Company with related parties;
 - (9) Scrutiny of inter-corporate loans and investments;
 - (10) Valuation of undertakings or assets of the Company, 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) 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;
- (21) Consideration and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders; and
- (22) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation: The term "related party" shall have the same meaning as provided under Regulation 2(zb) of Listing Regulations and the term "related party transactions" shall have the same meaning as provided in Regulation 2(zc) of Listing Regulations.

(D) Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:-

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) Internal audit reports relating to internal control weaknesses;
- (5) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee; and
- (6) Statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of Listing Regulations.

Terms of Reference of the 'Audit Committee' may be amended, elaborated and expanded by the Board from time to time and such Terms of Reference and any amendment, elaboration and expansion thereof shall always be specified in writing.