



## AUDIT COMMITTEE

The Audit Committee was constituted vide Board resolution dated December 12, 2024 pursuant to Section 177 of the Companies Act, 2013. The Audit Committee comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Vaishali Srivastava	Chairperson	Non-Executive Independent Director
Tejas Pralhad Karhadkar	Member	Non-Executive Independent Director
Arun Bhardwaj	Member	Managing Director

The Company Secretary of our Company will act as the secretary of the Committee.

### *Terms of Reference for the Audit Committee:*

- a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor and the fixation of audit fee;
- c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;
- d) Approving payments to the statutory auditors for any other services rendered by statutory auditors;
- e) Reviewing, the financial statements with respect to its unlisted Subsidiaries, in particular investments made by such Subsidiaries;
- f) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of section 134(3)(c) of the Companies Act, 2013;
  - (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) and modified opinions in the draft audit report.
- g) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- h) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Approval or any subsequent modification of transactions of the Company with related parties;
- m) 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- n) Approving or subsequently modifying transactions of the Company with related parties;
- o) Evaluating undertakings or assets of the Company, wherever necessary;

## SMARTEN POWER SYSTEMS LTD.

**Reg Office:** 374, 1st Floor Pace City-2, Sector-37, Gurgaon, Haryana, India, 122001  
**CIN:** U31401HR2014PLC052897 **Phone:** +91 124 4720456 **Email:** info@smartenpowersystems.com  
**Website:** www.smartenpowersystems.com



- p) Establishing and overviewing a vigil mechanism for Directors and employees to report their genuine concerns or grievances;
- q) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- r) 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;
- s) Discussion with internal auditors on any significant findings and follow up thereon;
- t) 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;
- u) 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;
- v) 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;
- w) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- x) Recommending to the Board of Directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- y) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- z) Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws; and
- aa) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.
- bb) 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 date of coming force of this provision.
- cc) Consider and comment on rationale. Cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the listed entity and its shareholders.

Besides the above, the role of the Audit Committee includes mandatory review of the following information:

- Management Discussion and Analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by Management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors, if any;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.
- 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 the Listing Regulations; and
  - (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 the Listing Regulations.
- Review the financial statements, in particular, the investments made by any unlisted subsidiary.

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