



LUPIN

AUDIT COMMITTEE CHARTER



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1. Primary Objective:

The Audit Committee acts as a link between statutory, internal, cost auditors and the Board of Directors ('Board'). It assists the Board in overseeing the integrity of the Company's financial statements, reviewing the financial statements (including investments made) of unlisted subsidiaries of the Company and ensuring legal and regulatory compliances relating to financial statements, reviewing the performance of statutory and internal auditors and monitoring the internal control systems.

2. Members:

As per the requirement prescribed under the Companies Act, 2013 ('Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Audit Committee shall comprise of minimum three directors as Members out of which at least two-thirds of the Members shall be Independent Directors.

All the Members of the Audit Committee shall have the ability to read and understand the financial statements and at least one Member shall have accounting or related financial management expertise.

The Chairperson of the Committee shall be an Independent Director.

The Audit Committee comprises of the following Members:

Sr. No	Name of the Member(s)	Designation
1	Mr. K.B.S Anand - Chairman	Independent Director
2	Mr. Mark D. McDade - Member	Independent Director
3	Mr. Alfonso Zulueta - Member	Independent Director
4	Mr. Anand Kripalu - Member	Independent Director

The Chairperson of the Audit Committee shall be present at the Annual General Meeting to answer shareholders queries.

3. Meetings:

The Committee shall meet at least four times in a financial year and not more than 120 days shall elapse between two consecutive meetings.

The quorum for the Audit Committee meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two independent directors. The participation of Members through video conferencing or by other audio-visual means shall also be counted for the purpose of quorum. The Committee shall be authorized to take any permitted action only by the affirmative vote of a majority of the Committee members present at a meeting at which a quorum exists.

Business that requires urgent decisions can be approved by the Committee by means of resolutions passed by circulation. The resolution is passed when it is approved by a majority of the Committee Members entitled to vote, unless one-third of all Members request for a meeting to decide on it.

The Committee can require or request Company officer, employee, external legal counsel or auditors or advisors to attend meetings. The Committee may also hold separate private sessions with key parties such as management, auditors, or counsel to discuss relevant matters.

4. Secretary:

The Company Secretary shall act as Secretary to the Committee.

5. Roles & Responsibilities:

➤ Accounts

- Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Review with the management, the annual financial statements and auditors' report thereon before submission for approval of the Board, with particular reference to:
 - a) matters required to be included in the Directors' Responsibility Statement included in the Board's Report in terms of Section 134(3)(c) of the Act;
 - 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, if any;
 - e) compliance with listing and other legal requirements relating to financial statements;

- f) disclosure of related party transactions; and
- g) modified opinion(s) in the draft audit report, if any.

- Review with the management, the quarterly unaudited financial results together with the Limited Review Reports of auditors before submission for approval of the Board.
- Review the financial statements of subsidiaries, in particular the investments made by subsidiaries.
- Review management discussion and analysis of financial condition and results of operations.

➤ **Auditors**

- Recommend to the Board, the appointment, remuneration and terms of appointment of auditors.
- Approve payments to the statutory auditors for any other additional services rendered by them except those enumerated under Section 144 of the Act.
- Review the appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Review and monitor the auditors' independence, performance and effectiveness of audit process.
- Review with the management, the performance of statutory and internal auditors and adequacy of the internal control systems.
- Review the adequacy of internal audit function, including the structure of the internal audit department, its staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audits.
- Recommend to the Board, the appointment and remuneration of Cost Auditor to conduct audit of cost records in compliance with the provisions of the Act and Rules made thereunder.

➤ **Finance**

- Review with the management, the statement of use/application of funds raised through an issue (public/rights/preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter.
- Scrutinise inter-corporate loans and investments.

- To look into the reasons for substantial defaults, if any, in payments to depositors, debenture holders, shareholders (for non-payment of declared dividends) and creditors.
- Review utilisation of loans and/or advances from/investment in subsidiaries exceeding INR 1000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., or any major acquisitions or fund-raising, on the Company and its shareholders.

➤ **Related Party Transactions:**

- Only Independent Directors who are Members of the Committee, shall approve related party transactions or subsequent modifications thereof, if any.
- Ensure that all related party transactions are in the ordinary course of business, on an arm's length basis and in conformity with the provisions of the Act and Rules made thereunder as also the Listing Regulations.
- Grant omnibus approvals to related party transactions proposed to be entered with related parties and review on a quarterly basis, details of such transactions pursuant to each of the omnibus approvals given.
- Ensure that no related party transaction conflicts with the interests of the Company.

➤ **Control systems**

- Evaluate internal financial controls and risk management systems.
- Discuss with internal auditor's significant findings and follow-ups thereon.
- Review internal audit reports relating to internal control weaknesses.
- Review 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.
- Formulate the scope, functioning, periodicity and methodology for conducting internal audit, in consultation with the internal auditor.
- Discuss with statutory auditors, before commencement of audit, about the nature and scope of audit as also post-audit discussion to ascertain areas of concern, if any.

- Review management letters / letters of internal control weaknesses issued by the statutory auditors.

➤ **Other functions:**

- Approve the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Review the functioning of Whistle Blower mechanism.
- Review compliance with the provisions of Prohibition of Insider Trading Regulations and verifying that the systems for internal control for prohibition of insider trading are adequate and are operating effectively.
- Valuation of undertakings or assets of the Company, wherever necessary.
- Review statement of deviations including report of monitoring agency, if any, as required under Regulation 32(1) and 32(7) of the Listing Regulations with respect to utilisation of proceeds from public issue, rights issue and preferential issue etc.
- Investigate any activity within its terms of reference, seek information from any employee, seek external, legal or other professional advice and secure the attendance of outsiders with relevant expertise, if considered necessary.
- Have access to any internal information necessary to fulfill responsibilities;
- To review and update this Charter every two years for approval of the Board.
- Perform such functions as prescribed under the Act, Listing Regulations or any other applicable law(s) from time to time; and
- Carry out such other functions as may be delegated by the Board from time to time.

6. Annual Performance Evaluation

The Committee shall review its performance with the Board, annually, with respect to the requirements of this Charter. This evaluation shall also set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation shall be conducted by the Committee as per the criteria laid down by the Nomination and Remuneration Committee.
