

# Preface

The Audit Committee has an important role in ensuring the quality of governance practices followed by an organisation. While it is true that the Audit Committee is a sub-set of the Board, it has various specific tasks assigned with independent responsibilities that make it different from other committees constituted by the Board.

The Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 both have prescribed a set of role and responsibilities for the Audit Committee. Considering the importance of the role assigned to an Audit Committee in the corporate fabric, it has become more obvious for its members to keep a vigil on the matters placed for its consideration and then make suitable recommendations to the Board. The Audit Committee, inter-alia, plays an important and critical role in ensuring the integrity of the financial statements through its oversight of the company's financial reporting process, internal control system and audit functions. To discharge this role effectively and efficiently, the Board of Directors ("the Board") must ensure that it has directors with appropriate qualifications to provide an independent, objective and effective oversight through Audit Committee.

Gravity of functions discharged by the Audit Committee, laid the foundation for formulating this Charter of Audit Committee comprising of legal, regulatory, as well as desirable good practices to be followed by the Audit Committee. Particularly, this Charter is inclusive of suggested good practices which may be adopted by the Audit Committee while approving related party transactions which is an focussed area from governance perspective.

I place on record my sincere thanks to all members of the Secretarial Standards Committee (SSC) as well as the Expert Group on Secretarial Standards, for their valuable contribution made during formulation and finalisation of this Charter of Audit Committee, under the leadership of CS B. Narasimhan and CS Satwinder Singh. My special thanks to CS Narayan Shankar (Group Convener) for leading this task and his immense contribution on the subject. I also acknowledge the valuable inputs received from CS K. Saravanan (Representative of SEBI) during the formation of this Charter of Audit Committee.

I commend the dedicated efforts put in by CS Rakesh Kumar, Assistant Director under the guidance of CS Saurabh Jain, Joint Director in bringing out this Charter of Audit Committee under the stewardship of CS Asish Mohan, Secretary, ICSI.

I am sure that this Charter of Audit Committee will be immensely useful for all readers interested in the subject. Improvement is a continuous process and equally applicable to this Charter of Audit Committee. I would personally be grateful to the readers to offer their suggestions/ comments for further advancement of this Charter.

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(CS Devendra V. Deshpande)

*President*

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