



SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LTD

Regd. Office : H.No 19-13-65/A, Tiruchanoor Road, Behind Srinivasa Kalyana Mandapam,

Kesavayanigunta, TIRUPATI, Andhra Pradesh, INDIA.

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ABSTRACT

APSPDCL-TIRUPATI – Terms of Reference to Audit Committee – Orders – Issued - Reg.

S.O.O. (C.S) Ms. No. 230

Dt: 02- 12 - 2015.

Read the Following:-

Ref: 1. Terms of Reference approved by the Board in 93rd Board Meeting held on 2.11.2015.

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ORDER:

The Board of Directors have approved the Terms of references to the Audit Committee U/s 177 of the Companies Act, 2013.

1. As per rule 6 of Companies (Meetings of Board and its powers) rules, 2014, the following classes of companies shall constitute an Audit Committee:

- i) All public companies with a paid up capital of ten crore rupees or more;
- ii) All public companies having turnover of one hundred crore rupees or more;
- iii) All public companies, having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees or more.

2. The Audit Committee shall consist of a minimum of three directors :

Provided that majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement.

3. Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board .

Terms of references of the Audit Committee U/s 177 (4) of the Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014.

1. Notice of the Committee Meetings:

On requisition from any Member of the committee, the Company Secretary of the Company shall convene a meeting of the Audit Committee, by giving an advance notice of at least 7 days in writing to every member at his usual address. A copy of the notice shall be given to Director (Finance), APSPDCL and the statutory Auditors and cost auditors and Secretarial Auditors of the Company with a request to attend as special invitees and participate at the proceedings of the Company, without any right to vote.

2. Periodicity of Committee Meetings:

The Committee shall meet periodically, as it deems fit and in any case, have at least two meetings in a financial year or in terms of provisions of the Companies Act ,2013 as applicable.

3. Quorum of the Committee Meetings:

The Quorum for a meeting of the Audit Committee shall be 1/3rd of the total number of members or two members whichever is higher.

4. Powers of the Committee:

- a) The Members of the Committee shall have the power to elect a Chairman from amongst themselves and the Chairman of the Audit Committee shall attend the Annual General Meeting of the Company to provide any clarifications on matters relating to audit as may be required by the Members of the Company.

The Committee shall have the authority –

- b) To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- c) To Review and monitor the auditor's independence and performance, and effectiveness of audit process,
- d) To Examine the financial statement and the auditor's report thereon;
- e) Approval or any subsequent modification of transactions of the company with related parties;
- f) Scrutiny of inter-corporate loans and investments;
- g) Valuation of undertakings or assets of the company, wherever it is necessary;
- h) Evaluation of internal financial controls and risk management systems;
- i) Monitoring the end use of funds raised through public offers and related matters.

5. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

6. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

7. The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

8. Vigil Mechanism:

The audit committee shall oversee the vigil mechanism.

The vigil mechanism shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee or the director nominated to play the role of Audit Committee, as the case may be, in exceptional cases.

9. Duties and Functions of the Committee:

- a) The Audit Committee shall conduct discussions with auditors (both Statutory and internal auditors, Cost Auditors and secretarial Auditors) periodically about internal control systems, the scope of audit including the observations of the auditors.
- b) The Audit Committee shall review financial statements and Cost statements and submit the same to the Board with recommendations for the adoption thereof.

10. Committee and Board:

- a) The recommendations made by the Audit Committee on any matter relating to financial management including audit report shall be binding on the Board.
- b) Where the Board does not accept the recommendations of the Audit Committee, it shall record the reasons therefore and communicate such reasons to shareholders, to be discussed in the Annual General Meeting and decision of shareholders shall be final.

- c) The minutes of the Committee meetings as approved by its Chairman shall be circulated to the Board of Directors at their next available Board Meeting immediately from the date of any Audit Committee meeting.

11. APPOINTMENT OF COST AUDITOR:

Audit committee of the Board shall be the first point of reference regarding the appointment of cost auditors.

The Audit Committee shall ensure that the cost auditor is free from any disqualifications as specified under section 148 read with section 139,142 of the Companies Act, 2013.

While a cost auditor shall have prime responsibility to ensure that he does not violate the limits specified under section 139 of the Companies Act .2013, the Audit Committee shall also be responsible for such compliance by the cost auditor.

- ✓ The Audit committee shall obtain a certificate from the cost auditor certifying his/its independence and arm's length relationship with the company.

12. Secretary of Audit Committee: The Company Secretary of the Company shall act as the Secretary to the Audit Committee.

**(BY ORDER AND IN THE NAME OF SOUTHERN POWER DISTRIBUTION COMPANY OF
ANDHRA PRADESH LIMITED)**

**H.Y DORA
CHAIRMAN AND MANAGING DIRECTOR**

To
The Members of the Audit Committee.

Copy to:

The Director (Finance)/APSPDCL.

P.S to CMD/SPDCL/Tirupati.

The Executive Director/Projects

All the Chief General Managers/C.Es/J.S.(HRD) of APSPDCL

All the General Managers/ S.E's./D.E's /APSPDCL.

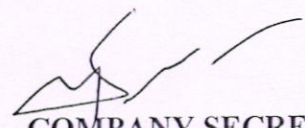
All the Deputy General Manager's / P&G Wing,

The Pay Officer/APSPDCL/TPT

The Auditors.

APSPDCL/CS/D.No.982 /2015, Dt: 02.12.2015.

// FORWARDED BY ORDER//


COMPANY SECRETARY