

## STERLING GUARANTY & FINANCE LIMITED

### POLICY OF AUDIT COMMITTEE

1. The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority. Persons with ability to read and understand, all the directors are the financial statement.
2. the terms of reference specified in writing by the Board , *inter alia*, include,—
  - (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
  - (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - (iii) examination of the financial statement and the auditors' report thereon;
  - (iv) approval or any subsequent modification of transactions of the company with related parties;
  - (v) scrutiny of inter-corporate loans and investments;
  - (vi) valuation of undertakings or assets of the company, wherever it is necessary;
  - (vii) evaluation of internal financial controls and risk management systems;
  - (viii) monitoring the end use of funds raised through public offers and related matters.
3. 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.
4. 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.
5. 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.
6. The Board's report under sub-section (3) of section 134 shall disclose the Composition of an Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with the reasons therefor.
7. The Company has a vigil mechanism for directors and employees to report genuine concerns in operations of the Company.
8. The vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and he/she will have access to the chairperson of the Audit Committee in appropriate or exceptional cases:  
**Provided that the details of establishment of such mechanism shall be disclosed by the Company on its website, if any, and in the Board's report.**