



AUDIT COMMITTEE CHARTER

The terms of reference to the Committee shall include the following:

1. ROLE

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. Recommending the appointment, remuneration and terms of appointment of the Statutory Auditors of the Company.
- b. Approval of payment to Statutory Auditors for any other services rendered by them.
- c. Reviewing with management, Statutory and internal auditors on the adequacy of internal control systems.
- d. Review and monitor the Statutory auditor's independence and performance, and effectiveness of audit process
- e. Prior approval of all related party transactions and subsequent material modifications of the related party transactions.
- f. Ratification of related party transaction, if required.
- g. Valuation of undertakings or assets of the company, wherever it is necessary
- h. Evaluation of internal financial controls and risk management systems

2. FINANCIAL STATEMENTS

Reviewing with management the quarterly/annual financial statements and the independent auditors' report thereon/limited review report as applicable before submission to the Board, focusing primarily on;

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub- section 3 of Section 134 of the Companies Act, 2013.
- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgment by management.
- Modified Opinion(s), if any, in draft audit report.
- Significant adjustments and/or provisions arising out of audit.
- The going concern assumption.
- Compliance with the accounting standards.
- Compliance with listing and legal requirements concerning financial statements



- Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Disclosure of any related party transactions
- Scrutinize inter-corporate loans and investments
- Review 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 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).
 - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- to look 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.
- to review the functioning of the whistle blower mechanism.
- review the utilization of loans and/ or advances from/investment by the 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.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
- Review Management Discussion and Analysis of financial condition and results of operations.
- Disclosures from the CEO and CFO made in connection with the certifications as regards the Company's quarterly and annual reports filed with SEBI and relevant authorities as per the statutes currently in force, signifying,
 - i. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably/likely to adversely affect the Company's ability to record, process, summarize and report financial data;
 - ii. any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls.



- iii. Other relevant reports or financial information submitted by the Company to any governmental body or the authority or the public.
- iv. Approval of appointment of Chief Financial Officer (CFO) or any other person heading the finance function (discharging financial function) after assessing his qualifications, experience and background.

3. EXTERNAL AUDIT

- i. Hold discussions with Statutory auditors regarding:
 - All critical accounting policies and practices
 - All alternative treatments of financial information within GAAP that have been discussed with Management, ramifications of the use of such alternative disclosure and treatments and the treatment preferred by the Statutory auditor.
 - Other material written communications between the Statutory auditor and the management, including, but not limited to, the management letter and schedule of unadjusted differences.
- ii. Discuss with Statutory Auditors, before the audit commences, the nature and scope of audit as well as post-audit discussion/review to ascertain any area of concern.
- iii. Resolve any disagreements of the Statutory Auditor with the management regarding financial reporting.
- iv. Recommend to the Board, the appointment, re-appointment, removal of the Statutory auditors, fixation of audit fee and also approval for payment for any other services rendered by the Statutory auditors.
 - a. While considering such appointment, the Committee shall consider:
 - whether the qualifications and experience of the auditors is commensurate with the size and requirements of the Company.
 - any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.

The Committee may call for other information from the proposed Auditors as it may deem fit.

- b. Recommend to the Board the name of a firm as auditor for consideration any further recommendation to the Shareholders.
- v. Evaluate auditors' performance, qualification and independence.



- vi. Pre-approval of all audit and non-audit services to be rendered by the Statutory auditors of the Company
- To adopt a policy for review and pre-approval of all audit and non-audit services to be provided by the Statutory auditors, so as to ensure their independence and to monitor adherence to the said Policy
 - The authority to grant pre approvals may be delegated to one or more designated members of the Audit Committee whose decisions will be presented to the full Audit Committee at its forthcoming meeting.

3. COST AUDIT (WHERE APPLICABLE)

- i. Recommend to the Board, the appointment, re-appointment, removal of the cost auditors, and fixation of audit fee, nature and scope of cost audit and also approve rendering of any other services by the cost auditors and fees pertaining thereto. It shall ensure that the Cost Auditors are independent, have arm's length relationship and are also not otherwise disqualified at the time of their appointment or during their tenure. In order that 'arm's length relationship' is in fact ensured, the Cost Auditors, appointed under sub-section (3) of Section 148 of the Companies Act, 2013, shall not provide any other services to the Company relating to (i) design and implementation of cost accounting system; or (ii) the maintenance of cost accounting records, or (iii) act as internal auditor, whether acting individually, or through the same firm or through other group firms where he or any partner has any common interest.
- ii. Review and recommend the Cost Audit Report to the Board.

4. INTERNAL AUDIT

- i. Review on a regular basis the adequacy of internal audit function, including the internal audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, budget, coverage and frequency of internal audit.
- ii. Review the appointment, removal, performance and terms of remuneration of the Chief Internal Auditor.
- iii. Review the regular internal audit reports to management prepared by the internal audit department, as well as management's response thereto.
- iv. Review the findings of any internal investigations by the internal auditor 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.



- v. Discuss with the Chief Internal Auditor any significant findings and follow-up thereon.
- vi. Review Internal Audit Reports relating to the internal control weaknesses.

5. INTERNAL CONTROL

- i. Review with the management, external and internal auditors, the scope of internal audit, adequacy of internal control systems and ensure adherence thereto and any other related issues.
- ii. Review Management letters / letters of internal control weaknesses issued by statutory/ internal auditors.
- iii. Review management's report on internal control and Statutory auditor's attestation/ observations on management's assertion.
- iv. Evaluation of Internal Financial Controls.

6. RISK MANAGEMENT

- i. Evaluate Risk Management System
- ii. Discuss with the management, the Company's policies with respect to risk assessment and risk management, including appropriate guidelines to govern the process, as well as the Company's major financial risk exposures including policy for foreign exchange and derivative transactions and the steps management has undertaken to control them.

7. RELATED PARTY TRANSACTIONS

- i. Prior approval of the transactions between the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand.
- ii. Review of Related Party Transactions (actuals) on a quarterly basis;
- iii. Approving subsequent modifications to the Related Party Transactions;
- iv. Recommending to the Board/shareholders such transactions that may require the approval of the shareholders;
- v. Review the disclosures relating to Related Party Transactions made to the shareholders.
- vi. Ratification of the transactions between the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand, if required.