

**I. OBJECTIVE:**

The Audit Committee of the Board of Directors of the Company (the Committee) is constituted under the provisions of the section 177 of the Companies Act, 2013 ('the Act'), Rules 6 & 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

**II. FORMATION OF COMMITTEE:**

The Board of Directors shall constitute the Committee consisting of:

1. The Committee shall have minimum three directors as members with independent directors forming a majority and majority of members of the Committee including its Chairperson shall be persons with ability to read and understand the financial statement.
2. Two-thirds of the members of the Committee shall be independent directors.
3. All members of the Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
4. The Committee shall be appointed by and will serve at the discretion of the Board and it shall continue to be operative until otherwise decided by the Board. The Committee shall carry out the functions as approved by the Board from time to time.
5. The members of the Committee shall meet as provided in this Charter in accordance with applicable provisions of the law.
6. The Company Secretary of the Company shall act as the secretary to the Committee.

**III. MEETINGS, QUORUM & OTHER MATTERS:**

1. The Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.
2. The quorum for the Committee meeting shall either be two members or one third of the members of the Committee, whichever is greater, with at least two independent directors.
3. The Committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the

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statutory auditor and any other such executives to be present at the meetings of the Committee. The Committee may meet without the presence of any executives of the Company.

4. The Chairman of the Committee shall be present at Annual General Meeting to answer shareholder queries.

### **IV. POWERS OF THE COMMITTEE:**

The Committee shall have powers, which include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary; and
5. To have full access to information contained in the records of the Company.

### **V. ROLE OF THE COMMITTEE AND RESPONSIBILITY TO REVIEW:**

A. The role of the Committee shall include the following:

- (1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) 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 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;

- (e) compliance with listing and other legal requirements relating to financial statements;
- (f) disclosure of any related party transactions;
- (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, 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;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the Company with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing 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;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) 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;

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- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the Committee.
- (21) Reviewing the utilization of loans and/ or advances from/investment by the holding 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 existing as on date.

### **B. The Committee shall mandatorily review the following information:**

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the Committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Committee.
- (6) 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) of LODR.
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of LODR.

Further, in terms of the provisions of section 177 of the Act and applicable Rules made thereunder, the Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include:

- a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) examination of the financial statement and the auditors' report thereon;

- d) approval or any subsequent modification of transactions of the company with related parties;

In case of the transaction, other than transactions referred to in Section 188, and where Audit Committee does not approve the transaction, it shall make its recommendation to the Board.

In case any transaction involving any amount not exceeding one crore rupees is entered into by a Director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the Company against any loss incurred by it.

- e) scrutiny of inter-corporate loans and investments;
- f) valuation of undertakings or assets of the company, wherever it is necessary;
- g) evaluation of internal financial controls and risk management systems;
- h) monitoring the end use of funds raised through public offers and related matters.

The Audit Committee may grant the omnibus approval for related party transactions proposed to be entered into by the Company subject to the conditions specified in the applicable provisions of the Act and provisions of LODR.

The Committee shall have authority to investigate into any matter in relation to the items specified above 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.

The 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.

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

### **VII. RESPONSIBILITY TO REVIEW:**

The Committee shall review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.

### **VIII. REVIEW BY BOARD:**

The Board will, as and when required, assess the adequacy of this Charter and make any necessary or desirable amendments to ensure it remains consistent with the objectives and applicable law. In case of any conflict between the provisions of this Charter and LODR or the Act or any other statutory enactments, the provisions of LODR or the Act or other statutory enactments, shall prevail over this Charter.

This Charter is formulated taking in view extant provisions of the LODR / the Act / other applicable statutory enactments. In case of any confusion or doubt with respect to any provision of this Charter or as and when the Committee / Board deems necessary to review this Charter or its provisions, the Committee / Board will take an appropriate decision. Further, this Charter and its provisions are subject to any modification, revision, replacement, variation, deletion, addition or amendment in accordance with the regulatory amendments and guidelines as may be issued / imposed by SEBI or any other competent authority, from time to time.

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