

## **Terms of Reference:**

### **The terms of reference of the Audit Committee:**

- 1) Recommend to the Board the appointment, re-appointment, and if required, the replacement or removal of the Statutory Auditors, including filling of a casual vacancy, fixation of audit fee/ remuneration, terms of appointment, and also provide prior approval of the appointment and the fees for any other services rendered by the Statutory Auditors. The Committee will recommend to the Board the name of the audit firm that may replace the incumbent Auditor on the expiry of their term.
- 2) To review and monitor the information provided by the audit firm relating to the independence of such firm and, among other things, information relating to the non-audit services provided and expected to be provided by the Statutory Auditors.
- 3) Review with the Statutory Auditors their plans for and the scope of their annual audit and other examinations.
- 4) Discuss with the Statutory Auditors the matters required to be discussed for the conduct of the audit.
- 5) Review and examination with the Statutory Auditors the proposed Report on the annual audit, areas of concern, and the accompanying management letter.
- 6) Review and examination of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are accurate, sufficient, and credible and evaluation of internal financial controls and risk management systems.
- 7) The Audit Committee will review with appropriate officers of the Company and the Statutory Auditors, the Annual Financial Statements of the Company before submission to the Board or public release thereof, focusing primarily on:
  - ❖ Matters required to be included in the Directors' Responsibility Statement in the Board's Report in terms of Section 134(3)(c) of the Companies Act, 2013.
  - ❖ Any changes in accounting policies and practices and reasons for the same.
  - ❖ Major accounting entries based on the exercise of judgment.
  - ❖ Qualifications in draft Audit Report.
  - ❖ Significant adjustments made in the Financial Statements arising out of the audit.
  - ❖ The going concern assumption.
  - ❖ Compliance with accounting standards.
  - ❖ Compliance with Listing and other legal requirements concerning Financial Statements.
  - ❖ Disclosure of Related Party Transactions, i.e. transactions of the Company with its subsidiaries, promoters or the management, or their relatives, etc. that may have any conflict with the interest of the Company at large.
  - ❖ Contingent liabilities.
  - ❖ Status of litigations by or against the Company.
  - ❖ Claims against the Company and their effect on the accounts.
  - ❖ Modified opinion(s) in the draft Audit Report.
- 8) Reviewing with the Management, the annual/quarterly/interim Financial Statements before recommending to the Board for approval.
- 9) Review with the management the performance of the Internal Auditors and the existence, adequacy, and effective functioning of the internal control systems including the internal control system over Financial Reporting.
- 10) 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.

- 11) Review the adequacy of the Internal Audit function, including the structure of the Internal Audit department, adequate staffing and the qualifications, experience, authority and autonomy of the person heading the department, the Reporting structure, coverage and frequency of Internal Audit.
- 12) Review with the senior Internal Audit executive and appropriate members of the staff of the Internal Audit department
  - The plans and the scope of their ongoing audit activities.
  - The periodic reports of the findings of the audit reports and the necessary follow-up.
  - Review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of the internal control system of material nature and ensure that proper corrective action is taken.
  - The adequacy of the Company's internal financial controls as defined in Section 134 of the Companies Act, 2013.
- 13) review the functioning of the whistle blower mechanism and Direct access to Chairman of the Audit Committee under Vigil mechanism/Whistle Blower Policy of the Company to provide adequate safeguards against victimization of all persons.
- 14) Review such other matters in relation to the accounting, auditing and financial reporting practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the review functions described above.
- 15) Report its activities to the Board in such manner and at such times, as it deems appropriate.
- 16) Authority to investigate any matter in relation to the items specified in Section 177 of the Companies Act, 2013 or referred to it by the Board, and for this purpose; it will have full access to the information contained in the records of the Company. It may also investigate any activity within its term of reference. It has the authority to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (for non-payment of declared dividends), and creditors, if any, and any other instance of a failure of legal compliance.
- 17) The Committee may seek information from any employee and may obtain from external independent sources any legal or other professional advice it considers necessary in the performance of its duties. It may also secure the attendance of independent professional persons with suitable qualifications and relevant experience in specific matters, if it considers this necessary.
- 18) Approval for appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc.
- 19) Review and monitor, with the management, the statement of uses/ application of funds raised through an issue (public, rights 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 utilization of proceeds of the public issue or rights issue, and make appropriate recommendations to the Board.
- 20) Review of other Information:
  1. Management Discussion and Analysis of financial condition and results of operation.
  2. Statement of Significant Related Party Transactions submitted by the Management.
  3. Internal Audit Reports relating to internal control weaknesses.
  4. Inter-corporate loans and investments.
  5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.
  6. Valuation of undertakings and assets of the Company, whenever necessary
- 21) Omnibus approval for Related Party Transactions.
- 22) Review and approval of all Related Party Transactions.

- 23) The Chairman of the Audit Committee will attend the Annual General Meeting of the Company and provide clarifications on matters relating to its scope sought by the members of the Company.
- 24) The Committee will review the Financial Statements, in particular the inter-corporate loans and investments made by or in the Subsidiary Companies.
- 25) In case the Auditor has sufficient reason to believe that an offense involving fraud is being or has been committed against the Company by employees of the Company or by the Company, the Auditor will forward his report to the Committee and the Committee will send its reply or observations to the Auditor and such matters will be reported to the Board by the Committee. The Statutory Auditors of the Company shall have a right to be heard in the Audit Committee Meetings and they will participate in discussions related to the audit and review of the annual Financial Statements of the Company and any other matter that in the opinion of the Statutory Auditors needs to be brought to the notice of the Committee or any matter in which they are invited by the Committee to participate.
- 26) The Committee will take into consideration the qualifications and experience of the person proposed for appointment as the Cost Auditor and recommend such appointment to the Board, together with the remuneration to be paid to the Cost Auditor.
- 27) The Committee will carry out all other duties, as may be prescribed by Listing Agreement with Stock Exchanges, Companies Act, 2013, Rules made thereunder and all other applicable laws.
- 28) To 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 existing with the Company.
- 29) To review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) at least once in a financial year and to verify that the systems for internal control are adequate and are operating effectively.
- 30) To Review the Report presented by the Compliance Officer with regard to compliance with the Internal Code of Conduct of the Company to Regulate, Monitor and Report Trading by Designated Persons.
- 31) review the 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)

**Reporting of Internal Auditors:** The Internal Auditors of the Company attend Meetings of the Audit Committee on a regular basis and findings of internal audits (Internal Audit Report) as well as actions taken (Action Taken Report) thereon are reported directly to the Audit Committee.