

## **Audit Committee – Terms of Reference**

The terms of reference of the Audit Committee was approved by a resolution of our Board dated February 27, 2023.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI Listing Regulations. The powers, roles, responsibilities and terms of reference of the Audit Committee shall include the following:

### **Powers of Audit Committee:**

The Audit Committee shall have powers, including 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.
5. Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

### **Role of the Audit Committee:**

The role of the Audit Committee shall include the following:

1. Oversight of our Company's financial reporting process, examination of the financial statement and the auditors' report thereon, and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, re-appointment, remuneration and terms of appointment of auditors of our Company and fixation of audit fee and payment of any other service fee;
3. Approval of payments 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 Companies 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 of our Company;
  - 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; and
  - g. Qualifications/modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual 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 utilised 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. Reviewing the financial statements, in particular, investments made by an unlisted subsidiary;
  9. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
  10. Granting omnibus approval to related party transactions and laying down criteria for granting such approval in accordance with the SEBI Listing Regulations and reviewing, at least on a quarterly basis, the details of the related party transactions entered into by our Company pursuant to the omnibus approvals granted;
  11. Approval of any subsequent modification of transactions of the company with related parties;  
Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations") and/or the Accounting Standards;
  12. Scrutiny of inter-corporate loans and investments;
  13. Valuation of undertakings or assets of our Company, wherever it is necessary;

14. Evaluation of internal financial controls and risk management systems;
15. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
16. 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;
17. Discussion with internal auditors of any significant findings and follow up there on;
18. 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;
19. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as postaudit discussion to ascertain any area of concern;
20. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
21. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
22. Reviewing the functioning of the whistle blower mechanism;
23. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
24. Oversee the vigil mechanism established by our Company and the chairman of audit committee shall directly hear grievances of victimization of employees and directors, who use vigil mechanism to report genuine concerns;
25. Formulating, reviewing and making recommendations to the Board to amend the Audit Committee charter from time to time;

26. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 10000.00 lakhs or 10% of the asset size of the subsidiary, whichever is lower; and
27. Carry out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the board of directors of our Company or specified/provided under the Companies Act or by the SEBI Listing Regulations or by any other regulatory authority.
28. The Audit Committee shall mandatorily review the following information:
- a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of our Company;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors of our Company;
  - d. Internal audit reports relating to internal control weaknesses;
  - e. The appointment, removal and terms of remuneration of the chief internal auditor; and
  - f. Statement of deviations in terms of the SEBI Listing Regulations:
    - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
    - annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(5) of the SEBI Listing Regulations.

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