

Audit Committee

The terms of reference of the Audit Committee, shall, *inter alia*, include the following:

- (a) oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) To consider and recommend to the Board, the appointment (including filling of a casual vacancy), noting of resignation, dismissal, remuneration and terms of appointment (including qualification and experience) of the Statutory Auditor, Internal Auditors, Cost Auditor and Secretarial Auditor and fixation of audit fee; approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (c) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. 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;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions; and
 - vii. modified opinion(s) in the draft audit report.
- (d) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (e) 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 issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;
- (f) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders and creditors;
- (g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (h) approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee;

- a) Recommend criteria for omnibus approval or any changes to the criteria for approval of the Board;
- b) Make omnibus approval for related party transactions proposed to be entered into by the Company for every financial year as per the criteria approved;
- c) Review of transactions pursuant to omnibus approval;
- d) Make recommendation to the Board, where Audit Committee does not approve transactions other than the transactions falling under Section 188 of the Companies Act 2013.

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013;

- (i) scrutiny of inter-corporate loans and investments;
- (j) valuation of undertakings or assets of the Company, wherever it is necessary and report its findings to the Board of the Company;
- (k) evaluation and effectiveness of internal financial controls and risk management systems and reporting its findings to the Board of the Company;
- (l) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (m) ensuring that an information system audit of the internal systems and processes is conducted at least once in two years to assess operation risks faced by the Company;
- (n) 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 and reporting its significant findings to the Board of the Company;
- (o) discussion with internal auditors of any significant findings and follow up there on;
- (p) 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;
- (q) 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;
- (r) 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;
- (s) To review the functioning and effectiveness of the whistle blower/ vigil mechanism and report its findings and make recommendations for improvement to the Board (unless in exceptional circumstances it is inappropriate to do so);
- (t) monitoring the end use of funds raised through public offers and related matters
- (u) overseeing the vigil mechanism established by the Company, with the chairperson of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- (v) review the financial statements, in particular, the investments made by any unlisted subsidiary

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- (w) considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders
- (x) approving the key performance indicators ("KPIs") for disclosure in the offer documents, and approval of KPIs once every year, or as may be required under applicable law
- (y) to review the functioning of the whistle blower mechanism;
- (z) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 - (aa) identification of list of key performance indicators and related disclosures in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, for the purpose of the Company's proposed initial public offering;
 - (bb) carrying out any other function as is mentioned in the terms of reference of the audit committee or as required as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SEBI ICDR Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties;
 - (cc) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
 - (dd) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
 - (ee) monitoring the end use of funds raised through public offers and related matters;
 - (ff) reviewing compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended and verifying that the systems for internal control are adequate and are operating effectively;
 - (gg) carrying out any other functions and roles as provided under the Companies Act, the SEBI Listing Regulations, SEBI ICDR Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties; and
 - (hh) to carry out such other functions as may be specifically referred to the Audit Committee by the Board and/or other committees of directors of the Company.
- (ii) To review the annual budget and business plan and significant variance thereof.

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 transaction (as defined by the Audit Committee), submitted by management;
 - (c) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (d) internal audit reports relating to internal control weaknesses; and
 - (e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
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- (f) Statement of deviations, as and when they become applicable:

- i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations, as amended.
 - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI Listing Regulations, as amended.
- (g) Such information as may be prescribed under the Companies Act, and the rules thereunder, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended.
- (h) To review the financial statements, in particular, the investments made by an unlisted subsidiary."

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