

**Terms of Reference for the Audit Committee:**

The Audit Committee shall be responsible for, among other things, from time to time, the following:

The role of the Audit Committee shall include the following:

1. Oversee financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
2. To review financial results and related information and disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
3. To approve or modify any related party transactions, to review internal financial controls and risk management system;
4. To formulate policy on related party transactions, which shall include materiality of related party transactions;
5. To review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
6. To recommend appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
7. To review and evaluate with the management performance of statutory and internal auditors, effectiveness of audit process and adequacy of the internal control systems;
8. 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;
9. To review and monitor the statutory auditor's independence and performance, and effectiveness of audit process;
10. Approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;
11. Examining and 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 as amended from time to time from time to time;
  - 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 legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions; and
  - vii. Modified opinion(s) in the draft audit report.

12. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
13. 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. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
14. Approval or any subsequent modifications 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;

Explanation: The term "related party transactions" shall have the same meaning as provided in the applicable Accounting Standards and/or the Companies Act, 2013.

15. Scrutinising of inter-corporate loans and investments;
16. Valuation of undertakings or assets of the Company, wherever it is necessary;
17. Evaluation of internal financial controls and risk management systems;
18. Overseeing the vigil mechanism established by the Company, with the chairman 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;
19. 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;
20. Discussing with internal auditors on any significant findings and follow up thereon;
21. 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;
22. Discussing 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;
23. Looking 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;
24. Reviewing the functioning of the whistle blower mechanism;
25. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

26. Carrying 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 and/or specified/provided under the Companies Act;
27. Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary
28. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
29. Approving the key performance indicators for disclosure;
30. To ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company;

#### **A. Powers of the Audit Committee**

The powers of the Audit Committee shall 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. Such other powers as may be prescribed under the Companies Act

#### **B. Reviewing Powers**

The Audit Committee shall mandatorily review the following information:

1. Management letters / letters of internal control weaknesses issued by the statutory auditors;
2. Internal audit reports relating to internal control weaknesses;
3. The appointment, removal and terms of remuneration of the chief internal auditor;
4. Examination of the financial statements and the auditors' report thereon;
5. Review the financial statements, in particular, the investments made by any unlisted subsidiary; and



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Registered Office: No. 34, Thiyagaraya Gramani Street, T.Nagar, Chennai Tamil Nadu-600017. Ph: 044-42027675. Email- chennairegion@stalwartgroup.com  
Corporate Office: 5th & 10th Floor, B - Block, Pricol Caledon Square, Avinashi Road, Peelamedu, Coimbatore, Tamil Nadu - 641004. Email- co@stalwartgroup.com  
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