

Audit Committee

Brief description of terms of reference

The Terms of Reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and the Guidelines dated 14th May 2010 on Corporate Governance of CPSEs issued by Department of Public Enterprises.

Scope of Audit Committee

The Audit Committee acts as a link between the Management, Statutory and Internal Auditors and the Board of Directors. The list of functions inter-alia includes the following:

- **To hold discussion with Auditors periodically about:**
 - Internal control systems compliance and adequacy thereof.
 - Scope of audit including observations of the Auditors.
 - Review of the quarterly, half yearly and annual financial statements before submission to the Board.

- **To perform the following functions:**
 - To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - Recommending to the Board the fixation of audit fees.
 - Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 - Reviewing, with the management, the annual financial statements before submission to the Board for approval, with reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualifications in the draft audit report.
 - Reviewing, with the management, the quarterly financial statements before submission to the Board for approval as and when required.
 - To discuss with internal auditors on any significant findings and follow-up thereon.
 - Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.
 - Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies 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

- 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.
- 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.
- To review the functioning of the Whistle Blower Mechanism
- To review the follow up action on the audit observations of the C&AG audit.
- Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors
- Review all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.
- Any other matter related to companies accounts and finance as decided by the Board.

• **Powers of Audit Committee:**

- To investigate any activity within its terms of reference.
- To seek information on and from any employee.
- To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- To protect whistle blowers.

Constitution, Composition, name of Members and Chairperson

With respect to the provisions of Section 177 of the Companies Act 2013 and in reference of the provisions of Corporate Governance Guidelines issued by the Department of Public Enterprise (DPE) the Company has constituted the Audit committee approved by the Board of directors.

The Audit committee comprised of following members: -

1. Shri Satya Prakash Mangal, Independent Director Chairman,
2. Shri Rathendra Raman, Member, Chairman, SMP, Nominee Promoter Director.
3. Shri Mukesh Kumar Singh, Independent Director, Member.