

Sudarshan Audit Committee - Terms of Reference

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Audit Committee of the Board/ Company, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations, both domestic and overseas;
- safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

Terms of Reference of Audit Committee

The Audit Committee of the Company is entrusted with the following powers and responsibilities to supervise the Company's internal control and financial reporting process.

Powers of Audit Committee

The primary objective of Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

1. Investigate any activity within its terms of reference of the Companies Act, 2013 or referred to it by the Board and for its purpose, shall have full access to information contained in the records of the Company and external professional, legal or other advice, if necessary;
2. Seek information from any employee;
3. Obtain outside legal or other professional advice; and
4. Secure attendance of outsiders with relevant expertise wherever it considers necessary.

Role of Audit Committee

The role of the Audit Committee is in line with the Clause 49 of the Listing Agreement and the Committee performs the following functions/ The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement, as well as in Section 177 of the Companies Act, 2013, which inter alia, include:

1. 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.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the Management, the annual financial statements 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;
 - 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;
 - 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) Qualifications in the draft audit report, if any.
5. Approval or any subsequent modification of transactions of the company with related parties.
6. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- 6A. Reviewing and monitoring 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the Auditor's independence and performance, and effectiveness of Audit process.
8. Review and discuss with the management the status and implications of major legal cases.

9. 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.
10. Discussion with internal auditors on any significant findings and follow up thereon.
11. 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.
12. 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.
13. 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, if any.
14. To review the functioning of the Whistle Blower mechanism from time to time, address genuine concerns; and:
 - a) To ensure the action taken on the alleged complaints received under this mechanism;
 - b) To review the adequacy of the final outcome of such complaint and ensure that the reward or punishment is commensurate with the final outcome;
 - c) To get an independent expert opinion, if need be, on the alleged complaint.
15. Direct access to the Chairman of the Committee, in appropriate or exceptional cases, to the vigil mechanism established by the Company.
16. 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.
17. Scrutiny of inter-corporate loans and investments.
18. Valuation of undertakings or assets of the Company, wherever it is necessary.
19. Valuation of internal financial controls and risk management systems.
20. Mandatorily reviewing the following information:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions;
 - c) Management letters / letters of internal control weakness issued by the statutory auditors;
 - d) Internal audit report relating to internal control weakness;
 - e) Appointment, removal and terms of remuneration of the internal auditor (s).

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the provisions of the Companies Act. All members of the Committee are financially literate, with Mr. S.N. Inamdar, Chairman of the Committee, having the relevant accounting and financial management expertise.

Role and Terms of Reference of Audit Committee

Overseeing

- The Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

Recommending

- The appointment, re-appointment, replacement and removal of the statutory auditor, fixation of audit fees and approving payments for any other services.

Reviewing

- The annual financial statements with the management with primary focus on matters required to be included in the Directors' Responsibility Statement, changes, if any in accounting policies and practices and reasons thereof, compliance with accounting standards and guidelines of stock exchange(s), major accounting entries & related party transactions;
- The quarterly financial statements with the management before submission to the board for approval;
- The adequacy of internal control systems and the internal audit function and reviewing the Company's financial and risk management policies;
- 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;
- The reports furnished by the internal auditors, discussion with internal auditors on any significant findings and ensuring suitable follow up thereon;
- Directors' overseas traveling expenses; and
- Foreign exchange exposure.

Complying

- With the provisions of listing agreement laid down by the Stock Exchange(s) and legal requirements concerning financial statements.

Discussing

- With external auditors before the audit commences, of the nature and scope of audit. Also post audit discussion to ascertain any area of concern.

Looking

- Into the reasons for substantial defaults in the payments to the shareholders (in the case of non-payment of declared dividends) and creditors.

Approving

- The appointment of the CFO before finalisation of the same by the management. Further while approving the appointment, it shall assess the qualifications, experience & background etc. of the candidate.

Reporting

1. The Audit Committee will report and update the Board, periodically, on various matters that it has considered as well as on the independence of the Auditors.

2. The Annual Report of the Company shall disclose the composition of the Audit Committee, brief description of the scope of the Audit Committee Charter, names of members, Chairperson, meetings and attendance.

3. The recommendations of the Audit Committee on any matter relating to financial management including the audit report, shall be binding on the Board. If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the shareholders.

4. Reporting regularly to the Board with respect to:

The quality or integrity of the Company's financial statements;

The Company's compliance with legal or regulatory requirements;

The performance of the external auditor as well as the Internal Audit Function; and

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.

Other Functions

1. Perform other activities related to this Charter as requested by the Board of Directors.
2. Carry out additional functions as is contained in the listing agreement or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.
3. Institute and oversee special investigations as needed.

Reports

The Audit Committee will record its summaries of recommendations to the Board which will be incorporated as a part of the minutes of the Board of Directors meeting.

Evaluation

1. Conduct an annual performance evaluation relative to the Audit Committee's purpose, duties, responsibilities and effectiveness and recommend any changes it considers necessary for the approval of the Board of Directors.
2. The Audit Committee may conduct such evaluation and reviews in such manner as it deems appropriate.

Review of Audit Committee Charter

The adequacy of this charter shall be reviewed and reassessed by the Audit Committee, at least, annually and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about to the regulatory framework, from time to time.

Approved by Audit Committee on 13th February, 2015