

Terms of Reference of Audit Committee

Financial Statement and Disclosure Matters

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. 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, 2013;
 - 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 judgement 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. Disclosure of any related party transactions;
 - g. Modified opinion(s) in the draft audit report;
3. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval including the financial statements, in particular, the investments made by unlisted subsidiary(ies);
4. To review Management discussion and analysis of financial condition and results of operations;
5. 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 or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the Board to take up steps in this matter;
6. Scrutiny of inter-corporate loans and investments;
7. Evaluation of internal financial controls and risk management systems/risk controls;
8. To review the utilization of loans, advances or both in the subsidiary company(ies) exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on 1 April 2019.
9. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements
10. To discuss with management potential impact and exposures, if any, on the Company's financial statements on account of breaches of data privacy and data security regulations.
11. Discuss generally with management, prior to release, Company's quarterly earnings press releases and accompanying financial information, as well as earnings

guidance, if any. The Committee need not approve each earnings release or earnings guidance prior to issuance.

12. To approve adjustments made to the ECL model output
13. To review ageing analysis of entries pending reconciliation with outsourced service provider relating to cash management
14. 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;

Oversight of Independent Auditors

15. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
16. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
17. Review and monitor the auditor's independence and performance and effectiveness of statutory and internal audit process;
18. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
19. 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;
20. To review Management letters/letters of internal control weaknesses issued by the statutory auditors;
21. To consider whether the Auditor's performance of permissible non-audit services provided to Company and Group is compatible with the auditor's independence.

Oversight of Related Party

22. Approval or any subsequent modification of transactions of the Company with related parties;
23. 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.

Oversight of Internal Audit

24. 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;
25. Discussion with internal auditors of any significant findings and follow up there on;
26. 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;
27. Oversight of Company's internal audit function, including recommendation of policy, approving annual plan and maintenance of quality assurance and improvement program.
28. To review Internal audit reports relating to internal control weaknesses;
29. To review the appointment, removal and terms of remuneration of the Chief internal auditor;

30. Meet at least on a quarterly basis with the Head-Internal Audit without the presence of the senior management (including the MD & CEO/WTD) to foster open communication.

Compliance and Regulatory Oversight Responsibilities

31. To review the functioning of the Whistle Blower mechanism;
32. 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;
33. To review statement of deviations, if any:
 - a) 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, 2015.
 - b) 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, 2015.
34. To review compliance with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.
35. To ensure that an appropriate compliance policy is in place to manage compliance risk and ensure that compliance issues are resolved effectively and expeditiously.
36. Review periodic reports on compliance failures/ breaches and results of compliance testing.
37. Review important guidelines, circulars, notifications etc. issued by RBI, SEBI, MCA and other regulatory bodies and submission to the Board at regular intervals
38. "To review the outcome of 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' periodically"
39. To review the appointment, removal and terms of remuneration of the Chief Compliance officer;
40. Meet at least on a quarterly basis with the Compliance Officer without the presence of the senior management (including the MD & CEO/WTD) to foster open communication.
41. Reviewing the adequacy of compliance function, if any, including the structure of the compliance department, staffing and seniority of the official heading the department, reporting structure coverage and frequency
42. Review all issues / concerns raised in the Supervisory / Inspection reports of Regulators, and follow up action on the issues raised.
43. To review instances of disciplinary actions taken including punitive or preventive aspects of such instances.
44. Exercise oversight of Information Systems (IS) Audit of the Company, approve and annually review the IS Audit policy.
45. Review critical issues highlighted related to IT / information security/ cyber security and provide appropriate direction and guidance to the management
46. To consider appointment, reappointment, removal, remuneration and terms of appointment of firms/consultants engaged to provide independent assurance over the correctness as well as adequacy of the financial reporting
47. To review material penalties imposed / penal action taken against the Company under various statutes and action taken for corrective measures

Other Responsibilities

48. To review all instances of fraud greater than Rs. 1 crore, summary of fraud trends and cases if any reported by auditors.
49. To review instances of significant fraud having involvement of the management or an employee having a significant role in the listed entity's internal control system over financial reporting
50. To Review Proposals for compromise settlements in respect of borrowers classified as fraud or wilful defaulter
51. To review the licensing and regulatory conditions stipulated and or relating to the subsidiaries of the Company
52. Valuation of undertakings or assets of the company, wherever it is necessary;
53. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders
54. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
55. All matters as may be prescribed or directed by RBI, SEBI or any other regulatory bodies from time to time.