

# S R INDUSTRIES LIMITED

## Audit Committee Policy

[Pursuant to Section 177 of the Companies Act, 2013  
and Regulation 18 SEBI (Listing Obligations and  
Disclosure Requirements) Regulations, 2015]

## **Preamble**

The Audit Committee of S R Industries Limited is established by the Board of Directors in accordance with Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors constitute Audit committee to provide oversight of the Company's financial reporting process, internal controls, and audit functions. The Committee's purpose is to ensure the integrity and transparency of the Company's financial statements, maintain the independence and effectiveness of the external audit function, and foster a culture of compliance and risk management within the organization. The Committee will fulfil its responsibilities in accordance with the highest standards of ethical conduct and professional excellence.

## **Objectives**

The role of the Audit Committee (“Committee”) flows from the Board of Directors’ (“Board”) overview function on corporate governance, which holds the management accountable to the Board and the Board in turn, accountable to the shareholders.

The primary role of the Committee of The Indian Hotels Company Limited ("Company") is that of assisting the Board in reviewing and exercising oversight on the accounts, finance and audit functions of the Company as well as transactions having a significant/material financial implication for the Company:

1. Review (in conjunction with management) of the financial statements, both stand-alone financial statements and consolidated financial statements including the quality and integrity of such statements and the auditor’s report thereon together with any significant financial reporting judgments contained in them as well as the adherence of these financial statements to Accounting Standards. [This review shall extend to a broad review of the financial statements of the Company’s subsidiaries (in particular the investments made by the subsidiary companies, whose shares are not listed).]
2. Oversight of financial reporting controls and processes for the Company and its subsidiaries.
3. Oversight of timely and accurate disclosures and communications with stakeholders.
4. Review of the adequacy and reliability of the internal control systems and risk management system.
5. Recommendation for appointment, remuneration and terms of appointment of statutory and internal auditors of the Company and valuers.
6. Review of policy and compliance therewith in matters related to auditors, their independence, scope of work, performance and effectiveness of the audit process.
7. Review of the efficacy of the whistle blowing mechanism for stakeholders, employees & Directors and the functioning of the same.

8. Approval or any subsequent modification of transactions of the Company with related parties.

9. Scrutiny of inter-corporate loans and investments.

10. Valuation of undertakings or assets of the Company, wherever it is necessary.

11. Review of reasons for defaults in the payments to the depositors, debenture holders, shareholders and creditors.

12. Performing such other duties and responsibilities as may be mandated under the Companies Act, 2013 and other applicable regulations and the directions of the Board.

The Committee will report periodically to the Board on its activities.

### Composition

1. The Committee shall be appointed by the Board and shall comprise at least three Directors as members. The majority of members [at least two-third members (Reg 18)] should be Independent Directors. [Sec 177(2) CA, 2013].

2. The members of the Committee shall elect a Chairman from amongst themselves, who should be an Independent Director. (Reg 18). The Chairman of the Board, as far as possible, shall not be a member of the Committee.

3. Members of the Committee shall be persons with the ability to read and understand the basic financial statements [and at least one member shall, in the judgment of the Board, have accounting or financial management experience. (A member will be considered to have accounting or related financial management experience if he or she possesses experience in finance or accounting functions, or requisite professional qualification in accounting, or other comparable experience or background which results in the individual's ability to read and understand financial statements and matters, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.) (Reg 18).

4. The Company Secretary shall act as the Secretary to the Committee [Reg 18] and will be responsible for recording the minutes of the proceedings and reporting on actions taken in the subsequent meeting.

### Audit Committee:

Sr. No.	Name of Members	Designation	Contact details
1.	Mrs. Deepti Datta	Chairperson	Cor. Off.: II-B / 20, First Floor Lajpat Nagar, , New Delhi, Delhi, 110024 Email: <a href="mailto:srindustries9531@gmail.com">srindustries9531@gmail.com</a> Ph.: 011-69999159
2.	Mr. Sanjeev Kumar Sapra	Member	Cor. Off.: II-B / 20, First Floor Lajpat Nagar, , New Delhi, Delhi, 110024 Email: <a href="mailto:srindustries9531@gmail.com">srindustries9531@gmail.com</a> Ph.: 011-69999159
3.	Mr. Pankaj Dawar	Member	Cor. Off.: II-B / 20, First Floor Lajpat Nagar, , New Delhi, Delhi, 110024 Email: <a href="mailto:srindustries9531@gmail.com">srindustries9531@gmail.com</a> Ph.: 011-69999159

## **Meetings and Quorum**

1. The Committee shall meet at least 4 times in a year, and not more than 120 days shall elapse between two successive meetings. [Reg 18]
2. The Committee may, at its discretion, invite such executives including the finance director and/or head of the finance and accounts function, head of internal audit and a representative of the statutory auditor to be present at the meetings of the Committee. [Reg 18]. Additionally, the Managing Director, if not already a member may also attend and participate at the meetings of the Committee as an invitee.
3. The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the total number of members of the Committee; whichever is greater, but there should be a minimum of two Independent Directors present. [Reg 18]
5. A duly convened meeting of the Committee at which the requisite quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee
6. The Chairman of the Audit Committee shall be present at the Annual General Meeting (“AGM”) to answer shareholder queries [Reg 18].
7. The Committee needs to have a direct and independent line of reporting by the Head of Internal Audit function of the Company
8. While invitees to the Committee shall have a right to be heard at the meetings, they shall not have a right to vote. The right to vote shall vest only with the members of the Committee. [Sec 177(7) CA, 2013]
9. The Committee may meet with the representatives of the Company’s subsidiaries (especially those whose shares are not listed) and shall review their financial statements (in particular the investments made by them) [Reg 24]. The Committee may additionally review the system of internal control and financial reporting present in these subsidiaries for their integrity and adequacy.

## **Authority and Power**

The Committee shall, subject to the approval of the Board, have the power to:

1. Investigate any activity within the scope of this Charter [Reg 18 and Sec 177(6) CA,2013] or referred to it by the Board for this purpose
2. Requisition the presence of and seek information from any employee. [Reg 18]
3. Obtain professional advice from external sources. [Reg 18/Sec 177(6) CA,2013]
4. Secure attendance of outsiders with relevant expertise, if it considers necessary. [Reg 18]
5. Have full access to information contained in the records of the Company. [Sec 177(6) CA,2013]

## **Role of Audit Committee**

The role of Audit Committee shall include the following:

- (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) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(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 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 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) disclosure of any related party transactions;

(g) modified opinion(s) in the draft audit report;

(5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) 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 451[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;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) approval or any subsequent modification of transactions of the listed entity with related parties;

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) 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;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) 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;

(16) 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;

(17) 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;

(18) to review the functioning of the whistle blower mechanism;

(19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.]

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (3) internal audit reports relating to internal control weaknesses; and
- (4) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (5) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Any other conditions as the Audit Committee may deem fit.

### **Acknowledgement**

The Directors and Senior Management personnel shall read and fully understand this model charter comply with the policies procedures and principles contained therein.

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