

**AUDIT COMMITTEE CHARTER
OF
SYNGENE INTERNATIONAL LIMITED**

TABLE OF CONTENTS

SCOPE OF THE COMMITTEE 2

CONSTITUTION, MEMBERSHIP AND COMPOSITION 2

ROLE AND RESPONSIBILITY 2

POWERS 5

PROCEDURE AND QUORUM 6

REFERENCE..... 6

VERSION HISTORY 6

SCOPE OF THE COMMITTEE

The Audit Committee (“the Committee”) is constituted as per the terms of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). The Committee provides direction to the audit function and monitors the quality of internal and statutory audit with an objective of moving towards a regime of unqualified financial statements. The responsibilities of the Committee include the review of the quarterly and annual financial statements before submission to Board, review of compliance of internal control system, overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements etc. The Committee also reviews the adequacy and effectiveness of internal audit function.

CONSTITUTION, MEMBERSHIP AND COMPOSITION

The Committee shall have a minimum of three Directors as members. Two-thirds of the members of the Committee shall be Independent Directors. All members of the Committee shall be financially literate and at least one member shall have accounting or related financial management expertise. Chairperson of the Committee shall be an Independent Director and shall be present at the Annual General Meeting to answers shareholders queries.

- **Chairperson** - In case the Chairperson is not available for the meeting the members present may elect one among them to be the Chairperson of the meeting.
- **Permanent Invitees** - Finance Head, Statutory Auditors and Internal Auditors.
- **Invitees** - In addition to the members mentioned above, any other Directors, any other person may be invited for bringing special knowledge, etc. into the discussion.
- **Secretary** - The Company Secretary of the Company acts as the coordinator and Secretary of the Committee.

ROLE AND RESPONSIBILITY

Finance & Accounts

- 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;
- Review with the management, the quarterly, half yearly and annual financial statements before submission to the Board for approval;
- To review with the management, the annual financial statements and auditor’s report thereon before submission to the Board for approval, with particular reference to:

- 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;
 - 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 listing and other legal requirements relating to financial statements;
 - Compliance with the applicable Accounting Standard issued by ICAI or other appropriate authority;
 - Disclosure of any related party transactions and review subsequent modification in the related party transactions with related parties of the Company;
 - Modified opinion(s) in draft audit report;
 - Scrutiny inter corporate loans and investments;
 - Valuation of undertakings or assets of the company, wherever it is necessary.
- Approval of related party transactions (i.e. prior) with related parties or any subsequent modification thereof;
 - Mandatorily review the management discussion and analysis of financial condition and results of operations;
 - Mandatorily review the statement of significant related party transactions (as defined by the Audit Committee) submitted by the management;
 - 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, and making appropriate recommendations to the Board to take up steps in this matter;
 - To make recommendations to the Board on any matter relating to financial management including the Audit Report, which shall be binding on the Board. To record the reasons, if

the Board does not accept the recommendations and communicate such reasons to the shareholders;

- Reviewing the utilization of loan and/ or advances from / investment by the holding company in the subsidiary exceeding Rs. 100 crores or 10% of the assets size of the subsidiary, whichever is lower.

Audit Management

- Review with the management, auditor's independence, effectiveness of audit process and performance of statutory auditors;
- Recommend to the Board, the appointment, re-appointment, terms of appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 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;
- Mandatorily review the management letters / letters of internal control weaknesses issued by the statutory auditors;
- Review with the statutory auditors any significant findings and follow up there on;
- Review the adequacy of the 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;
- Review with the Management, performance of the Statutory and Internal auditors and adequacy of the internal control systems;
- Review with Internal Auditors any significant findings and follow up there on;
- Review 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;
- Discuss with the Internal auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- Mandatorily review internal audit reports relating to internal control weaknesses;
- Establish a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- To review the implementation and functioning of the Vigil Mechanism/ Whistle Blower Mechanism in the Company.

Others

- The Committee shall also review the financial statements, in particular the investments made by the unlisted subsidiary company;
- Assess the qualification, experience and background, etc. of the candidate to be appointed as Chief Financial Officer of the Company (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function);
- Mandatorily review the appointment, removal and terms of remuneration of the Chief Internal Auditor;
- Carry out any other function contained in the terms of reference of the Committee, Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and any other law;
- Review and evaluate the internal financial controls;
- 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 periodically review the report under the Insider Trading Code of the Company;
- To undertake self-evaluation of its functioning and identification of areas for improvement towards better governance;
- To review and reassess periodically the adequacy of this charter and recommend any proposed change to Board for its approval.

POWERS

- To engage outside consultants/professionals, as deemed fit, to assist in the discharge of related functions and to secure his/her attendance, if considered necessary;

- To investigate any activity within its terms of reference;
- To seek information from any employee of the company; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

PROCEDURE AND QUORUM

- **Time and frequency of meetings** – The Committee shall meet at least four times in a year and not more than 120 days has elapsed between the two meetings or as and when the need arises to discharge its roles and responsibilities. Members who are not physically present may attend through video / teleconference mode.
- **Quorum for meetings** - Two members present or one third of the total strength whichever is higher, including those who attend via video conference, but two Independent Directors should be present. Members attending meeting through teleconference are to be excluded for the purpose of Quorum.
- **Sitting fees** – The members of the Committee are eligible for sitting fee, as approved by the Board from time to time.
- **Onward Reporting** – The Minutes of each meeting of the Committee shall be circulated within 15 days from the date of each meeting or as per prevailing applicable laws or Secretarial Standards to all Committee’s members for their comments and be placed before the Board in subsequent meeting.
- **Clarifications** - In case of any ambiguity or need for clarification the Company should refer applicable Secretarial Standards, provisions of Companies Act, 2013, SEBI Regulations and Articles of Association of the Company and any other applicable law.

REFERENCE

As mandated by the Section 292A of the Companies Act, 1956 or Section 177 of the new Companies Act, 2013 and Regulation 18 of SEBI Regulations.

VERSION HISTORY

- The Committee was constituted on October 19, 2011 by the Board of Directors.
- First charter was approved on January 24, 2012 and subsequently modified on March 11, 2015 October 24, 2018 and January 22, 2019.