



**ROYAL INDIA CORPORATION
LIMITED**

**AUDIT COMMITTEE CHARTER
(Revised on November 14, 2018)**

1. Introduction

Securities and Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as “**SEBI (LODR) Regulations 2015**” or “**The Regulations**”] on September 2, 2015 effective from 1st December 2015 for the purpose of conversion of existing listing agreements into a single comprehensive regulation for various types of listed entities.

Further in the said Regulations, the matters related to Audit Committee and its Roles has been elaborately covered under Regulation 18 read with Part C of schedule II. Further Regulation 18(3) specifically lays down the role of the Audit Committee and the information to be reviewed in Part C of Schedule II in the said Regulations.

Considering the introduction of the SEBI (LODR) Regulations 2015 and the high expectations the regulators demand from listed entities the Company has undertaken an intensive exercise to revisit all its Corporate Governance policies and procedures and make amendments/ update or even replace them with more pro-active polices in line with the new Corporate Governance initiatives by the regulators.

In view of the above Statutory enactment the Audit Committee has revised its existing Charter to bring it in line with the said regulations and the same has also been reviewed by the Board of Directors of Royal India Corporation Limited (“**the Company**” or “**RICL**”) and the same shall be effective from November 14, 2018.

2. Primary Objectives:

The Audit Committee will be a sub-committee of the Board of Directors of the Company. The Audit Committee shall assist the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies.

3. Composition

The Audit Committee shall comprise of a minimum of 3 directors as members. Two thirds of the members of the Committee shall be Independent Directors (Independence shall be decided upon by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and rules thereunder and the regulations notified in this regard by the Securities and Exchange Board of India (SEBI));

All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise;

The Board shall appoint an Independent Director as the Chairman of the Committee.

The Company Secretary shall act as the Secretary to the Committee.

4. Role of Audit Committee:

(i) The primary role of the Audit Committee shall be as statutorily laid down under Section 177(4) of the Companies Act, 2013 Read with Companies (Meeting of Board and its Power) Rules, 2014 (as may be amended from time to time), Regulation 18(3) R/w. Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the terms of reference.

(ii) In line with the above statutory requirement the terms of reference of the Audit Committee shall be as follows:

(a) Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommendation for the appointment, remuneration and terms of appointment of auditors of the Company

(c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

(d) Reviewing 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; Disclosures of any related party transactions; Modified opinion(s) in the draft audit report;

(e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

- (f) Reviewing with management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.);
- (g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (h) Approval or any subsequent modification of transaction of the listed entity with related parties;
- (i) Scrutiny of inter-corporate loans and investments;
- (j) Evaluation of internal financial controls and risk management systems;
- (k) Reviewing, the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, availability and deployment of resources to complete their responsibility and the performance of the out-sourced audit activity;
- (l) Discussion with internal auditors/ internal audit head with respect to the coverage and frequency of internal audits as per the annual audit plan, nature of significant findings and follow up thereof;
- (m) Reviewing, the findings of any internal investigation 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;
- (n) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern;
- (o) 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;
- (p) To review the functioning of the Whistle Blower Mechanism;
- (q) Approval of appointment of the Chief Financial Officer after assessing the qualification, experience and background etc. of the candidate;
- (r) Ensuring the minutes of each Audit Committee Meetings are placed before the Board for noting;

(iii) The Audit Committee shall mandatorily review the following information:

- (a) Management discussion and analysis of financial condition and results of operations;
- (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (c) Management Letters/Letter of internal control weaknesses issued by the statutory auditors;
- (d) Internal Audit Reports relating to internal control weaknesses and
- (e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee;
- (f) Statement of deviations; Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(7); annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(iv) A statement in summary form to be submitted to the Board relating to:

- (a) Transactions with related parties in the ordinary course of business;

- (b) Details of material transactions with related parties, which are not in the normal course of business (“Materiality” threshold to be defined by Management and reviewed by the Audit Committee);
- (c) Details of material transactions with related parties or others, which are not on arm’s length basis along with management justification for the same (“Materiality” threshold to be defined by Audit Committee).

(v) To engage a registered Valuer as prescribed under the Companies Act, 2013 or any enactment or modification thereof taking into consideration such qualities and experience as may be considered appropriate in case of valuations required in respect of any property, stock, shares, debentures, securities, goodwill, assets, liabilities or net worth of the Company;

(vi) Company’s earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies;

(vii) Company’s earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies;

(viii) The effect of regulatory and accounting initiatives as well as off-balance sheet structures on the financial statements;

(ix) Establish clear hiring policies for employees or former employees of external auditors and monitoring the implementation of such policies;

(x) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or specifically asked to by the Board of Directors.

5. Meetings & Quorum

The Audit Committee shall meet periodically, but at least 4 times a year. Not more than four months shall elapse between two successive Meetings.

The quorum shall be either two members or one-third of the members of the Audit Committee, whichever is greater, with at least two independent directors present;

A duly convened meeting of the Audit Committee of the Company at which the requisite quorum is present shall be competent to exercise all or any of the authorities, power and discretion vested in our exercisable by the Committee.

The Managing Director, Executive Director and CFO, Internal Auditor and representatives of the Auditors (Statutory Auditors as well as Cost Auditors) shall be invited to attend the meetings of the Committee. The Committee may invite such other executives as it considers appropriate, to be present at the meetings. It may also meet without the presence of any company executives.

6. Annual General Meeting

The Chairman of the Audit Committee shall attend the Annual General Meeting to answer shareholder queries and provide any clarifications on matters relating to audit.

7. Recordings

The Audit Committee shall record its summaries of recommendation to the Board, which will be incorporated as a part of the Minutes of the Board of Director's Meetings of the Company.

8. Review/Amendment/Modification:

The Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Regulations, Act or any law for the time being in force.
