

Shree Surgovind Tradelink Limited

Audit Committee

Shree SurgovindTradelink Limited

Re – Constitution of Audit Committee

(As per Companies Act, 2013)

(Resolution dated 10.02.2016)

Members:

- 1. Mr. Navin Mehta**
- 2. Mr. Bharat Gandhi**
- 3. Ms. Padma Iyer**

Company Secretary

Ms. Tanvi Bobhate (w.e.f 11.03.2016)

AUDIT COMMITTEE TERMS OF REFERENCE

Primary objectives:

The Audit Committee's role shall flow directly from the Board of Directors' overview function on corporate governance, which holds the management accountable to the Board and the Board, in turn, accountable to the shareholders. Acting as a catalyst in helping the organization achieve its objectives, the primary role of the audit Committee is that of assisting the board of directors in overseeing the:-

- Integrity of the company's financial statements.
- Compliance with legal and regulatory requirements
- Qualification and independence of the external auditors
- Performance of the company's external auditors and the internal audit functions and
- Adequacy and reliability of the internal control system.

Membership

1. The members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee. The Audit committee shall comprise of at least three Directors as members of the committee, majority of whom shall be independent directors.
2. Whilst the Committee itself will be made up entirely of independent directors, other individuals, e.g. internal auditors or external auditors may be invited to attend as and when appropriate but invitees will have no right of attendance.
3. Appointments to the Committee shall be for a period of up to five years, which may be extended for further five-year period, provided the director remains independent
4. The members of the Audit committee shall elect a Chairman from amongst themselves.
5. At least one member of the Committee shall have significant, recent and relevant financial experience

Secretary

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

Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Meetings

1. The Committee shall meet not less than four times a year and not more than four months shall elapse between two successive meetings. The Committee shall meet at such other times as the Chairman of the Committee shall require.
2. The Committee shall meet the head of external audit at least once a year, without management being present, to discuss their remit and any issues arising from the external audit carried out. In addition, the head of external audit shall be given the right of access to the Chairman of the Board and the Committee
3. External auditors or internal auditors may request to meet with the Committee if they consider that a meeting is necessary.

Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

Duties

The Committee should carry out the duties as mentioned below. It is noted for the avoidance of doubt that, in fulfilling its duties referred to in this paragraph, the Committee may rely on the information provided by, where appropriate, executives of the Company, its external auditor and its internal auditors.

1. Financial Statements

1.1 Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

1.2 Discuss and review, with the management and auditors, the annual / quarterly financial statements before submission to the Board, with particular reference to:

- Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of sub-section (2) of section 164 of the companies Act, 2013

- Disclosure under “Management Discussions and Analysis of Financial Condition and Results of Operations”.
- Any changes in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgement by management.
- Analysis of the effects of alternative GAAP methods on the financial statements.
- Draft audit report and qualifications, if any, therein.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transaction.
- Disclosure of contingent liabilities
- The effect of regulatory and accounting initiatives as well as off balance – sheet structures, on the financial statements.
- Company’s earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies.
- Review the statement for uses / applications of funds by major category on a quarterly basis, with the financial results and annually the statement of funds utilized for purposes other than as mentioned in the offer document/ prospectus/ notice. Such review shall be conducted till the full money raised through the issue has been fully spent.
- Scrutinize inter corporate loans and investments.
- To approve appointment of CFO (i.e. Chief Financial Officer or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.

2. Internal Control and Risk Management

The Committee shall:

2.1 review management’s and the internal auditor’s reports on the effectiveness of the systems for internal financial control, financial reporting and risk management

2.2 monitor the integrity of the internal financial controls

2.3 review the statement in the annual report and accounts on the Company’s internal controls and risk management framework prior to endorsement by the Board

2.4 assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks.

3. Whistle-blowing / Vigil Mechanism

The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting, auditing or other matters. The mechanism shall provide adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the audit committee in appropriate or exceptional cases. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

4. Internal Audit

The Committee shall:

4.1 consider applications for the post of and appoint the provider of the internal audit function who shall have direct access to the Chairman of the Committee. The Committee will, from time to time, consider the provision of the internal audit function by employees of the Company. The Committee shall also have the authority to dismiss the provider of the internal audit function.

4.2 in the event that the internal audit function is provided by a third party, their appointment shall be considered by the Committee at not less than five yearly intervals.

4.3 The Committee shall also ensure that the internal audit function is adequately resourced and has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions.

4.4 review the internal audit planning process, annual plan, terms of reference of planned internal audit reviews and internal audit fees.

4.5 receive reports on the results of the internal auditor's work on a periodic basis.

4.6 review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

4.7 monitor and assess the role and effectiveness of the internal audit function.

4.8 review the internal audit reports relating to the internal control weaknesses.

5. External Audit

The Committee shall:

5.1 consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, as regards the appointment, re-appointment and removal of the Company's external auditors and shall ensure that key partners within the appointed firm

are rotated from time to time. The appointment of the external auditors shall be considered regularly by the Committee and in any event at not less than five yearly intervals

5.2 if an auditor resigns, investigate the issues leading to this and decide whether any action is required

5.3 meet with the external auditors at least twice each year, once at the planning stage prior to the audit where the scope of the audit will be considered and once post audit at the reporting stage. Each member of the Committee may, at his discretion, meet or correspond with the external auditors, for the purposes of the Committee. The Committee may delegate the attendance at such meetings to one or more of its members. The Committee shall meet with external auditors once a year without management being present, to discuss the auditors remit and any issues arising from the audit.

5.4 oversee the relationship with external auditors including (but not limited to)

- the independence and objectivity of the external auditors
- the consideration of the terms of engagement and audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities
- discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the Company's internal auditing standards.
- agree with the Board a policy on the employment of former employees of the Company's auditor and agree with the Company's auditor a policy on the employment of former employees of the Company, and then monitor the implementation of these policies
- monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners and the level of fees paid by the Company
- assess annually their qualifications, expertise and resources and the effectiveness of the audit process.
- review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement
- review with the external auditors, the findings of their work, including, any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgements; levels of errors identified

during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors might remain unadjusted

- assess, at the end of the audit cycle, the effectiveness of the audit process

- ensure that the auditor's management letters and management's responses are reviewed
- review the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues
- develop and recommend to the Board the Company's policy in relation to the provision of non-audit services by the auditor and ensure that the provision of such services does not impair the external auditor's independence or objectivity
- consider the risk of the withdrawal of the Company's present auditor from the market

6. Reporting Responsibilities

6.1 The Committee shall prepare a report for inclusion in the annual report and accounts, specifically including:

- a summary role of the Committee
- the names and qualifications of all members of the Committee in the period
- the number of Committee meetings and attendance by each member
- the way the Committee has discharged its responsibilities
- the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed a statement that the Committee considered the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy

6.2 the Committee or its Chairman shall meet formally with the Board of Directors at least once a year to discuss such matters as the Annual Report and the relationship with the external auditors.

6.3 the minutes of the meetings of the committee shall be circulated to all the members of the board.

6.4 in the light of its other duties, the Committee shall make whatever recommendations to the Board it deems appropriate and shall compile a report to shareholders on its role and responsibilities and the actions it has taken to discharge those duties to be included in the Company's Annual Report and Accounts

6.4 the Committee Chairman shall report formally to the Board of Directors on its proceedings after each meeting on all matters concerning its duties and responsibilities

7.Other Matters

The Committee shall:

7.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

7.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;

7.3 give due consideration to laws and regulations, the provisions of the Corporate Governance and the requirements of the Listing Authority's, Prospectus, Disclosure and Transparency Rules and any other applicable rules as appropriate;

7.4 be responsible for co-ordination of the internal and external auditors;

7.5 oversee any investigation of activities which are within its terms of reference and to give the final determine action in relation to any questions or issues arising from those activities;

7.6 on a regular basis, review its own performance, constitution, terms of reference and terms of reference to ensure it is operating at maximum effectiveness.

Authority

The Committee is authorised:

-to seek any information it requires from any employee of the company in order to perform its duties and all employees are directed to co-operate with any request made by the Committee

-to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference and to secure the attendance of such advisers if it considers such attendance necessary

- to call any employee to be questioned at a meeting of the Committee as and when required

- to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.