

**AUDIT COMMITTEE CHARTER****OF****R K SWAMY LIMITED**

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- a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- b) Recommending to the Board the appointment, re-appointment, replacement, remuneration and terms of appointment of the auditors of the Company and the fixation of the audit fee;
- c) Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- d) Approving payments to the statutory auditors for any other services rendered by the statutory auditors;
- e) Examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - i. 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;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions; and
  - vii. Qualifications and modified opinions in the draft audit report.
- f) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g) 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 utilised 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 institutions placement, and making appropriate recommendations to the Board to take up steps in this matter.

- h) Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

**Explanation:** The term "related party transactions" shall have the same meaning as provided in Regulation 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act.

- i) Approval of related party transaction to which any of the subsidiaries is party
- j) Scrutiny of inter-corporate loans and investments;
- k) Valuation of undertakings or assets of the Company, wherever it is necessary;
- l) Evaluation of internal financial controls and risk management systems;
- m) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- n) overseeing the vigil mechanism established by the Company, with the chairperson of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- o) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- p) 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;
- q) Discussing with internal auditors on any significant findings and follow up thereon;
- r) 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;
- s) Discussing 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;
- t) Looking 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;
- u) Reviewing the functioning of the whistle blower mechanism;
- v) Approving the appointment of the 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;
- w) ensuring that an information system audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Company;

- x) Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law;
- y) approve the disclosure of the key performance indicators to be disclosed in the documents in relation to the initial public offering of the equity shares of the Company;
- z) Recommending to the Board of Directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- aa) Considering and commenting on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders; and
- bb) Carrying out any other functions as is mentioned in the terms of reference of the Audit Committee
- cc) Such roles as may be delegated by the Board and/or prescribed under the Companies Act and SEBI Listing Regulations or other applicable law.

The powers of the Audit Committee:

- a. To investigate any activity within its terms of reference;
- b. To seek information from any employee;
- c. To obtain outside legal or other professional advice; and
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary as may be prescribed under the Companies Act, 2013 (together with the rules notified thereunder) and SEBI Listing Regulations; and
- e. To have full access to information contained in records of Company.
- f. Such other powers as may be prescribed under the Companies Act and the SEBI Listing Regulations.

The Audit Committee shall mandatorily review the following information:

- a. management's discussion and analysis of financial condition and result of operations;
- b. management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;
- c. internal audit reports relating to internal control weaknesses;
- d. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and

- e. statement of deviations, including:
- i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
  - ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.
- f. Any other such information apart from the information mentioned above, as may be prescribed under the Companies Act and SEBI Listing Regulations.”