

## TECHNOJET CONSULTANTS LIMITED

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## **AUDIT COMMITTEE CHARTER EFFECTIVE FROM 01<sup>ST</sup> JANUARY 2022**

### **1. Primary Objectives**

The Audit Committee's role shall flow directly from the Board of Director's overview function on corporate governance; which holds the Management accountable to the Board and the Board accountable to the stakeholders. Acting as a catalyst, in helping the organization achieve its objectives, the Audit Committee's primary role is to review the Company's financial statements, internal financial reporting process, internal financial controls, the audit process, adequacy, reliability and effectiveness of the internal control systems and risk management process, monitoring process for compliance with laws and regulations and the code of conduct.

### **2. Composition**

- 2.1 The Audit Committee shall have minimum three directors as members, with-at least two-thirds of them being independent.
- 2.2 All members of Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- 2.3 The Board shall appoint an Independent Director as the Chairman of the Committee. The Company Secretary shall act as the Secretary to the Committee.

### **3. Meetings & Quorum**

- 3.1 The Audit Committee shall meet at least 4 times a year and not more than one hundred and twenty days shall elapse between two meetings.
- 3.2 The quorum shall be either two members or one-third of the members of the Audit Committee; whichever is greater and a minimum of two independent Directors present. 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. If the matter is urgent, the Committee may pass a resolution by circulation, if permitted under the applicable act, rules, regulations, guidelines.
- 3.3 The Managing Director, Executive Director, Chief Executive Officer and Chief Financial Officer, Internal Auditor and representatives of the Statutory 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.

- 3.4 The Committee may meet periodically with the Management, the Internal Auditors and the external auditors, in separate executive sessions, as deemed fit by it.

#### **4. Annual General Meeting**

The Chairman of the Audit Committee shall be an Independent Director and he/she shall attend the Annual General Meeting to answer shareholder queries and provide any clarifications on the matter relating to audit.

#### **5. Authority**

The Audit Committee shall act and have powers in accordance with the terms of reference specified in writing by the Board, which shall include the following:

- 5.1 To investigate any activity within the scope of this Charter or referred to it by the Board and for this purpose, shall have full access to information contained in the books of accounts and the Company's facilities and personnel.
- 5.2 To seek information from any employee or Director of the Company.
- 5.3 To secure assistance and attendance of outsiders with relevant knowledge/ expertise in accounting, legal or other matters, if it considers necessary.
- 5.4 To engage independent counsel and other advisors as it deems appropriate to perform its duties and responsibilities and determine the compensation for the assignment.

#### **6. Role of the Audit Committee**

The Role of the Audit Committee shall inter alia, include the following:

##### **6.1 Financial Statements**

- 6.1.1 Oversight of the Company's financial reporting process and disclosure of its financial information with a view to ensure that the financial statements are correct, sufficient and credible which give a true and fair view of the state of affairs of the Company and to comply with the accounting standards notified under the Act and shall be in the prescribed form provided in Schedule III.
- 6.1.2 Review with the Management and Auditors, the annual financial statements and auditors' report thereon before submission to the Board for approval, 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 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 exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit finding.
- Compliance with Listing and other legal requirements concerning financial statements.
- Disclosure of any related party transaction.
- Qualifications in draft audit report.
- Modified opinion(s) in the draft audit report.
- Disclosure of contingent liabilities.

6.1.3 Review with the Management and the Auditors, quarterly financial statements before submission to the Board for approval.

6.1.3 Review 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6.1.4 Review and monitor the auditor's independence and performance, and effectiveness of audit process.

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

6.1.6 Scrutiny of inter-corporate loans and investments.

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

6.1.8 Evaluation of internal financial controls and risk management systems.

6.1.9 To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividends) and creditors.

6.1.10 Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

6.1.11 To appoint Registered Valuer and approve the terms and conditions of appointment.

6.1.12 Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the Company and the shareholders.

## **6.2 Information to be mandatorily reviewed by the Committee**

6.2.1 Management Discussion and Analysis of financial condition and result of operations.

6.2.2 Statement of significant related party transactions (as defined by the Audit Committee).  
The term “related party transactions” shall have same meaning as provided in Regulation 2(zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). Further, related party shall have the same meaning as defined in para 2(zb) of the LODR.

6.2.3 Review Management letters/ letters of internal control weaknesses issued by Statutory Auditors.

6.2.4 Review Internal Audit Reports relating to the internal control weaknesses and other significant internal audit findings, the Management’s response thereto and follow-up thereon.

6.2.5 The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review of the Audit Committee.

6.2.6 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).

### **6.3 Insider Trading Regulations**

6.3.1 To approve policies in relation to the implementation of the Code of Conduct for Prevention of Insider Trading and to regulate, monitor and report trading by Designated Persons.

6.3.2. To approve the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive(“Code”) and to supervise implementation of the Code.

6.3.3 To review compliance with the provisions of the Code, at least once in a financial year, on the basis of the Internal Audit Report presented and shall verify that the systems for internal control are adequate and are operating effectively.

6.3.4 To provide directions on any penal action to be initiated, in case of any violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 or the Code by any person.

6.3.5 To supervise inquiry/investigations and take disciplinary actions as per the Policy of the Company for inquiry In Case of Leak of Unpublished Price Sensitive Information.

### **6.4 Statutory Audit**

6.4.1 Recommendation to the Board for the appointment including filling of the casual vacancy or removal of the Statutory Auditors and their remuneration and terms of appointment.

- 6.4.2 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.
- 6.4.3 Approval of other services that may be rendered by the Statutory Auditors and payment for rendering any such other services.
- 6.4.4 Reviewing, with the Management, the performance of the Statutory Auditors and internal auditors, adequacy of the internal control systems.

## **6.5 Cost Auditors**

- 6.5.1 Recommendation to the Board for the appointment of the Cost Auditors and their remuneration and terms of appointment.
- 6.5.2 Review with Cost Auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 6.5.3 Approval of fees to Cost Auditors for any other services rendered by them.
- 6.5.4 Review Cost Auditors Report and recommend to the Board for the approval.
- 6.5.5 Reviewing, with the Management, the performance of the Cost Auditors.

## **6.6 Internal Audit**

- 6.6.1 Review the adequacy of internal audit function, including the internal audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- 6.6.2 Review the appointment, removal and terms of remuneration of the Chief Internal Auditor.
- 6.6.3 Discussions with Internal Auditors of any significant findings and follow-up thereon.
- 6.6.4 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.
- 6.6.5 Reviewing, with the Management, the performance of the Internal Auditors.

## **6.7 Internal Control**

- 6.7.1 Review with the management, statutory auditors and internal auditors the adequacy of internal financial control systems, adherence thereto and that they have been operating effectively.

## **6.8 Whistle Blower Policy/ Vigil Mechanism**

- 6.8.1 Review the functioning of the Whistle Blower Mechanism of the Company. Periodical Reports will be placed before the Audit Committee. The Chairman of the

Audit Committee in turn shall report to the Board periodically about all Protected Disclosures referred to them together with the results of investigations.

- 6.8.2 Directors and employees to have direct access to the Chairperson of the Audit Committee to report genuine concerns and to provide for adequate safeguards against victimization.
- 6.8.3 If any of the Members of the Audit Committee has a conflict of interest in a given case, he should recuse himself and the others on the Committee would deal with the matter on hand.
- 6.8.4 In case of repeated frivolous complaints being filed by an employee/ Director, the Audit Committee may take suitable action against the concerned employee/Director including reprimand.

## **6.9 Compliance with regulatory requirements and policies**

- 6.9.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 6.9.2 Review the findings of any examinations by regulatory agencies, and any auditor observations.
- 6.9.3 Obtain regular updates from Management and the Company's legal counsel regarding compliance matters.

## **6.10 Related party:**

- 6.10.1 To review and approve the Company's policy vis-à-vis Related Party Transactions (RPTs) and matters related thereto.

### **Omnibus Approval**

The Audit Committee may however grant omnibus approval for RPTs proposed to be entered into by the company subject to the following conditions:

- a) The Committee to lay down the criteria for granting the omnibus approval in line with the Company's policy on RPTs and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- c) All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely

(1) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-

(a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;

(b) the maximum value per transaction which can be allowed;

(c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;

(d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;

(e) transactions which cannot be subject to the omnibus approval by the Audit Committee.

(2) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

(a) repetitiveness of the transactions (in past or in future);

(b) justification for the need of omnibus approval.

(3) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.

(4) The omnibus approval shall contain or indicate the following: -

(a) name of the related parties;

(b) nature and duration of the transaction;

(c) maximum amount of transaction that can be entered into;

(d) the indicative base price or current contracted price and the formula for variation in the price, if any; and

(e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(5) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

(6) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

(7) Any other conditions as the Audit Committee may deem fit.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

d)The Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

A transaction with a related party will be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower.

6.10.2 The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

## **6.11 CEO / CFO Certification**

6.11.1 Review of the CEO/CFO disclosure reports on the deficiencies in the design or operation of internal controls pertaining to financial reporting, if any, and steps the CEO / CFO have taken or propose to take to rectify these deficiencies.

6.11.2 The Audit Committee shall take note of disclosures on:

- Significant changes in internal controls over financial reporting during the year.
- Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which they have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

## **6.12 Filing of Annual Audit Report with Stock Exchanges**

In case of a modified opinion by the Auditors on the Annual Audited Financial Statements, the Chairman of the Audit Committee along with other signatories viz. CEO/MD, CFO and Statutory Auditors shall sign the Statement on Impact of Audit qualifications to be submitted to the Stock exchanges along with the Audited Annual financial statements, for that financial year.

**6.13** The Audit Committee to implement Secretarial Standards as applicable to the Board Committees.

**7.** The Audit Committee will -

7.1 Report and update the Board, periodically, on significant matters that it has considered within its review function.



- 7.2 The Annual Report of the Company shall disclose the composition of the Audit Committee, names of members, Chairperson, meetings and attendance.
- 7.3 The recommendations of the Audit Committee on any matter relating to financial management including the audit report, shall be binding on the Board. If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the shareholders.
- 7.4 Review and inform the Board, annually, about the status of compliance of responsibilities outlined in this Charter.

## **8. Other Functions**

- 8.1 Perform other activities related to this Charter as requested by the Board of Directors.
- 8.2 Carry out additional functions as is contained in the Listing Regulations or the Companies Act, 2013 or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.
- 8.3 Institute and oversee special investigations as needed.

## **9. Evaluation**

- 9.1 Conduct an annual performance evaluation related to the Audit Committee's purpose, duties, responsibilities and effectiveness and recommend any changes it considers necessary for the approval of the Board of Directors.
- 9.2 The Audit Committee may conduct such evaluation and reviews in such manner as it deems appropriate.

## **10. Review of Audit Committee Charter**

The adequacy of this charter shall be reviewed and reassessed by the Audit Committee, as and when required and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about to the regulatory framework or policy changes, from time to time.

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