



Audit Committee

Terms of Reference (Charter)

In line with the provisions of the Companies Act 2013 read with the applicable rules made thereunder (Act), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and the Governance Guidelines released by the Tata Group, this Charter specifies the Composition, Conduct of Meetings, Authorities, Roles and Responsibilities and Review Mechanism of the Audit Committee of the Board of Directors of the Company (Committee).

The Terms of Reference of the Committee are approved by the Board and may be amended by the Board at any time.

1. COMPOSITION

Chairperson:

The Board shall appoint a Chairperson of the Committee.

The Chairperson of the Committee shall be an Independent Director, from among the members of the Committee. In the absence of the Chairperson of the Committee, the members present at any meeting shall elect one of the Independent Director among themselves to Chair the meeting.

The Chairperson of the Committee should be present at the Annual General Meeting of the Company to answer shareholders queries.

Membership:

The members of the Committee shall be appointed by the Board and shall consist of at least three members, out of which at least two-third of the members shall be Independent Directors.

Appointments to the Committee shall be determined by the Board in consultation with the Chairperson of the Committee, after having regard to the Director's experience, performance, suitability and independence. A Director shall automatically cease to be a Committee member on ceasing to be a Director.

Secretary:

The Company Secretary shall act as the Secretary of the Committee and shall be present at all the meetings of the Committee. The Secretary shall keep a record of the membership of and the dates of any changes to the membership of the Committee. The Secretary shall ensure members receive notice, information and papers in a timely manner to enable full and proper consideration to be given to the issues.

2. MEETINGS

Quorum:

A quorum shall be two members or one third of the total members, whichever is greater, but there should be minimum two Independent Directors present. 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.

Attendance:

Only Committee members shall have the right to attend Committee meetings, but the Committee may invite any other such executives, as it considers appropriate to be present at the meetings of the Committee.

The Chief Financial Officer, Head of Internal Audit and representatives of the Statutory Auditor shall generally attend all the meetings unless the Committee considers otherwise.

Occasionally, the Committee may meet without the presence of any executives of the Company.

Frequency:

Meetings shall be held at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.

Voting:

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Directors present and eligible for voting and any such decision shall for all purposes be deemed a decision of the Committee.

While invitees to the Committee shall have a right to be heard in the meetings, they shall not have a right to vote. The right to vote shall vest only with the members of the Committee.

If there is an equality of votes, the Chairperson of the Committee shall have a casting vote.

For the Related Party transactions, only the Independent Directors are entitled to approve.

Notice and agenda:

The Committee meetings shall be called by the Company Secretary at the request of the Chair of the Committee.

The agenda and supporting materials for the items to be discussed shall be forwarded to each member of the Committee and any other person required to attend in a timely manner to enable full and proper consideration to be given to the issues. Unless otherwise agreed this shall be no later than seven days before the date of the meeting.

Minutes:

The Secretary to the Committee shall minute the proceedings and decisions of all Committee meetings.

The Minutes shall be circulated to all Committee members, including the Chairperson.

Without prejudice and in addition to the above, the Meetings of the Committee shall be conducted in accordance with the provisions of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (Secretarial Standards) read with provisions of the Act. In case of any conflict between the Terms of Reference of the Committee, as included in this Charter and the Secretarial Standards read with the Act, the latter shall be considered to override the former, with respect to minimum compliance requirements.

3. AUTHORITY AND POWERS

The Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

4. ROLE

The responsibilities of the Committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) 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 subsection (3) of Section 134 of the Act;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) (if any) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- 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;
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Reviewing the utilization of loans and/or advances from/investment by the Company in the subsidiary exceeding `100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments;
- To mandatorily review:
 - (i) The Management discussion and analysis of financial condition and results of operations;
 - (ii) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - (iii) Internal audit reports relating to internal control weaknesses;
 - (iv) The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
 - (v) 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) of the SEBI Listing Regulations. (b) 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.
- To provide guidance to the Compliance Officer for setting forth policies and implementation of the Tata Code of Conduct (“TCOC”) for Prevention of Insider Trading and the Code of Corporate Disclosure Practices;
- To note and take on record the status reports detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer;
- To give suitable directions for initiating penal action against any person upon being informed by the Compliance Officer that such person has violated the TCOC for Prevention of Insider Trading and/or Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- Oversee financial reporting controls and process for material subsidiaries;
- Oversee compliance with legal and regulatory requirements including the TCOC for the Company and its material subsidiaries;
- Generally all items as listed in Regulation 18(3) read with Part C of Schedule II of the SEBI Listing Regulations and in Section 177 of the Act.

5. REPORTING

The Chairperson of the Committee shall report to the Board on the Committee's proceedings and the Committee shall make such recommendations to the Board as it deems appropriate.

The Annual Report of the Company shall disclose the composition of the Committee and such other disclosures as may be mandated in terms of the provisions of applicable laws.

6. COMPENSATION

Members of the Committee shall receive such sitting fees and/or commission, if any, for their services as the Audit Committee members as may be determined by the Board in its sole discretion.

7. EVALUATION

The Committee shall conduct an annual self-evaluation of its performance and report the result to the Board of Directors. It shall confirm annually to the Board that the responsibilities outlined above have been carried out.

8. REVIEW OF THE CHARTER

The adequacy of this Charter shall be reviewed and reassessed by the Committee once in two years or in case any relevant amendments in the Company Law/SEBI Listing Regulations. Appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.
