

VISHAL COLOUR ROOFS LIMITED
AUDIT COMMITTEE (AC)
TERMS OF REFERENCE

1. FORMATION

The Audit Committee ('Committee') of the Company is constituted pursuant to Section 177 of the Companies Act, 2013 read with the rules made thereunder and pursuant to applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. COMPOSITION:

- (a) The Committee shall have minimum of 3 Directors as Members with at least two-thirds of the members of the Audit Committee being Independent Directors.
- (b) The Chairman of the Committee shall be an Independent Director.
- (c) The Members of the Committee shall be appointed by the Board of Directors from time to time.
- (d) The Chairman of the Committee shall be present at Annual General Meeting to answer Shareholder queries.
- (e) The Committee may invite such of the Executives of the Company as it considers appropriate in particular the head of the finance function to be present at the Meetings of the Committee, but on occasions it may also meet without the presence of any Executives of the Company. The Finance Director, Head of Internal Audit and a representative of the Statutory Auditor may be present as invitees for the meeting of the Audit Committee.

3. MEETINGS:

- (a) The Committee shall meet at least four times in a financial year and not more than one hundred and twenty days shall elapse between two consecutive meetings, to review the Annual Financial Statements and recommend the same to the Board of Directors for their approval, and when it considers necessary from time to time, to discuss any matter which relates to its Role as mentioned herein below.
- (b) Meetings of the Committee shall be convened by written notice or through electronic means served on each of the Member of the Committee at least seven days prior to the Meeting or at shorter notice.;

4. QUORUM:

The quorum for Audit Committee Meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two Independent Directors.

5. SECRETARY:

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

6. MINUTES:

The Company Secretary shall minute the proceedings and the resolutions passed in the Meetings of the Committee.

A resolution in writing signed or approved by letter, electronic mail, or other form of electronic communication by majority of the Committee Members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a Meeting of the Committee duly called and constituted.

All such resolutions shall be described as "Audit Committee Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the Company's Minutes Book.

7. POWERS OF AUDIT COMMITTEE:

The Audit Committee shall have the following powers:

- (i) To investigate any activity within its terms of reference.
- (ii) To seek information from any employee.
- (iii) To obtain outside legal or other professional advice.
- (iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

8. ROLE OF AUDIT COMMITTEE:

The role of the Audit Committee shall include the following:

- (i) Oversight of the entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) 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 sub-section 3 of section 134 of the Companies Act, 2013;
 - (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, if any;
 - (f) Disclosure of any related party transactions;
 - (g) Qualifications in the draft Audit Report;
- (v) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) 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 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 or preferential issue or qualified institutional placements, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - (viii) approval or any subsequent modification of transactions of the Company with related parties;
 - (ix) Review of Related Party Transactions on a periodic basis, including transactions of material subsidiaries, and ensuring that such transactions are at arm's length basis and in the ordinary course of business.
 - (x) Review of significant transactions and arrangements entered into by material unlisted subsidiary companies.
 - (xi) Scrutiny of inter-corporate loans and investments;
 - (xii) Valuation of undertakings or assets of the Company, wherever it is necessary;
 - (xiii) Reviewing the financial statements, in particular the investments made by unlisted subsidiary companies.
 - (xiv) Evaluation of internal financial controls and risk management systems with reference to financial statements;
 - (xv) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - (xvi) 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;
 - (xvii) Discussion with internal auditors of any significant findings and follow up thereon;
 - (xviii) 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;
 - (xix) 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;
 - (xx) 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;
 - (xxi) To review the functioning of the Whistle Blower mechanism;
 - (xxii) 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 and background, etc. of the candidate;
 - (xxiii) reviewing the utilization of loans and/ or advances from/investment by the Company in its subsidiary exceeding Rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
 - (xxiv) Make omnibus approval for related party transactions proposed to be entered into by the Company after taking into consideration the criteria and conditions as mentioned in the Companies Act, 2013 read with the relevant Rules mentioned therein;
 - (xxv) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

9. REVIEW OF INFORMATION BY AUDIT COMMITTEE

The Audit Committee shall mandatorily review the following information:

- (i) 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; and
- (iv) The appointment, removal and terms of remuneration of the Chief Internal Auditor as and when required shall be subject to review by the Committee.
- (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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
