



**AUDIT COMMITTEE CHARTER
OF
ARSHIYA LIMITED**

CIN: L93000MH1981PLC024747

(As approved and adopted by the Board of Directors of
Arshiya Limited on June 30, 2021)

Board Meeting Date: June 30, 2021

INTRODUCTION:

An “Audit Committee” is a key element in the Corporate Governance process of any organization and acts as a link among the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company.

The primary purpose of an Audit Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations. An Audit Committee Charter sets forth the general purpose, authority, composition and responsibilities of the committee.

COMPOSITION:

1. The Audit Committee shall have minimum three directors as Members.
2. Two-third of the members of the Audit committee shall be Independent Directors.
3. All Members of the Audit Committee shall be financially literate and at least one Member shall have accounting or related financial management expertise.
4. The chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries
5. The Company Secretary shall act as Secretary to the Committee Meetings.

MEETINGS:

1. The audit committee shall meet at least four times in a year and not more than 120 days shall elapse between two meetings.
2. The quorum for audit committee shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two Independent directors.
3. The Audit 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.

The Audit Committee has the **powers, role and terms of reference** as per Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations 2015, as mentioned below:

POWERS, ROLES, RESPONSIBILITIES AND TERMS OF REFERENCE:

Financial Statements and statutory Auditor:

- 1) Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- 3) Approval of payment to statutory auditors for any other services rendered by them.
- 4) Reviewing, with the management, the quarterly/annual financial statements 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 Section 134 (5) 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.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
 - h. Compliance with accounting standards and changes in accounting policies and practices as well as reasons thereof;
 - i. Draft Audit Report, modified opinion if any and significant adjustments arising out of audit;
 - j. Compliance with listing and other legal requirements concerning financial statements;
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 6) Reviewing, with the management, the statement of uses / application of funds as and when 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.

Internal Audit and Internal Control:

1. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
2. 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.
3. Discussion with internal auditors on any significant findings and follow up thereon.
4. 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.
5. 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. To look into the reasons for substantial defaults if any in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Related Party Transactions:

1. Review of statement of significant related party transactions (as defined by the Committee), submitted by the management;
2. To grant Omnibus approval for related party transactions:
 - a. Lay down criteria for granting Omnibus approval in line with policy on related party transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - b. Satisfy itself regarding the need for such omnibus approval and such approval is in interest of the company.
 - c. Review at least on a quarterly basis the details of related party transactions entered by the company pursuant to each omnibus approval given.
3. The following details shall be placed periodically before the Audit Committee to oversee the potential conflict of interest situation:
 - a. A statement in summary form of transactions with related parties in the ordinary course of business;
 - b. Details of material individual transactions with related parties which are not in the normal course of business;
 - c. Details of material individual transactions with related parties or others, which are not on arm's length basis, together with Management's justification for the same.

- d. Approval of all or any subsequent modification of transactions with related parties.

Whistle Blower mechanism:

- To review the functioning of the Whistle Blower mechanism, in case the same is existing.

Insider Trading:

1. To approve policies in relation to the implementation of the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices ('Code') and to supervise implementation of the Code.
2. 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 on a quarterly basis.
3. To provide directions on any penal action to be initiated, in case of any violation of the SEBI (Prohibition of Insider Trading) Regulations or the Code, by any person.

Other Functions:

- Carrying out any other function as is assigned to the Audit Committee.
- Such other powers and duties as may be required to be included in terms of Listing Agreement amended from time to time.

Reports:

- The Audit Committee will record its summaries of recommendations to the Board which will be incorporated as a part of the minutes of the Board of Directors meeting.

Minutes:

- The Company Secretary will maintain minutes of the meetings of the Committee, which will be submitted to the Board for adoption and record.