

# **SANGHVI MOVERS LIMITED**

## **AUDIT COMMITTEE- TERMS OF REFERENCE**

**APPROVAL DATE:**

**MAY 25, 2016**

The terms of reference of this committee cover the matters specified for the audit committee under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as in Section 177 of the Companies Act, 2013.

The audit committee was constituted to ensure prudent financial and accounting practices, fiscal discipline and transparency in financial reporting. The quarterly results are reviewed by the audit committee and recommended to the board for its adoption. The Chairman of the committee is an Independent Director.

### **Role and objectives**

- Reviewing with the Management and Auditors, the adequacy of internal control systems;
- Discussion with the Auditors periodically about internal control system;
- Any significant findings and follow up thereon and reviewing with the management, the financial statements before submission to the Board.

The Audit Committee of the Board of Directors, inter-alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

### **Authority**

The Audit Committee shall act and have powers in accordance with the terms of reference which shall include the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if it considers it to be necessary;
- To have full access to information contained in the records of the Company.

## **Financial Statements**

- Overview 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;
- Reviewing with the Management the annual financial statements before submission to the Board, focusing on Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section (5) of section 134 of the Companies Act, 2013;
- Any changes in accounting policies and practices and reasons for the same;
- Major accounting entries based on exercise of judgment by management;
- Qualifications in the draft audit report;
- Significant adjustments made in the financial statements arising out of audit findings;
- The going concern assumption;
- Compliance with Accounting Standards;
- Compliance with the requirements of the stock exchanges, if applicable, and legal requirements concerning financial statements;
- Scrutiny of inter-corporate loans and investments;
- Disclosure of contingent liabilities;
- Any related party transactions as per Accounting Standard 18 and the Companies Act, 2013;
- Reviewing and evaluating the Company's financial and risk management policies and risk management systems.

## **Review and Examination of Information**

- Internal audit reports relating to internal control weaknesses;
- Financial statements and draft auditors' report thereon, including the draft limited review report of the auditors;
- Management discussion and analysis of financial condition and results of operations.
- Reports relating to compliance with laws and to risk management;
- Management letters / letters of internal control weaknesses issued by the Statutory / Internal Auditors.

### **Related Party Transactions**

Transactions with Related Parties or any subsequent modification thereto shall be dealt with by the Audit Committee, as under:

- All Related Party Transactions in the ordinary course of business and at arm's length basis which are above Board approved materiality limits would require prior approval of the Audit Committee;
- A Statement of all Related Party Transactions in the ordinary course of business and at arm's length basis which are below Board approved materiality limits, will be placed before the Audit Committee for noting, on a half yearly basis;
- All Related Party Transactions which are not in the ordinary course of business or not at arm's length basis, would require prior approval of the Audit Committee.

The Audit Committee will have the discretion to:

- grant omnibus approval for Related Party Transactions;
- recommend / refer any matter relating to Related Party Transaction to the Board for approval.

### **Others**

- Reviewing on a quarterly basis / annual basis the functioning of and compliance with the Company's Whistle Blower Policy;
- Monitoring the end use of funds raised through public offers, rights issues, preferential issues, etc. and related matters on a quarterly basis / annual basis and making appropriate recommendation to the Board;
- Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary and the appointment of Registered Valuers.

### **Responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices**

- Setting forth the policies relating to and overseeing the implementation of the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") and the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices ("Code");
- Taking on record such reports as may be required from the Compliance Officer under the Code; and
- Deciding penal and disciplinary action in respect of violation of the Regulations / Code.

### **Other Responsibilities**

- Performing other activities related to this Charter as may be requested by the Board of Directors;
- Carrying out additional functions as contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee;
- Instituting and overseeing special investigations as needed;
- Confirming annually to the Board that all responsibilities outlined in this Charter have been carried out.