

**CHARTER FOR THE AUDIT COMMITTEE**  
**OF**  
**MALU PAPER MILLS LIMITED**

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## **INTRODUCTION:**

The composition, quorum, powers, role, review of information, scope, etc., of the Audit Committee is in accordance with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of the Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee acts as a link between the Auditors and the Board of Directors.

### **A. OBJECTIVES:**

The purpose of the audit committee is to provide a structured, systematic oversight of the organization's governance, risk management, financial disclosures, statutory compliances and internal control practices. The committee assists the board and management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Values and ethics.
- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors, and other providers of assurance.
- Financial statements and public accountability reporting.

In broad terms, the audit committee reviews each of the items noted above and provides the board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

### **B. MEMBERSHIP AND COMPOSITION:**

The Audit Committee comprises of three Independent Non-Executive Directors, all of them shall meet all applicable legal requirements with respect to independence, being financially literate and having accounts and financial management knowledge. At least one member will have accounting or related financial management expertise, as defined by the rules and regulations of Securities and Exchange Commission. The Chairman of the Audit Committee shall be an independent director. The Company Secretary will act as the secretary to the committee. A member will be considered to have accounting or related financial management expertise. The members of the Committee will be appointed by the Board of Directors.

**Composition:** The Audit Committee comprises of three Independent Non-Executive Directors as detailed below. The representatives of the Statutory Auditors and Internal Auditors remain present at the Meetings. The Audit Committee invites such of the executives, professionals and other persons, as it deem necessary for its functioning.

**The Members of the Audit Committee are as follows:**

<b>Name of Member</b>	<b>Designation in Committee</b>	<b>Category</b>
Mrs. Shrutika Inani	Chairman	Independent Non-Executive Director.
Mr. Satyanarayan Rathi	Member	Independent Non-Executive Director.
Mr. Chandrakant Thakar	Member	Independent Non-Executive Director.

*\*The Composition of the Committee is last amended on September 25, 2014.*

#### **C. INDEPENDENCE:**

Each member of the committee shall satisfy the independence, experience and other requirements of, or as defined by the companies Act, 2013 and in compliance with listing standards of the Indian Stock Exchange Listing Agreement.

#### **D. FUNCTIONS OF AUDIT COMMITTEE:**

##### **I. Specifically, the audit committee performs the following functions, as relevant:**

- i. **the recommendation** for appointment, remuneration and terms of appointment of auditors of the company;
- ii. **review and monitor** the auditor's independence and performance, and effectiveness of audit process;
- iii. **examination** of the financial statement and the auditors' report thereon;
- iv. **review** transactions with related parties for giving omnibus approval or any subsequent modification of transactions of the company with related parties;
- v. **review** the related party transactions on quarterly basis.
- vi. **scrutiny** of inter-corporate loans and investments;
- vii. **valuation** of undertakings or assets of the company, wherever it is necessary;
- viii. **evaluation** of internal financial controls and risk management systems;
- ix. **monitoring** the end use of funds raised through public offers and related matters.

- x. **Approval** of appointment of the CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background of the candidate.
- xi. **Supplements** the Code of Ethics and Whistleblower policies as needed with additional procedures for
  - the receipt, retention and treatment of complaints about internal controls, or audit or legal matters, and
  - (b) the confidential, anonymous submission of concerns of questionable accounting, or auditing matter or potential violations of law;

## II. **The Committee shall mandatorily review the following information**

- i. The Management Discussion and Analysis of financial condition and results of operations;
- ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- iii. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- iv. Internal audit reports relating to internal control weaknesses; and
- v. The appointment, removal and terms of remuneration of internal auditors.
- vi. Statement of deviations:
  - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

In addition to the above responsibilities, the Committee will undertake such other duties as the Board of Directors delegates to it, and such other matters as may be required to be reviewed under Corporate Governance Guidelines and any statutory or regulatory requirements, and will report, at least annually, to the Board regarding the Committee's examinations and recommendations of such issues.

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## **E. POWERS OF AUDIT COMMITTEE:**

The Audit committee shall have the authority –

- i. To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board
- ii. To discuss any related issues with the internal and statutory auditors and the management of the company.
- iii. To investigate into any matter in relation to the items or referred to it by the Board.
- iv. To obtain professional advice from external sources.
- v. To have full access to information contained in the records of the company.
- vi. To obtain any information from any employee of the Company to perform its duties effectively and have direct access to any employee of the Company.
- vii. To have adequate resources and other authority necessary to discharge its duties and responsibilities.

## **F. MEETINGS:**

### **I. FREQUENCY OF MEETINGS:**

The Audit Committee will meet at least four times in a year for quarterly meetings and additional meetings for specific review of Internal Controls/Review of Strategic and Operating Plan for Internal Audit, Enterprise Risk Management, etc. The Committee may meet in person or through other methods like video conferencing, audio conferencing etc as may be permitted by law from time to time.

Under normal circumstances, meetings of the Committee shall be attended by the Chairman and Director, the CFO, the head of Statutory Audit, Internal Audit and the Company Secretary within the Company. The Committee may at its discretion require the attendance of such other persons from within the Company at Committee meetings.

### **II. QUORUM AND VOTING:**

The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members 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.

Alternatively, a matter may be approved by unanimous written consent of the members without a meeting. All actions shall be reported to the Board.

**G. REPORTS:**

The Committee shall report to the Board at its next Board meeting, which will be incorporated as a part of the minutes of the Board of Directors meeting.

**H. CIRCULAR RESOLUTION:**

The decisions to be taken by the Committee members may be taken by way of a circular resolution wherever it is not possible to have a meeting of the Committee members.

**I. MINUTES:**

The Company Secretary will maintain minutes of the meetings of the Committee, which will be submitted to the Board for noting.

- 1. The Charter has been amended pursuant to Clause 49 of the Listing Agreement which was amended vide circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014.*
- 2. The Charter has been amended in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015*