

PURAVANKARA LIMITED

CIN: L45200KA1986PLC051571

TERMS OF REFERENCE- AUDIT COMMITTEE

(Approved by Board of Directors on 14.11.2023)

1. Terms of Reference

The terms of reference of the Committee shall include the following:

Accounts and Audit

- i. 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 Directors' 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;
 - f. disclosure of any related party transactions;
 - g. modified opinion(s) in the draft audit report;
- ii. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- iii. 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 agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter;
- iv. Approval or any subsequent modification of transactions of the Company with related parties;
- v. Scrutiny of inter-corporate loans and investments;
- vi. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- vii. The Committee shall mandatorily review the following:
 - a. management discussion and analysis of financial condition and results of operations;
 - b. management letters / letters of internal control weaknesses issued by the statutory auditors;
 - c. internal audit reports relating to internal control weaknesses;
 - d. the appointment, removal and terms of remuneration of the chief internal auditor; and
 - e. statement of deviations:
 - I. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR 2015").
 - II. 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 LODR 2015.

Statutory Auditors

- i. Recommending the appointment, remuneration and terms of appointment of auditors of the listed entity;
- ii. Approving the payment to statutory auditors for any other services rendered by the statutory auditors;

- iii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit processes;
- iv. Recommending all audit and additional work other than statutory / internal audit ("non auditing services") to be provided by the statutory / internal auditor of the Company or other firms under the same network/ associate/ affiliate firms whose name or trademark or brand is used by the audit firm or any of its partners, to the Board, keeping in mind the necessity to maintain the independence and integrity of the audit relationship;
- v. For the purpose of this clause, "non-auditing services" shall mean any professional services provided to the Company by the statutory auditor, other than those provided to the Company in connection with an audit or a review of the financial statements of the Company;
- vi. Discussing 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;

Internal Audit:

- i. Reviewing the adequacy of the internal audit function, if any, including the responsibilities, functions, qualifications, performance and adequacy of the internal audit function, structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ii. Recommending the Board for appointment, retention, termination, replacement, reappointment, remuneration/compensation and terms of appointment of internal auditors of the Company.
- iii. Reviewing the appointment, removal and terms of remuneration of the Chief Internal auditor.
- iv. Discussing with internal auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- v. Discussing with internal auditors on any significant findings and follow up thereon.
- vi. Overseeing the efficient functioning of the internal audit department and review its reports. The Committee would additionally monitor the progress made in rectification of irregularities and changes in processes wherever deficiencies have come to notice.
- vii. 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.

Internal Controls:

- i. Evaluating the internal financial controls and risk management systems.
- ii. Reviewing, with the Management, performance of statutory and internal auditors and adequacy of the internal control systems.

Integrity & Compliances:

- i. Carrying out any other function as may be required / mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI LODR 2015, as amended, the Companies Act 2013, as amended (including Section 177), and any other applicable laws;
- ii. Reviewing the functioning of the whistle blower mechanism;
- iii. Reviewing compliance with the Company's Code of Conduct and Ethics;

Acquisitions and investments:

- i. Considering and approving proposals for acquisitions and investments up to certain threshold amounts as approved by the Board;

- ii. Periodically reviewing the status of acquisitions and investments in terms of business objectives met, status of integration of acquired companies, risk mitigation and financial returns;
- iii. Reviewing the utilization of loans and/or advances or investments by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- iv. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc on the Company and its shareholders.

Prohibition of Insider Trading:

- i. Review of compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“PIT regulations”) at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively;
- ii. To obtain reports from the Compliance officer of the Company as per Schedule B of PIT regulations at least once in a year for review by the Chairperson of the Committee.

Related Party Transactions:

- i. Ensuring that only independent directors shall approve Related Party Transactions;
- ii. Pre-approval/approval/Omnibus approval/disclosure of any Related Party Transactions and material modifications thereto, in accordance with the Related Party Transactions Policy of the Company;
- iii. Defining ‘material modifications’ and disclosing it as a part of the Policy on determining materiality of Related Party Transactions and dealing with Related Party Transactions;
- iv. Review of statement of significant Related Party Transactions submitted by the Management;
- v. Reviewing the Related Party Transactions on a quarterly basis;
- vi. Consulting with relevant management personnel or external experts, as required, before concluding on Related Party Transaction approvals;
- vii. Ensuring that the Committee follows the letter and the spirit of the law and considers all prescribed information under SEBI LODR, 2015, Companies Act, 2013 or any other law for the time being in force (including related rules, guidelines etc) while approving Related Party Transactions; and

Other Responsibilities:

- i. 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.
- ii. Approving the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- iii. 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 issue document/prospectus/notice and notice submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue and making appropriate recommendations to the Board to take up steps in this matter;
- iv. Discussing with the secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- v. Carry out any other function as applicable under law or as may be determined by the Board from time to time.

5. Review of the Terms of Reference

The adequacy of this Terms of Reference document shall be reviewed and reassessed by the Committee, as and when necessary and appropriate recommendations shall be made to the Board to update the Terms of Reference based on the changes to the regulatory framework or otherwise.