

## Tata Capital Limited - Board Audit Committee Charter

The Audit Committee's role shall flow directly from the Board of Director's oversight function on corporate governance; which holds the Management accountable to the Board and the Board accountable to the shareholders. Acting as a catalyst in helping the organization achieve its objectives, the Audit Committee's review function will include the financial reporting process, the system of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations and the Code of Conduct.

### 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 necessary
- To have full access to information contained in the records of the Company

### Composition

- The Audit Committee shall have minimum three members, all being Non Executive Directors, of which majority shall be Independent Directors.
- All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- The members of the Audit Committee shall elect a Chairman from amongst themselves, who shall necessarily be an Independent Director.
- The Company Secretary shall act as the Secretary to the Committee Meetings.

### Meetings

- The Audit Committee shall meet periodically, but at least 4 times a year and not more than 4 months shall elapse between two successive meetings.
- One meeting shall be held before the annual accounts and quarterly/ half yearly accounts are presented to the Board.
- The quorum shall be either two members or one-third of the members of the Audit Committee; whichever is higher including one Independent Director.
- The Finance Director, Internal Auditor and a Representative of the External Auditor should be invited to be present as invitees for the meetings of the Audit Committee.
- The Audit Committee may invite such of the executives, as it considers appropriate (particularly, the head of the finance function), to be present at the meetings of the Committee, who shall not have the right to vote, but, on occasions it may also meet without the presence of any executive of the Company.
- The Auditors of the Company and the Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the Auditor's Report but shall not have the right to vote.

### Responsibilities

The Audit Committee shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half yearly and annual financial statements before submission to the Board and also oversee compliance of internal control systems. In addition, the responsibilities of the Audit Committee shall include the following:

## 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 primarily 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
  - Any related party transactions as per Accounting Standard 18 and Companies Act, 2013
- Reviewing the Company's financial and risk management policies and evaluation of the Company's Risk management systems.
- Disclosure of contingent liabilities.

## Review and Examination of Information

- Internal audit reports relating to internal control weaknesses.
- Financial statements and draft auditor's 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.

## Internal Control

- Evaluation of the internal financial controls, accounting policies etc. with the Management, External and Internal Auditors, and to review the adequacy of internal control systems.

## Internal Audit

- Reviewing of the Internal Audit Report and action taken thereon.
- Reviewing the adequacy of internal audit function, including the Audit Charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Reviewing the appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Discussing with the Internal Auditors any significant findings and follow-up thereon.
- 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.
- Reviewing and monitoring the performance and effectiveness of the Internal Audit process

## External Audit

- Recommending to the Board the appointment / re-appointment and removal / replacement of Auditor, fixation of the remuneration and terms of appointment of the auditor and also approval for payment for any other services permitted by law.

- Discussing with Statutory Auditors before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

#### Subsidiary companies

- The Audit Committee of the Company shall also review the financial statements, in particular the investments made by the subsidiary companies.

#### Related Party Transactions

- All transactions with Related Parties or any subsequent modification thereto shall be approved by the Audit Committee.

#### Defaults

- Looking into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

#### Others

- Reviewing the functioning and compliances as regards 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 make appropriate recommendation to the Board.
- Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary and appointment of Registered Valuer.

#### Compliance

- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Reviewing the findings of any examinations by regulatory agencies, and any auditor observations.
- Reviewing the process for communicating the Tata Code of Conduct to Company personnel, and for monitoring compliance therewith.
- Obtaining regular updates from the Management and Company legal counsel regarding compliance matters.

#### Reporting Responsibilities

- The Audit Committee will update the Board, periodically.
- The Directors' Report shall disclose the composition of the Audit Committee, brief description of the scope of the Audit Committee Charter, names of members, Chairperson, meetings and attendance.
- The recommendations of the Audit Committee on any matter relating to financial management including the audit report, shall be binding on the Board.
- If the Board does not accept the recommendations of the Audit Committee, it shall disclose the same in the Directors' Report together with the reasons therefor.

#### 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, 1992 ("the Regulations") and the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices ("the 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 by any Specified Person.

#### Other Responsibilities

- Performing other activities related to this Charter as requested by the Board of Directors.
- Carry out additional functions as is contained in the listing agreement 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 that all responsibilities outlined in this Charter have been carried out.