



**Audit Committee  
–Terms of Reference**

**A. Accounts and Audit**

1. Oversight 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. 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 director's 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.
3. Reviewing, with the management, the quarterly financial statements before submission to the board for approval in particular the investments made by the Company's unlisted subsidiary.
4. Recommendation for appointment, remuneration and terms of appointment of statutory auditors.
5. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.



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6. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

7. 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.

8. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.

9. To review management discussion and analysis of financial condition and results of operations

**B. Internal Controls and Internal Audit**

1. Review the appointment, removal and terms of remuneration of the chief internal auditor and other internal auditors.

2. Reviewing, with the management, performance of internal auditors, adequacy of the internal control systems, internal controls of different functions and businesses.



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3. 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, scope of internal audit, reporting structure coverage and frequency of internal audit.
4. Discussion with internal auditors of any significant findings and follow up there on.
5. 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.
6. Review with the management letters of internal control weaknesses issued by the internal auditors.
7. Evaluation of internal financial controls and risk management systems.

**C. Insider Trading**

1. To recommend to the Board revision in Insider Trading Policy and to supervise implementation of the Insider Trading Code.
2. The Chairman of the Audit Committee to note the status reports detailing the dealings by Designated Persons in securities of the Company.
3. To provide directions on any penal action to be initiated, in case of any violation of the Insider Trading Regulations by any person as per the consequence management guidelines.
4. Review of effectiveness of Internal Control system framed for compliance of PIT Regulations to prevent Insider Trading.



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**D. Public issue funds**

1. 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 monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.
2. To review Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).
3. To review Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice.
4. 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.
5. To review any material default in financial obligations to and by the listed entity or substantial non-payment for goods sold by the listed entity.



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**E. Miscellaneous**

1. Approval or any subsequent modification of transactions with related parties.
2. To review statement of significant related party transactions (as defined by audit committee), submitted by management.
3. Scrutiny of inter-corporate loans and investments of the Company.
4. Valuation of undertakings or assets of the Company, wherever it is necessary.
5. To review the functioning of the vigil policy / whistle blower mechanism.
6. Review of utilization of loan / investment by holding company to subsidiary companies exceeding Rs.100 crore or 10% of subsidiary's asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
7. Reviewing any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.



# PUNJAB CHEMICALS AND CROP PROTECTION LTD.

ISO 9001:2015 & ISO 14001:2015 Certified Company

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8. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.

9. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

10. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

11. Evaluate its performance annually.

12. Review and reassess the adequacy of Charter on annual basis and recommend any proposed changes for approval of the Board.

13. Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

14. Perform such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various circulars issued by the regulatory authorities thereof, as amended from time to time and discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.