

AUDIT COMMITTEE

PRIMARY OBJECTIVE

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Audit Committee has the power to do the following:-

- a) To investigate any activity within its terms of reference.
- b) To seek information from any employee.
- c) To obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Committee

The role of the Audit Committee has always been updated to comply with the amendments brought in by SEBI in listing agreements. Thus, the role of the Committee is :

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. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. 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. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 6. 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;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. 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, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. 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;
 16. 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;

17. 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;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall also have following powers w.r.t the Moser Baer Distribution Limited (formerly known as Moser Baer SEZ Developer Limited) and Moser Baer Entertainment Limited, the wholly owned subsidiaries of the Company:-

- 1.To discuss with the auditors periodically about the internal control systems, the scope of audit including the observations of auditors
- 2.To review the half yearly and annual financial statements before submission to the Board of Moser Baer Distribution Limited (formerly known as Moser Baer SEZ Developers Limited) and quarterly and annual financial statements of Moser Baer Entertainment Limited
- 3.To ensure compliance of Internal control systems
- 4.To investigate into any matters specified above
- 5.To appoint the Internal Auditor of Moser Baer Distribution Limited (formerly known as Moser Baer SEZ Developer Limited) and Moser Baer Entertainment Limited, if any
- 6.Reviewing with mgmt the statement of uses/ application of funds during a Financial Year of Moser Baer Entertainment Limited
- 7.Reviewing the internal audit findings and internal Audit Plan of Moser Baer Distribution Limited (formerly known as Moser Baer SEZ Developer Limited) and Moser Baer Entertainment Limited, if any

The Audit Committee has been authorized to mandatorily review the following information:

- a) Management discussion and analysis of financial condition and results of operations.
- b) Statement of significant related party transactions, submitted by management.

- c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- d) Internal audit reports relating to internal control weaknesses.
- e) The appointment, removal and terms of remuneration of the Chief Internal Auditor.