

**AUDIT COMMITTEE CHARTER OF
ATLAS JEWELLERY INDIA LIMITED (AJIL)**

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1. Audit Committee (AC) and its Primary Objectives

The Audit Committee, which is a sub-committee of the Board of Directors of the Company plays a key role in assisting the board to fulfill its oversight responsibilities in areas such as an entity's financial reporting, internal control systems, risk management systems and the internal and external audit functions. The primary responsibility of the Committee is in assisting the Board of Directors (BOD) to discharge its responsibility to exercise due care, diligence and skill in relation to the following areas –

- 1.1 Oversight on the Company's financial reporting process and to ensure the financial statement is correct, sufficient and credible;
- 1.2 Compliance with applicable laws, regulations, standards and best practice guidelines including the ATLAS Code of Conduct for Board and Senior Management;
- 1.3 Qualification, independence, remuneration, terms of appointment of Auditors (Internal and Statutory Auditors);
- 1.4 Adequacy and reliability of the internal control systems including Internal Financial Controls and Risk Management Systems; and
- 1.5 Any other terms of reference as specified by the Board of Directors.

2. Regulatory Framework

As the constitution of the Audit Committee is mandatory under the Companies Act 2013 as well as under the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) , the statutory regulations applicable are as under-

- 2.1 Section 177 of the Companies Act, 2013 read with Rule 6 of Companies (Meeting of Board and its Powers) Rules, 2014;
- 2.2 Secretarial Standards- 1 (SS-1) on meeting of the Board of Directors issued by the Institute of Companies Secretaries of India to the extent applicable
- 2.3 Regulation 18 read with Part C of schedule II. Further Regulation 18(3) specifically lays down the role of the Audit Committee and the information to be reviewed in Part C of Schedule II in the LODR Regulations, 2015

3. Scope and Limitation

In the event of any conflict between the provisions of this Audit Committee Charter and the SEBI (LODR) Regulations 2015 or Companies Act, 2013 or any other statutory enactments, rules, circulars, notifications, then the provisions of such Regulations/Companies Act, 2013 or statutory enactments, rules, circulars, notifications shall prevail over this Audit Committee Charter to the extent applicable.

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4. Committee Composition:

The Composition of the Audit Committee shall be as under-

- 4.1 The Committee shall have a minimum of three (03) Directors as Members;
- 4.2 Two-Thirds of the Members of the Committee shall be Independent Directors (Independence shall be decided by the Board in accordance with SEBI Regulations or such other legal or regulatory provisions as applicable to the Company);
- 4.3 All Members of the Committee shall be financially literate and at least one Member shall have accounting or related financial management expertise;
- 4.4 The Members of the Audit Committee shall elect one among themselves to be the Chairman of the Committee and in case they fail to do so or in case of any difficulty in electing a Chairman the Board shall recommend the same from amongst the Members of the Committee.

5. Secretary:

The Company Secretary of the Company shall act as the Secretary to the Committee.

6. Conduct of Committee Proceedings, Quorum, etc.:

- 6.1 The Principles enunciated in Secretarial Standards- 1 (SS-1) on meeting of the Board of Directors issued by the Institute of Companies Secretaries of India to the extent applicable shall govern all proceedings of the Committee;
- 6.2 The Audit Committee shall record its summaries of recommendation to the Board, which will be incorporated as a part of the Minutes of the Board of Director's Meetings of the Company.

7. Authority :

- 7.1 The Committee shall have authority to investigate into any matter in relation to items specified in Section 177(4) of the Companies Act, 2013;
- 7.2 Or referred to it by the Board.

8. Role of Chairperson of the Committee in Vigil Mechanism:

Under the Vigil Mechanism Policy of the Company for its Directors and employees of the Company to report genuine concerns in appropriate and exceptional cases direct access to Chairperson of the Committee shall be allowed to any Director or employee for reporting concerns under the said policy.

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9. Role of Audit Committee:

The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:-

- 9.1 Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 9.2 Recommendation for the appointment, remuneration and terms of appointment of auditors of the Company;
- 9.3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 9.4 Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - 9.4.1 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.
 - 9.4.2 Changes, if any, in accounting policies and practices and reasons for the same.
 - 9.4.3 Major accounting entries involving estimates based on the exercise of judgment by management;
 - 9.4.4 Significant adjustments made in the financial statements arising out of audit findings;
 - 9.4.5 Compliance with listing and other legal requirements relating to financial statements;
 - 9.4.6 Disclosures of any related party transactions;
 - 9.4.7 Modified opinion(s) in the draft audit report;
- 9.5 Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 9.6 Reviewing with management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.);
- 9.7 Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 9.8 Approval or any subsequent modification of transaction of the listed entity with related parties;
- 9.9 Scrutiny of inter-corporate loans and investments;
- 9.10 Evaluation of internal financial controls and risk management systems;
- 9.11 Reviewing, the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, availability and deployment of resources to complete their responsibility and the performance of the out-sourced audit activity;
- 9.12 Discussion with internal auditors/ internal audit head with respect to the coverage and frequency of internal audits as per the annual audit plan, nature of significant findings and follow up thereof;
- 9.13 Reviewing, the findings of any internal investigation 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;

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- 9.14 Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern;
- 9.15 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;
- 9.16 To review the functioning of the Whistle Blower Mechanism;
- 9.17 Recommend the appointment of the Chief Financial Officer after assessing the qualification, experience and background etc. of the candidate;
- 9.18 Ensuring the minutes of each Audit Committee Meetings are placed before the Board for noting;
- 9.19 The Audit Committee shall mandatorily review the following information:
 - 9.19.1 Management discussion and analysis of financial condition and results of operations;
 - 9.19.2 Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - 9.19.3 Management Letters/Letter of internal control weaknesses issued by the statutory auditors;
 - 9.19.4 Internal Audit Reports relating to internal control weaknesses and
 - 9.19.5 The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
 - 9.19.6 Statement of deviations :-
 - 9.19.6.1 Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(7).
 - 9.19.6.2 Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7)
- 9.20 A statement in summary form to be submitted to the Board relating to :-
 - 9.20.1 Transactions with related parties in the ordinary course of business.
 - 9.20.2 Details of material transactions with related parties, which are not in the normal course of business (“Materiality” threshold to be defined by Management and reviewed by the Audit Committee);
 - 9.20.3 Details of material transactions with related parties or others, which are not on arm’s length basis along with management justification for the same (“Materiality” threshold to be defined by Audit Committee).
- 9.21 To engage a registered Valuer as prescribed under the Companies Act, 2013 or any enactment or modification thereof taking into consideration such qualities and experience as may be considered appropriate in case of valuations required in respect of any property, stock, shares, debentures, securities, goodwill, assets, liabilities or net worth of the Company;
- 9.22 Company’s earnings press releases, as well as financial information and earnings guidance, if any , provided to analysts and rating agencies;
- 9.23 The effect of regulatory and accounting initiatives as well as off-balance sheet structures on the financial statements;

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- 9.24 Establish clear hiring policies for employees or former employees of external auditors and monitoring the implementation of such policies;
- 9.25 Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or specifically asked to by the Board of Directors.

10. Other Responsibilities:

- 10.1 Perform other activities related to this Charter as requested by the Board of Directors;
- 10.2 Institute and oversee any Special Investigation/Enquiry as needed.

11. Meetings:

- 11.1 The Audit Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings;
- 11.2 Normally meetings of the Audit Committee last the better part of a working day. Recommendations of the committee are submitted to the full Board for approval;
- 11.3 The Committee shall meet periodically with the management, the Internal Auditors, the External Auditors, in same or separate executive sessions, as deemed fit by it;
- 11.4 The Audit Committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meeting of the Committee;
- 11.5 Occasionally the Audit Committee may meet without the presence of any executives of the Company.
- 11.6 The Auditors of the Company and the KMP 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.
- 11.7 The "Right To Vote" shall vest only in the members of the Committee.

12. Annual General Meeting:

The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries.

13. Review/Amendment/Modification:

The adequacy of this Charter shall be reviewed and reassessed by the Audit Committee at periodic intervals and appropriate recommendations shall be made to the Board for its consideration and suitable approvals based on the changes that may be brought about to the regulatory framework or Committee's own assessment or suo motto by the Board for amending or issuing any fresh terms of reference to the Committee.

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14. Version Control

Sl. No	Version	Recommended by AC	Approved By BOD
1	Last Version- ACC_V02_1516	13.02.2016	13.02.2016
2	Current Version- ACC_V03-1718	11.12.2017	12.12.2017

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