



PONDY OXIDES AND CHEMICALS LIMITED

AUDIT COMMITTEE

CHARTER

CHARTER

I. OBJECTIVE:

The Audit Committee ("Committee") is constituted pursuant to and in accordance with the applicable provisions of Companies Act 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended from time to time.

The Objectives of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Pondy Oxides & Chemicals Limited (the "Company") is to assist the Board with oversight of the accuracy, integrity and transparency of the Company's financial statements with adequate and timely disclosures; compliance with legal and regulatory requirements; the Company's independent auditors' qualifications and independence; the performance of the Company's independent auditors and internal auditors; and acquisitions and investments made by the Company. The role, responsibilities and powers of the Committee shall include matters set out in this charter and such other items as may be prescribed by applicable laws as amended or by the Board in compliance with applicable law from time to time.

II. COMPOSITION OF THE COMMITTEE:

The Committee shall have minimum of three (3) members with at least two-thirds of members shall be Independent Directors. All members of the Committee shall be financially literate and at least one member shall have accounting or related financial management expertise. The Chairperson of the Audit Committee shall be an Independent Director. The Company Secretary of the Company shall act as the Secretary to the Audit Committee. The members of the Committee will be appointed by the Board.

III. MEETINGS AND QUORUM:

The Committee shall meet at least four times in a financial year and not more than one hundred and twenty days shall elapse between two consecutive meetings. The quorum for Committee meeting shall either be two members or one third of the members of the Committee, whichever is greater with at least two independent directors.

The 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 meetings of the committee.

IV. TERMS OF REFERENCE

In terms of the applicable provisions of Section 177 of the Companies Act, 2013, and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, the scope, functions, and terms of reference of the Committee inter alia include the following:

1. To oversee 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. To recommend for appointment, remuneration and terms of appointment of statutory and internal auditors of the company.
3. To approve availing of the permitted non-audit services rendered by the Statutory Auditors and payment of fees thereof.
4. To review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by the management.
 - iv. Significant adjustments made in the financial statements arising out of audit findings.
 - v. Compliance with listing and other legal requirements relating to financial statements.
 - vi. Disclosure of any related party transactions.
 - vii. Modified opinion(s) in the draft audit report.
5. To review, with the management, the quarterly financial statements before submission to the board for approval.
6. To review, 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. To review and monitor the Auditor's independence and performance, and effectiveness of audit process.

8. To approve all transactions or any subsequent material modification with related parties.
9. To scrutinise inter-corporate loans and investments.
10. To undertake valuation of undertakings or assets of the company, wherever it is necessary.
11. To evaluate internal financial controls and risk management systems.
12. To review, with the management, the performance of statutory and internal auditors, adequacy of the internal control systems.
13. To review 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. To discuss with internal auditors of any significant findings and follow up there on.
15. To review 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. To discuss 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, if any, 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. To approve appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
20. To review the utilization of loans and / or advances from / investment by the holding Company in the Subsidiary exceeding Rs. 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
21. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its Shareholders.

22. The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
23. To review management discussion and analysis of financial condition and results of operations.
24. To review the management letters / letters of Internal control weaknesses issued by the Statutory auditors.
25. To review Internal Audit Reports relating to internal control weaknesses.
26. To review the appointment, removal and terms of remuneration of the Chief Internal Auditor.
27. To review the quarterly statement of deviations including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).
28. To review the annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(1).
29. To review the financial statements, in particular, the investments made by the unlisted subsidiary.
30. To lay down the criteria for granting the omnibus approval in line with the policy on related party transactions.
31. To grant omnibus approval for related party transactions proposed to be entered into by the Company subject to fulfilment of certain conditions.
32. To review at least on a quarterly basis, the details of related party transactions entered into by the listed entity.
33. To carry out any other function mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.