

# AUDIT COMMITTEE POLICY

## PURPOSE OF THE AUDIT COMMITTEE:-

- ✚ The purpose of this document is to set out the role, duties and responsibilities of the Audit Committee ("the Committee"), External Auditor, Secretarial Auditor etc and to review their relationship with the Company.
- ✚ The Committee is constituted as a statutory committee of Frontier Alloy steels Limited ("the Company") in respect of its statutory duties in terms of section 177 of "the Companies Act" 2013
- ✚ This revised policy has been adopted by the Board in its meeting held on May 30, 2018 and a summary of the policy will be enclosed in its Annual Report.
- ✚ This Policy may be amended as and when required to make it consistent with the applicable laws, subject to the approval of the Board of Directors.

## OBJECTIVE

The Audit Committee is appointed by the Board to:

1. Assist the Board of Directors in monitoring and ensuring
  - (a) The integrity of the Company's financial statement.
  - (b) The Company's compliance with legal and regulatory requirements.
  - (c) The qualification and interpretation of the Company's Independent auditors.
  - (d) The performance of the Company's internal audit function and external auditors.
2. Oversee the accounting and financial reporting processes of the Company and the audits of the Financial Statement of the Company.

## COMPOSITION

1. The Audit Committee shall consist of a minimum of three Directors with Independent Directors forming the majority.
2. Majority of the members of Audit Committee including its Chairperson shall be persons with ability to read and understand the financial statements.
3. The Company Secretary shall act as the secretary to the Committee.
4. The Board of Directors reconstituted the Committee on **May 30, 2018** comprising of the following member.

<b>S.No</b>	<b>Name</b>	<b>Designation</b>	<b>Category</b>
<b>1</b>	Mr. Prem Mohan Gupta	Independent Director	Chairman
<b>2</b>	Mr. Ramesh Narayan Trivedi	Independent Director	Member
<b>3</b>	Mr. Yash Pal	Independent Director	Member
<b>4</b>	Mr. Manu Bhatia	Whole Time Director	Member

## **MEETINGS**

1. The Audit Committee should meet at least four times in a year and not more than four months shall elapse between two meetings.
2. The Audit Committee shall meet prior to the board meeting in which financial statements are being considered. In addition, the committee can convene additional meetings, as circumstances may require.
3. The committee will invite members of the management team, auditors, internal auditors or such other persons as it may consider necessary.
4. Unless otherwise stipulated in the Act the quorum for meeting shall be as specified by the Board if no such quorum is specified then all the members shall be necessary to form the quorum.
5. The Company secretary may if required, assist the Committee members.

## **AUTHORITY**

The Audit Committee is empowered to seek any information or explanation from management that it considers necessary to fulfill its responsibilities. It can Interact, engage and consult external experts, with or without the presence of the management team to fulfill its responsibilities.

## **RESPONSIBILITIES**

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

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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor/Cost Auditor/Internal Auditor if appointed and the fixation of audit fees.
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 before submission to the board for approval, with particular reference to:
  - Matters to be included in the Director's Responsibility Statement to be included in the Board's report;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
7. **Approval or any subsequent modification of transactions of the company with related parties.**
  - \*\*Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed.\*\*
  - \*\*Provided further that in case of transactions, other than transactions referred to in Section 188, and where Audit Committee does not approve the transactions, it shall make its recommendations to the Board\*\*
  - \*\*Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it\*\*
8. Scrutiny of inter-corporate loans and investments.
9. Valuation of undertakings or assets of the company, if required.
10. Evaluation of internal financial controls and risk management systems.
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
12. Discussion with internal auditors (appointed if any) of any significant findings and follow up there on.
13. Reviewing the adequacy of internal audit function (appointed if any), 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. Approval of appointment of CFO (appointed if any) (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.

15. Review the need for and where needed, the plan, resourcing and performance of the internal audit team (appointed if any)
16. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## **DISCLOSURE IN BOARD REPORT**

The Board's Report under sub section (3) of Section 134 shall disclose the composition of an Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, the same shall be disclosed in such report along with reasons there for.

## **DOCUMENTATION**

1. Members of the Audit Committee will be provided Agenda along with required briefing materials.
2. Audit Committee meetings will be documents and minutes provided to its members.
3. Minutes shall be entered in the Minutes book within 30 days from the date of conclusion of the meeting.
4. Minutes of the meeting shall be signed and dated by the Chairman of the Meeting or by the Chairman of the next meeting.

## **AMENDMENT TO THE POLICY**

The Board of Directors on its own and/or as per the recommendation of Audit Committee may amend such policy as and when it deems fit subject to the provisions of the Companies Act 2013 or any other rules made there under.

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