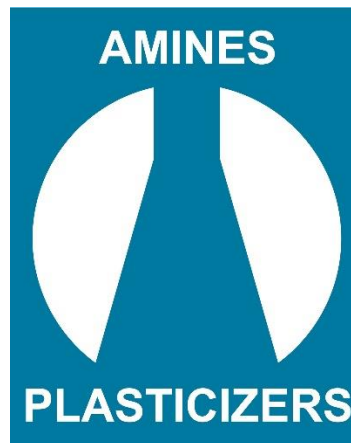


AMINES & PLASTICIZERS LIMITED



AUDIT COMMITTEE TERMS OF REFERENCE

Last reviewed on February 13, 2025

TERMS OF REFERENCE OF AUDIT COMMITTEE

Audit Committee of the Board of Directors (“the Audit Committee”) is entrusted with the responsibility to plan, oversee and supervise the Company’s financial reporting process and internal controls. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee have finance / banking / taxation background and bring along expertise in the fields of Finance, Taxation, Economics & Risk Management and International Finance. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function.

1. POWERS AND ROLES & RESPONSIBILITIES

A. POWERS

The audit committee shall have, inter alia, the following powers:

- i. To investigate any activity within its terms of reference.
- ii. To seek information from any employee.
- iii. To obtain external legal or other professional advice as required.
- iv. To institute special investigations into any matter provided in this charter or referred to it by the Board, with full access to the internal auditors, chairperson of the Board, management and the independent auditor, as well as all books, records, facilities and personnel of the Company.
- v. To secure attendance of the auditors, internal auditor, and the head of finance and of outsiders with relevant expertise.
- vi. such other assignments as may be delegated by the Board.

B. ROLES & RESPONSIBILITIES

Role of the Audit Committee and review of information by Audit Committee as per Section 177 the Companies Act, 203 and as per Regulation 18(3) of the Listing Regulations, read with Part C of Schedule II of the Listing Regulations:

The role of the audit committee shall include the following:

1. oversight of the listed entity’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 listed entity;
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) modified opinion(s) 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 561[public issue or rights issue or preferential issue or qualified institutions placement], and making appropriate recommendations to the board to take up steps in this matter;
 7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. approval or any subsequent modification of transactions of the listed entity with related parties;
 9. scrutiny of inter-corporate loans and investments;
 10. valuation of undertakings or assets of the listed entity, 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 chief financial officer 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.
 21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the 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
22. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

The audit committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. ~~statement of significant related party transactions (as defined by the audit committee), submitted by management *~~
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. statement of deviations:
7. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
8. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

*Omitted by SEBI Omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 w.e.f. 1.4.2022.

C. COMPOSITION AND MEETING

1. Audit Committee Shall consists of majority of Independent Directors.
2. The Audit Committee shall have minimum three directors as members out of which at least two-thirds of the members shall be independent directors and in case of a listed entity having outstanding SR equity shares, the audit committee shall only comprise of independent directors
3. All members of Audit Committee shall be financial literate and at least one member shall have accounting or related financial management expertise.
4. The Chairperson of the Audit Committee shall be an independent director and shall be present at Annual General Meeting to answer shareholder queries.
5. 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 meetings of the committee. Provided that occasionally the audit committee may meet without the presence of any executives of the listed entity. The Company Secretary shall act as the Secretary to the Committee.
6. The committee shall meet at least four times a year and not more than four months shall elapse between two meetings. Meetings may be in person or through calls/videoconferences as permitted by law.
7. The committee shall undertake an annual performance evaluation of its own effectiveness and submit it to the Board.

8. Composition shall be as per Section 177 of the Companies Act 2013 and SEBI (Listing Obligation and Disclosure Requirements) 2015 and any other laws and regulations, as applicable
9. The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

D. RELATED PARTY TRANSACTION

- 1) All related party transactions and subsequent material modifications shall require prior approval of the audit committee:
Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.
- 2) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-
 - a. the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - b. the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
 - c. the omnibus approval shall specify:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - ii. the indicative base price / current contracted price and the formula for variation in the price if any; and
 - iii. such other conditions as the audit committee may deem fit:
Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
 - d. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity or its subsidiary pursuant to each of the omnibus approvals given.
 - e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

E. CORPORATE GOVERNANCE REQUIREMENTS WITH RESPECT TO SUBSIDIARY OF LISTED ENTITY

The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

F. RESPONSIBILITIES UNDER THE CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

- a. Setting forth the policies relating to and overseeing the implementation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,

2015 (“Regulations”), as amended from time to time and the Code of Conduct for Prevention of Insider Trading (“Code”);

- b. Taking on record such reports as may be required from the Compliance Officer under the Code; and
- c. Deciding penal and disciplinary action in respect of violation of the Regulations / Code.