



AUDIT COMMITTEE

w.e.f. – 01-12-2015

TERMS OF REFERENCE:

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

1. To investigate any activity within the terms of reference
2. To seek information from any employee
3. To obtain outside legal or other professional advice
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

Role of Audit Committee

The role of the audit committee shall include the following:

A. The role of the audit committee shall include the following:

- (1) Overseeing 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 public or rights issue, 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.



- B. 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:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Composition of Audit Committee

- a. The audit committee shall have minimum three directors as members.
- b. Two-thirds of the members of audit committee shall be independent directors.
- c. All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise in the light of explanation given in the SEBI Regulations.
- d. The chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries
- e. The Company Secretary shall act as the secretary to the audit committee
- f. 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

As on 09-11-2015, the Audit Committee of the Company comprises of 3 non-executive Independent Directors, who are well qualified and financially literate. Following is the composition of the Audit Committee:



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Shri. Vigyan Arora	Non Executive Independent Director, Chairman
Shri Dilbagh Singh Sidhu	Non Executive Independent Director, Member
Shri Ajay Kumar Arora	Non Executive Independent Director, Member

Mr Hardam Singh, Company Secretary of the company acts as Secretary to the Committee.

Mr. Vigyan Arora is the Chairman who has relevant accounts and Finance related expertise as well as qualification. Mr. Dilbag Singh Sidhu and Mr. Ajay Kumar Arora are other two members. All of them are having knowledge and expertise in accounts and finance.

Meetings of the audit committee

Meetings of the Audit Committee shall be conducted in the following manner:

- a. 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.
- b. 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.
- c. 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