

SPEEDAGE TRADE LIMITED

TERMS OF REFERENCE OF AUDIT COMMITTEE

Primary Objectives:

The Audit Committee's role shall flow directly from the Board of Directors' which holds the Management accountable to the Board and the Board, in turn, accountable to the shareholders. Acting as a catalyst in helping the organization achieve its objectives, the primary role of the Audit Committee is that of assisting the Board of Directors in overseeing the:-

- integrity of the Company's financial statements; - compliance with legal and regulatory requirements;
- qualification and independence of the external auditors;
- performance of the Company's external auditors and the Internal Audit function; and - adequacy and reliability of the internal control system.

Composition:

1 The Audit Committee shall comprise of at least three directors as members of the Committee, half of whom shall be independent director.

2 All members of Audit Committee shall be 'financially literate' (which at minimum means possessing a working familiarity with the basic finance and accounting practices) and at least one member shall, in the judgement of the Board, be an audit committee 'financial expert' having accounting or related financial management expertise.

3 The members of the Audit Committee shall elect a chairman from amongst themselves.

Secretary

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

Quorum

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Audit Committee; whichever is greater.

Meetings

1 The Committee shall meet at least 4 times in a year and not more than 4 months shall elapse between two successive meetings.

2. The Auditors, the Chief Internal Auditor and the Chief Financial Officer shall attend and participate at meetings of the Committee. The Committee may invite such of the executives, as it considers appropriate, to be present at the meetings. The right to vote shall vest only in the members of the Committee.

Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting to answer shareholder queries and provide any clarifications on matters relating to audit.

Role & Functions

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. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. 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.
 - 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 the 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) Qualifications in the draft audit report.
4. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.),
5. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
6. Approval or any subsequent modification of transactions of the company with related parties;
7. Scrutiny of inter-corporate loans and investments;
8. Valuation of undertakings or assets of the company, wherever it is necessary;
9. Evaluation of internal financial controls
10. Reviewing, with the management, the performance of statutory and internal auditors, adequacy of the internal control systems;
11. 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, 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. Approval of appointment of CFO (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;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of Audit Committee Charter

The adequacy of this charter shall be reviewed and reassessed by the Audit Committee, at least, annually and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about to the regulatory framework, from time to time.