



EROS INTERNATIONAL MEDIA LIMITED

CHARTER AND WORKING PROCEDURE OF AUDIT COMMITTEE

EROS INTERNATIONAL MEDIA LIMITED

CIN: L99999MH1994PLC080502

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1. OBJECTIVE

The Audit Committee of the Company, “Eros International Media Limited”, duly constituted by the Board of Directors has well-defined composition, quorum, powers, role, review and terms of reference (“**Committee**”) in accordance with Section 177 of the Companies Act, 2013 (“**the Act**”) and applicable Rules made thereto read with Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”).

Further, with respect to applicability of Sarbanes Oxley (“SOX”) by the Company, the Board of Directors at their meeting held on May 29, 2015 decided to include the terms of reference of Ethics and business in the terms of reference of the Committee.

2. COMPOSITION

The Board of Directors of the Company at their meeting held on October 26, 2018, had reconstituted the Committee comprising of the following Members:

1. Mr. S. Lakshminarayanan [Chairman], Non-Executive Independent Director
2. Mr. Dharendra Swarup, Non-Executive Independent Director
3. Mr. Rakesh Sood, Non-Executive Independent Director
4. Mr. Sunil Srivastav, Non-Executive Independent Director
5. Mr. Sunil Arjan Lulla, Executive Vice Chairman and Managing Director

3. MANDATE / SCOPE / TERMS OF REFERENCE OF AUDIT COMMITTEE

The Board of Directors of the Company at their meeting held on November 9, 2015, has broadened the mandate/ scope/ terms of reference of the Committee pursuant to the SEBI Listing Regulations read with the Act and applicable Rules made thereto to include the revised terms of the Committee.

Further, the Board of Directors at their meeting had decided to dissolve the Risk Management Committee constituted on November 12, 2014 and include the mandate/ scope/ terms of reference of Risk Management Committee with the terms of reference of the Committee, as the SEBI Listing Regulations has mandated constitution of Risk Management Committee for only top 100 listed companies (*which has now been changed to top 500 listed companies w.e.f. April 1, 2019*).

The revised Mandate/Scope/Terms of Reference of the Committee w.e.f. April 1, 2019 are as follows:

A. FINANCIAL STATEMENTS AND OTHER MATTERS:

- i. 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;
- ii. examination of the financial statement and the auditors’ report thereon;
- iii. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:



- 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 Act;
 - 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;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions;
 - modified opinion(s) in the draft audit report;
- iv. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - v. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
 - vi. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - vii. reviewing and monitoring, 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;
 - viii. 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.
 - ix. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - x. approval or any subsequent modification of transactions of the Company with related parties;
 - xi. scrutiny of inter-corporate loans and investments;
 - xii. valuation of undertakings or assets of the Company, wherever it is necessary;
 - xiii. evaluation of internal financial controls and risk management systems;
 - xiv. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - xv. 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;
 - xvi. discussion with internal auditors of any significant findings and follow up there on;
 - xvii. 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;
 - xviii. 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;
 - xix. 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;
 - xx. to review the functioning of the whistle blower mechanism;
 - xxi. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 - xxii. Carrying out any other function as is mentioned in the terms of reference of the Committee.
 - xxiii. The Committee shall mandatorily review the following information:
 - management discussion and analysis of financial condition and results of operations;



- statement of significant related party transactions (as defined by the Committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- 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).

B. ETHICS:

- i. Facilitate the development, implementation and operation of an effective ethical and cultural program.
- ii. Promote an organizational structure and culture that encourages law abiding and ethical conduct.
- iii. To consider and resolve any issues relating to the implementation of the ethical and cultural program.
- iv. To regularly evaluate the program that has been devised to make sure that the organization maintains high ethical standards and that there is no violation of laws and regulations that are applicable to the Company.

C. RISK MANAGEMENT:

- i. Learn about the actual risks and control deficiencies in the organization.
- ii. Help the Board define the risk appetite of the organization.
- iii. Exercise oversight of management's responsibilities and review the risk profile of the organization to
- iv. ensure that risk is not higher than the risk appetite determined by the Board.
- v. Monitor the effectiveness and independence of risk management functions throughout the organization.
- vi. Review the strategies, policies, frameworks, models and procedures that lead to the identification, measurement, reporting and mitigation of material risks.
- vii. Review issues raised by Internal Audit that impact the risk management framework.
- viii. Ensure that the risk awareness culture is pervasive throughout the organization.
- ix. Fulfills statutory, fiduciary and regulatory responsibilities.
- x. Any other roles and responsibilities which the Board may deem fit.

4. POWERS OF AUDIT COMMITTEE

The Committee shall have, *inter alia*, the following powers:

- 4.1. To investigate any activity within its terms of reference.
- 4.2. To seek information from any employee.



- 4.3. To obtain at the Company's expense external legal or independent professional advice from such advisers as the Committee shall select, who may, at the invitation of the Committee, attend meetings as necessary;
- 4.4. To secure attendance of the auditors, internal auditor, and the head of finance and of outsiders with relevant expertise.

5. WORKING PROCEDURE

In accordance with Section 177 of the Act and applicable Rules made thereto, applicable Secretarial Standards of ICSI and in accordance with SEBI Listing Regulations, the following working procedure is adopted by the Committee:

A. Constitution of the Committee:

- The Committee shall consist of minimum three directors as Members.
- Two-thirds of the Members of the Committee 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.

Explanation 1: *The term "financially literate" shall mean "financially literate" shall mean the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.*

Explanation 2: *A member shall be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.*

B. Quorum:

- Two or one-third of the Members of the Committee, whichever is greater, with at least two Independent Directors present either personally or through electronic mode.
- Electronic mode shall be counted for quorum except on such restricted items as prescribed under the Act.
- Quorum shall be present throughout the meeting.
- Where a Member is interested in a particular item, he/she shall not be present (physically or through Electronic Mode), during discussion and shall not vote on such item.

C. Chairman:

The Chairman of this Committee is Mr. S. Lakshminarayanan and in his absence, any member elected by the Committee.



D. **Frequency of the Meeting:**

- At least 4 (four) times in a year and not more than one hundred and twenty days shall elapse between two Meetings.
- 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:
- Provided that occasionally the Committee may meet without the presence of any executives of the Company.

E. **Notice of Meetings:**

Meetings of the Committee shall be called by the secretary of the Committee, by sending a proper Notice, by following such procedure as specified by the Board from time to time.

F. **Voting:**

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed to be decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

G. **Minutes of the Meeting:**

- Draft minutes of the Committee Meeting shall be duly circulated within 15 days from the conclusion of the meeting to the members of the Committee for their comments.
- The Members, whether present or not shall communicate their comments, if any, in writing within 7 days from the date of circulation of draft minutes.
- Minutes shall be entered in the Minutes Book within 30 days from the date of conclusion of the meeting.
- Minutes of the meeting shall be signed and dated by the Chairman of the Meeting or by the Chairman of the next meeting.
- Signed copy of the minutes shall be circulated to all the members within 15 days after the minutes are signed duly certified by Company Secretary or where there is no Company Secretary, by any Director authorized by Committee.

H. **Committee Members' Interests:**

The disclosure of Interest and participation in the meetings by a member of the Committee shall be as per the provisions of the Act and Rules made thereunder from time to time.

I. **Company Secretary of the Committee:**

The Company Secretary of the Company shall act as a Secretary of the Committee.



J. **Attendance at the Annual General Meeting:**

The chairperson of the Committee shall be an Independent Director and he shall be present at Annual General Meeting to answer shareholder queries.

K. **Sitting Fees:**

As per the resolution passed by the Board of Directors on May 29, 2015, Independent Directors are eligible for sitting fees of Rs. 40,000/- per meeting and the same may be increased by the Board from time to time.

L. **Scope/ Terms of Reference:**

- Revised terms of Reference as stated above.
- The role of the Committee and the information to be reviewed by the Committee shall be as specified in Part C of Schedule II of the SEBI Listing Regulations.

M. **Passing of resolution by Circulation:**

- The Committee, in case of urgent business may pass the resolution by circulation.
- Only that business can be transacted through circulations which are not restricted as per the Act.
- Draft resolutions shall be circulated to the members of the Committee by the Company Secretary or any other person authorized by her, together with the necessary papers, individually to all the Members including Interested Director through any valid mode.
- Not more than seven days from the date of circulation of the draft resolution shall be given to the Members for their response.
- Resolution shall deem to have been passed, if majority of the members has assented and date of assented by the last member shall be the date of passing of resolution.
- If the approval of the majority of members entitled to vote is not received by the last date specified for receipt of such approval, the Resolutions shall be considered as not passed.
- Resolutions passed by circulation shall be noted/ratified at the next meeting of the Committee as well as Board.

6. APPLICABILITY

This Charter has been revised to incorporate the amendments in the SEBI Listing Regulations and shall be effective from April 1, 2019. In case there are any subsequent modification(s) / amendment(s) / notification(s) / circular(s) to SEBI Listing Regulations, Secretarial Standards or the Act and Rules made thereunder, it shall apply to this Charter automatically and this Charter shall stand amended automatically and in the event of any conflict between this Charter and Secretarial Standards, provisions of the Act, SEBI Listing Regulations and Articles of Association of the Company, the provisions as contained in Secretarial Standards, the Act, SEBI Listing Regulations and Articles of Association of the Company shall prevail.