



ARC INSULATION & INSULATORS LIMITED
(Formerly- ARC Insulation & Insulators Private Limited)

Registered Office-Village-Ramdevpur, PO-Bawali Bishnupur2, Parganas South, Bishnupur-743384 West Bengal, India

Email- manish@arcinsulations.com CIN-U18109WB2008PLC129263 |Contact- 9748708809|Website- www.arcinsulations.com

ARC INSULATION & INSULATORS LIMITED AUDIT COMMITTEE CHARTER

PRINCIPLES AND OBJECTIVES:

The role of the Audit Committee shall flow directly from the Board of Directors'. The Audit Committee's review function will include the financial reporting process, the system of internal financial controls, the audit process, the Company's process for monitoring compliance with laws and regulations and ARC Code of Conduct.

AUTHORITY:

The Audit Committee shall act and have powers in accordance with the terms of reference which shall include the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers it to be necessary
- To have full access to information contained in the records of the Company.

RESPONSIBILITIES:

The Audit Committee shall have discussions with the Auditors periodically about internal financial control systems, the nature and scope of audit, including the observations of the Auditors and review the quarterly and year-to-date and annual financial statements and / or financial results before submission to the Board and recommend the same to the Board for its consideration and oversee compliance of internal financial control systems. In addition, the responsibilities of the Audit Committee shall include the following:

√ Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are true, fair, sufficient and credible.

√ Reviewing with the Management the annual financial statements and the Auditors' Report thereon before submission to the Board, with reference to:

- Matters required to be included in the Director's Responsibility Statement in the Board's Report in terms Section 134 (3) (c) of the Companies Act, 2013
- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgment by the Management.
- Modified opinion(s) in the draft Auditors' Report, if any.
- Significant adjustments made in the financial statements arising out of audit findings.
- The going concern assumption



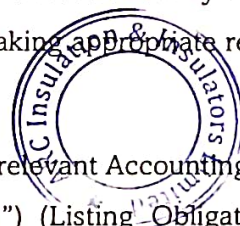


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- Compliance with Accounting Standards, Compliance with listing, and other legal requirements concerning financial statements.
 - Scrutiny of inter-corporate loans and investments.
 - Disclosure of contingent liabilities Disclosure of any related party transactions as per the relevant Accounting Standards, the Companies Act, 2013 and Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time.
 - The effect of regulatory and accounting initiatives as well as off- balance-sheet structures on financial statements.
 - Company’s press releases, as well as financial information and earnings guidance, if any, are provided to analysts and rating agencies.
 - Reviewing and evaluating the Company’s financial and risk management systems.
- √ Reviewing and examining Internal audit reports relating to internal control weaknesses.
- √ Reviewing Management Discussions and Analysis of financial condition and results of operations.
- √ Reviewing Reports relating to risk management and compliance with applicable laws.
- √ Reviewing Management letters / letters of internal control weaknesses issued by the Statutory / Internal Auditors
- √ Evaluation of the internal financial controls, accounting policies, etc. with the Management, external and internal Auditors, and to review the adequacy of internal financial control systems.
- √ Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity.
- √ Reviewing and monitoring the performance and effectiveness of the Internal Audit process.
- √ Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for the purposes other than those stated in the issue document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the board to take up steps in this matter.
- √ Disclosure of any related party transactions as per the relevant Accounting Standards, the Companies Act, 2013 and Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time.
- √ Approval or any subsequent modification of transactions of the Company with the related parties.



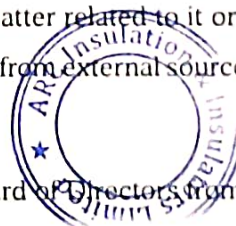


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- √ Recommending to the Board the appointment / re-appointment and removal / replacement of the Auditors, fixation of the remuneration and terms of appointment of the Auditors and also approval for payment for any other services rendered by the Auditors, as permitted by law. While considering the appointment of the statutory auditor, the committee shall consider any order or pending proceedings relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any other competent authority or any Court.
- √ Discussing with the Statutory Auditors before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern.
- √ Reviewing and monitoring the Auditor's independence and performance and the effectiveness of the audit process.
- √ Reviewing, monitoring, examining all cases above Rs. 1 Cr..
- √ Review of inter-corporate loans and investments.
- √ Valuation of undertakings or assets of the Company, wherever it is necessary.
- √ Reviewing the functioning of and compliance with the Company's Whistle Blower Policy.
- √ Reviewing with the management, performance and effectiveness of the Internal audit process.
- √ Reviewing the reasons for defaults in the payments to the depositors, debenture holders, shareholders or any other security holders.
- √ Deciding penal and disciplinary actions in respect of violation of the Regulations/ Code.
- √ Reviewing compliance with the provisions of the code, at least once In a financial year and to verify that the systems for internal control are adequate and are operating effectively. The Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statements before their submission to the Board and may also discuss any related issues with the auditors and the management of the Company.
- √ The Committee shall have an authority to investigate into any matter related to it or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and shall have full access to information contained in the records of the Company.
- √ Performing such other activities as may be requested by the Board of Directors from to time.





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REVIEW OF COMMITTEE CHARTER

The Committee will report periodically to the Board on its activities. The adequacy of this charter shall be reviewed and reassessed by the Board of Directors from time to time as it may deem appropriate.

COMMITTEE EVALUATION

The Committee shall undergo an annual self-evaluation of its performance and report the result to the Board. Tentative areas for evaluation as part of this exercise shall include:

- √ Degree of fulfillment of Key responsibilities
- √ Adequacy of Committee Composition
- √ Effectiveness o meetings
- √ Committee dynamics
- √ Quality of relationship of the Committee with the Board and the Management
- √ Any other matter as they deem necessary

COMPOSITION

The Committee shall be appointed by the Board and shall consist of a minimum of three directors with independent directors forming the majority.

The majority of the members of the Committee including the Chairperson shall be persons with the ability to read and understand the financial statements.


The members if the Committee shall elect a chairman for amongst themselves. The Chairman of the Board as far as possible shall not be a member of the Committee.

Formation of Audit Committee

The Committee was formed on 03/09/2024 (Sep 03, 2024)



ARC Insulation & Insulators Limited *****


Managing Director



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AUDIT COMMITTEE

ROLE AND RESPONSIBILITY OF AUDIT COMMITTEE:

1. Overseeing 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 replacement, remuneration and terms of appointment of statutory auditor of the Company;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
5. 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, as amended;
 - (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 SEBI Listing Regulations and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and
 - (g) Qualifications / modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval;
7. 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 utilization of proceeds of a public issue or





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- rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter;
8. Approval or any subsequent modification of transactions of our Company with related parties and omnibus approval for related party transactions proposed to be entered into by our Company subject to such conditions as may be prescribed;
 9. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
 10. Scrutinizing of inter-corporate loans and investments;
 11. Valuing of undertakings or assets of the Company, wherever it is necessary;
 12. Evaluating of internal financial controls and risk management systems;
 13. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
 14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 15. 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;
 16. Discussing with internal auditors of any significant findings and follow up there on;
 17. 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;
 18. Discussing 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;
 19. Looking 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;
 20. Reviewing the functioning of the whistle blower mechanism;
 21. Approving the appointment of the Chief Financial Officer (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; and
 22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/ or specified/ provided under the Companies Act, 2013 or SEBI Listing Regulations or by any other regulatory authority;





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23. 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;
24. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.


MEETING OF AUDIT COMMITTEE:

The Committee shall hold at least four meetings in a year and with a maximum interval of 120 days between two consecutive meetings. One hour before the Board Meeting, Audit Committee Meeting can be held. The Audit Committee shall oversee the vigil mechanism process.

AUDIT COMMITTEE MEMBERS:

| Name of the Director | Designation in Committee | Nature of Directorship |
|--------------------------------------|--------------------------|------------------------|
| Mr. Manish Bajoria | Member | Managing Director |
| Ms. Neelam Bajoria | Member | Executive Director |
| Ms. Suruchi Jain Virendra Kumar Jain | Member | Independent Director |
| Ms. Chetna Gupta | Chairman | Independent Director |

ARC INSULATION & INSULATORS LIMITED
ARC Insulation & Insulators Limited


Manish Bajoria
Managing Director
Managing Director

Date: September 03, 2024

