



Terms of Reference – Audit Committee

Effective Date: 12/03/2025

Approved by the Board on: 12/03/2025

1. Constitution and Purpose

The Audit Committee is constituted by the Board of Directors to assist in overseeing:

- Integrity of the Company's financial statements and reporting;
- Effectiveness of the internal control and risk management framework;
- Compliance with regulatory requirements applicable to NBFCs;
- Performance of internal and statutory auditors;
- Systems and controls specifically related to lending against gold.

2. Composition

- Minimum 3 Directors and majority Independent.
- Chairperson shall be an Independent Director.
- All members shall be financially literate; at least one shall have accounting or financial management expertise.

3. Meetings

- At least four meetings annually.
- Quorum: Two members or one-third of total members, whichever is higher.
- CFO, Internal Auditor, Statutory Auditor and Compliance Officer may be permanent invitees.

4. Roles and Responsibilities

A. Financial Reporting

- Review quarterly and annual financial statements before submission to the Board.
- Examine changes in accounting policies and practices.
- Ensure compliance with RBI norms, Ind AS and Companies Act disclosures.

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B. Internal Controls and Risk Management

- Review adequacy and effectiveness of internal controls over gold loan operations.
- Monitor risk management systems, with specific attention to:
 - Gold loan disbursement processes,
 - Security (gold) storage,
 - Gold valuation and auction procedures,
 - NPA management and provisioning,
 - Customer KYC and AML compliance,
 - Fair practices and grievance redressal.

C. Compliance

- Review compliance with RBI Master Directions, circulars, and inspection reports.
- Ensure timely rectification of observations in RBI inspection/audit reports.

D. Internal Audit

- Approve internal audit plan and budget.
- Review internal audit reports, especially findings on:
 - Gold custody and safety,
 - Lending documentation and risk grading.
- Evaluate performance of internal audit function.

E. Statutory Audit

- Recommend appointment, remuneration and terms of statutory auditor.
- Review auditor's independence, scope, audit findings, and management response.

F. Whistle-blower and Fraud Monitoring

- Review adequacy of the whistle-blower mechanism.
- Examine reported frauds, including frauds related to:
 - Gold appraisal,
 - Staff collusion or misappropriation,
 - Customer documentation forgery.
- Ensure reporting to RBI as per prescribed guidelines.

G. RBI and Regulatory Oversight

- Monitor timely submission of returns to RBI.
- Review compliance with asset classification, income recognition, provisioning norms.
- Ensure adherence to limits on exposure, related party transactions, and leverage norms.

5. Reporting

- Report proceedings to the Board after each meeting.
- Submit recommendations to the Board on any matter within its remit.

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- Disclose Committee activities in Annual Report, including confirmation on:
 - Review of financials and internal controls,
 - Compliance with RBI norms,
 - Effectiveness of gold loan operations monitoring.
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6. Authority

- Access any information from management or employees.
 - Appoint outside advisors or auditors as deemed necessary.
 - Investigate any matter within its scope.
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7. Review

- The ToR shall be reviewed annually by the Committee and recommended to the Board for any necessary changes.
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This Terms of Reference should be read in conjunction with the applicable provisions of the Companies Act, 2013, RBI Master Directions for NBFCs, SEBI (LODR), if applicable, and other applicable laws and regulations.

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