

# **Bengal & Assam Company Limited**

## **Terms of Reference of Audit Committee** **(Adopted at Board Meeting held on 31.01.2019)**

### **(I) TERMS OF REFERENCE OF AUDIT COMMITTEE:**

- (a)** Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (b)** Review and monitor the auditor's independence and performance; and effectiveness of audit process;
- (c)** Reviewing with the management and examination of the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (i)** 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;
  - (ii)** Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii)** Major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv)** Significant adjustments made in the financial statements arising out of audit findings;
  - (v)** Compliance with listing and other legal requirements relating to financial statements;
  - (vi)** Disclosure of any related party transactions;
  - (vii)** Modified opinion(s) in the draft audit report;
- (d)** Reviewing with the management and examination of the quarterly financial statements before submission to the board for approval;
- (e)** Approval or any subsequent modification of transactions of the company with related parties including grant of omnibus approval as may be required, subject to applicable provisions;
- (f)** Scrutiny of inter-corporate loans and investments;
- (g)** Valuation of undertakings or assets of the company, wherever it is necessary;
- (h)** Evaluation of internal financial controls and risk management systems;
- (i)** Monitoring the end use of funds raised through public offers and related matters;
- (j)** 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;

- (k) 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;
- (l) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (n) 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;
- (o) Discussion with internal auditors of any significant findings and follow up there on;
- (p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularly or a failure of internal control systems of a material nature and reporting the matter to the board;
- (q) 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;
- (r) 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;
- (s) To review the functioning of the Whistle Blower mechanism;
- (t) 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;
- (u) Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans /advances/investments existing as on 1<sup>st</sup> April, 2019;
- (v) Appointment of Registered Valuer under the provisions of Section 247 of Companies Act 2013;
- (w) Review the financial statements, in particular, the investments made by the unlisted subsidiary;
- (x) In consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit.

**(II) THE AUDIT COMMITTEE SHALL HAVE THE FOLLOWING POWERS:**

- (a) To investigate any activity within its terms of reference.
- (b) To seek information from any employee.
- (c) To obtain outside legal or other professional advice.
- (d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(III) THE AUDIT COMMITTEE SHALL MANDATORILY REVIEW THE FOLLOWING INFORMATION:**

- (i) Management discussion and analysis of financial condition and results of operations;
- (ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;
- (iv) Internal audit reports relating to internal control weaknesses; and
- (v) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- (vi) Statement of deviations:
  - (a) quarterly statement of deviation(s) in terms of Regulation 32(1) of the Listing Regulations before being submitted to stock exchange(s).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(5) of the of the Listing Regulations.
  - (c) annual statement of utilization of proceeds of a public or rights issue in terms of Regulation 32(7) of the of the Listing Regulations.
- (vii) compliance with the provisions of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

**(IV)** The Audit Committee shall also comply with Rules, Regulations and other Statutory Guidelines as may be notified/amended from time to time.

**(V)** 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. The quorum shall be either two members or one third of the members of the Audit Committee, whichever is greater, with at least two independent directors.

**(VI)** The members of the Audit Committee shall elect Chairman from amongst themselves. The Chairman of the Committee shall be an independent director. The Chairman of the Committee shall attend the Annual General Meetings to answer shareholder queries.

**(VII)** The Secretary of the Company shall act as Secretary to the Audit Committee.

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