

## **BPL LIMITED**

### **CHARTER OF THE AUDIT COMMITTEE**

This Charter of the Audit Committee of the Company supersedes the earlier Charter, which was approved and adopted by the Board of Directors at their meeting held on 14th June, 2001.

#### **I. Primary Objectives**

The Audit Committee's role shall flow directly from the Board of Directors' overview function on corporate governance; 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 and the BPL Code of Conduct;
- 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.

#### **II. Constitution**

The name of the Committee is **AUDIT COMMITTEE**.

The Board of Directors of the Company is the authority that appoints the members of the Committee.

The Committee shall have:

- i. minimum of three members, all being non-executive directors,
- ii. with majority of them being independent directors and
- iii. with at least one director having financial and accounting knowledge.

#### **III. Chairman**

The Chairman of the Committee shall be an independent director. The members of the Audit Committee shall elect a chairman from amongst themselves

#### **IV. Secretary**

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

#### **V. Committee Meetings**

- i. The Committee shall meet at least four times a year and not more than four months shall elapse between two successive meetings.

- ii. The meetings shall be held before submission / finalisation of the quarterly, half yearly accounts and the annual accounts of the Company.
- iii. 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.

- iv. The Committee shall meet with the representatives of the Company's major subsidiaries regarding their systems of internal control, results of audits and integrity of financial reporting.

## **VI. Quorum**

The quorum for the Committee Meetings shall be either two members or one third of the members of the Audit Committee, whichever is higher and minimum of two independent directors. A duly convened meeting of the Committee at which the requisite quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **VII. Annual General Meeting**

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

## **VIII. Roles, Powers and Scope of the Audit Committee**

The Audit Committee shall derive its powers, roles and responsibilities as may be provided in the Companies Act, 2013, Listing Agreements as executed by the Company with Stock Exchanges where the Company's shares are listed.

The Audit Committee shall have the following roles and responsibilities and powers:

### **a) Roles of the Audit Committee:**

The Audit Committee shall have the following roles :

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. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Examination of the annual financial statements and the auditor's report thereon before submission to the Board, focusing primarily on:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of sub-section (2) of section 164 of the Companies Act, 2013.
  - Any changes in accounting policies and practices and reasons for the same.

- Major accounting entries involving estimates based on exercise of judgement by management.
  - Draft audit report and qualifications, if any, therein. [Sec 177(4)]
  - Significant adjustments made in the financial statements arising out of audit findings.
- The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with Listing and other legal requirements concerning financial statements.
  - Disclosure under 'Management Discussion and Analysis of Financial Condition and Results of Operations'.
  - Disclosure of any related party transactions.
  - Disclosure of contingent Liability
  - To approve 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 & background, etc. of the candidate.
  - The effect of regulatory and accounting initiatives as well as off-balance-sheet structures, on the financial statements.
4. Approving or any subsequent modification of transactions of the company with related parties
  5. Review and monitor the auditor's independence and performance and effectiveness of audit process.
  6. Review and monitor with the management, external and internal auditors, the adequacy of internal control systems.
  7. Reviewing the adequacy of internal audit function 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.
  8. Discussion with internal auditors any significant findings and follow up thereon.
  9. 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.
  9. Discussion with external auditors, before the audit commences, nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
  10. Evaluation of the Company's internal financial controls and risk management systems.
  11. Valuation of undertakings or assets of the Company, wherever it is necessary.
  12. Monitoring the end use of funds raised through public offers and related matters.

13. Scrutiny of inter-corporate loans and investments.
14. 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.
15. Such additional functions / features as is contained in the Listing Agreement.

**b) Powers of Audit Committee**

The Audit Committee shall have the following powers to:

1. investigate any activity within its terms of reference.
2. seek information from any employee.
3. obtain outside legal or other professional advice.
4. secure attendance of outsiders with relevant expertise, if it considers necessary.
5. invite such executives of the Company, as it may consider appropriate.
6. have full access to information contained in the records of the Company.
7. Call for the comments of the auditors about the internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before submission to the Board.
8. Discuss any related issues with the internal and statutory auditors and the management of the company.

**IX. Additional Roles, Powers and Responsibilities**

The Audit Committee shall assume and discharge such additional scope, roles, powers and responsibilities as may be:

1. Entrusted by the Board of Directors to the Audit Committee from time to time for effective Corporate Governance.
2. Provided by amendments to the relevant clauses in the Listing Agreement, from time to time.
3. Provided by amendments to the relevant provisions of the Companies Act, 2013, from time to time.

**X. 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.

*\*Amended by the Board of Directors vide Resolution passed on 9<sup>th</sup> November, 2015.*

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