

BF INVESTMENT LIMITED

Audit Committee- Terms of Reference

Updated as on November 11, 2021

1. Purpose

The Audit Committee assists the Board in discharging of its responsibility to oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance and remuneration of the Statutory Auditors, including the Cost Auditors and the performance of Internal Auditors of the Company.

The Audit Committee, working closely with the Risk Committee, is responsible for assisting the Board in discharging its responsibilities for monitoring the integrity of the Company's financial statements and the effectiveness of the systems of internal controls and to monitor the effectiveness, performance and objectivity of the internal and external auditors.

2. Membership

The audit committee shall have minimum three directors as members, with independent directors forming majority.

All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

The chairperson of the audit committee shall be an independent director and shall be present at Annual general meeting to answer shareholder queries.

The Company Secretary shall act as the secretary to the audit committee.

The Audit Committee shall act in accordance with the terms of reference specified by the Board

3. Powers

The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Role of the Audit Committee inter alia includes the following:

- a) 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;
- b) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- c) Approval of payment of remuneration to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing, with the management, 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 Section 134(3)(c) of the Act.
 - (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 Statement arising out of audit findings.

- (v) Compliance with Listing Regulations and other legal requirements relating to Financial Statements.
 - (vi) Disclosure of any related party transactions.
 - (vii) Qualifications in the draft Audit Report.
- e) Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;
 - f) 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 utilised for the 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 issue, rights issue and preferential issue etc. before submitting the same to Stock Exchanges;
 - g) Review and monitor the Auditor's independence and performance and effectiveness of audit process;
 - h) Approval or any subsequent modification of transactions of the Company with related parties;
 - i) Scrutiny of inter-corporate loans and investments;
 - j) Valuation of undertakings or assets of the Company, wherever it is necessary;
 - k) Evaluation of internal financial controls and risk management systems;
 - l) Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
 - m) 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;
 - n) Discussion with Internal Auditors of any significant findings and follow up thereon;
 - o) 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;
 - p) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain the areas of concern, if any;
 - q) 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;
 - r) To review the functioning of the Whistle Blower Mechanism;
 - s) Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate; and
 - t) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.
 - u) Consider and comment on rationale, cost-benefits and impact of Schemes of merger, demerger, amalgamation etc. on the listed entity and its shareholders.

Review of information by the Audit Committee:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the Audit Committee),

submitted by management;

- c) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- d) Internal audit reports relating to internal control weaknesses, if any;
- e) Review of tenure and appointment, removal and terms of remuneration of the Internal Auditors;
- f) The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Listing Regulations;
- g) Details of material individual transactions with related parties, which are not in the normal course of business;
- h) Details of material individual transactions with related parties or others, which are not at arm's length basis, alongwith management's justification for the same;
- i) Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- j) Approval or any subsequent modification of transactions of the Company with related parties;
- k) Scrutiny of inter-corporate loans and investments;
- l) Valuation of undertakings or assets of the Company, wherever it is necessary;
- m) Evaluation of internal financial controls and risk management systems.
- n) Review the utilisation of loans and/or advances from/investments made by the Company in the Subsidiary Company, exceeding Rs. 100 crore or 10 per cent of the asset size of the subsidiary, whichever is lower.
- o) Review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015;
- p) Verify internal control system to prevent insider trading are adequate and are operating effectively.
