

Audit Committee Charter of BEW Engineering Limited



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Contents

1) Preamble :.....	4
2) Regulatory Framework :.....	4
3) Composition and perquisite Qualifications of the Audit Committee Members : 5	
4) Compliance Certificate.....	6
5) Frequency of Meetings :.....	6
6) Quorum :	6
7) Minutes of the meeting and approval :.....	6
8) Invitees to meetings	7
i) Audit committee may invite representative(s) of Statutory Auditor, cost Auditor & Internal Auditor.....	7
ii) Auditors and Key managerial personnel shall have a right to be heard in the meeting.	7
9) Power of Audit Committee.....	7
10) Review the appointment/ Reappointment of Auditors :.....	7
11) Role of the Audit Committee and Review of Information by Audit Committee..	8
12) Disclosure :.....	11
13) Secretary:-	11
14) Sitting fees.....	12
15) Review of Charter	12

1) Preamble.:

This charter governs the operation of the Audit Committee, duly established by the Board of Directors, in accordance with the Companies Act, 2013.

An Audit Committee is a key element in the Corporate Governance process of any organization and to act on behalf of the Board in fulfilling the Board's oversight responsibilities with respect to the Company's corporate accounting and reporting practices and the quality and integrity of the Company's financial statements, reports and systems of internal control over financial reporting, as well as the qualifications, independence and performance of the Company's independent registered public accounting firm engaged for the purposes of preparing or issuing an audit report or performing audit services. The primary purpose of an Audit Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

The Audit Committee (the "**Audit Committee**") is constituted by the Board of Directors (the "**Board**") of BEW Engineering Limited (hereinafter referred to as the said the "**Company**"),

The Audit Committee reports to and is accountable to the Board of Directors ("**Board**") of BEW Engineering Limited.

2) Regulatory Framework.:

Pursuant to Section 177 of the Companies Act, 2013 (hereinafter referred to as the said "**ACT**") read with Rule 6 read with Rule 6A of the Chapter XII Meetings of Board and its Powers (hereinafter referred to as the said "**Rule's**") read with Regulation 18 read with Part C of the Audit Committee and review of information by Audit Committee of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulation, 2015 (hereinafter referred to as the said "**SEBI-Listing Regulation**").

Further pursuant to Section 134(8), the Board report shall disclose the composition of the Audit Committee and no of meeting held and attended during the financial year and comments given by the Auditor.

3) Composition and perquisite Qualifications of the Audit Committee Members.:

- i. The Committee shall have minimum 3 (three) directors as Members and at least two-thirds of the members of audit committee shall be independent directors and in case of a listed entity having outstanding Superior Voting Right (**SR**) equity shares, the audit committee shall only comprise of independent directors.
- ii. The Chairman of Audit Committee shall be Independent Director and he/she should be present at each Annual General Meeting to answer the Shareholder(s) queries.
- iii. The members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise. Explanation (1).-For the purpose of this regulation, "**financially literate**" shall mean the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows. Explanation (2).-For the purpose of this regulation , a member shall be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief financial officer or other senior officer with financial oversight responsibilities.
 - (a) The Company Secretary shall act as the secretary to the audit committee.
 - (b) The audit committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee:

Provided further that occasionally the audit committee may meet without the presence of any executives of the listed entity.

The listed entity shall conduct the meetings of the audit committee in the following manner:

- a) 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.
- b) The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.
- c) 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) Compliance Certificate.

Pursuant to Regulation 33(2) (a) proviso (1) before the putting the quarterly financial results for approval of the Board of Directors. The chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

5) Frequency of Meetings.:

The Audit Committee shall meet periodically, but at least 4 **(Four)** times a year and not more than 120 days shall elapse between two successive Meetings subject to exemption provided under Regulation 15(2) SEBI (Listing obligations and Disclosures Requirements, Regulation, 2015).

6) Quorum .:

The quorum for Meetings of the Committee shall be either two Members or one-third of the Members of the Committee, whichever is greater, including at least two Independent Directors.

The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

7) Minutes of the meeting and approval.:

The Company Secretary shall send notices of meeting to all members of Committee and record minutes of the Meeting. The minutes of each meeting of Committee shall be record minutes of the Meeting. The Minutes of each meeting of Committee shall be drafted and circulated to the members of the Committee, within 15 days from conclusion of the meeting for consideration and concurrence. The observations/suggestions made by members, if any, shall be incorporated. The finalized minutes shall be put for noting at the next meeting and signed by Chairman of the Audit Committee.

8) Invitees to meetings

- i) Audit committee may invite representative(s) of Statutory Auditor, cost Auditor & Internal Auditor.
- ii) Auditors and Key managerial personnel shall have a right to be heard in the meeting.

9) Power of Audit Committee

The Audit committee shall have the authority to:

- i. To call for comments of auditors or internal control systems, scope of audit observations of Auditors and review of financial statements before recommending the same to the Board for its approval.
- ii. To discuss any financial issues with internal and statutory auditors and management (including resolving disagreements between Management and Auditors regarding financial reporting) for the purpose of preparing and issuing an audit report or related work.
- iii. To investigate into any matter in relation to items referred to it by the Board as the terms of reference of the Audit Committee
- iv. To obtain professional advice from external sources.
- v. To have full access to information contained in records of the company

10) Review the appointment/ Reappointment of Auditors.:

To periodical review and recommended the Appointment, reappointment, independency ,remuneration and terms of appointment etc pertaining to the Statutory Auditor, Internal Auditor, Tax Auditor and Cost Auditor from time to time.

While making recommendations, the Committee shall consider.:

Whether the qualifications and experience of the auditors are commensurate with

- 1) the size and requirements of the Company.
- 2) any order or pending proceeding relating to matters of professional conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.

11) Role of the Audit Committee and Review of Information by Audit Committee.

The role of the audit committee shall include the following:

- 1) To give Omnibus Approval for Related Party Transactions on Annual Basis.
- 2) oversight in financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 3) recommendation for appointment, remuneration and terms of appointment of auditors of the Company BEW Engineering Limited;
- 4) approval of payment to statutory auditors for any other services rendered by the Statutory auditors;
- 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;
 - (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 management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- 6) reviewing, with the management, the quarterly 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 utilisation of proceeds of public issue or rights issue or preferential issue or qualified institutions placement], and making appropriate recommendations to the board to take up steps in this matter.

- 8) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 9) approval or any subsequent modification of transactions of the listed entity with related parties;
- 10) scrutiny of inter-corporate loans and investments;
- 11) valuation of undertakings or assets of the Company, wherever it is necessary;
- 12) evaluation of internal financial controls and risk management systems;
- 13) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 14) 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;
- 15) discussion with internal auditors of any significant findings and follow up there on;
- 16) 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;
- 17) discussion with statutory auditors before the audit commences, about the nature and scope of auditors well as post-audit discussion to ascertain any area of concern;
- 18) 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;
- 19) to review the functioning of the whistle blower mechanism;
- 20) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 21) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

- 22) 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.
- 23) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- 24) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- 25) The audit committee shall mandatorily review the following information:
 - 1) management discussion and analysis of financial condition and results of operations;
 - 2) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - 3) Internal audit reports relating to internal control weaknesses; and
 - 4) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - 5) statement of deviations:
 - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

To review 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 clause (c) of sub-section 3 of section 134 of the Companies Act, 2013 and any amendment thereto
- 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. Qualifications in the draft Audit Report.
- VIII. To review, with the Management, the quarterly financial statements before submission to the Board for approval.

12) Disclosure.:

The annual report of the Company shall disclose the composition of the Committee, brief description of the scope of the Committee Charter, names of members, Chairperson, meetings, attendance, etc.

The Committee will report and update the Board periodically, on various matters that it has considered including

- i. The quality or integrity of the Company's financial statements;
- ii. The Company's compliance with legal or regulatory requirements;
- iii. The performance of the External Auditor as well as the Internal Audit Function; and
- iv. The findings of any internal investigations by the Internal Auditors into matters

Where there is suspected fraud, irregularity or failure of Internal control systems of a material nature.

13) Secretary:-

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

14) Sitting fees

Members of the Committee shall be paid sitting fees for every Audit Committee meeting attended. The Sitting fees shall be such as is approved by the Board from time to time in accordance with the provisions of the Companies Act, 2013.

15) Review of Charter

This charter is subject to Companies Act, 2013 read with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), 2013 and/or any other law as may be applicable in this regard. If a provision of this Charter is inconsistent or contrary to any law in force in India, such law, rules and/or regulations shall prevail over the Charter.

The Board has the right, subject to applicable laws and regulations, to modify this Charter, to reconstitute/dissolve the Committee or to supersede its actions.

The adequacy of this Charter shall be reviewed and reassessed by the Committee, at least annually and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.
