



BEST AGROLIFE LIMITED

TERMS OF REFERENCE OF AUDIT COMMITTEE

[Pursuant to Regulation 18 read with Part-C of Schedule-II of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Section 177 of the Companies Act, 2013.]

1. PRIMARY OBJECTIVE

The primary objective of the Audit Committee of the Board is to discharge responsibilities relating to accounting and reporting of financial practices adopted by the Company, surveillance of internal financial control systems as well as accounting and audit activities.

The terms of reference of the Audit Committee are as per guidelines set out in the Regulation 18 read with Part-C of Schedule-II of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Section 177 of the Companies Act, 2013.

2. COMPOSITION

- 2.1 The Audit Committee shall comprise of at least three directors as members of the Committee, out of which Two-Third shall be independent. (Independence would be decided upon by the Board and in accordance with the rules and regulations of the Securities & Exchange Board of India (SEBI) and such other legal and regulatory that may be applicable to the Company).
- 2.2 All members of Audit Committee shall be 'financially literate' and at least one member shall have accounting or related financial management expertise.
- 2.3 The Chairman of the Committee shall be an Independent Director

3. SECRETARY

The Company Secretary shall act as a secretary of the Audit Committee

4. QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall either be two members or one-third of the members of the Audit Committee; whichever is greater, with at least two Independent Directors.

5. MEETINGS

- 5.1 The Audit Committee shall meet at least 4 times in a year and not more 120 days shall elapse between 2 meetings.
- 5.2 The Audit Committee may invite the Finance Director or head of the finance function, head of Internal audit and a representative of Statutory Auditor and such other executives to be present at the meeting.

6. ANNUAL GENERAL MEETING

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

7. AUTHORITY

The Committee shall act and have powers in accordance with the terms of reference, which shall include the following:

- 7.1 To investigate any activity within the scope of this Charter or referred to it by the Board and for this purpose, shall have full access to information contained in the books of accounts and the Company's facilities and personnel.
- 7.2 To seek information from and have direct access to any employee, key managerial personnel or director of the Company, to perform its duties effectively.
- 7.3 To secure assistance and attendance of outsiders with relevant knowledge/expertise in accounting, legal or other matters, if it considers necessary
- 7.4 To engage outside legal or other professional advice as deems appropriate to perform its duties and responsibilities.

8. RESPONSIBILITIES

The responsibilities of the Audit Committee shall include the following:

- 8.1 oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 8.2 recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- 8.3 approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 8.4 reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - 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;

- changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions;
 - modified opinion(s) in the draft audit report;
- 8.5 reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 8.6 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;
- 8.7 reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 8.8 approval or any subsequent modification of transactions of the listed entity with related parties;
- 8.9 scrutiny of inter-corporate loans and investments;
- 8.10 valuation of undertakings or assets of the listed entity, wherever it is necessary;
- 8.11 evaluation of internal financial controls and risk management systems;
- 8.12 reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 8.13 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;
- 8.14 discussion with internal auditors of any significant findings and follow up there on;
- 8.15 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;

- 8.16 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;
- 8.17 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;
- 8.18 to review the functioning of the whistle blower mechanism;
- 8.19 approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 8.20 Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- 8.21 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.”
- 8.22 The audit committee shall mandatorily review the following information:
 - management discussion and analysis of financial condition and results of operations;
 - statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - management letters / letters of internal control weaknesses issued by the statutory auditors;
 - internal audit reports relating to internal control weaknesses; and
 - the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - 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).

9. INSIDER TRADING

- 9.1 To approve policies in relation to the implementation of the Best Agrolife Code of Conduct for Prevention of Insider Trading and to supervise implementation of the same.
- 9.2 To note and take on record the status reports, detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer on a quarterly basis.
- 9.3 To review the compliance with the provisions to SEBI (Insider Trading Regulations), 2015, at least once in a financial year and verify that internal control systems are adequate and operating effectively.
- 9.4 To provide directions on any penal action to be initiated, in case of any violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 by any person.

10. REPORTING

- 10.1 The Audit Committee will Report and update the Board, periodically, on various matters that it has considered as well as on the independence of the Auditors.
- 10.2 The Annual Report of the Company shall disclose the composition of the Audit Committee, brief description of the scope of the Audit Committee Charter, names of members, Chairperson, meetings and attendance.
- 10.3 The recommendations of the Audit Committee on any matter relating to financial management including the audit report, shall be binding on the Board. If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the shareholders.
- 10.4 Reporting regularly to the Board with respect to:
 - The quality or integrity of the Company's financial statements
 - The Company's compliance with legal or regulatory requirements;
 - The performance of the external auditor as well as the Internal Audit Function; and
 - 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.

11. REPORTS

The Audit Committee will record its summaries of recommendations to the Board which will be incorporated as a part of the minutes of the Board of Directors meeting.

12. EVALUATION

- Conduct an annual performance evaluation relative to the Audit Committee's purpose, duties, responsibilities and effectiveness and recommend any changes it considers necessary for the approval of the Board of Directors.
- The Audit Committee may conduct such evaluation and reviews in such manner as it deems appropriate.

13. REVIEW OF AUDIT COMMITTEE CHARTER

The adequacy of this charter shall be reviewed and re-assessed 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.