



CLC Industries Limited

TERMS OF REFERENCE OF AUDIT COMMITTEE

Approved by the New Board of Directors (post CIRP*) at its meeting held on 9th October 2023.

TERMS OF REFERENCE OF AUDIT COMMITTEE

- a) To oversight the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) To recommend appointment / re-appointment, remuneration and terms of appointment of statutory auditors / secretarial auditors / internal auditors / cost auditors;
- c) To approve payment to statutory auditors for any other services rendered by the statutory auditors;
- d) 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;
 - 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.
- e) To review, with the management, the quarterly financial statements before submission to the board for approval;
- f) To review, 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 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;
- g) To review and monitoring the auditor's independence and performance, and effectiveness of audit process;
- h) To grant approval or any subsequent modification of transactions of the Company with related parties;
- i) To make scrutiny of inter-corporate loans and investments;
- j) To undertake valuation of undertakings or assets of the listed entity, wherever it is necessary;

*The Company was under Corporate Insolvency Resolution Process ("CIRP") since 3rd January 2020 till 12th May 2023.

- k) To evaluate internal financial controls and risk management systems;
- l) To review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) To review 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) To discuss with internal auditors of any significant findings and follow up there on;
- o) To review 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) To discuss 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;
- 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) To approve the appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- t) To review the utilization 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.
- u) To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- v) To carry out any other function as is mentioned in the terms of reference of the audit committee.