

BEHARI LAL ENGINEERING LIMITED
CIN-U27109PB1995PLC016490
REGD OFFICE: VILLAGE - SALANI AMLOH ROAD, MANDI GOBINDGARH,
PUNJAB, 147301
EMAIL: - works.bli@gmail.com

OBEJCTIVE OF AUDIT COMMITTEE

(1) The Board shall constitute an Audit Committee of the Board, consisting of a minimum of three directors with independent directors forming a majority when the number of independent directors in office is sufficient to constitute such proportion of the membership of the Audit Committee: Provided that a majority of directors on the Audit Committee, including its chairperson, shall be individuals with ability to read and understand financial statements and at least one individual shall have accounting or related financial management expertise:

Provided further that in the event of the Corporation applying to list its equity shares under any regulation made by the Securities and Exchange Board in this behalf, the Corporation shall ensure that the proportion of independent directors on the Audit Committee shall be in accordance with the requirements as provided under those regulations.

(2) The Audit Committee shall act in accordance with the terms of reference specified by the Board, which shall include, *inter alia*,—

(a) recommendations for appointment, remuneration and terms of appointment of the auditors of the Corporation;

(b) review and monitoring of the independence and performance of the auditors, and the effectiveness of the audit process;

(c) examination of financial statements and auditor's report thereon;

(d) prior approval of transactions of the Corporation with related parties:

Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Corporation subject to the conditions specified in sub-section (3):

Provided further that in case of transaction other than transactions referred to in section 4C, and where the Audit Committee does not approve a transaction, it shall make its recommendations to the Board:

Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or an officer of the Corporation without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Corporation with the approval of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the Corporation against any loss incurred by it;

(e) scrutiny of inter-corporate loans and investments;

(f) valuation of undertakings or assets of the Corporation, wherever it is necessary;

(g) evaluation of internal financial controls and risk management systems;

(h) monitoring the end use of funds raised through public offers, and related matters.

(3) The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Corporation, subject to the following conditions, namely:--

(a) the Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy referred to in sub-section (2) of section 4C including in respect of transactions which are repetitive in nature;

(b) the Audit Committee shall satisfy itself that omnibus approval is needed and that such approval is in the interest of the Corporation;

(c) the omnibus approval shall specify the following, namely:--

(i) the details regarding the name of the related party and the nature, period and the maximum amount of the transactions that shall be entered into;

(ii) the details regarding indicative base price or current contracted price, along with the formula, if any, for variation in the price; and

(iii) such other conditions as the Audit Committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and the said details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding one crore rupees per transaction;

(d) the Audit Committee shall review on a quarterly basis, the details of related party transactions entered into by the Corporation pursuant to every omnibus approval given; and

(e) omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.

(4) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit including the observations of the auditors, and review of financial statements before their submission to the Board, and may also discuss any related issues with the auditors and the management of the Corporation.

(5) The Audit Committee shall have authority to investigate any matter in relation to the items specified in sub-section (2) or referred to it by the Board and, for this purpose, shall have the power to obtain professional advice from external sources and have full access to information contained in the records of the Corporation.

(6) The auditors of the Corporation and such key managerial personnel as the Board may specify shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report.