

Bajaj Consumer Care Limited

CIN: L01110RJ2006PLC047173 Web: www.bajajconsumercare.com Tel.: +91 0294-2561631, 2561632
Registered Office: Old Station Road, Sevashram Chouraha, Udaipur- 313 001, Rajasthan

Audit Committee Charter

(Amended on 06.05.2022)

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1. Primary Objective

The Audit Committee (Committee) is constituted by and accountable to the Board of Directors (the 'Board') of Bajaj Consumer Care Limited ('BCCL' or 'the Company').

The primary responsibility of the Committee is to assist the Board in overseeing the:

- integrity of the Company's financial statements;
- compliance with legal and regulatory requirements and the Company's Code of Business Conduct and Ethics;
- qualification and independence of the External and Internal Auditors;
- performance of the Company's External Auditors and Internal Audit team; and
- adequacy and reliability of the internal control systems, especially those relating to the reporting of the Company's financials.

2. Composition

- The Committee shall comprise of atleast three Directors as Members.
- At least two thirds of the Members of the Committee shall be Independent Directors.
- All Members of Committee shall be 'financially literate' and atleast one Member shall have accounting or related financial management expertise.
- "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.
- 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 executive officer, chief financial officer or other senior officer with financial oversight responsibilities.
- An Independent Director as designated by the Board shall be the Chairman of the Committee.

3. Secretary

The Company Secretary shall act as Secretary to the Committee.

4. Quorum

The quorum for transacting business at a meeting of the Committee shall be one-third of the Members of the Committee or two Members whichever is higher, subject however, that there shall be atleast two Independent Directors shall attend the Meeting

5. Meetings

- The Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two successive meetings.

- The Committee shall meet periodically with the management, the Internal Auditors and the External Auditors, jointly as well as in separate executive sessions, as deemed fit by it.
- The Statutory Auditors, Internal Auditor and the Chief Financial Officer (CFO) shall attend and participate at meetings of the Committee. The Committee may invite such of the executives, as it considers appropriate, to be present at the meetings. The right to vote shall vest only in the members of the Committee.
- The Committee may adopt such rules and regulations in-line with the applicable provision of the Companies Act, 2013 (the Act) and the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), for conducting its meetings.
- The 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.

6. Annual General Meeting

The Chairperson of the Committee shall attend the Annual General Meeting of the Company and shall respond to shareholder queries, if any and provide clarifications that may be sought on matters relating to audit.

7. Authority

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

- 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.
- To seek information, when needed, from, and have direct access to, any employee or Director of the Company.

8. Role and Responsibility of the Committee

The roles and responsibility of the Committee shall be as per the provisions of the Act and LODR, which shall include the following:

- Recommending to the Board the policy on materiality of Related Party Transactions (RPT);
- Defining the term material modification with reference to RPTs;
- Approval of all RPTs and subsequent modifications, if any;
- Approval to RPTs of unlisted subsidiary of the Company where unlisted subsidiary is a party but Company is not a party when the value of such transactions exceeds the limit as prescribed in LODR from time to time;
- Laying down and recommending to the Board the criteria for granting omnibus approvals;
- Satisfying the needs for such omnibus approvals to RPTs which are in the interest of the Company and granting approvals for the transactions which are repetitive in nature;

- Granting of omnibus approvals to RPTs which are unforeseen to the value not exceeding Rupees One Crore per transaction;
- Review of RPTs on quarterly basis in respect of which omnibus approvals are given;
- Further approvals to RPTs after the expiry of one year of its previous approvals;
- Identification of material RPTs and material modification, if any and to seek shareholders' approval for the same;
- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend to the Board the appointment, re-appointment, removal of the Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company , fixation of the Audit fees and other terms of appointment;
- Engaging independent counsel, external auditors, consultants, other advisors as it deems appropriate, having relevant knowledge/expertise in accounting, legal or other matters, if it considers necessary to perform its duties and responsibilities and to fix the fees payable to them for the services;
- Seeking information from an employee or a Director of the Company having direct access to the relevant information;
- Approval of payment to statutory auditors for any other services rendered by them;
- Review with the Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company any audit problems or difficulties and management's response;
- Discuss with Statutory Auditors critical accounting practices and policies and to mediate on any disagreement on accounting treatment or process regarding financial reporting between the Statutory Auditors and the management;
- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing, with the management, the quarterly/ annual financial statements and Statutory 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 Act.
 - (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) disclosure of contingent liability.
 - (h) modified opinion(s) in the draft Audit report.
 - (i) Company's earning press release and investors presentations.
- 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, independence and performance of Statutory Auditors, Internal Auditors and Secretarial Auditor, effectiveness of Audit process and adequacy of the internal control systems;
- Reviewing the adequacy of Internal Audit function, 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;
- Ensure that there are no unjustified restrictions or limitations on the tasks of the Internal Auditors and review and concur in the appointment, replacement, or dismissal of the Internal Auditor;
- Review the regular Internal Audit report to the management prepared by the Internal Auditor and management's response on the same;
- Discussion with Internal Auditors of any significant findings and follow up there on;
- 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;
- 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;
- 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;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience, and background etc., of the candidate;
- 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.]
- consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders
- Review the effectiveness of the system for monitoring compliance with laws and regulations, and the results of management's investigation and follow-up of any instances of non-compliance;
- Review the findings of any examinations by regulatory agencies, and any auditor observations;
- Review the process of communicating Company's Code of Business Conduct and

Ethics to employees and the mechanism for its adherence and functioning of the Whistle Blower policy and its mechanism;

- On an annual basis, review the financial statements of Company's materially significant subsidiaries;
- Obtain regular updates from management regarding compliance matters.
- 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
- Carrying out any other function as is mentioned in the terms of reference of the Committee
- To review the following information mandatorily
 - a. management discussion and analysis of financial condition and results of operations;
 - b. management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - c. internal audit reports relating to internal control weaknesses; and
 - d. terms of appointment, removal and terms of remuneration of the Internal Auditors.
 - e. statement of deviations:
 - (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of LODR.
 - (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of LODR

9. Reporting

- The Chairman of the Committee shall apprise the Board of its activities, and summarize recommendations, if any at the succeeding Board Meeting
- 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 also communicate such reasons to the shareholders.

10. Evaluation

- The Committee shall conduct a performance evaluation related to its purpose, duties, responsibilities and effectiveness and recommend changes it considers necessary for the approval of the Board of Directors.
- The Committee may conduct such evaluation and reviews at such intervals and in such manner as it deems appropriate.

11. Review of Governance Charter

The adequacy of this charter shall be reviewed and reassessed by the Committee at such intervals as the Committee deems appropriate and recommendations, if any shall be made to the Board to update the same from time to time.
