



LT FOODS LIMITED
CHARTER OF
AUDIT COMMITTEE

INTRODUCTION & PURPOSE

This charter is framed in accordance with:

- Section 177 of the Companies Act, 2013
- Rule 6 and 7 of the Companies (Meetings of Board and its Powers) Rules, 2014
- Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The purpose of the Audit Committee (the "**Committee**") is to assist the Board of Directors (the "**Board**") with respect to the oversight of the Company's accounting and financial reporting processes and the audits of the Company's financial statements. Among other things, the Committee is responsible for:

- Oversight of the integrity of the Company's financial information reported to the public and the adequacy of the Company's accounting and internal controls including system controls;
- Oversight of the appointment, qualifications, independence and performance of the Company's independent registered public accounting firm (the "**independent auditor**");
- Oversight of the performance of the Company's internal audit and ethics and compliance functions;
- Oversight of the Company's enterprise risk management ("**ERM**") program overall;
- Assisting the Board with respect to the review and evaluation of the Company's management of security (including cybersecurity), data privacy, and other technology-related operational risks;
- The review and evaluation of the Company's tax planning and strategy;
- The review and evaluation of the Company's management of third party risks; and
- Oversight of business continuity management, certain treasury matters, service delivery, and enterprise resource planning and management.

This charter has been prepared keeping in view the extant provisions of the applicable laws and bylaws of the Company. However, if due to subsequent changes in the applicable laws, any part of this charter becomes inconsistent then the provisions of the applicable laws shall prevail.

COMPOSITION

- The Audit Committee will have at least three (3) and a maximum of six (6) members, who may or may not be shareholders, all of them elected by the Board of Directors for a term of office that will coincide with the term of office of the directors, and re-election is permitted.
- At least two-thirds of the members of audit committee shall be independent directors
- All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- The chairperson of the audit committee shall be an independent director.

SECRETARY

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

MEETINGS AND QUORUM

- The committee shall meet at least four times in financial year and not more than one hundred and twenty days shall elapse between two consecutive meetings. The Committee shall also meet additionally, as and when any item of business is required to be approved by the Audit Committee.
- Notice of each Committee meeting, along with the agenda and relevant notes, shall be sent to all Committee members at least seven days in advance. The quorum for Meetings of the audit committee shall be at two members or one third of the members, of the audit committee, whichever is greater with the presence of at least two independent directors. In case of any fraction, the same shall be rounded to the higher number.
- The Committee shall periodically meet separately with: (i) the independent auditor; (ii) Company management; (iii) Company's internal auditors. The Committee shall keep such records of its meetings as it shall deem appropriate.
- In case of a meeting to consider related party transactions, it is desirable that majority of independent directors who are members of the audit committee should be present at such meeting.
- The Committee may invite such of the executives, as it considers appropriate to be present at the Meetings of the Committee. On occasions considered necessary, the Committee may also meet without the presence of any executive of the Company.
- The Chairman of the Committee shall attend the Annual General Meeting and should be available to answer shareholder queries and provide clarifications that may be sought on matters dealt by the Committee.
- The decisions to be taken by the Committee members may be taken by way of a circular resolution, wherever permitted under the law.
- The meetings of the Committee may be attended by means of Audio-Visual Mode, videoconferencing or any other means of communication that allows the identification of the members of the Committee and simultaneous communication with all other persons attending the meeting. In case of the members of the committee attending the meeting through Audio-visual mode, video conferencing or any other means of communication, Committee members must ensure that no unauthorized party has access to the proceedings of the meeting. Committee members who attend the meetings in the aforementioned manner will be deemed to be present at the meeting and must sign the corresponding minutes.

Committee members with actual or potential conflict of interest with any of the matters to be discussed must withdraw from the meetings during the period when such matters are discussed.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are in accordance with the provisions of Companies Act, 2013 (hereinafter referred as 'the Act') and Regulation 18 read with Part C of Schedule II to the Listing Regulations.

ROLES AND RESPONSIBILITIES

The role of the audit committee shall include the following:

- (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;
- (2) Recommendation for appointment, remuneration and terms of appointment of Statutory and Internal Auditors of the listed entity;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (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.).
- (8) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (9) Approval of, or any subsequent modification to, transactions of the listed entity with related parties, and review of the adequacy of such transactions within the threshold limits as specified under applicable laws.
- (10) Scrutiny of inter-corporate loans and investments;
- (11) Valuation of undertakings or assets of the listed entity, 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, and adequacy of the internal control systems;

(14) Review the adequacy, independence, and effectiveness of the internal audit function, including its charter, organizational structure, staffing levels, competencies, resources, audit coverage, audit methodology, reporting lines, and the qualifications and seniority of the Head of Internal Audit, to ensure the function is appropriately positioned to fulfill its responsibilities.

(15) Reviewing the significant findings 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;

(16) Review the adequacy and effectiveness of the organization's information technology, cybersecurity, and artificial intelligence governance, systems, controls, and risk management practices, including access controls, data protection, cyber resilience.

(17) 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;

(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) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(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.]

(22) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

(23) Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

(24) Review the post-implementation performance of material mergers and acquisitions and major capital expenditure projects, including a comparison of actual performance against the approved business case and key assumptions, generally within six months of completion or such other period as may be considered appropriate by the Committee.

(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
- (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).

POWERS OF THE AUDIT COMMITTEE

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.

VOTING & DECISION MAKING

Decisions of the Committee shall be taken by majority vote of the members present and voting. In the event of a tie, the Chairperson may exercise a casting vote, where permitted under applicable law.

CONFLICT OF INTEREST

Members of the Committee shall disclose any actual or potential conflict of interest in matters placed before the Committee.

Any member having a conflict shall abstain from discussion and voting on such matter and the same shall be recorded in the minutes.

Where necessary, an alternate member or the Chairperson may oversee discussion on the relevant agenda item in place of the interested member.

REPORTING

The Committee shall report on its activities and summarize any recommendations at subsequent Board meeting.

This charter shall be displayed on the website of the Company.

MINUTES

The Company Secretary shall maintain the minutes of the meetings of the Committee. The minutes shall be circulated to all members of the Committee for their comments and approval within a reasonable time after the meeting and shall be placed before the Board of Directors at the subsequent Board Meeting for noting. The minutes shall record the deliberations, decisions taken, and any dissenting views expressed by the members.

The Company Secretary shall ensure that the minutes are properly maintained and preserved in accordance with the applicable provisions of the Companies Act, 2013 and other applicable laws.

GOOD GOVERNANCE BY AUDIT COMMITTEE

Audit committee has an important role in ensuring the quality of the financial statements, since audit quality relates to an effective and independent audit function that is appropriately supported by the Company.

To ensure good governance in the Company, the Audit Committee:

- I. Consists of experienced and highly qualified non-executive members, including the Chairperson.
- II. Is constituted in such a way that its members collectively possess the necessary skills, experience, expertise, and strategic insight relevant to the Company's business activities, as ensured by the Board.
- III. Should while assessing the performance of auditors, consider the auditor's knowledge of the Company's business and industry, the extent of involvement of senior team members in the audit process, use of technical and specialist expertise, ability to conduct audit in different geographical locations.
- IV. Should while recommending the appointment/Re- appointment of auditors, take into consideration size, reputation, independence/integrity of the auditor, term completed by existing auditor/partner (more than five years), quantum of fees to be paid including increase in remuneration with the outgoing auditor and other non-audit fees paid to the auditor during the fiscal.
- V. Should consider the extent to which audit fees are consistent with the cost involved and quality of audit.
- VI. Should promote quality and timely reporting by seeking explanations and advice on the appropriateness of accounting treatments and estimates, proper books and records, and systems and controls, which can facilitate a quality audit and avoid issues being missed or not adequately addressed due to deadline pressures.
- VII. Should examine matters such as internal audit, legal compliance and whistle -blowing as these are very important aspects of governance.
- VIII. Should focus on the financial position and also have discussion on business performance and not restrict itself merely to the correctness of the form of the financial statements.

REVIEW OF COMMITTEE CHARTER

The adequacy of this charter shall be reviewed and re-assessed by the Committee, as and when required 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 or policy changes,
from time to time
