



B.S. SPONGE LIMITED

AUDIT COMMITTEE POLICY

1. NATURE OF THE AUDIT COMMITTEE

The Audit Committee (“**Committee**”) of the Company is a Committee constituted by the Board of Directors of the Company (“**Board**”) out of its members in view of Section 177 of the Companies Act, 2013, and the rules framed thereunder, as amended from time to time (“**Act**”) and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations & Listing Requirements), 2015 (as amended from time to time) (“**SEBI (LODR)**”).

2. DEFINITIONS

- i. “Accounting Standards” means the standards of accounting or addendum thereto for companies or class of companies referred to in Section 133 of the Act read with the Indian (Accounting Standards) Rules, 2015, as amended
- ii. “Related Party(ies)” means a related party as defined under sub-section (76) of section 2 of the Act or under the applicable Accounting Standards;

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b) any person or any entity, holding equity shares:
 - of twenty per cent or more; or
 - of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediately preceding financial year; shall be deemed to be a Related Party: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

3. COMPOSITION

- i. The Committee shall have minimum three (3) directors as members, out of which at least two-thirds (2/3rd) of the members of Committee shall be independent forming a majority.
- ii. All members of the Committee shall have the ability to read and understand basic financial statements i.e., balance sheet, profit and loss account and statement of cash flows.
- iii. At-least one (1) member shall have accounting or related financial management expertise.
- iv. The chairperson of the Committee shall be an independent director.
- v. The Chief Financial Officer (*as defined below*), head of internal audit, representative/s of the statutory auditor/s or such other person as may be decided by the Committee may be present as invitees for the meetings of the Committee.
- vi. The company secretary and compliance officer shall act as the secretary to the Committee.
- vii. The composition of Committee is as per **Annexure A**.

REGISTERED OFFICE

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Kolkata - 700 013, West Bengal, India

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202,2nd Floor, Block A, Crystal Arcade, Lodhipara
Chowk, Raipur - 492 001, Chhattisgarh, India

MANUFACTURING FACILITY

Village Taraimal, P. O. Gerwani, Tehsil Gharghoda,
District Raigarh, Chhattisgarh - 496 001



4. MEETINGS OF COMMITTEE

- i. The Committee shall meet at least four (4) times in a financial year and not more than one hundred and twenty (120) days shall elapse between two (2) consecutive Committee meetings.
- ii. The quorum of the Committee meeting shall be either two (2) members or one third (1/3rd) of the members of the Committee, whichever is greater, with at least two (2) independent directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- iii. All matters will be determined by a majority vote of the members present.
- iv. The Committee may adopt procedural rules for its meetings and the conduct of its business, not inconsistent with this Policy, the Company's articles of association and other applicable laws.
- v. The Committee shall be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. Adequate provision shall be made for notice to members of all meetings.
- vi. The Committee shall meet periodically as and when the chairperson of the Committee deems fit and proper in accordance with the provisions of the Act.
- vii. The Committee agenda and individual meeting agendas are developed by the chairperson of the Committee and the company secretary and compliance officer with input from appropriate members of management and staff.
- viii. When present, the chairperson of the Committee shall preside over the Committee meetings. In his absence, Committee members present may appoint a chairperson from amongst themselves.
- ix. The chairperson of the Committee shall report to the Board on Committee meetings and actions, and the company secretary and compliance officer shall keep minutes of all Committee meetings, which are distributed to Committee members for review and approval
- x. The Chairperson of the Audit Committee shall be present at the annual general meeting of the Company to answer shareholder queries.

5. POWERS OF AUDIT COMMITTEE

- i. The Audit Committee shall have powers, which should include the following:
- ii. To investigate any activity within its terms of reference;
- iii. To seek information that it properly requires from any employee of the Company or any associate or subsidiary, joint venture Company in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee from such employees;
- iv. To obtain outside legal or other professional advice;
- v. To secure attendance of outsiders with relevant expertise, if it considers necessary and to seek their advice, whenever required;
- vi. To approve the disclosure of the key performance indicators to be disclosed in the documents in relation to the initial public offering of the equity shares of the Company; and

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vii. Such powers as may be prescribed under the Act and SEBI (LODR).

6. ROLE OF THE COMMITTEE

The role of the Committee shall inter-alia include the following:

- i. Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible;
- ii. Recommendation to the Board for appointment, re-appointment, removal and replacement, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;
- iii. Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
- iv. 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 section 134(3)(c) 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 the management of the Company;
 - 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; and
 - g) modified opinion(s) in the draft audit report.
- v. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- vi. Monitoring the end use of funds raised through public offers and reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, qualified institutional placement 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. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;
- vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- viii. Formulating a policy on Related Party transactions, which shall include materiality of Related Party transactions and the definition of material modifications of Related Party transactions;
- ix. Approval of any subsequent modifications of transactions of the Company with Related Parties and omnibus approval (in the manner specified under the SEBI (LODR) and the Act) for Related Party

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transactions proposed to be entered into by the Company. Provided that only those members of the committee, who are independent directors, shall approve Related Party transactions;

Explanation: The term “related party transactions” shall have the same meaning as provided in Regulation 2(1)(zc) of the SEBI (LODR) and/or the applicable Accounting Standards and/or the Act.

- x. Approval of Related Party transactions to which the subsidiary(ies) of the Company is party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ₹10,000 million or 10% of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower, subject to such other conditions prescribed under the SEBI (LODR);
- xi. Review, at least on a quarterly basis, the details of Related Party transactions entered into by the Company pursuant to each of the omnibus approvals given;
- xii. Assist the Board with regard to laying down the criteria for granting omnibus approvals in line with policy on Related Party transactions which shall be applicable in respect of transactions which are repetitive in nature;
- xiii. Assist the Board with the process of identification of Related Parties and Related Party transactions, involving cash or otherwise to ascertain that such transactions are not prejudicial to the interest of all stakeholders including minority stakeholder;
- xiv. Scrutiny of inter-corporate loans, guarantees, acquisitions and investments;
- xv. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xvi. Evaluation of internal financial controls and risk management systems;
- xvii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xviii. 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;
- xix. Discussion with internal auditors of any significant findings and follow up there on;
- xx. 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;
- xxi. 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;
- xxii. Looking 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;
- xxiii. Recommending to the Board the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- xxiv. Reviewing the functioning of the whistle blower mechanism;

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- xxv. Approval of the appointment of the Chief Financial Officer of the Company (“CFO”) (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
- xxvi. To formulate, review and make recommendations to the Board to amend the Committee’s terms of reference from time to time;
- xxvii. Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the chairperson of the Committee for directors and employees to report their genuine concerns or grievances;
- xxviii. Reviewing the utilization of loans and/or advances from/investment by the 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;
- xxix. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- xxx. Carrying out any other function as is mentioned in the terms of reference of the Committee and any other terms of reference as may be decided by the Board and/or as provided under the provisions of the Act, SEBI (LODR) and other applicable laws; and
- xxxi. Carrying out any other functions and roles as provided under the Act, the SEBI (LODR), each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

In addition to the aforesaid, the Committee shall mandatorily review the following information:

Management discussion and analysis of financial condition and results of operations;

- i. Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;
- ii. Internal audit reports relating to internal control weaknesses;
- iii. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Committee;
- iv. 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) of the SEBI (LODR); and
 - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI (LODR).
- v. To carry out such other functions as may be specifically referred to the Committee by the Board and/or other committees of directors of the Company; and
- vi. To make available its terms of reference and review periodically those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

7. CHANGES IN THE GOVERNING LAWS

Any changes in the governing laws such as the Act, SEBI (LODR), the Accounting Standards and the other

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laws and the rules, notifications, and guidelines, if any, issued/framed thereunder, and applicable to the Company and its operations which has an effect of enlarging the scope of the role of the Committee shall automatically be deemed to enlarge the role of the Committee provided herein above.

8. REVIEW AND REVISION

This Policy has been adopted by the Board of the Company on September 26, 2026. The company secretary and compliance officer is authorized to amend this Policy to give effect to any changes / amendments notified by the Ministry of Corporate Affairs or the securities and exchange board of India ("SEBI") from time to time.

9. APPLICABLE LAW TO PREVAIL OVER THE POLICY:

In case any discrepancy occurs between this Policy and the laws applicable to the Company, the applicable law shall prevail.

Sd/-
Ashish Agarwal
Managing Director

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Composition of the Committee – Annexure A

Sr. No.	Name of Director	Designation in the Company	Designation in Audit Committee	Nature of Directorship
1	Mazhar Hussain Arif	Director	Chairperson	Independent
2	Deepali Soni	Director	Member	Independent
3	Ashish Agarwal	Managing Director	Member	Executive Director
4	Pooja Sadhwani	Director	Member	Independent

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