

MIDWEST LIMITED

(Formerly Known as Midwest Granite Private Limited)

Audit Committee - Terms of Reference

Audit Committee was constituted by our Board, and the terms of reference were approved by our Board pursuant to resolutions dated September 19, 2024.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as disclosed below:

- (a) overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) recommending to the Board the appointment, re-appointment, removal and replacement, remuneration and the terms of appointment of the auditors of the Company, including fixing the audit fees;
- (c) reviewing and monitoring the statutory auditors independence and performance, and effectiveness of audit process;
- (d) approving payments to the statutory auditors for any other services rendered by statutory auditors;
- (e) reviewing, with the management, the annual financial statements and the auditors report thereon before submission to the Board for approval, with particular reference to:
 - (i) matters required to be stated in the Directors' responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act;
 - (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; and
 - (vii) qualifications and modified opinions in the draft audit report.
- (f) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- (g) scrutinizing of inter-corporate loans and investments;
- (h) undertaking or supervising valuation of undertakings or assets of the Company, wherever it is necessary;
- (i) evaluation of internal financial controls and risk management systems, the Company's cash, debt, debt covenants and other financial readiness measures;
- (j) formulating a policy on related party transactions, which shall include materiality of related party transactions;

- (k) approving transactions of the Company with related parties, or any subsequent modification thereof and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
- (l) reviewing, 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;
- (m) reviewing along 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 or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter.;
- (n) establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- (o) reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- (p) 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;
- (q) discussing with internal auditors any significant findings and follow up thereon;
- (r) 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;
- (s) discussing 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;
- (t) 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;
- (u) approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
- (v) reviewing the functioning of the whistle blower mechanism;
- (w) ensuring that an information system audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Company;
- (x) formulating, reviewing and making recommendations to the Board to amend the Audit Committee charter from time to time;
- (y) reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding ₹1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- (z) considering and commenting on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders; and
- (aa) investigating any activity within its terms of reference, seeking information from any employee, obtaining outside legal or other professional advice and securing attendance of outsiders with relevant expertise, if it considers necessary;

- (bb) reviewing compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to time at least once in a financial year and verify that systems for internal control are adequate and are operating effectively;
- (cc) Reviewing:
 - (i) Any show cause, demand, prosecution and penalty notices against the Company or its Directors which are materially important including any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies;
 - (ii) Any material default in financial obligations by the Company;
 - (iii) Any significant or important matters affecting the business of the Company.
- (dd) performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, Companies Act or other applicable law

The Audit Committee shall have powers, including the following:

- (a) to investigate any activity within its terms of reference;
- (b) to seek information from any employees;
- (c) to obtain outside legal or other professional advice;
- (d) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (e) to have such powers as may be prescribed under the Companies Act and the SEBI Listing Regulations.

The Audit Committee shall mandatorily review the following information:

- (a) management's discussion and analysis of financial condition and result of operations;
- (b) management letters/letters of internal control weaknesses issued by the statutory auditors;
- (c) internal audit reports relating to internal control weaknesses;
- (d) the appointment, removal and terms of remuneration of the chief internal auditor;
- (e) the examination of the financial statements and the auditors' report thereon; and
- (f) statement of deviations, including:
 - (i) 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 Listing Regulations; and
 - (ii) 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 Listing Regulations.
- (g) the financial statements, in particular, the investments made by any unlisted subsidiary.

The Audit Committee is required to meet at least four times in a year with a maximum interval of 120 days between two meetings in accordance with the SEBI Listing Regulations. The Audit Committee has the authority to investigate into any matter in relation to the items specified under the terms of reference or such other matter as may be referred to it by our Board for such purpose.