



BLU COCOON DIGITAL LIMITED

Nomination and Remuneration Policy

1. Introduction

The Audit Committee ("the Committee") of **Blu Cocoon Digital Limited** ("the Company") is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). This policy outlines the purpose, composition, and responsibilities of the Committee, ensuring transparency, oversight, and accountability in the financial and audit processes of the Company.

2. Objective

The Audit Committee is established to assist the Board of Directors in fulfilling its oversight responsibilities for:

- Financial reporting processes.
- Internal control systems.
- The audit process, including the appointment and performance of auditors.
- Compliance with legal and regulatory requirements.
- Risk management practices.

The Committee aims to ensure that the Company's financial reporting is accurate, transparent, and aligned with the interests of stakeholders.

3. Constitution of the Audit Committee

The Audit Committee shall be constituted by the Board of Directors in accordance with the provisions of the Companies Act, 2013 and SEBI LODR Regulations. The Committee shall consist of at least three members, all of whom shall be Non-Executive Directors, with the majority being Independent Directors. At least one member shall have expertise in accounting or financial management.

The Chairperson of the Committee shall be an Independent Director.

4. Meetings and Quorum

- The Audit Committee shall meet at least four times a year, with a maximum gap of 120 days between two meetings.
 - The quorum for a meeting of the Committee shall be either two members or one-third of the members, whichever is higher, with at least two Independent Directors present.
 - The Company's Chief Financial Officer (CFO), Internal Auditor, and the Statutory Auditors may be invited to attend meetings as necessary.
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5. Powers of the Audit Committee

The Audit Committee shall have the authority to:

- Investigate any matter within its terms of reference.
 - Seek information from any employee or external party.
 - Obtain outside legal or professional advice as required.
 - Secure attendance of external experts or advisors with relevant expertise if necessary.
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6. Roles and Responsibilities

The roles and responsibilities of the Audit Committee shall include, but are not limited to, the following:

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A. Financial Reporting and Disclosures

- Review and monitor the integrity of the Company's financial statements, including annual and quarterly financial results, before submission to the Board for approval.
- Ensure that the financial statements are in compliance with the accounting standards, legal requirements, and regulatory framework.
- Discuss any significant adjustments or issues arising out of the audit process with the management and external auditors.
- Review the Management Discussion and Analysis of financial condition and results of operations.

B. Audit Process

- **Statutory Auditors**
 - Recommend the appointment, re-appointment, or removal of statutory auditors and their remuneration to the Board.
 - Review and monitor the auditor's independence and performance.
 - Discuss the audit scope, plan, and results with the statutory auditors.
 - Ensure that any issues, recommendations, or observations made by the auditors are promptly addressed by management.
- **Internal Audit**
 - Approve the appointment and removal of the internal auditor.
 - Review the adequacy of the internal audit function, including its charter, resources, and scope of audits.
 - Discuss with internal auditors any significant audit findings, recommendations, and follow-up actions.
 - Monitor the effectiveness of internal audit systems, including financial controls and risk management systems.

C. Risk Management and Internal Controls

- Evaluate the Company's risk management framework and ensure it addresses key risks such as financial, operational, compliance, and cyber risks.
- Review the adequacy and effectiveness of internal control systems, including IT systems and controls related to financial reporting.
- Ensure that management has implemented appropriate mechanisms to mitigate key risks identified through the risk management framework.

D. Related Party Transactions

- Review and approve all Related Party Transactions (RPTs) and ensure that such transactions are conducted in the Company's best interests and comply with statutory requirements.
- Ensure adequate disclosure of RPTs in the financial statements and ensure that such transactions do not conflict with the interests of the Company or its shareholders.

E. Vigil Mechanism

- Oversee the functioning of the whistleblower mechanism and ensure that adequate procedures are in place for reporting and addressing concerns regarding fraud, misconduct, or violations of legal and regulatory requirements.
- Ensure that individuals raising concerns are protected from retaliation and that their identities remain confidential if requested.

F. Compliance with Laws and Regulations

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- Review the Company's compliance with legal and regulatory requirements, including any reporting obligations under the Companies Act, SEBI Regulations, and other applicable laws.
- Ensure that any statutory or regulatory changes affecting the financial reporting process are promptly addressed by management.

G. Subsidiaries

- Review the financial statements, investments, and related transactions of the Company's subsidiaries.
- Ensure that the governance framework for subsidiaries is aligned with the overall governance standards of the Company.

H. Fraud Detection

- Review reports of fraud or suspected fraud involving the management, employees, or external stakeholders.
- Ensure that appropriate action is taken by management to address any fraud detected within the Company.

7. Reporting to the Board

- The Chairperson of the Audit Committee shall report to the Board of Directors on significant issues discussed during meetings, including financial reporting matters, audit results, risk management issues, and compliance concerns.
- The Audit Committee shall submit its recommendations to the Board for approval or action, as necessary.

8. Evaluation of Committee Performance

The Audit Committee shall conduct an annual evaluation of its performance in consultation with the Board of Directors. The evaluation shall assess the Committee's effectiveness in fulfilling its duties and responsibilities.

9. Review and Amendments

The Audit Committee Policy shall be reviewed periodically by the Board of Directors. Any changes or amendments to the policy shall be approved by the Board based on recommendations from the Audit Committee, in accordance with legal and regulatory requirements.

10. Disclosure

The composition of the Audit Committee, terms of reference, and compliance with SEBI and Companies Act provisions shall be disclosed in the Company's Annual Report, as required by the SEBI LODR Regulations.