

## **AUDIT COMMITTEE POLICY**

### **PURPOSE**

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

### **COMMITTEE MEMBERSHIP AND QUALIFICATION**

The Audit Committee shall consist of a minimum of 3 directors with independent directors forming a majority. The majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement.

### **MEETINGS AND QUORUM**

The audit committee should meet at least four times in a year and not more than four months shall elapse between two meetings.

The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members present

### **ROLE OF THE COMMITTEE**

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company
- review and monitor the auditor's independence and performance, and effectiveness of audit process
- examination of the financial statement and the auditors' report thereon
- approval or any subsequent modification of transactions of the company with related parties
- Review the end utilization of funds where the total amount of loans/advances/investment from the Company to its subsidiary exceeds Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
- valuation of undertakings or assets of the company, wherever it is necessary
- evaluation of internal financial controls and risk management systems
- monitoring the end use of funds raised through public offers and related matters
- To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board
- To discuss any related issues with the internal and statutory auditors and the management of the company
- To investigate into any matter in relation to the items or referred to it by the Board
- To obtain professional advice from external sources
- To have full access to information contained in the records of the company.
- Review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015
- Verify internal control system to prevent insider trading are adequate and are operating effectively.

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- Committee shall approve payment to statutory auditors for any other services rendered by the Statutory Auditors
- ***Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders***
- Committee shall review with the management, the quarterly, half yearly and annual financial statement and auditor's report thereon before submission to the board for approval w.r.t.
  - a. matters required to be included in the director's responsibility statement to be included in the board's report
  - 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
- Committee shall make scrutiny of inter-corporate loans and investments
- Committee shall 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
- Committee shall review the functioning of the whistle blower mechanism
- Committee shall approve appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
- Committee shall review following information:
  - 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

#### **DELEGATION OF AUTHORITY**

The Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Audit Committee at its scheduled meetings.

#### **DISSEMINATION:**

This Policy shall be published on website of the Company ([www.mitconindia.com](http://www.mitconindia.com)).

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