

## AUDIT COMMITTEE CHARTER

### PURPOSE

The purpose of the Audit Committee (the “committee”) of Ador Fontech Limited (the “Company”) is to assist the Board with an oversight on (i) the integrity of the Company's financial statements (ii) the Company's independent Statutory, Branch and Internal Auditors' qualifications and independence (iii) performance of the Company's internal audit functions and that of the Auditors' (iv) deployment of policies and assessing the adequacy of outcomes and (v) compliance with legal and regulatory requirements, with a view to ensure accurate, timely, proper, transparent disclosures based on integrity and quality of financial reporting.

The primary role of the committee is to oversee the financial reporting and disclosure process. To fulfil this obligation, the committee relies on: (i) the Company's Management (“Management”) for the preparation and accuracy of the Company's financial statements; (ii) both the Management and the Company's internal audit department for establishing effectiveness of internal controls and procedures to ensure the Company's compliance with accounting standards, financial reporting procedures and applicable laws and regulations; and (iii) the Company's independent Auditors for an unbiased, diligent audit or review, as applicable, of the Company's financial statements and the effectiveness of the Company's internal controls.

The members of the committee are not employees of the Company and are not responsible for conducting the audit or performing other accounting procedures.

### BROAD TERMS OF REFERENCE

- Review the Company's financial reporting process and its financial statements.
- Review the efficacy of internal control mechanism including financial controls and monitor risk management policies adopted by the Company.
- Review reports furnished by Internal/Statutory Auditors and ensure that suitable follow up action is taken.
- Examine accounting, taxation and disclosure aspects as stipulated under various legislations.
- Recommend appointment/re-appointment as also terms of appointment and remuneration of the Auditors and solicit professional guidance and support, whenever required.

### ADOR FONTECH LIMITED

Regd. and Head Office: Belview, 7 Haudin Road, Bangalore 560 042, Karnataka - India.

☎ +91 80 25596045 / 73 | 📞 +91 80 25596073 | ✉ customerservice@adorfon.com

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- Review and monitor Auditor's independence, performance and effectiveness of the audit process.
- Examination of financial statement and the Auditors' report thereon.
- Approval/ratification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans, investments and deposits.
- Valuation of undertaking or assets or business units of the Company, wherever it is necessary.
- Monitoring the end use of funds raised through public offers and related matters.
- All other matters as may be specified under Section 177 of the Companies Act, 2013, including soliciting professional and legal opinions, whenever required and such other roles, responsibilities, guidance as laid down and forming part of the Corporate Governance Requirement of the Listing Agreement.

## **COMPOSITION**

The Audit Committee shall comprise minimum of three Directors of which at least two-third shall be independent Directors. The Chairman of the Audit Committee shall be an independent Director.

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

## **AUTHORITY AND RESPONSIBILITIES**

The committee shall have the following authority and responsibilities:

- Appoint, retain, compensate, oversee the work of and if necessary, (including resolving disagreements between the Management and independent Auditors' regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
- Review and discuss with the Company's independent Auditors (1) all critical accounting policies and practices to be used in the audit; and (2) other material written communications between the Auditors and the Management.
- Provide an open avenue of communication between the Independent Auditor, Internal Auditor and the Board.

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- Meet at least four times every year, or more frequently based on requirements. The Audit committee may ask members of the Management or others to attend meetings and provide pertinent information as necessary.
- Evaluate qualifications, performance and independence of the independent Auditor and confirm objectivity of the internal Auditor.
- Review and pre-approve all related party transactions of the Company. For this purpose, the committee may designate a Member who shall be responsible for pre-approving related party transactions.
- Review with the independent auditor on the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and effective use of all audit resources.
- Consider and review the following with the independent Auditor, the internal Auditor and the Management:
  - The adequacy and effectiveness of internal controls, including any significant deficiencies or material weaknesses in the design or operation of or any material changes in the Company's internal controls; any special audit steps adopted in the light of any material control deficiencies and any fraud involving management or other employees with a significant role in such internal controls; related findings and recommendations of the independent auditor and internal auditor, together with the Management's responses.
  - Review and discuss with the Management, the independent Auditor and the Internal Auditor, the annual audited financial statements (including the related notes) and quarterly audited / unaudited financial statements, including the form of audit opinion to be issued by the Auditors on the financial statements and the Company's disclosures under 'Management's Discussion and Analysis of Financial Condition and Results of Operations', prior to filing of the Company's Annual Report.
- Conduct a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to the Management by the independent auditor or the internal Auditor.
- Review the Company's compliance with employee benefit plans.
- Oversee and review the Company's policies regarding Information Technology and Management Information Systems.

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