



AUDIT COMMITTEE CHARTER

This document outlines the terms of reference, powers and role of the Audit Committee at Subex Limited.

CONTENTS

- A. Roles and Powers of the Audit Committee**
- B. Review of information by Audit Committee**

AUDIT COMMITTEE

The Audit Committee of the Company “the Committee” shall be constituted in accordance with the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 “SEBI Listing Regulations”, read with Section 177 of the Companies Act, 2013.

All members of Audit Committee shall be ‘financially literate’ (which at minimum means possessing a working familiarity with the basic finance and accounting practices) and at least one member shall, member shall have accounting or related financial management expertise.

The Board shall designate one of the members of the Audit Committee as the Chairman of the Committee who shall be an Independent Director. The Company Secretary shall act as the Secretary to the Committee Meetings

The committee at its discretion shall invite the Chief financial Officer, Financial Controller or head of the finance function and a representative of the statutory auditor and Internal Auditor and any other such executives as may be required to be present at the meetings of the committee.

The Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum for Committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

A) Roles and Powers of the Committee

The role of the audit committee shall include the following:

1. Overseeing of the company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment, terms of appointment or reappointment and, if required, the replacement or removal of the statutory auditor and their remuneration.
3. Approving the payment to be made to the statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditors’ 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 clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - 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 opinions in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 6. Reviewing, 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, and making appropriate recommendations to the board to take up steps in this matter;
 7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. Reviewing, with the management, performance of statutory and internal auditor's adequacy of the internal control systems
 9. 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
 10. Discussing with internal auditors any significant findings and follow up there on
 11. 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
 12. 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
 13. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors
 14. Overseeing the functioning of the whistle blower/ vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who

avail of the vigil mechanism and to take action against repeated frivolous complaints filed by director or employee.

15. Powers to investigate any activity within its terms of reference or referred to it by the Board, have full access to information contained in the books of accounts, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
16. Carrying out any other function as mentioned in the terms of reference of the Audit Committee and as prescribed under the SEBI Listing Regulations, the Companies Act, 2013 and the Rules made thereunder and any other statutory/regulatory body from time to time.
17. Examination of the financial statement and the auditors' report thereon;
18. Scrutinizing the inter-corporate loans and investments;
19. Valuation of undertakings or assets of the company, wherever it is necessary;
20. Evaluating the internal financial controls and risk management systems;
21. Monitoring the end use of funds raised through public offers and related matters.
22. Approving the appointment of 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;
23. Calling for 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 and discussing any related issues with the internal and statutory auditors and the management of the company, if any
24. Approval or any subsequent modification of transactions of the company with related parties.
25. Approval / recommendation to the Board of the transactions other than transactions referred to in Section 188.
26. Omnibus approval of the related party transactions proposed to be entered into by the Company subject to the provisions of the Companies Act 2013.
27. Ratification of the transactions upto Rs. 1 crore entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee.
28. reviewing the utilization of loans and/ or advances from/investment by the holding 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.

B. Review of information by Audit Committee:

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee) submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
6. 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) Regulations, 2015.
7. Statement of deviation(s) or variation(s) as specified in Regulation 32(1) of the SEBI (LODR) Regulations.

C. In terms of the Insider Trading Code adopted by the Company, the Committee shall considers the following matters: –

1. To approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the Insider Trading Code.
2. To note and take on record the status reports detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer on a quarterly basis.
3. To provide directions on any penal action to be initiated, in case of any violation of the Regulations by any person.

Any changes in the provisions of the Companies Act, SEBI Listing Regulations or any applicable law that has a bearing on this terms of reference shall be deemed to have been incorporated as part of the terms of reference and the Committee shall comply with the same and subsequently modify this terms of reference incorporating such applicable changes.