

সংযুক্তি-১

স্মারক নংঃ ২৭.২৪.০০০০.০১৪.০১.০০১.১৮.৩৩ তারিখ জানুয়ারী ০৩, ২০১৯ মোতাবেক পুনর্গঠিত
ডেসকো'র **Audit Committee** এর **Terms of Reference (TOR)**

Objective:

The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.

Constitution of the Audit Committee:

- The Audit Committee shall be composed of at least 3 (three) members;
- The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;
- All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;

Explanation:

The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.

- When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;
- The company secretary shall act as the secretary of the Committee;
- The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.



Chairperson of the Audit Committee:

- (a) The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;
- (b) In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.
- (c) Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);
Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.

Meeting of the Audit Committee:

- (a) The Audit Committee shall conduct at least its four meetings in a financial year:
Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;
- (b) The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee; whichever is higher, where presence of an independent director is a must.

Terms of Reference (ToR):

The Audit Committee shall:

- (a) Oversee the financial reporting process;
- (b) monitor choice of accounting policies and principles;
- (c) monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
- (d) oversee hiring and performance of external auditors;
- (e) hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- (f) review along with the management, the annual financial statements before submission to the Board for approval;

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- (g) review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;
- (h) review the adequacy of internal audit function;
- (i) review the Management's Discussion and Analysis before disclosing in the Annual Report;
- (j) review statement of all related party transactions submitted by the management;
- (k) review Management Letters or Letter of Internal Control weakness issued by statutory auditors;
- (l) oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and
- (m) oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:

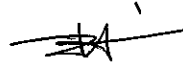
Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:

Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee;

- (n) shall also review the financial statements, in particular the investments made by the subsidiary company.

Reporting of the Audit Committee

- (a) Reporting to the Board of Directors
 - (i) The Audit Committee shall report on its activities to the Board.
 - (ii) The Audit Committee shall immediately report to the Board on the following findings, if any:
 - (a) report on conflicts of interests;
 - (b) suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
 - (c) suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and
 - (d) any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;



(b) Reporting to the Authorities

If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.

(c) Reporting to the Shareholders and General Investors

Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. (a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.

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