TERMS OF REFERENCE (TOR) OF AUDIT COMMITTEE

Introduction

Audit committee should consist of at least three members, comprising of non – executive Directors. The audit committee is being formed in order to comply with the Code of Corporate Governance and applicable to all companies having their securities listed on the Karachi stock exchange. This code is also a part of the listing regulations of the Karachi Stock Exchange.

Frequency Of Meetings

The Audit Committee shall meet at least once every quarter of the financial year . A meeting of the Audit Committee shall also be held if requested by the external auditors or the Head of internal audit.

Internal Audit

There should be an internal audit function in the company. The Head of internal audit shall have access to the chair of the Audit Committee. The auditors shall discuss any major findings in relation to the reports with the Audit Committee , which shall report matters of significance to the Board Of Directors. Internal Audit is engaged in performing following categories of audit.

- *Financial Audit*
- *Operational Audit*
- *Compliance Audit*

Terms Of Reference

In line with best practices the Board of Directors has established the audit committee. The Term of Reference of the committee have been developed on the lines as laid down in the Code of Corporate Governance and approved by the Board.

These include:

- *To recommend to the Board of Directors the appointment of external auditors and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service in addition to audit of its financial statements;*

- *To review the quarterly, half-yearly and annual financial statements prior to their approval by the Board of Directors;*

- *To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;*

- *To review the management letter issued by external auditors and management's response thereto;*

- *To ensure coordination between internal and external auditors;*

- *To review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;*

- *To consider the major findings of internal investigation and management's response thereto;*

- *To ascertain that the internal control system including financial and operational control, accounting system and reporting structure are adequate and effective;*

- *Instituting special projects and value for money studies.*

- *To determine compliance with relevant statutory requirements ; and*

- *To monitor compliance with the best practices of corporate governance and identification of signification violation thereof*

Reporting Procedure

The Audit Committee shall appoint secretary of the Committee .The Secretary shall circulate the minutes of the meetings of the Audit Committee to all members, directors and person entitled to attend the meeting.