



**AUDIT COMMITTEE CHARTER**

**OF**

**ORKLA INDIA LIMITED**

**[Formerly known as Orkla India Private Limited and  
earlier as MTR Foods Private Limited]**

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## AUDIT COMMITTEE

### **1. Objective**

The Audit Committee (“the Committee”) of the Board of Directors (“the Board”) of Orkla India Private Limited (“the Company”) functions as per the provisions of Section 177 of the Companies Act, 2013 (“the Act”) and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

The Committee provides direction to the audit function and monitors the quality of internal and statutory audit with an objective of moving towards a regime of unqualified financial statements.

The responsibilities of the Committee include:

- Review of the quarterly, half-yearly and annual financial results and financial statements before submission to the Board,
- Overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial results/statements, etc.
- Review the adequacy and effectiveness of internal audit function and control systems and such other items as may be prescribed by applicable laws or by the Board from time to time.

The Committee reports to and is accountable to, the Board of Directors (‘Board’) of Orkla India Limited (‘Company’).

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### **2. Composition of the Committee**

The Committee shall have minimum three directors as members. At least two-thirds of the members of the Committee shall be Independent Directors. All members of the Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

**Chairperson** - The Chairperson of the Committee shall be an Independent Director. In case the Chairperson is unable to attend the meeting, the Members present at such meeting may elect one among them to be the Chairperson of that meeting. The Chairperson shall be present at Annual general meeting to answer shareholders’ queries.

**Membership** - The Members of the Committee shall be appointed by the Board from amongst themselves.

**Secretary** - The Company Secretary of the Company shall act as the Secretary to the Committee.

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### **3. Meetings and Quorum**

**Frequency of Meetings** - The Committee shall meet from time to time or at least once in a year. Members who are not physically present may attend through video/ tele-conference.

**Quorum for Meetings** –Two Independent Directors present or one third of the total, whichever is higher, including those who attend via video conference shall form the quorum for the meeting. The participation of the directors by video conferencing or by other audio-visual means shall also be counted for the purposes of quorum. However, members attending meeting through teleconference are to be excluded for the purpose of Quorum.

**Minutes of Meetings** - The Company Secretary will maintain minutes of meetings of the Committee, which shall be noted by the Board at its subsequent meeting.

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#### **4. Authorities**

- a. The Committee, at its sole discretion, may seek advice from external experts/advisors /consultants/legal counsel, where judged necessary, to discharge its duties and responsibilities;
  - b. To investigate any activity within its terms of reference;
  - c. To seek information from any employee or the Company; and
  - d. To secure attendance of statutory and internal auditors and outsiders with relevant expertise, if it considers necessary.
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#### **5. Terms of Reference:**

The Audit Committee shall be responsible for, ensuring compliance with the applicable law, inter alia with the regulations of the stock exchange(s) from time to time.

##### **A. Powers of Audit Committee**

The Audit Committee shall have powers, including the following:

- (1) to investigate any activity within its terms of reference;
- (2) to seek information from any employee;
- (3) to obtain outside legal or other professional advice;
- (4) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (5) such other powers as may be prescribed under the Companies Act, the SEBI Listing Regulations and other applicable laws

##### **B. Role of Audit Committee**

The role of the Audit Committee shall include the following:

- (1) oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
- (2) recommendation to the board of directors of the Company (the “**Board**” or “**Board of Directors**”) for appointment, re-appointment, replacement, remuneration and other terms of appointment of statutory auditors of the Company and the fixation of the audit fee;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) examining and reviewing, with the management, the annual financial statements and auditor’s 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; and
  - g. modified opinion(s) in the draft audit report.
- (5) reviewing, with the management, the quarterly, half-yearly and annual 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 utilisation of proceeds of a public or rights issue or preferential issue or qualified institutions placement, 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) approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee;
  - i. Recommend criteria for omnibus approval or any changes to the criteria for approval of the Board;
  - ii. Make omnibus approval for related party transactions proposed to be entered into by the Company for every financial year as per the criteria approved;
  - iii. Review of transactions pursuant to omnibus approval;
  - iv. Make recommendation to the Board, where Audit Committee does not approve transactions other than the transactions falling under Section 188 of the Companies Act, 2013.

***Explanation:*** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Company, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (13) 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;
- (14) discussion with internal auditors of any significant findings and follow-up thereon;
- (15) 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;
- (16) discussion 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;
- (17) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) reviewing the functioning of the whistle blower mechanism;

- (19) overseeing the vigil mechanism established by the Company, with the chairperson of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
  - (20) approval of appointment of chief financial officer (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;
  - (21) reviewing the utilization of loans and/or advances from/investment by the Company in its subsidiary(/ies) exceeding ₹1,000,000,000 or 10% of the asset size of the subsidiary(/ies), whichever is lower including existing loans/ advances/ investments;
  - (22) review the financial statements, in particular, the investments made by any unlisted subsidiary;
  - (23) considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
  - (24) approving the key performance indicators (“KPIs”) for disclosure in the offer documents, and approval of KPIs once every year, or as may be required under applicable law; and
  - (25) carrying out any other functions required to be carried out by the Audit Committee as may be decided by the Board and/or as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.
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## 6. Reporting

- i. The Committee will periodically report to the Board on various matters that it has considered.
  - ii. The Annual Report of the Company shall disclose the composition of this Committee (including names of members and Chairperson), brief description of the terms of reference, number of meetings and attendance of the members/chairperson of the Committee.
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## 7. Review of Charter

The adequacy of this Charter shall be reviewed from time to time by the Committee and appropriate recommendations shall be made to the Board to update the same based on the changes including those that may be brought due to the regulatory amendments or otherwise. In case of any ambiguity or need for clarification, the Company should refer applicable Secretarial Standards, provisions of Companies Act, 2013, SEBI Listing Regulations and Articles of Association of the Company and any other applicable laws. Further, in case there prevails any inconsistency between the provisions of this Charter and the prevailing law, the law shall prevail.

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## 8. Reference

As mandated by:

- Section 177 of the Companies Act, 2013 and rules made thereunder;
- Regulation 18 of the SEBI Listing Regulations

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Version	1.0
Approved by:	Board of Directors
Date of approval	09.04.2025