

# AUDIT COMMITTEE

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## Terms of reference of the Audit Committee

The terms of reference of the Audit Committee include, amongst others, the following:

- (i) Providing recommendations to the IM Board regarding any proposed distributions, in line with the distribution policy
- (ii) Oversight of the Trust's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- (iii) Giving recommendations to the IM Board regarding for appointment, re-appointment and replacement, remuneration and terms of appointment of statutory auditors of the Trust and the audit fee, subject to the approval of the Unitholders
- (iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Trust
- (v) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the IM Board for approval, with particular reference to:
  - (a) Matters required to be included in the director's responsibility statement to be included in the IM Board's report of Investment Manager in terms of clause (c) of sub-section (3) of Section 134 of Companies Act 2013
  - (b) Changes, if any, in accounting policies and practices and reason for the same
  - (c) Major accounting entries involving estimates based on 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 opinion(s) in the draft audit report

- (vi) Reviewing, with the management, all periodic financial statements, including but not limited to quarterly, half-yearly and annual financial statements of the Trust, whether standalone or consolidated or in any other form as may be required under applicable law, before submission to the IM Board for approval
- (vii) Reviewing, with the management, the statement of uses/application of funds raised through an issue of units by the Trust (including but not limited to public issue, rights issue, preferential issue, private placement etc.) and any issue of debt securities and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the IM Board for follow-up action
- (viii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process
- (ix) Approval or any subsequent modification of all transactions of the Trust with related parties
- (x) Recommending such related party transactions to the IM Board or the Unitholders, as may be required under the InvIT Regulations
- (xi) Scrutiny of loans including inter-corporate loans and investments of the Trust
- (xii) Reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law
- (xiii) Evaluation of internal financial controls and risk management systems of the Trust
- (xiv) Evaluation of internal financial controls and risk management systems of the Trust
- (xv) 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
- (xvi) Discussion with internal auditors of any significant findings and follow up thereon
- (xvii) Reviewing the findings of any internal investigations in relation to the Trust 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 IM Board

- (xviii) Reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to the Trust and the interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fees or charges payable out of the Trust's assets
- (xix) Discussing with statutory auditors and valuers prior to commencement of the audit or valuation, respectively, about the nature and scope, as well as post-audit/ valuation discussion to ascertain any area of concern
- (xx) Reviewing and monitoring the independence and performance of the valuer of the Trust
- (xxi) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders and creditors
- (xxii) Evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the SPVs to the Holding Companies and by the Holding Companies to the Trust and payments to any creditors of the Trust or the Holding Companies or the SPVs, and recommending remedial measures
- (xxiii) To review the functioning of the whistle blower mechanism
- (xxiv) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate
- (xxv) Reviewing the utilization of loans and/ or advances from/investment by the Holding Company in the SPV exceeding INR 100 (India Rupees One Hundred Crore) crore or 10% (ten per cent) of the asset size of the SPV, whichever is lower
- (xxvi) Approving any management information systems or interim financial statements to be submitted by the Trust to any Unitholder or regulatory or statutory authority;
- (xxvii) Considering and commenting on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Trust and its Unitholders
- (xxviii) Approving any reports required to be issued to the Unitholders under the InvIT Regulations
- (xxix) Formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above
- (xxx) Valuation of undertakings or assets of the Trust, wherever it is necessary

**The audit committee shall mandatorily review the following information:**

- (i) Management discussion and analysis of financial condition and results of operations
- (ii) Management letters / letters of internal control weaknesses issued by the statutory auditors
- (iii) Internal audit reports relating to internal control weaknesses
- (iv) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee
- (v) The statement of deviations