

Audit Committee

The constitution of the Audit Committee was approved by the Board of Directors of Embassy Office Parks Management Services Private Limited, Manager to Embassy Office Parks REIT, at their Meeting held on March 15, 2018.

The Terms of Reference of the Audit Committee is set out below:

1. Providing recommendations to the Board of Directors regarding any proposed distributions;
2. Overseeing the Embassy REIT's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
3. Giving recommendations to the Board of Directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditors of the Embassy REIT and the audit fee, subject to the approval of the Unitholders (if required under applicable law);
4. Reviewing and monitoring the independence and performance of the statutory auditors of the Embassy REIT, and effectiveness of audit process;
5. Approving payments to statutory auditors of the Embassy REIT for any other services rendered by such statutory auditors;
6. Reviewing the annual financial statements and auditors' report thereon of the Embassy REIT, before submission to the Board of Directors for approval, with particular reference to:
 - A. changes, if any, in accounting policies and practices and reasons for such change;
 - B. major accounting entries involving estimates based on the exercise of Judgement by management;
 - C. significant adjustments made in the financial statements arising out of audit findings;
 - D. compliance with listing and other legal requirements relating to financial statements;
 - E. disclosure of any related party transactions; and
 - F. modified opinions in the draft audit report;
7. Reviewing with the management, the quarterly financial statements before submission to the board for approval;
8. Reviewing, with the management, the statement of uses/application of funds raised through an issue of units or other securities (if applicable) by Embassy REIT (public issue, rights issue, preferential issue, etc.) and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the Board of Directors for follow-up action and monitoring the use of proceeds of offerings of securities of the Embassy REIT, as applicable;
9. Reviewing and monitoring the Embassy REIT's auditors' independence and performance, and effectiveness of the audit process;
10. Approval or any subsequent modifications of transactions of the Embassy REIT with related parties, as may be required under applicable law;
11. Scrutiny of inter-corporate loans and investments of the Embassy REIT, as applicable;

12. Reviewing valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;
13. Evaluating internal financial controls and risk management systems of the Embassy REIT;
14. Reviewing, with the management, the performance of statutory and internal auditors of the Embassy REIT, and adequacy of the internal control systems, as applicable;
15. Reviewing the adequacy of internal audit function of the Embassy REIT, 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;
16. Reviewing the findings of any internal investigations by the internal auditors of Embassy REIT in 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 of Directors;
17. Reviewing the procedures put in place by the Manager for managing any conflict that may arise between the interests of the Unitholders, the parties to the Embassy REIT and the interests of the Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Manager, and the setting of fees or charges payable out of the Embassy REIT's assets;
18. Discussing with statutory auditors and valuers of the Embassy REIT 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;
19. Reviewing and monitoring the independence and performance of the valuer of the Embassy REIT;
20. Giving recommendations to the Board of Directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the valuer of the Embassy REIT;
21. Evaluating any defaults or delay in payment of distributions to the Unitholders or dividends/ distributions by the Asset SPVs to the Embassy REIT and payments to any creditors of the Embassy REIT or the Asset SPVs, and recommending remedial measures;
22. Reviewing periodically the statement of related party transactions, submitted by the management;
23. Reviewing the Management letters/ letters of internal control weaknesses issued by the statutory auditors of the Embassy REIT;
24. Discussion with internal auditors of the Embassy REIT of any significant findings and follow up there on (and the internal auditors may report directly to the Audit Committee);
25. To review the functioning of the Whistle-Blower mechanism/vigil mechanism;
26. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
27. Reviewing the utilisation of loans and/ or advances from/investment by the Embassy REIT/holding company in the holding company/special purpose vehicle exceeding INR100 crores or 10% of the asset size of the subsidiary, whichever is lower, or such other thresholds as may be prescribed and as may be required under applicable law;
28. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Embassy REIT and its Unitholders, to the extent applicable;

29. To investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
30. Periodic review compliance with the provisions of the Code on unpublished price sensitive information and dealing in securities of the Embassy REIT and Code of Practices and Procedures for Fair Disclosure in respect of the Embassy REIT, verification that the systems for internal control are adequate and are operating effectively and general supervision of the implementation of such Code;
31. Formulating any policy for the Manager, as necessary, in relation to its functions, as specified above; and
32. Performing such other activities or functions as may be delegated by the Board of Directors of the Manager and/or prescribed under any applicable law.
33. **The Audit Committee shall mandatorily review the following information:**
 - A. Management discussion and analysis of financial condition and results of operations;
 - B. Statement of significant related party transactions (as defined by the Audit Committee), to the extent applicable, submitted by management;
 - C. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - D. Internal audit reports relating to internal control weaknesses; and
 - E. Appointment, removal and terms of remuneration of the chief internal auditor;
 - F. Statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 and to the extent applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, together with the circulars, clarifications, guidelines and notifications issued thereunder, each as amended.
 - b. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 and to the extent applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, together with the circulars, clarifications, guidelines and notifications issued thereunder, each as amended.