

Name of the Committee	Audit Committee
Formation Date	November 15, 2022 operational from November 23, 2022
Terms of Reference	Adopted by the Board of Directors on November 15, 2022 and December 20, 2022

1. Introduction & Applicability

The Audit Committee ("**Committee**") is a committee constituted by the Board of Directors ("**Board**") of Highway Concessions One Private Limited ("**HC One or Company or Investment Manager**") for the operation of Highways Infrastructure Trust ("**Trust/InvIT**") in accordance with the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, and is applicable to Highway Concessions One Private Limited in its capacity as Investment Manager to Highways Infrastructure Trust.

2. Definitions

- 2.1. "**CA 2013**" means the Companies Act, 2013 including any amendments, rules, notifications, circulars, etc.
- 2.2. "**Holdcos**" shall have the meaning assigned under the InvIT Regulations for the purpose of holding any of the SPVs.
- 2.3. "**InvIT**" means Highways Infrastructure Trust, being an infrastructure investment trust registered with Securities & Exchange Board of India.
- 2.4. "**InvIT Regulations**" means Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and circulars issued by SEBI from time to time.
- 2.5. "**SPVs**" means the Special Purpose Vehicles engaged in the business of constructing, operating and maintaining roads projects in India, and owned and controlled by the InvIT, in each case which are managed by the Company pursuant to a contractual arrangement.
- 2.6. "**Unitholders**" refer to any person holding units in the InvIT in accordance with the InvIT Regulations.

3. Terms of Reference:

- 3.1. The main objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities towards the Company in the best interest of all stakeholders of the InvIT and SPVs/ HoldCos. In fulfilling its role, the Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain external legal and professional advise. In pursuing this goal, the Committee, inter alia, shall: -
 1. Provide recommendations to the board of directors regarding any proposed distributions;
 2. Monitor the net distributable cashflows payable to the Unitholders of the InvIT and/or SPVs/ HoldCos;

3. Overseeing InvIT's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
4. To review the interim financial statements to be submitted by the InvIT, the Company or the SPVs to any Shareholders, Unitholders and regulatory or statutory authorities;
5. Giving recommendations to the board of directors regarding appointment, reappointment and replacement, remuneration and terms of appointment of the statutory auditor and Internal auditor of InvIT and the Company and the audit fee, subject to the approval of the unitholders/shareholders;
6. Reviewing and monitoring the independence and performance of the statutory auditor of InvIT/Company and effectiveness of audit process;
7. Approving payments to statutory auditors of InvIT/Company for any other services rendered by such statutory auditors;
8. Reviewing the annual financial statements and auditor's report thereon of InvIT, before submission to the board of directors for approval, with particular reference to changes, if any, in accounting policies and practices and reasons for such change; major accounting entries involving estimates based on the exercise of judgment by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and modified opinion in the draft audit report;
9. Reviewing, with the management, all periodic financial statements, including but not limited to quarterly/ half-yearly and annual financial statements of InvIT/ Company before submission to the board of directors for approval as applicable;
10. Reviewing, with the management, the statement of uses/ application of funds raised through an issue of units by InvIT (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;
11. Approval or any subsequent modifications of transactions of InvIT/ Company with related parties including, reviewing agreements or transactions in this regard;
12. Scrutinizing inter-corporate loans and investments of InvIT;
13. Reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;
14. To review and recommend the appointment (including terms thereof) of valuers to the

board to undertake valuations of the assets held by the SPVs/Holdcos and HIT including appointment of registered valuer in terms of InvIT Regulations;

15. Evaluating financial controls and risk management systems of the Trust;
16. Reviewing, with the management, the performance of statutory auditors of the Trust, and adequacy of the internal control systems, as necessary;
17. Reviewing the adequacy of internal audit function if any of the Trust, 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;
18. 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 board of directors;
19. Reviewing the procedures put in place by the Company acting as 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 fee or charges payable out of the Trust assets;
20. 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;
21. Reviewing and monitoring the independence and performance of the valuer of the Trust;
22. Evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the SPVs/ Holdco to the Trust and payments to any creditors of the Trust or the SPVs, and recommending remedial measures;
23. To review management's discussion and analysis of financial condition and results of operations;
24. To review and oversee the functioning of the whistle blower/ vigil mechanism;
25. Discussion with internal auditors of any significant findings and follow up there on;
26. To note report of compliance officer as per SEBI (Prohibition of Insider Trading) Regulations, 2015;
27. Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time and verify that the systems for internal control are adequate and are operating effectively;

28. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
29. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the InvIT/ the Company/ SPVs;
30. To consider any other additional matters, as may be delegated, from time to time, by the Board;
31. To delegate to the officials such powers of the Committee as may be deemed fit by the Committee.

4. Composition

- 4.1. The Audit Committee shall comprise of minimum 3 (three) directors as members out of which atleast two third shall be Independent Director. Chairman of the Committee shall be an Independent Director.
- 4.2. Collectively, the members of the Committee should be financially literate and atleast one member shall have accounting or related financial management expertise. Where (a) “financially literate” shall mean the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows; and (b) a member shall be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.
- 4.3. Any Committee member who wishes to retire or resign from the Committee shall give written notification to the Board.
- 4.4. Where any member of the Committee, who is also a member of the Board, retires, resigns or is removed from the Board, that member shall automatically cease to be a Committee member effective concomitantly with his retirement, removal or resignation from the Board.

5. Meetings

- 5.1. The Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.
- 5.2. The Company Secretary shall act as Secretary of the Committee.
- 5.3. The Notice for meetings of Committee shall be given to all members, at least 7 days prior to the meeting or at such shorter notice as may be agreed by all the members.

5.4. The Quorum for the Committee meetings shall be either 2 (two) members or one third of the members of the Committee, whichever is greater, with atleast two independent directors present physically or through any audio visual means.

5.5. All decisions shall be taken by majority.

6. Circular Resolution

6.1. A circular resolution, signed by majority of the Committee members, shall be valid and effective from the date of receiving approval from majority members, as if it had been passed at a duly convened and held meeting of the Committee.

6.2. Consent provided by the Committee members to the circular/ written resolution through telefax, telex, cable, telegram or electronic mail or any form of electronic communication, will be valid.

7. Minutes

7.1. Minutes of all proceedings of meetings of the Committee shall be recorded by the Chairman or Secretary of the Committee and circulated to all Committee members.

7.2. The minutes are to be confirmed and signed by the Chairman of the concerned Committee meeting.

8. Reporting to the Board

Chairman of the Committee shall report on the proceedings of the Committee to the Board by way of submission of minutes of the Committee meetings or by such other mode as the Chairman shall in his discretion deem fit.