

K2 PROPERTY LIMITED

Terms of Reference of the Audit and Risk Committee (erstwhile Audit Committee) (2012 revision)

(As agreed by the Board with effect from 27 November 2012)

MEMBERSHIP

1. The Audit and Risk Committee (“**Committee**”) and its Chairman shall be appointed by the Board and shall comprise at least three members including one local director, all of whom shall be independent non-executive directors of the Company, and at least one of whom shall have significant recent and relevant financial experience. The Chairman of the Board can be a member of the Committee. Committee membership will initially be for 3 years and can be subsequently extended by up to two additional 3 year periods, as long as members continue to remain independent. Any two members of the Committee shall comprise a quorum for the purposes of decision making. The Company Secretary shall prepare agendas on the instruction of the Chairman, attend all meetings, and take minutes.

ATTENDANCE AT, FREQUENCY OF AND REPORTING ON MEETINGS

2. The Committee shall meet at least two times each year and otherwise as required or at the request of any of its members or the independent auditors.
3. Unless invited by the Committee, no one other than Committee members may attend meetings. Representatives of the independent auditors will be requested to attend the meetings at which draft final results are reviewed. However, the Chairman of the Yatra Audit & Risk Committee has co-opted to attend the meetings as and when required.
4. At least twice a year, the Committee shall meet the independent auditors.
5. Agenda and supporting papers will be circulated by the Secretary at least seven days in advance of each meeting.
6. Minutes of all Committee meetings will be circulated to all Committee members and, following their approval, to all Board members.
7. All meetings shall be held in Mauritius, or at such other place as shall be agreed from time to time by the Committee.

AUTHORITY

8. The committee is authorised by the Board to:
 - a. investigate any activity within its terms of reference;
 - b. require or permit the attendance of and to seek any information it requires from any director or employee of the Company and its subsidiaries and the Company’s investment manager (“Investment Manager”); and
 - c. obtain, at the expense of the Company, outside legal or other independent advice on any matter within its terms of reference and permit the attendance of such advisers at Committee meetings.
 - d. The Committee may form subcommittees and delegate authority to such subcommittees or an individual member of the Committee when appropriate.

- e. The Responsibilities and Authority of the Committee do not include the obligation to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of the Investment Manager and the independent auditor, as applicable. It is also not the responsibility of the Committee to set or determine the adequacy of the Company's reserves.

DUTIES

- 9. To make recommendations to the Board to appoint, dismiss, agree compensation of and oversee the work of the independent auditor in connection with conduct of the audit, issuing an audit report and related work (including liaising between the external Investment Manager and the independent auditor regarding financial reporting), including:
 - a. Reviewing the experience and qualifications of the independent audit firm and the senior members of the independent auditor team;
 - b. Obtaining and reviewing a report from the independent auditor at least annually regarding (a) the auditor's internal quality-control procedures, (b) any material issue raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor, the Investment Manager and the Company;
 - c. Evaluating the performance of the independent auditor;
 - d. Presenting its conclusions on the preceding point to the Board, taking any actions deemed necessary or desirable by the Committee to satisfy itself as to the qualifications, performance and independence of the independent auditor, and making any recommendations to the Board concerning such matters as the Committee deems advisable;
 - e. Considering and adopting appropriate policies as to rotation of the lead audit partner and the reviewing audit partner to foster continuing auditor independence;
 - f. Meeting with the independent auditor prior to the audit to discuss the planning and staffing of the audit;
 - g. Receiving direct reports from the independent auditor in connection with conduct of the audit, issuing an audit report and related work;
 - h. Reviewing and agreeing the independent auditor's annual engagement letter (including terms of remuneration); and
 - i. Assessing the effectiveness of the audit process.
- 10. To receive, and take any appropriate action in relation to, all reports and other communications which the independent auditor is required to make to the Committee, including timely reports concerning:
 - a. All critical accounting policies and practices to be used;
 - b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with the investment manager of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - c. Other material written communications between the independent auditor, Investment Manager and the Company, such as any management letter or schedule of unadjusted differences.

11. To take responsibility for oversight of the independent audit process and the production of the Company's consolidated audited financial statements.
12. To review and discuss with Investment Manager and the independent auditor the annual draft and final audited financial statements (and where practicable any other material public or regulatory financial statements), including disclosures made in Investment Manager's discussion and analysis and the audit representation letters, and recommend to the Board whether the audited financial statements should be approved.
13. To discuss with Investment Manager and the independent auditor significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements.
14. To discuss with Investment Manager and the independent auditor the effect of regulatory and accounting initiatives.
15. To meet with Investment Manager, the internal accountants / auditors and the independent auditor separately at least twice per year or at such other interval as the Committee deems reasonable.
16. To monitor the independence of the independent auditor, including:
 - a. Evaluating the independence of the independent auditor, including whether the provision of non-audit services is compatible with maintaining the auditor's independence;
 - b. Approving or disapproving any engagement by the Company or its subsidiaries of the independent auditor to perform any non-audit services, subject to a de minimus threshold of US\$25,000 per annum; and
 - c. Recommending to the Board policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account, such policies to the extent practicable being compliant with the legislation applicable to public companies.
17. To monitor the integrity of the Company's financial and other internal controls.
18. To oversee the effectiveness of the processes and controls used by the Company to monitor and manage risk within the parameters adopted by the Board.
19. To review and discuss with Investment Manager the Company's major risk exposures and the steps Investment Manager has taken to monitor and control such exposures.
20. To receive from Investment Manager reports on the effectiveness of the internal control and risk management systems, and the conclusions of any testing carried out by Investment Manager and the external auditors.
21. To review and approve the statements included in the annual report in relation to internal control and the management of risk.
22. To review and discuss with Investment Manager the reserving methodology and process of establishing the Company's reserves, together with external reports or studies.
23. To receive reports from the Company's external counsel on legal matters that may have a material impact on the financial statements.

24. To receive copy reports from the Company's Compliance and Money Laundering Compliance Officers on compliance related matters including any material compliance breaches.
25. To recommend to the Board for adoption a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by Investment Manager or officers of the Company of concerns regarding questionable accounting, auditing or other matters.
26. To make regular reports to the Board.
27. To review and reassess the adequacy of these terms of reference and its own performance annually and recommend any proposed changes to the Board for approval.
28. To provide a statement about its activities for the annual report.
29. Conduct an annual review of the need to establish an internal audit function and make an appropriate recommendation to the Board.
30. To monitor and review currency and treasury management processes for the business.
31. To monitor the integrity of interim financial information presented to the Board by Investment Manager and provide recommendations relating thereto.
32. To consider fraud and ethical issues.
33. To monitor compliance with relevant legislation, regulatory requirements, guidance and codes and "best practice" guidance issued by international financial reporting authorities to ensure the upholding of Board-led standards of conduct in the best interests of shareholders.
34. To consider and report to the Board on any other matters remitted to it by the Board.
35. To ensure that the Chairman of the Committee attends any general meeting of shareholders to respond to any relevant questions.