

NEW INDIA INVESTMENT TRUST PLC

AUDIT and MANAGEMENT ENGAGEMENT COMMITTEE TERMS OF REFERENCE

CONSTITUTION	The Board has established a Committee of the Board to be known as the Audit and Management Engagement Committee ("the Committee").
MEMBERSHIP	<p>The Committee shall be appointed by the Board. All members of the Committee shall be independent non-executive Directors of the Company. The Committee shall consist of not less than two members. The Chairman of the Board can be a member of, but not chair, the Committee, provided he or she was considered independent on appointment. *</p> <p>A quorum shall be two members.</p> <p>The Chairman of the Committee shall be appointed by the Board from amongst the independent non-executive Directors.</p>
ATTENDANCE AT MEETINGS	<p>The head of the Investment Manager's internal audit department, the Investment Manager's compliance officer and a representative of the external auditors shall attend meetings, at the invitation of the Committee.</p> <p>There should be at least one meeting per year, or part thereof, where the external auditors attend without management present.</p> <p>The Company Secretary shall be the Secretary of the Committee.</p>
FREQUENCY OF MEETINGS	<p>Meetings shall be held not less than twice a year, and where appropriate should coincide with key dates in the Company's financial reporting cycle.</p> <p>External auditors or internal auditors of the Investment Manager may request a meeting if they consider that one is necessary.</p>
AUTHORITY	<p>The Committee is authorised by the Board to:</p> <ul style="list-style-type: none">• investigate any activity within its terms of reference;• seek any information that it requires from any employee of the Investment Manager, all employees of the Investment Manager having been directed to co-operate with any request made by the Committee; and• obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.
DUTIES	<p>The Committee shall:</p> <p>Financial Reporting</p>

- monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to the Company's financial performance, reviewing significant financial reporting issues and judgements which they contain;
- review and challenge where necessary:
 - the consistency of, and any changes to, accounting policies;
 - whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the view of the external auditor; and
 - the clarity of disclosure in the Company's financial reports
 - all material information presented with the financial statements, such as the business review and the corporate governance statement (insofar as it relates to the audit and risk management)

Internal Controls and Compliance

- receive and consider the reports of the risk management functions of the Investment Manager;
- keep under review the effectiveness of the Investment Manager's controls and risk management systems;
- ensure that the Investment Manager has controls in place to cover the financial services regulatory requirements relevant to the Company and the regulatory requirements pertaining to investment trusts and Mauritian-based entities;
- approve the relevant statements to be included in the Annual Report;
- keep under review the Company's arrangements for the Investment Manager's employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and
- review the controls over the operations and effectiveness of the administrators, custodians, registrar and other sub-contractors providing services to the Company.

External Audit

- consider and make recommendations to the Board, on the appointment and re-appointment of the Company's external auditors;
- approve the level of remuneration for the auditors and the terms of their engagement, including whether the level of fees is appropriate to enable an adequate audit to be conducted, and develop and implement a policy on the provision of non-audit services;
- review and approve the terms of engagement, the scope of the audit and the annual audit plan and subsequently review the findings and effectiveness of the audit;

- meet regularly with the auditors, with at least one meeting being held annually without management present in order to discuss their remit and any issues arising from the audit;
- review any representation letters requested by the auditors before they are signed by the Board;
- review the management letter and management's subsequent response; and
- assess annually the independence and objectivity of the external auditors.
- The procedure for engaging external auditors shall be as follows: E&Y will ensure that a quotation is produced before undertaking any work for the Company or its subsidiary, regardless of whether they are advised by board, manager or company secretary. The quotation will be shown to William Hemmings and the Company Secretary who will ensure that it has the Audit Committee Chairman's approval (or in her absence the Chairman's) before work is commenced.

Management Engagement

- annually, review the performance of the Investment Manager;
- annually, review the terms of appointment of the Investment Manager.

REPORTING The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board, and the Chairman of the Committee.

The minutes of meetings of the Committee shall be included with the agenda of the next Committee Meeting.

The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.

* Updated to reflect the updated model terms of reference issued by ICSA on 3 March 2009 (the "Model Terms") for audit committees of companies seeking to fully comply with the requirements of the Combined Code. The Model Terms have been revised to take into account the principles of the June 2008 version of the Combined Code, the updated FRC guidance on audit committees and the experience of senior company secretaries.

(In October 2008, the FRC released its updated Guidance on Audit Committees (formerly known as the Smith Guidance) in order to implement recommendations by the Market Participants Group, which seek to enhance the efficiency of the UK audit market. The amendments relate to both recommended best practice and recommended disclosures in the annual report.

The key changes to the guidance are as follows:

- Audit committees are encouraged to consider including the risks associated with audit firms withdrawing from the market in their risk evaluation and planning;

- Companies are encouraged to include information on the appointment, reappointment or removal of an auditor in the audit committee's report, including supporting information on tendering frequency, the tenure of the current auditor and any contractual obligations that might have restricted the committee's choice of auditor;
- A small number of detailed changes have been made to the section dealing with the independence of the auditor, to bring the guidance in line with the Auditing Practices Board's Ethical Standards for auditors, which have been issued since the guidance was first published in 2003; and
- An appendix has been added containing guidance on the factors to be considered if a group is contemplating employing firms from more than one network to undertake the audit; and
- The recommendations on disclosure are intended to apply to reports covering periods ending on or after 30 June 2009, however companies may implement the Guidance with immediate effect if they wish to.)