

## **POLICY ON APPOINTMENT OF AUDITOR AND VALUER OF POWERGRID INFRASTRUCTURE INVESTMENT TRUST**

### **A. Preamble**

The Policy on Appointment of Auditor and Valuer (the “**Policy**”) aims to provide a comprehensive policy on the appointment of the auditor and valuer of POWERGRID Infrastructure Investment Trust (the “**Trust**”). Accordingly, POWERGRID Unchahar Transmission Limited, the investment manager to the Trust (the “**Investment Manager**”) appointed pursuant to the Investment Management Agreement dated December 18, 2020, has formulated this Policy.

### **B. Appointment and Role of Auditor of the Trust**

- (i). The Investment Manager, in consultation with the trustee to the Trust (the “**Trustee**”), shall appoint the auditor of the Trust (the “**Auditor**”), in a timely manner and in accordance with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any guidelines, circulars, notifications and clarifications framed or issued thereunder (the “**InvIT Regulations**”).
- (ii). The Investment Manager shall ensure that the appointment of the Auditor and the fees payable to the Auditor is approved by the unitholders of the Trust (the “**Unitholders**”) in accordance with the InvIT Regulations.
- (iii). The Investment Manager shall ensure that if the removal of the Auditor and appointment of another auditor to the Trust is taken up at a meeting of the Unitholders at the request of the Unitholders, such removal of the Auditor shall be approved by the Unitholders in accordance with the InvIT Regulations.
- (iv). The Investment Manager shall appoint an Auditor for a period of not more than five consecutive years; provided that the Auditor, not being an individual, may be reappointed for a period of another five consecutive years, subject to approval of Unitholders in the annual meeting in accordance with the InvIT Regulations.
- (v). The Investment Manager shall ensure that the audit of accounts of the Trust by the Auditor is done not less once in a year and such report is submitted to the stock exchanges within the timelines prescribed under the InvIT Regulations.
- (vi). The Auditor shall conduct the audit of the accounts of the Trust and draft the audit report based on the accounts examined by it after taking into account the relevant accounting and auditing standards under applicable law, including the InvIT Regulations and any guidelines, circulars, notifications and clarifications framed or issued by the Securities and Exchange Board of India (“**SEBI**”), as may be specified from time to time.
- (vii). The Auditor shall comply with the conditions prescribed under the InvIT Regulations at all times, including the following:
  - (a). the accounts of the Trust shall be subjected to audit by the Auditors and shall be accompanied by a report of the Auditors in such manner and at such intervals as may be prescribed under applicable law, including the InvIT Regulations;
  - (b). the Auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of the Trust, including profit or loss and cash flow for the period and such other matters as may be specified by SEBI;

- (c). the Auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Trust; and
  - (d). the Auditor shall have a right to obtain such information and explanation pertaining to activities of the Trust as he may consider necessary for the performance of his duties as auditor from the employees of Trust or any holding company or parties to the Trust or any holding company or the special purpose vehicle(s) or any other person in possession of such information.
- (viii). The Investment Manager, in consultation with the Trustee, shall have the right to take all necessary steps to remove the Auditor who ceases to comply with the eligibility criteria required under the InvIT Regulations and applicable law. In case of removal of the auditor and appointment of another auditor to the Trust, approval from the Unitholders shall be required in accordance with the InvIT Regulations.

### C. **Appointment and Role of Valuer of the Trust**

- (i). The Investment Manager, in consultation with Trustee, shall appoint the valuer of the Trust (“**Valuer**”), in a timely manner and shall determine the remuneration of such Valuer, in accordance with the InvIT Regulations. A ‘Valuer’ shall have the meaning provided under the InvIT Regulations.
- (ii). The remuneration of the Valuer shall not be linked to or based on the value of the assets being valued.
- (iii). The Valuer shall not be an associate of any of the Sponsor or the Investment Manager or Trustee.
- (iv). The Valuer shall be eligible to act as a valuer in accordance with the InvIT Regulations or any clarifications, guidelines, notifications or exemptions issued by SEBI.
- (v). A Valuer shall not undertake valuation of the same project for more than four years consecutively, provided that the Valuer may be reappointed after a period of not less than two years from the date it ceases to be the Valuer of the Trust.
- (vi). The Valuer shall not undertake valuation of any assets in which it has either been involved with the acquisition or disposal within the last twelve months other than such cases where the Valuer was engaged by the Trust for such acquisition or disposal.
- (vii). The Valuer shall comply with the following conditions at all times:
  - a) the Valuer shall ensure that the valuation of the Trust assets is impartial, true and fair and is in accordance with the InvIT Regulations;
  - b) the Valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;
  - c) the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;
  - d) the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;
  - e) the Valuer and any of its employees involved in valuing of the assets of the Trust, shall not:
    - invest in units of the Trust or in the assets being valued; and
    - sell the assets or units of the Trust held prior to being appointed as the Valuer,until the time such person is designated as Valuer of the Trust and not less than six months after ceasing to be Valuer of the Trust;

- f) the Valuer shall conduct valuation of the Trust assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;
- g) the Valuer shall act with independence, objectivity and impartiality in performing the valuation;
- h) the Valuer shall discharge its duties towards the Trust in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;
- i) the Valuer shall not accept remuneration, in any form, for performing a valuation of the Trust assets from any person other than the Trust or its authorized representative;
- j) the Valuer shall before accepting any assignment, from any related party of the Trust, disclose to the Trust, by disclosing to the Investment Manager or the Trustee, any direct or indirect consideration which the Valuer may have in respect of such assignment;
- k) the Valuer shall disclose to the Trust, through the Investment Manager, any pending business transactions, contracts under negotiation and other arrangements with the Investment Manager or any other party whom the Trust is contracting with and any other factors that may interfere with the Valuer's ability to give an independent and professional valuation of the assets, and other necessary disclosures required under the InvIT Regulations;
- l) the Valuer shall not make false, misleading or exaggerated claims in order to secure assignments;
- m) the Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;
- n) the Valuer shall not accept an assignment which interferes with its ability to do fair valuation; and
- o) the Valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation.

(viii). The Investment Manager in consultation with the Trustee shall have the right to take all necessary steps to remove the Valuer who ceases to comply with the eligibility criteria required under the InvIT Regulations and applicable law. If the removal of the Valuer and appointment of another valuer to the Trust is taken up at a meeting of the Unitholders at the request of the Unitholders, such removal of the Valuer shall be approved by the Unitholders in accordance with the InvIT Regulations.

D. Notwithstanding the above, this Policy will stand amended to the extent of any change in applicable law, including any amendment to the InvIT Regulations, without any action from the Investment Manager or approval of the Unitholders.

Adopted by the board of directors of POWERGRID Unchahar Transmission Limited on behalf of the Trust on January 21, 2021.

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