



**VIRESCENT**  
INFRASTRUCTURE

## **Virescent Infrastructure Investment Manager Private Limited Appointment of Auditor and Valuer Policy**

**(Approved and Adopted by the  
Board of Directors on February 17, 2021)**

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## APPOINTMENT OF AUDITOR AND VALUER POLICY

### 1. Preamble

- 1.1. This Policy on appointment of the Auditor and the Valuer for Terra InvIT aims at formulating a structure for ensuring compliance by the Terra InvIT, in appointment of its auditor and the auditing standards followed and the appointment of its valuer, with Applicable Law as applicable to an investment infrastructure trust, including the SEBI InvIT Regulations.
- 1.2. This Policy will be adopted by the board of directors of the Investment Manager (the “**Board**”) and shall be effective on and from the Terra InvIT Closing Date, provided that, the Investment Manager shall, at all times, comply with the requirements under Applicable Law.

### 2. Definitions

- 2.1. “**Applicable Law**” shall mean the Indian Trusts Act, 1882, the Companies Act, 2013 and the rules issued thereunder, the SEBI InvIT Regulations, and circulars issued by the SEBI from time to time.
- 2.2. “**Auditor**” shall mean any independent qualified firm of chartered accountants of good standing appointed by the Investment Manager, in consultation with the Trustee from time to time, to be the auditor of the Terra InvIT, in accordance with the SEBI InvIT Regulations.
- 2.3. “**Initial Offer**” shall mean the proposed initial offer of Units by the Terra InvIT.
- 2.4. “**Investment Manager**” shall mean Virescent Infrastructure Investment Manager Private Limited, in its capacity as the investment manager to the Terra InvIT.
- 2.5. “**Terra InvIT Closing Date**” shall mean the date on which units are allotted to the successful applicants pursuant to the Initial Offer.
- 2.6. “**Terra InvIT Documents**” shall mean the Trust Deed, the Investment Management Agreement, the Asset Acquisition Agreements, Project Management Agreements, any agreement between the Trustee and/or the Investment Manager and/or the Project Manager with respect to the Terra InvIT or to which the Investment Manager or the Trustee is a party in their capacity as the manager or trustee of the Terra InvIT or Units or any other obligations, securities or instruments as permitted under Applicable Law, executed for the purpose of the Terra InvIT, any Placement Memorandum or Offer Document, and such other documents in connection therewith, as originally executed and amended, modified, supplemented or restated from time to time.

- 2.7. **“Parties to the Terra InvIT”** shall mean the Sponsor, the Investment Manager, the Project Manager and the Trustee.
- 2.8. **“Policy”** shall mean this Appointment of Auditor and Valuer Policy, as amended from time to time.
- 2.9. **“Project SPVs”** shall have the meaning ascribed to such term in the SEBI InvIT Regulations or otherwise as permitted by SEBI.
- 2.10. **“SEBI”** shall mean the Securities and Exchange Board of India.
- 2.11. **“SEBI InvIT Regulations”** shall mean the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended and supplemented from time to time by the SEBI, including all guidelines, circulars, notifications and directions issued by SEBI under the SEBI InvIT Regulations from time to time.
- 2.12. **“Unit”** shall mean a unit issued by the Terra InvIT and representing proportionate beneficial interest in the Terra InvIT.
- 2.13. **“Unitholders”** shall mean any person who holds any Unit in the Terra InvIT.
- 2.14. **“Valuer”** shall have the meaning ascribed to such term in the SEBI InvIT Regulations.

### **3. Interpretation**

- 3.1. Capitalised terms used, but not defined herein, shall have the meaning ascribed to such term under the Trust Deed and other Terra InvIT Documents, as the case may be.
- 3.2. In case of any inconsistency between the terms of the Trust Deed and this Policy, the terms of the Trust Deed shall prevail.

### **4. Appointment of Auditor**

- 4.1. The Investment Manager, in consultation with the Trustee, shall appoint the Auditor in a timely manner and in accordance with the SEBI InvIT Regulations. Such appointment shall be carried out by the Board or the Audit Committee of the Investment Manager, with the approval of the Unitholders as required under the SEBI InvIT Regulations.
- 4.2. The Investment Manager shall appoint the Auditor for a period of not more than 5 (five) consecutive years, provided that the Auditor, not being an individual, may be reappointed for a period of another 5 (five) consecutive years, subject to approval of the Unitholders in the annual meeting in accordance with provisions of the SEBI InvIT Regulations.

## **5. Compliance Requirements and Audit Standards**

- 5.1. The Investment Manager shall ensure that the audit of accounts of the Terra InvIT by the Auditor is done not less once in a year and such report is submitted to the Unitholders and the Trustee, either electronically or through physical copies.
- 5.2. The Auditor shall comply with the following conditions at all times –
  - 5.2.1. The Auditor shall conduct audit of the accounts of the Terra InvIT and draft the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be specified by SEBI or any other regulatory authority as may be applicable;
  - 5.2.2. 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 Terra InvIT, including profit or loss and cash flow for the period and such other matters as may be specified;
  - 5.2.3. The Auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Terra InvIT;
  - 5.2.4. The Auditor shall have a right to require such information and explanation pertaining to activities of the Terra InvIT as it may consider necessary for the performance of its duties as an auditor from the employees of the Terra InvIT or the Parties to the Terra InvIT or the Project SPVs or any other person in possession of such information.

## **6. Appointment of Valuer and Compliance Requirements**

- 6.1. The Investment Manager, in consultation with Trustee, shall appoint the Valuer of the Terra InvIT, in a timely manner and shall determine the remuneration of such valuer, in accordance with the SEBI InvIT Regulations.
- 6.2. The remuneration of the Valuer shall not be linked to or based on the value of the assets being valued.
- 6.3. The Valuer shall not be an associate of the Sponsor or the Investment Manager or Trustee.
- 6.4. The Valuer shall have not less than 5 (five) years of experience in valuation of infrastructure assets and shall be eligible to act as a valuer in accordance with the SEBI InvIT Regulations or any clarifications, guidelines, notifications or exemptions issued by SEBI.
- 6.5. The Valuer shall not undertake valuation of the same project for more than 4 (four) years consecutively, provided that the Valuer may be reappointed after a period of not less than 2 (two) years from the date it ceases to be the valuer of the Terra InvIT.

- 6.6. The Valuer shall not undertake valuation of any assets in which it has either been involved with the acquisition or disposal within the last 12 (twelve) months other than such cases where the Valuer was engaged by the Terra InvIT for such acquisition or disposal.

## **7. Removal of the Auditor and the Valuer**

- 7.1. In case of removal of the Auditor and appointment of another Auditor to the Terra InvIT, approval from the Unitholders shall be required in accordance with the SEBI InvIT Regulations.
- 7.2. In case of removal of the Valuer and appointment of another Valuer to the Terra InvIT, approval from the Unitholders shall be required in accordance with the SEBI InvIT Regulations.

## **8. Conflict with Law**

- 8.1. This Policy shall not contradict with the provisions of any Applicable Law. In case of any discrepancy, the provisions of Applicable Law shall prevail over the provisions of this Policy.
- 8.2. Notwithstanding the above, this Policy will stand amended to the extent of any change in Applicable Law, including any amendment to the SEBI InvIT Regulations, without any action from the Investment Manager or approval of the Unitholders of the Terra InvIT.

Adopted by the board of directors of Virescent Infrastructure Investment Manager Private Limited on behalf of Virescent Renewable Energy Trust on February 17, 2021.