



**HIGHWAY CONCESSIONS ONE PRIVATE LIMITED**

**Appointment of Auditor and Valuer Policy  
(For The operation of Highways Infrastructure Trust)**

**(Approved by the Board of Directors vide its resolution dated on November, 15, 2022)**

**(HC1\_Version 01\_2022)**

This document supersedes all the previous versions of Policy/ communication on this subject.

**The policy shall be effective from the date of approval of the Securities and Exchange Board of India for appointment of Highway Concessions One Pvt. Ltd. as Investment Manager of Highways Infrastructure Trust which is registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (“SEBI InvIT Regulations”) on December 23, 2021 having registration number IN/InvIT/21-22/0019).**

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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 Highways Trust aims at formulating a structure for ensuring compliance by the Highways Trust, 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 Highways Trust 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 Highways Trust, in accordance with the SEBI InvIT Regulations.
- 2.3. “**Initial Offer**” shall mean the proposed initial offer of Units by the Highways Trust.
- 2.4. “**Investment Manager**” shall mean Highway Concessions One Private Limited, in its capacity as the investment manager to the Highways Trust.
- 2.5. “**Highways Trust Closing Date**” shall mean the date on which units are allotted to the successful applicants pursuant to the Initial Offer.
- 2.6. “**Highways Trust 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 Highways Trust or to which the Investment Manager or the Trustee is a party in their capacity as the manager or trustee of the Highways Trust or Units or any other obligations, securities or instruments as permitted under Applicable Law, executed for the purpose of the Highways Trust, 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 InvIT Highways Trust**” 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 special purpose vehicles 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 Highways Trust and representing proportionate beneficial interest in the Highways Trust.
- 2.13. “Unitholders” shall mean any person who holds any Unit in the Highways Trust.
- 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 Highways Trust 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. 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.
- 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. Such report is submitted to the stock exchanges within the timelines prescribed under the InvIT Regulations.

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

- 5.1. The Investment Manager shall ensure that the audit of accounts of the Highways Trust 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 Highways Trust 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 Highways Trust , 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 Highways Trust ;
- 5.2.4. the Auditor shall have a right to require such information and explanation pertaining to activities of the Highways Trust as it may consider necessary for the performance of its duties as an auditor from the employees of the Highways Trust or the Parties to the Highways Trust 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 Highways Trust, 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 Highways Trust.
- 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 Highways Trust for such acquisition or disposal.
- 6.7. 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.

6.8. 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.

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

7.1. In case of removal of the Auditor and appointment of another Auditor to the Highways Trust, 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 Highways Trust, 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 Highways Trust.