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**DISTRIBUTION POLICY**

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**a) Preamble**

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**”), prescribes certain conditions in relation to distribution to be made to the unitholders of an infrastructure investment trust (“**Unitholders**”). This distribution policy in relation to distributions to be made by the TVS Infrastructure Trust (the “**Trust**” and such policy, the “**Policy**”), aims to outline the process and procedure for distribution in relation to TVS Infrastructure Trust. Accordingly, TVS Infrastructure Investment Manager Private Limited (the “**Investment Manager**”), the investment manager to the Trust appointed pursuant to the investment management agreement dated March 28, 2024 (the “**Investment Management Agreement**”), has formulated this Policy.

**b) Interpretation**

(i). Capitalised terms used, but not defined herein, shall have the meaning ascribed to such term under the trust deed dated March 26, 2024 between the Sponsor and the Trustee (“**Trust Deed**”) and other InvIT Documents (as defined in the Trust Deed), as the case may be.

(ii). In case of any inconsistency between the terms of the Trust Deed and this Policy, the terms of the Trust Deed shall prevail.

c) The net distributable cash flows of the Trust (the “**Distributable Income**” or “**NDCF**”) shall be based on the cash flows generated by it and from the underlying operations undertaken by the special purpose vehicles (together, the “**SPVs**”) and any holding companies (such holding companies together, the “**Holding Companies**” and together with the SPVs, the “**Portfolio Assets**”) held by the Trust.

d) Cash flows receivable by the Trust may include dividends, proceeds from buy-back or capital reduction from any Portfolio Asset; and/or interest income or principal repayment or prepayment received from the SPVs in relation to any debt provided by the Trust to the SPVs, or a combination of both.

e) Distributions may be made from the monies received by the Trust, in accordance with the provisions of the InvIT Regulations and applicable law.

f) In terms of the InvIT Regulations, the SPVs shall distribute not less than 90% of its net distributable cash flows to its respective holding company (“**Holdco**”) or the Trust, as applicable, in the proportion of its holding in the SPV, subject to applicable provisions of the Companies Act, 2013, as amended or Limited Liability Partnership Act, 2008, as amended, as applicable.

g) With regard to distribution of net distributable cash flows by the Holdco to the Trust, (a) with respect to the cash flows received by the holdco from underlying SPVs, 100% of cash flows received by the Holdco from underlying SPVs shall be distributed to the Trust, and (b) with respect to the cash flows generated by a Holdco on its own, not less than 90% of such net distributable cash flows shall be distributed by the Holdco to the Trust.

h) In the event any infrastructure assets is sold by the Trust or any Portfolio Assets or if the equity shares or interest in any Portfolio Assets is sold by the Trust, then in accordance with the InvIT Regulations:

- if the Trust proposes to re-invest the sales proceeds into any other infrastructure asset, it shall not be required to distribute any sales proceeds to the Trust or the Unitholders; and
- if the Trust proposes not to invest the sales proceeds into any other infrastructure asset within a period of one year, it shall be required to distribute the same in accordance with the InvIT Regulations.

i) The Trust shall distribute at least 90% of the Distributable Income to the Unitholders. Such distribution shall be declared and made such that the time period between any two declarations of distribution shall not exceed one year and shall not exceed six months in the event the Trust gets converted to a public listed infrastructure investment trust. In accordance with the InvIT Regulations and applicable law, distributions by the Trust shall be made within

the prescribed timeline from the date of such declarations. The distribution, when made, shall be made in Indian Rupees.

- j) All distributions to the Unitholders shall be made in compliance with the InvIT Regulations, Income-tax Act, 1961 and other applicable law.
- k) The Distributable Income and the net distributable cash flows of any SPV shall be calculated in accordance with the InvIT Regulations. The indicative method of calculating net distributable cash flows for the SPV and the Trust is provided below:

**I. Calculation of net distributable cash flows at the HoldCo/SPV level:**

Description
<b>Cash flow from operating activities as per Cash Flow Statement of HoldCo/ SPV</b>
Add: Cash Flows received from SPV's which represent distributions of NDCF computed as per relevant framework (refer note 1 and 9 below) (relevant in case of Hold Cos)
Add: Treasury income / income from investing activities (interest income received from FD, tax refund, any other income in the nature of interest, profit on sale of Mutual funds, investments, assets etc., dividend income etc., excluding any Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis)
Add: Proceeds from sale of infrastructure investments, infrastructure assets or shares of SPVs or Investment Entity adjusted for the following: <ul style="list-style-type: none"> <li>• Applicable capital gains and other taxes;</li> <li>• related debts settled or due to be settled from sale proceeds;</li> <li>• directly attributable transaction costs;</li> <li>• proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations or any other relevant provisions of the InvIT Regulations.</li> </ul>
Add: Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of SPVs or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations, if such proceeds are not intended to be invested subsequently.
Less: Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss Account and any shareholder debt / loan from Trust
Less: Debt repayment (to include principal repayments as per scheduled EMI's except if refinanced through new debt including overdraft facilities and to exclude any debt repayments / debt refinanced through new debt, in any form or equity raise as well as repayment of any shareholder debt / loan from Trust)
Less: any reserve required to be created under the terms of, or pursuant to the obligations arising in accordance with, any: (i). loan agreement entered with banks / financial institution from whom the Trust or any of its SPVs/ HoldCos have availed debt, or (ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the Trust or any of its SPVs/ HoldCos, or (iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the Trust or any of its SPVs/ HoldCos, (iv). agreement pursuant to which the SPV/ HoldCo operates or owns the infrastructure asset, or generates revenue or cashflows from such asset (such as, concession agreement, transmission services agreement, power purchase agreement, lease agreement, and any other agreement of a like nature, by whatever name called); or (v). statutory, judicial, regulatory, or governmental stipulations; or – (refer note 2)
Less: any capital expenditure on existing assets owned / leased by the SPV or Holdco, to the extent not funded by debt / equity or from reserves created in the earlier years (refer note 10)

**II. Calculation of net distributable cash flows at the consolidated InvIT level:**

Description
<b>Cashflows from operating activities of the Trust</b>
Add: Cash flows received from SPV's / Investment entities which represent distributions of NDCF computed as per relevant framework (refer note 1 and 9 below)

Add: Treasury income / income from investing activities of the Trust (interest income received from FD, any investment entities as defined in Regulation 18(5), tax refund, any other income in the nature of interest, profit on sale of Mutual funds, investments, assets etc., dividend income etc., excluding any Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis)
Add: Proceeds from sale of infrastructure investments, infrastructure assets or shares of SPVs/Holdcos or Investment Entity adjusted for the following: <ul style="list-style-type: none"> <li>• applicable capital gains and other taxes;</li> <li>• related debts settled or due to be settled from sale proceeds;</li> <li>• directly attributable transaction costs;</li> <li>• proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations or any other relevant provisions of the InvIT Regulations</li> </ul>
Add: Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of SPVs/ Hold cos or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations, if such proceeds are not intended to be invested subsequently.
Less: Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss account of the Trust
Less: Debt repayment at Trust level (to include principal repayments as per scheduled EMI's except if refinanced through new debt including overdraft facilities and to exclude any debt repayments / debt refinanced through new debt in any form or funds raised through issuance of units)
Less: any reserve required to be created under the terms of, or pursuant to the obligations arising in accordance with, any: (i). loan agreement entered with financial institution, or (ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the Trust or any of its SPVs/ HoldCos, or (iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the Trust or any of its SPVs/ HoldCos, or (iv). agreement pursuant to which the Trust operates or owns the infrastructure asset, or generates revenue or cashflows from such asset (such as, concession agreement, transmission services agreement, power purchase agreement, lease agreement, and any other agreement of a like nature, by whatever name called); or (v). statutory, judicial, regulatory, or governmental stipulations; - (refer note 2)
Less: any capital expenditure on existing assets owned / leased by the InvIT, to the extent not funded by debt / equity or from contractual reserves created in the earlier years (refer note 10)

**Notes/ Other Rules:**

1. NDCF computed at SPV level for a particular period to be added under this line item, even if the actual cashflows from SPV to InvIT has taken place post that particular period, but before finalization and adoption of accounts of the InvIT.
2. The specified agreements could be for either PPP or non-PPP projects. The Trust retains the option to distribute any surplus amounts, unless such surplus is required to create reserves for any subsequent period.
3. The option to retain 10% distribution under Regulation 18(6) needs to be computed by taking together the retention done at SPV level and Trust level. Refer Illustration below:

**Illustration:**

Particulars	SPV A	SPV B	Total at SPV level
NDCF as computed	100	150	250
Amount retained by SPV	5	10	15
<b>Net amount distributed to Trust</b>	<b>95</b>	<b>140</b>	<b>235</b>

InvIT	Scenario 1	Scenario 2
Received from SPV	235	235
Add:- other items at Trust level for computation of NDCF	65	(35)
<b>Total NDCF</b>	<b>300</b>	<b>200</b>
<b>Combined NDCF for computing Max retention</b>		

NDCF of Trust (A)	300	200
NDCF of SPV's (B)	250	250
Less: - Amount distributed by SPV's (C)	(235)	(235)
<b>D = A + B - C</b>	<b>315</b>	<b>215</b>
<b>Max retention amount – 10% of D</b>	<b>31.5</b>	<b>21.5</b>
Amount already retained by SPV	15	15
Max amount that can be retained by Trust	16.5	6.5

4. Further, Trust along with its SPVs needs to ensure that minimum 90% distribution of NDCF be met for a given financial year on a cumulative periodic basis as specified for mandatory distributions in the InvIT regulations (subject to provisions of Note 1 above).
  5. Surplus cash available in SPVs due to:
    - a. 10% of NDCF withheld in line with the Regulations in any earlier year or half year or
    - b. Such surplus being available in a new SPV on acquisition of such SPV by InvIT
    - c. Any other reason, excluding if such surplus cash is available due to any debt raise could be considered for distribution by the SPV to the InvIT, or by the Trust to its Unitholders in part or in full, but needs to be disclosed separately in the NDCF computation and Distribution.
  6. Similarly, any restricted cash (disclosed as such) should not be considered for NDCF computation by the SPV or InvIT (e.g. unspent CSR balance for any year deposited in a separate account as per Companies Act which will be utilized in subsequent years, DSRA reserve, major maintenance reserve etc).
  7. Further, it is expressly provided that no Trust or SPVs can distribute any cashflows by obtaining external debt, except to the extent clarified in note 2 above (this will exclude any working capital / OD facilities obtained by Trust/ SPVs as part of Treasury management / working capital purposes as long as they are squared off within the quarter).
  8. Further, it is also clarified that Proceeds from sale of infrastructure investments, infrastructure assets or shares of SPVs or Investment Entity adjusted for transaction costs or repayment of debt taken for such assets or other items as mentioned above which is intended to be reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations, could be temporarily parked in Overdraft accounts or used to repay any additional/ unrelated debt. Further if such proceeds are not intended to be reinvested as per the timeline provided in the Regulations and such net proceeds are to be distributed back to Unitholders, then redrawing such temporarily parked funds to distribute such net proceeds will not be considered as a contravention of note 7 above.
  9. Cash flows received from SPV's / Investment entities which represent distributions of NDCF computed as per relevant framework at the Trust level for further distribution to Unitholders shall exclude any such cash flows used by the Trust for onward lending to any other SPVs / Investment entities to meet operational / interest expenses or debt servicing of such other SPVs / Investment entities.
  10. Capital expenditure include amounts incurred and paid towards asset enhancement and are capitalized to asset value in the financial statements including lease payments. It is further clarified that Existing Assets as referred to in this line item includes any new structure / building / other infrastructure constructed on an existing infrastructure asset which is already a part of the InvIT.
- I) In terms of the InvIT Regulations and as per applicable law, if the distribution is not made within the prescribed timeline of declaration under applicable law, the Investment Manager shall be liable to pay interest to the Unitholders at the rate as may be specified under InvIT Regulations or applicable law, until the distribution is made. Such interest shall not be recovered in the form of fees or any other form payable to the Investment Manager by the Trust.

**m)** In accordance with the InvIT Regulations, in the event any amount remains unclaimed or unpaid out of the distributions declared by the Trust, such amount shall be transferred to the “Investor Protection and Education Fund” constituted by SEBI in terms of Section II of the Securities and Exchange Board of India Act, 1992 in a manner as may be specified by SEBI.

**n) Conflict with Applicable Law**

The 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.

**o) Communication of this Policy**

This Policy shall be posted on the website of the Trust i.e. [www.tvsinfratrust.com](http://www.tvsinfratrust.com)

**p) Review of this Policy**

This Policy shall be reviewed at least once in every two years.

**q) Amendment**

- (i). Any amendment or variation to this Policy shall be undertaken in compliance with the InvIT Regulations and other applicable law.
- (ii). 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 of the Trust.

Adopted by the Board of Directors, as the case may be, of TVS Infrastructure Investment Manager Private Limited on behalf of the Trust on January 27, 2025.

Certified True Copy

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Authorised Signatory

Name: **Yogesh Bhargav**

Designation: **Company Secretary**