DISTRIBUTION POLICY OF INDUS INFRA TRUST

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**"), prescribe certain conditions in relation to distribution to be made to the Unitholders (*as defined below*) of an infrastructure investment trust. This distribution policy aims to outline the process and procedure for distribution in relation to the Indus Infra Trust (the "**InvIT**") and such policy, the "**Policy**"). Accordingly, GR Highways Investment Manager Private Limited (the "**Investment Manager**"), the investment manager to the InvIT appointed pursuant to the investment management agreement dated July 21, 2022, entered into between IDBI Trusteeship Services Limited and the Investment Manager (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 amended and restated trust deed dated October 31, 2023, between GR Infraprojects Limited (acting as the settlor), Aadharshila Infratech Private Limited (the "**Sponsor**") and IDBI Trusteeship Services Limited (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. Policy

(i) The net distributable cash flows of the InvIT shall be calculated in accordance with paragraph C(xi) of this Policy (the "**Distributable Income**"), based on the cash flows generated from the underlying operations undertaken by the project SPVs, as defined under the InvIT Regulations or otherwise as permitted by SEBI, held by the InvIT ("**Project SPVs**") or any holding companies.

(ii) Distributions may be made from the monies received by the InvIT, in accordance with the provisions of the InvIT documents and applicable law.

(iii) The distribution shall be made in Indian Rupees and each Unitholder will receive its distribution in Indian Rupees.

(iv) Distribution shall be made *pro rata* to the Unitholding of each Unitholder and in accordance with the provisions of the InvIT Documents and Applicable Law.

(v) Distributions may be made by way of dividend, interest, repayment of principal, return of capital, redemption of the fully paid-up Units (subject to applicable lock-in requirements in accordance with the InvIT Regulations) and/or otherwise and in accordance with the provisions of the InvIT Documents and Applicable Law.

(vi) In accordance with the InvIT Regulations, the Project SPVs shall distribute not less than 90% of the net distributable cash flows to the InvIT or a holding company, as applicable, proportionate to its holding in the Project SPVs, subject to applicable provisions of the Companies Act, 2013, as amended.

(vii) In the event any infrastructure assets are sold by the InvIT or Holdco or any Project SPV or if the equity shares or interest in any Project SPV or Holdco are sold by the InvIT, then in accordance with the InvIT Regulations:

a) if the InvIT proposes to re-invest the sales proceeds into any other infrastructure asset, it shall not be required to distribute any sales proceeds to the Unitholders or the InvIT; and

b) if the InvIT 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.

(viii) The InvIT shall distribute at least 90% of the Net Distributable Cash Flows to its unitholders ("**Unitholders**"). Such distribution shall be declared and made not less than once every quarter in every financial year. In accordance with the InvIT Regulations, distributions by the InvIT shall be made no later than 5 working days from the record date The record date for the payment of distribution shall be two working days from the date of the declaration of distribution, excluding the date of declaration and the record date.

(ix) In accordance with the InvIT Regulations, any amount remaining unclaimed or unpaid out of the distributions declared by the InvIT in terms of paragraph C (viii) of this Policy shall be transferred to the 'Investor Protection and Education Fund' constituted by the SEBI in terms of Section 11 of the Securities and Exchange Board of India Act, 1992, as amended, in such manner as may be specified by the SEBI. Further, the amount transferred to the 'Investor Protection and Education Fund' shall not bear any interest, and the unclaimed or unpaid amount of a person that has been transferred to the 'Investor Protection and Education Fund' may be claimed in such manner as may be specified by SEBI.

(x) All distributions to the Unitholders shall be made in compliance with the InvIT Regulations, Income-tax Act, 1961 ("**IT Act**") and other applicable laws. For the purposes of the IT Act, any income distributed by the InvIT to the Unitholders shall be deemed to be of the same nature and in the same proportion in the hands of the Unitholder as it had been received by, or accrued to, the InvIT. Accordingly, the InvIT may follow either the receipt approach or the accrual approach subject to the provisions of the IT Act and applicable accounting standards, however, the same shall be followed since the beginning and on a consistent basis.

(xi)

(xii) The net distributable cash flows of the InvIT and the SPV shall be calculated in accordance with the InvIT Regulations, any circular, notification or guidance issued thereunder and the InvIT Documents. Presently, the InvIT and the SPV propose to calculate the net distributable cash flows in the manner provided in **Annexure A**, as prescribed under Para F of Chapter 3 of SEBI Master Circular No. SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/63 dated 11th July 2025, as amended.

(xiii) In terms of the InvIT Regulations, if the distribution is not made within the timeline specified in clause (viii) above , then the Investment Manager shall be liable to pay interest to the Unitholders at the rate of 15% per annum or such other rate as may be specified under 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 InvIT.

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 InvIT.

Approved by the board of directors of GR Highways Investment Manager Private Limited on behalf of the InvIT.

Certified True Copy

For and on behalf of Indus Infra Trust
Through its Investment Manager, GR Highways Investment Manager Private limited

Sd/-
Mohnish Dutta
Company Secretary & Compliance Officer

Annexure A

Computation of net distributable cash flows ("NDCF") at Holdco / Project SPV level:

Particulars
Cash flow from operating activities as per cash flow statement of HoldCo / Project SPV
(+) Cash flows received from Project SPV's which represent distributions of NDCF computed as per relevant framework (*refer to note 1 and 8 below*) *(relevant in case of HoldCos)*
(+) 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 IndAS adjustments. Further, it is clarified that these amounts will be considered on a cash receipt basis)**
(+) Proceeds from sale of infrastructure investments, infrastructure assets or shares of Project SPVs or investment entity adjusted for the following: • Applicable capital gains and other taxes; • Related debts settled or due to be settled from sale proceeds; • Directly attributable transaction costs; • Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations.
(+) 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 reinvest 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
(+)Payments made towards major maintenance expense for road projects to the extent funded by external borrowing subject to Note 12 below
(-) Finance cost on borrowings as per profit and loss account, excluding finance cost on any shareholder debt / loan from trust and amortisation of any transaction costs, provided that such transaction costs have already been deducted while computing NDCF of previous period when such transaction costs were paid
(-) 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 InvIT)
(-) 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 InvIT or any of its Project SPVs have availed debt, or (ii) terms and conditions, covenants or any other stipulations applicable to debt securities issued by the InvIT or any of its Project SPVs / HoldCos; or (iii) terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the InvIT or any of its Project SPVs / HoldCos; (iv) agreement pursuant to which the Project SPV / HoldCos 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 to note 2 below*)
(-) any capital expenditure on existing assets owned / leased by the Project SPVs / HoldCos to the extent not funded by debt / equity or from reserves created in the earlier years (*refer to note 9 below*)
NDCF for HoldCos / Project SPVs:

Computation of net distributable cash flow ("NDCF") at InvIT level:

Particulars
Cashflows from operating activities of the InvIT
(+) Cash flows received from Project SPV's / investment entities which represent distributions of NDCF computed as per relevant framework **(***refer to note 1 and 8 below***)**
(+) Treasury income / income from investing activities of the InvIT ***(interest income received from FD, any investment entities as defined in Regulation 18(5) of InvIT Regulations, 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, it is clarified that these amounts will be considered on a cash receipt basis)***

(+) Proceeds from sale of infrastructure investments, infrastructure assets or shares of Project SPVs / HoldCos or investment entity adjusted for the following • Applicable capital gains and other taxes • Related debts settled or due to be settled from sale proceeds • Directly attributable transaction costs • Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations
(+) Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of Project 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
(+)Payments made towards major maintenance expense for road projects to the extent funded by external borrowing subject to Note 12 below
(-) Finance cost on borrowings as per profit and loss account. However, amortization of any transaction costs can be excluded provided such transaction costs have already been deducted while computing NDCF of previous period when such transaction costs were paid
(-) Debt repayment at InvIT 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)
(-) 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 InvIT or any of its Project SPVs / HoldCos; or (iii) terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the InvIT or any of its Project SPVs / HoldCos; or (iv) agreement pursuant to which the InvIT 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 to note 2 below*)
(-) 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 to note 9 below*)
NDCF at InvIT level:

Notes:

1. NDCF computed at Project SPV level for a particular period to be added under this line item, even if the actual cashflows from Project SPV to InvIT has taken place post that particular period, but before finalization and adoption of accounts of the InvIT.

2. The InvIT retains the option to distribute any surplus amounts, unless such surplus is required to create reserves for any subsequent period. However, any reserve created out of debt funds at the time of availing debt as per the terms of the financing documents shall not be reduced.

3. The option to retain 10% distribution under Regulation 18(6) of the InvIT Regulations needs to be computed by taking together the retention done at the HoldCo / Project SPV level and the InvIT level. Refer to illustration below:

Illustration:

Particulars	SPV A	SPV B	Total at SPV level
NDCF as computed	100	150	250
Amount retained by Project SPV	5	10	15
Net amount distributed to InvIT	**95**	**140**	**235**

InvIT	Scenario 1	Scenario 2
Received from Project SPV	235	235
Add: other items at InvIT level for computation of NDCF	65	(35)

Total NDCF	**300**	**200**
Combined NDCF for computing max retention		
NDCF of InvIT (A)	300	200
NDCF of Project SPV's (B)	250	250
Less: - Amount distributed by Project SPV's (C)	(235)	(235)
D = A + B -C	**315**	**215**
Max retention amount – 10% of D	**31.5**	**21.5**
Amount already retained by Project SPV	15	15
Max amount that can be retained by InvIT	16.5	6.5

4. Surplus cash available in InvIT / HoldCos / Project SPVs due to:

   (i) 10% of NDCF withheld in line with the InvIT Regulations in any earlier year or half year or quarter; or

   (ii) Such surplus being available in a new HoldCo / Project SPV on acquisition of such HoldCo / Project SPV by InvIT

   (iii) Any other reason, excluding if such surplus cash is available due to any debt raise. However, surplus cash available on account of payments made for Major Maintenance expenditure for road projects to the extent funded by external debt may be distributed subject to conditions specified in Note 13 and adequate disclosures in this regard.

   could be considered for distribution by the HoldCo / Project SPV to the InvIT / HoldCo, or by the InvIT to its Unitholders in part or in full, but needs to be disclosed separately in the NDCF computation for the respective period.

   Provided that with regard to point no. 4(ii) above, if an acquisition of such SPV was funded by external debt, then surplus cash available with such SPV should first be used to repay such external debt. After such debt repayment, remaining surplus, if any, can be used for distribution.

5. Similarly, any restricted cash (disclosed as such) should not be considered for NDCF computation by the Project SPV or InvIT (e.g. unspent CSR balance for any year deposited in a separate account as per Companies Act, 2013 which will be utilized in subsequent years, DSRA reserve, major maintenance reserve etc.).

6. Further, it is expressly provided that InvIT or Project SPV shall not distribute any cashflows by obtaining external debt, except to the extent clarified in note 2, note 7 and note 12 (this will exclude any working capital / OD facilities obtained by InvIT/ Project SPVs as part of treasury management / working capital purposes as long as they are squared off within the quarter).

7. Further, it is also clarified that proceeds from sale of infrastructure investments, infrastructure assets or shares of Project 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 InvIT 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 6 above.

8. Cash flows received from HoldCos / Project SPVs / investment entities which represent distributions of NDCF computed as per relevant framework at the InvIT and / or HoldCo level for further distribution to Unitholders shall exclude any such cash flows used by the InvIT and / or HoldCo for onward lending to any other Project SPVs / investment entities / HoldCo to meet operational / interest expenses or debt servicing of such other Project SPVs / investment entities / HoldCo.

9. 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.

10. Debt repayment at Trust level will not be reduced from NDCF to the extent such debt is refinanced at the HoldCo/SPV level and such proceeds from refinancing have been transferred by the HoldCo/SPV to the Trust for such debt repayment. Similarly, debt repayment at HoldCo/SPV level will not be reduced from NDCF to the extent such debt is refinanced at the Trust level and such proceeds from refinancing have been transferred by the Trust to the HoldCo/SPV for such debt repayment.

11. Investment Manager of the InvIT is required to ensure the following while making distributions:

    (i) The period of making distribution should be followed consistently whether on a half-yearly/quarterly/monthly basis and the same should be part of distribution policy of the InvIT which should be disclosed in the offer document, annual report and the website of InvIT.

    (ii) The distribution policy should prescribe the frequency of the distribution. Further, for each distribution, it should be ensured that cash flows from all assets, whether held by InvIT or any of the underlying SPVs or HoldCos, are being distributed together.

    (iii) The first distribution (whether monthly/quarterly/half-yearly, etc.) out of the NDCF computed for a financial year (or period thereof) should be minimum 90% / 100% as mandated in the InvIT Regulations. Thereafter, minimum distribution requirement should be met on a cumulative basis for the subsequent distributions out of the NDCF for such financial year.

    (iv) In case of any change in distribution policy other than regulatory changes, unitholder approval shall be required where votes cast in favour of the resolution are more than fifty percent of the total vote cast.

12. Any payments made towards major maintenance expense for road projects to the extent funded by external debt shall be added back subject to the following conditions:

    (i) Road Project shall mean a project in the 'Roads and bridges' infrastructure sub-sector as mentioned in the notification of the Ministry of Finance dated September 19, 2025 and shall include any amendments or additions made thereto.

    (ii) Major maintenance expense shall mean expenditure incurred on maintenance of road project which is not routine maintenance and is in accordance with the obligations and requirements specified in the concession agreement.

    (iii) Unitholder approval pursuant to Regulation 22(5) of the InvIT Regulations (i.e. approval from unitholders shall be required where votes cast in favor of the resolution shall be at least sixty per cent of total votes cast for the resolution) shall be undertaken before adding back payments made for Major maintenance expense for road projects to the extent funded by external borrowing. Such approval shall be undertaken for each Project (whether held at InvIT level or at SPV/HoldCo level) with respect to which the investment manager proposes to raise borrowing for major maintenance payments.

    (iv) Explanatory Statement to the notice for convening such unitholder meeting, inter-alia, shall also disclose the following:

        a. Names and details of the projects/SPVs/ Holdcos for which the debt for Major Maintenance expense is proposed to be raised or is already raised. The Major Maintenance borrowing may be raised at Trust level or SPV/ HoldCo level

        b. Category of all expenses which will be considered as Major Maintenance expenses

        c. Indicative Year wise and Project wise estimates of the Major Maintenance expenses for which borrowing is proposed to be raised which may have to be incurred as per the latest available valuation report

        d. Possible Impact on future growth potential of InvIT due to use of borrowing for Major Maintenance expenses. The following disclaimer may be considered by the InvITs in

this regard:

" Major Maintenance Debt is similar to loan taken for capital expenditure, however Major Maintenance expense cannot be capitalized as per accounting principles. Major Maintenance debt shall form part of the aggregate borrowing of the InvIT and would result in reduction in the leverage head room available in future years to fund future growth. On the other hand, this will result in higher cash flow available for distribution or other uses since no cash is set aside for Major Maintenance."

e. Present impact and Future impact on distribution to unitholders (Wherever applicable, the following shall be disclosed:

Impact on cash flows leading up to the year of the Major Maintenance

- Considering that no Major Maintenance reserves are built up, unitholders may get higher distributions in the initial years (i.e. years leading up to the year of Major Maintenance expenses)

Impact on Cash flows post availment of Major Maintenance Loan

- The loan is expected to be repaid over period of ___ years and accordingly based on final repayment schedule agreed to with lenders the year-on-year distribution to unitholders could be subdued to this extent.)

f. What are the other Funding Alternatives in case debt is not available in future for funding Major Maintenance expenses

(Wherever applicable, it should also be disclosed that in cases if debt is not available in future for funding Major Maintenance expenses, then the operating cash flows may have to be used for meeting Major Maintenance expenses and the future distributions to the unitholders may get impacted to that extent)

(v) It is clarified that the aforesaid approval from unitholders may be taken on a one-time basis (i.e. for the debt already availed or proposed to be availed for the entire project life cycle) or for specific major maintenance expense. Further, any deviations requiring additional debt from the previously approved proposal would require approval from the unitholder, prior to availing the debt. Certificate of statutory auditor shall be obtained certifying that the major maintenance expenses incurred are in line with the obligations and the requirements for major maintenance stated under the concession agreements and payments made for such Major Maintenance expenses are funded by external borrowings. The payment of major maintenance expenses which are funded by external borrowings, as certified by the statutory auditor of the InvIT will be allowed to be added back for the purpose of NDCF calculation. Further, statutory auditor may rely on independent expert for certifying that the major maintenance expenses incurred are in line with the obligations and the requirements for major maintenance stated under the concession agreements.

(vi) Disclosure of the following shall be made as part of financial results and Annual, Half yearly, Quarterly Report of the InvIT as applicable:

a. Net Borrowing Ratio, provided under chapter 4 shall also segregate the amount and percentage of borrowing taken for major maintenance expenses

b. The notes to NDCF statement shall disclose the following for each project / SPV / Holco and the InvIT:

- Aggregate amount of borrowing raised in the concerned period for meeting Major Maintenance expenses

- Aggregate amount of outstanding debt for Major Maintenance expenses as on

the date

(vii) Disclosure of the following shall be made in Annual, Half yearly, Quarterly Report of the InvIT, as applicable:

a. Debt maturity profiles as required under InvIT Regulations shall specifically segregate and highlight borrowing taken for Major Maintenance expenses

13. The specified agreements could be for either PPP or non- PPP projects. The InvIT retains the option to distribute any surplus amounts, unless such surplus is required to create reserves for any subsequent period.