



ROADSTAR INFRA INVESTMENT TRUST

Policy on Distribution

POLICY ON DISTRIBUTION

- A. Preamble:** The Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, including the guidelines, circulars, notifications and clarifications notified thereunder (“**InvIT Regulations**”), prescribe certain conditions in relation to distributions required to be made by an infrastructure investment trust. Accordingly, the Roadstar Infra Investment Trust (“**Trust**”), acting through its investment manager, namely Roadstar Investment Managers Limited (“**Investment Manager**”), has adopted this policy (“**Policy**”), which aims to outline the process and procedure for such distributions.
- B.** The net distributable cash flows of the Trust (“**Distributable Income**”) are presently based on the cash flows generated from the underlying operations undertaken by the special purpose vehicles (“**SPVs**”) held by the Trust.
- C.** Cash flows receivable by the Trust may include, *inter alia*, 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 portfolio asset, or a combination of both.
- D.** In terms of the InvIT Regulations, with respect to the distributions made by the Trust and/or the SPVs (“**Distribution Requirements**”)
- (i) not less than 90% of the net distributable cash flows of the SPV shall be distributed to the Trust/holding company (as applicable) in proportion of its holding in the SPV, subject to the applicable provisions in the Companies Act, 2013, or the Limited Liability Partnership Act, 2008;
 - (ii) not less than 90% of the Distributable Income shall be distributed to Unitholders.
- However, if any infrastructure asset is sold by the Trust or holding company or an SPV, or if the equity shares or interest in the holding company/ SPV are sold by the Trust; (i) if the Trust proposes to re-invest the sale proceeds into another infrastructure asset, it shall not be required to distribute any sales proceeds to the unitholders; or (ii) if the Trust proposes not to invest the sale proceeds into any other infrastructure asset within a period of one year, it shall be required to distribute the same in accordance with the Distribution Requirements.
- E.** The Trust shall distribute at least 90% of the Distributable Income to the Unitholders. Such distribution shall be declared and made not less than once every financial year such that the time period between any two declarations of distribution shall not exceed one year.
- F.** With regard to distribution of net distributable cash flows by the holding company to the Trust, 100% of cash flows received by the holding company from underlying SPVs shall be distributed to the Trust (net of any expenses and applicable Taxes including withholding Taxes) and with respect to the cash flows generated by a holding company on its own, not less than 90% of such net distributable cash flows shall be distributed by the holding company to the Trust.
- G.** The Distributable Income and the net distributable cash flows of each SPV shall be calculated in compliance with the InvIT Regulations. The indicative method of calculating the Distributable Income and the net distributable cash flows of each SPV is provided below:

I. Calculation of net distributable cash flows at each SPV Level

Particulars
Cash flow from operating activities as per Cash Flow Statement of HoldCo/ SPV
(+) 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 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 Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis)
(+) 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"> • 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
(-) Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss Account and any shareholder debt / loan from Trust
(-) 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)
(-) 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)
(-) 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)
NDCF for HoldCo/SPV's

II. Calculation of net distributable cash flows at the Trust level:

Particulars
Cashflows from operating activities of the Trust
(+) Cash flows received from SPV's / Investment entities which represent distributions of NDCF computed as per relevant framework (refer note 1 and 9 below)
(+) 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)
(+) 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"> • 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/ 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
(-) Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss account of the Trust
(-) 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)
(-) 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; or – (refer note 2)
(-) 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)
NDCF at Trust Level

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
Net amount distributed to Trust	95	140	235

InvIT	Scenario 1	Scenario 2
Received from SPV	235	235
Add:- other items at Trust level for computation of NDCF	65	(35)
Total NDCF	300	200
Combined NDCF for computing Max retention		
NDCF of Trust (A)	300	200
NDCF of SPV's (B)	250	250
Less: - Amount distributed by 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 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:
 - (i) 10% of NDCF withheld in line with the Regulations in any earlier year or half year or
 - (ii) Such surplus being available in a new SPV on acquisition of such SPV by InvIT
 - (iii) 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.

- H.** In accordance with the InvIT Regulations, distributions by the Trust shall be made no later than 15 days from the date of such declaration referred to in para E above. The Investment Manager shall be responsible for deducting all types of taxes on all payment made by Investment Manager and deposit with the relevant governmental agency. The distribution, when made, shall be made in Indian Rupees.
- I.** In accordance with the InvIT Regulations, any amount remaining unclaimed or unpaid out of the distributions declared by a InvIT, shall be transferred to the 'Investor Protection and Education Fund' ("Fund") constituted by the Securities and Exchange Board of India ("SEBI"), in such a manner as may be specified by SEBI. Provided that the amount transferred to the Fund shall not bear any interest and may be claimed by a person in such a manner as may be specified by SEBI.
- J.** The Distributable Income of Trust shall be calculated in compliance with the InvIT Regulations and any circular, notification or guidance issued thereunder, Income Tax Act, 1961 ("**IT Act**") and other applicable law. The actual amount payable to the unitholders will be subject to taxes and other statutory deductions (including deduction at source and taxability in the hands of the unitholders), if applicable.
- K.** For the purposes of the IT Act, any income distributed by the Trust 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 Trust. Accordingly, the Trust may follow either the receipt approach or the accrual approach subject to the provisions of the IT Act and applicable accounting standards.
- L.** In terms of the InvIT Regulations, if the distribution is not made within 15 days of declaration, 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 Trust.
- M.** Any amendment/variation of this Policy shall require the prior approval of the board of directors of the Investment Manager
- N.** 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 the requirement of any further action from the Investment Manager or the Unitholders of the Trust.

Date Adopted	January 25, 2024
Date Last Updated	-