

BORROWING POLICY OF NATIONAL HIGHWAYS INFRA TRUST

A. Preamble

The trust deed dated October 19, 2020 entered into between National Highways Infra Trust and IDBI Trusteeship Services Limited (the "Trustee") in relation to the National Highways Infra Trust (the "Trust") empowers the Trustee to, on behalf of the Trust, borrow monies for the Trust or any of its existing or future special purpose vehicles ("Project SPV(s)") subject to applicable law and restrictions under 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 ("InvIT Regulations"), and offer such security as it may deem fit, for the purpose of availing such borrowings. Further, pursuant to the Investment Management Agreement dated October 21, 2020, the Trustee has empowered National Highways Infra Investment Managers Private Limited (the "Investment Manager") to, amongst others, borrow monies for the Trust or any of its existing or future Project SPVs, subject to applicable law (including the requirement to procure approvals from the unitholders of the Trust (the "Unitholders") in accordance with the InvIT Regulations), including in order to meet any liabilities, for undertaking any investments/ acquisitions or meet any obligations of the Trust. Accordingly, the Investment Manager has formulated this Borrowing Policy ("Policy") to outline the process for borrowing monies in relation to the Trust.

B. The Investment Manager shall ensure that all funds borrowed in relation to the Trust are in compliance with the InvIT Regulations. The InvIT Regulations presently provide for the following:

"Borrowings and deferred payments"

20. (1) An InvIT, whose units are listed on a recognized stock exchange, may issue debt securities in the manner specified by the Board:

Provided that such debt securities shall be listed on recognized stock exchange(s).

(2) The aggregate consolidated borrowings and deferred payments of the InvIT, holdco and the Project SPV(s), net of cash and cash equivalents shall not exceed seventy per cent. of the value of the InvIT assets.

(3) If the aggregate consolidated borrowings and deferred payments of the InvIT, holdco and the Project SPV(s), net of cash and cash equivalents exceed twenty five per cent. of the value of the InvIT assets, for any further borrowing,-

a) upto forty nine percent, an InvIT shall -

(i) obtain credit rating from a credit rating agency registered with the Board; and

(ii) seek approval of unitholders in the manner as specified in Regulation 22.

b) above forty nine percent, an InvIT shall -

(i) obtain a credit rating of "AAA" or equivalent for its consolidated borrowing and the proposed borrowing, from a credit rating agency registered with the Board;

(ii) utilize the funds only for acquisition or development of infrastructure projects;

(iii) have a track record of atleast six distributions, in terms of sub-regulation (6) of regulation 18, on a continuous basis, post listing, in the years preceding the financial year in which the enhanced borrowings are proposed to be made;

(iv) obtain the approval of unitholders in the manner specified in sub-regulation (5A) of regulation 22.

(4) If the conditions specified in sub-regulations (1) and (2) are breached on account of market movements of the price of the underlying assets or securities, the investment manager shall inform the same to the trustee and ensure that the conditions are satisfied within six months of such breach."

C. The Trust may raise debt and avail borrowings and deferred payments from time to time, including through issuance of debt securities and availing loans from banks and financial institutions in accordance with applicable law (including the InvIT Regulations). The Trust may issue debt securities in the manner specified by the SEBI, and in accordance with applicable law. In the event the aggregate consolidated borrowings and

deferred payments (net of cash and cash equivalents) of the Trust, any holding company and the Project SPVs, exceed any thresholds prescribed under the InvIT Regulations in this regard, any further borrowings by the Trust shall be availed in accordance with the requirements prescribed under the InvIT Regulations, including any approval from Unitholders under Regulation 22 of the InvIT Regulations.

- D. The Investment Manager shall ensure that if the value of funds borrowed from related parties in a financial year, exceeds 5% of the total consolidated borrowings of the Trust, any holding company and the Project SPV, approval from the Unitholders shall be obtained prior to entering into any such subsequent transaction with any related party, in accordance with Regulation 22 of the InvIT Regulations.
- E. The Trust shall be permitted to borrow monies through any permitted means, by any instrument, in Indian or foreign currency, as permitted by applicable law, including as prescribed by the Reserve Bank of India. The Investment Manager and the Trustee (both on behalf of the Trust) shall be permitted to borrow monies in relation to the Trust, subject to the approval of its board of directors and such other committee of the board of directors of the Investment Manager as may be constituted in this regard.
- F. The Trust also has the power to create, mortgage or secure any of its assets or provide guarantees in order to borrow funds. However, the Investment Manager shall not be allowed to create any obligation which would allow the liabilities to extend beyond the assets held by the Trust and /or the Project SPVs.
- G. Except with prior approval of the Unitholders and obtaining any other approvals required under applicable law (including InvIT Regulations), any such obligation will not allow the Investment Manager to make the liabilities of the Trust or its Unitholders unlimited.
- H. In addition to the above, any borrowing by any holding company or the Project SPV, incorporated under the Companies Act, 1956 or the Companies Act, 2013, will be in accordance with the conditions prescribed therein.
- I. Any variation of this Policy shall be only with the approval of the Unitholders of the Trust and in accordance with the InvIT Regulations.
- J. In case of any discrepancy, the provisions of applicable law shall prevail over the provisions of this Policy. 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.
- K. **Disclosure and Reporting**
 - i. The Investment Manager shall disclose to the designated stock exchange(s) any additional borrowing, at level of Project SPV or the Trust, as per the requirements prescribed under the InvIT Regulations.
 - ii. Details of changes during the year pertaining to borrowings or repayment of borrowings (standalone and consolidated) shall be disclosed in the annual report of the Trust as per the requirements prescribed under the InvIT Regulations.
 - iii. Details of outstanding borrowings and deferred payments of InvIT including any credit rating(s), debt maturity profile, gearing ratios of the Trust on a consolidated and standalone basis shall be disclosed in the annual report of the Trust as per the requirements prescribed under the InvIT Regulations.

Adopted by the Board of Directors of National Highways Infra Investment Managers Private Limited on behalf of the Trust on February 3, 2021 and amended on September 27, 2021.

Certified True Copy



Authorised Signatory

Name: **MATHEW GEORGE**

Designation: **CFO, NHIIMPL**