

## **DISTRIBUTION POLICY FOR NXT-INFRA TRUST**

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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**”). The Distribution Policy (the “**Policy**”), aims to outline the process and procedure for distribution in relation to Nxt-Infra Trust (the “**Trust**”). Accordingly, Walter Infra Manager Private Limited (the “**Investment Manager**”), the investment manager to the Trust appointed pursuant to the Investment Management Agreement dated October 26, 2023 (the “**Investment Management Agreement**”), as amended from time to time, 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 October 26, 2023 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**”) shall be based on the cash flows generated 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. Distributions may be made from the monies received by the Trust, in accordance with the provisions of the InvIT Regulations and applicable law.

E. 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

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the Companies Act, 2013, as amended or Limited Liability Partnership Act, 2008, as amended, as applicable.

- F. With regard to distribution of net distributable cash flows by the Holdco, if any, to the Trust, 100% of cash flows received by the Holdco from underlying SPVs shall be distributed to the Trust and 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.
- G. In the event any infrastructure assets is sold by the Trust or any SPVs or if the equity shares or interest in any SPVs 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.
- H. The Trust shall distribute at least 90% of the Distributable Income to its **Unitholders**. Such distribution shall be declared and made such that the time period between any two declarations of distribution shall not exceed one year. In accordance with the InvIT Regulations and applicable law, distributions by the Trust shall be made no later than 15 days from the date of such declarations. The distribution, when made, shall be made in Indian Rupees.
- I. All distributions to the Unitholders shall be made in compliance with the InvIT Regulations, Income-tax Act, 1961 (“**IT Act**”) and other applicable laws.
- J. The Distributable Income and the net distributable cash flows of any SPVs shall be calculated in accordance with the InvIT Regulations and circulars issued thereunder, as amended from time to time. The indicative method of calculating net distributable cash flows for the SPVs and the Trust is provided below:

***I. Computation of net distributable cash flows at any HoldCo and/or SPV level: -***

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Particulars
<b>Cash flow from operating activities as per Cash Flow Statement of HoldCo/ SPV</b>
<b>Add: Cash Flows received from SPV's</b> which represent distributions of NDCF computed as per relevant framework <i>(relevant in case of HoldCos)</i>
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) of 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: <ol style="list-style-type: none"> <li>(i). loan agreement entered with banks / financial institution from whom the Trust or any of its SPVs/ HoldCos have availed debt, or;</li> <li>(ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the Trust or any of its SPVs/ HoldCos, or;</li> <li>(iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the Trust or any of its SPVs/ HoldCos;</li> <li>(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;</li> <li>(v). statutory, judicial, regulatory, or governmental stipulations; or</li> </ol>
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
<b>Net Distributable Cash Flow for HoldCo/SPV's</b>

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

<b>Particulars</b>
<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
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> </ul> Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations
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: <ol style="list-style-type: none"> <li>(i). loan agreement entered with financial institution, or</li> <li>(ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the Trust or any of its SPVs/ HoldCos, or</li> <li>(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</li> <li>(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</li> <li>(v). statutory, judicial, regulatory, or governmental stipulations; or</li> </ol>
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
<b>Net Distributable Cash Flow at Trust Level</b>

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*III. While computation of the NDCF, the Trust shall additionally comply with the notes and the rules as specified by the SEBI in accordance with the InvIT Regulations and circulars issued thereunder, as amended from time to time.*

- 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 standard, however the same shall be followed since the beginning and on a consistent basis.
- L. In terms of the InvIT Regulations and as per applicable law, if the distribution is not made within the prescribed timeline of declaration, 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. 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 of Walter Infra Manager Private Limited (Investment Manager) on behalf of Nxt-Infra Trust on December 27, 2023 and as amended on May 10, 2024

Certified True Copy

Authorised Signatory

Name: Rakshit Jain

Designation: Director & CEO

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