

**DISTRIBUTION POLICY OF DIGITAL FIBRE
INFRASTRUCTURE 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. The Distribution Policy (the “**Policy**”), aims to outline the process and procedure for distribution in relation to Digital Fibre Infrastructure Trust (the “**Trust**”). Accordingly, Infinite India Investment Management Limited (the “**Investment Manager**”), the investment manager to the Trust appointed pursuant to the investment management agreement dated January 31, 2019, as amended from time to time has formulated this Policy.

- B. The net distributable cash flows of the Trust (“**NDCF at Trust Level**”) are presently based on the underlying operations of Jio Digital Fibre Private Limited (“**JDFPL**” / “**SPV**”). The Trust currently holds 51.0% of the outstanding equity share capital of JDFPL.
- C. In terms of the InvIT Regulations, the SPV shall distribute not less than 90% of its net distributable cash flows (“**NDCF at SPV Level**”) to the Trust in the proportion of the Trust’s holding in the SPV, subject to applicable provisions of the Companies Act, 2013 or Limited Liability Partnership Act, 2008.
- D. The Trust shall make quarterly distributions to the unitholder and shall distribute at least 90% of the NDCF at Trust Level to the Unitholders in any given financial year. In accordance with the InvIT Regulations, 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.
- E. The NDCF at Trust Level and the NDCF at SPV Level shall be calculated in accordance with the InvIT Regulations and SEBI Circular No. SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/184 dated December 6, 2023, as under:

I. Calculation of NDCF at SPV Level:

<i>Particulars</i>
<i>Cash flow from operating activities as per cash flow statement of the SPV</i>
(+) 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 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 InvIT

(-) 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: <ul style="list-style-type: none"> (i) loan agreement entered with banks / financial institution from whom the InvIT or any of its 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 SPVs; or (iii) terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the InvIT or any of its SPVs; (iv) agreement pursuant to which the SPV 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 <i>(refer note 2)</i>
(-) any capital expenditure on existing assets owned / leased by the SPV to the extent not funded by debt / equity or from reserves created in the earlier years <i>(refer note 10)</i>
<i>NDCF at SPV Level:</i>

II. Calculation of NDCF at Trust Level:

<i>Particulars</i>
<i>Cashflows from operating activities of the Trust</i>
(+) Cash flows received from SPV's / investment entities which represent distributions of NDCF computed as per relevant framework <i>(refer note 1)</i>
(+) 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 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 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 InvIT
(-) 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 SPVs; or
- (iii) terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the InvIT or any of its SPVs; 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 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:

1. Cashflows from SPV for a particular period to be considered in determining NDCF at Trust Level, even if the actual cashflows from the SPV to Trust takes place post that particular period, but before finalization and adoption of accounts of the Trust. Where the operating cash flows of the Trust include the cash flows received from SPV representing the distributions from the NDCF at SPV Level, the same would not be considered as a separate line item while computing the NDCF at Trust Level. Suitable notes may be included clarifying the same.
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) of the InvIT Regulations needs to be computed by taking together the retention done at the SPV level and the Trust level.
4. Further, Trust along with its SPV 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 (for private listed InvITs the mandatory distributions is at least once a financial year) (subject to provisions of note 1 above).
5. Surplus cash available in SPV due to:
 - (i) 10% of NDCF withheld in line with the InvIT Regulations in any earlier year or half year; or
 - (ii) Such surplus being available in a new SPV on acquisition of such SPV by the Trust;
 - (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 Trust, 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 Trust (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.).
 7. Further, it is expressly provided that neither the Trust nor the SPV 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/ SPV 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 SPV 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 7 above.
 9. Cash flows received from SPVs / 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 Trust.
- F. 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.
- G. In accordance with the InvIT Regulations, any amount remaining unclaimed or unpaid out of the distributions declared by the Trust, 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.



Infinite India Investment Management Limited

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- H. 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 Infinite India Investment Management Limited on behalf of the Trust on April 1, 2024.
