

## DISTRIBUTION POLICY

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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 Citius TransNet Investment Trust (the “**Trust**” or “**Citius**” or “**InvIT**”). Accordingly, EAAA TransInfra Managers Limited (the “**Investment Manager**”), the investment manager to the Trust, has formulated this Policy.

- B.** The net distributable cash flows of the Trust (the “**Distributable Income**”) shall be based on the cash flows generated by it and from the underlying operations undertaken by the special purpose vehicles (together, the “**SPVs**”) and any holding companies (“**Holdco(s)**” and together with the SPVs, the “**Portfolio Assets**”) held by the Trust. Provided that the cash flows generated by all the assets of the Trust shall be considered.
- C.** Cash flows receivable by the Trust may include dividends, proceeds from buy-back or capital reduction from any Portfolio Asset; and/or interest income or principal repayment or proceeds of any financial investments made by the Trust directly in compliance with InvIT Regulations or prepayment received from the SPVs in relation to any debt provided by the Trust to the SPVs, or a combination of both.
- 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 (**NDCF**) to its respective Holdco or the Trust, as applicable, in the proportion of its holding in the SPV, subject to applicable provisions of 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 Holdco 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. Provided that if the NDCF generated by the HoldCo on its own is negative, the HoldCo may adjust it against the cash flows received from its underlying SPVs provided that it makes appropriate disclosures in this regard to the Unitholders in such form and manner as may be specified by the Securities and Exchange Board of India (“**SEBI**”).
- G.** In the event any infrastructure assets are sold by the Trust or any Portfolio Asset or if the equity shares or interest in any Portfolio Asset 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 the Unitholders. Such distribution shall be declared not less than once every six months in every financial year and shall be made within five (5) working days from the record date. The record date shall be two (2) working days from the date of declaration of such distribution, excluding the date of declaration and the record date. 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, as amended, and other applicable law.

- J.** The Distributable Income and the net distributable cash flows of any SPV shall be calculated in accordance with the InvIT Regulations and the Master Circular on Infrastructure Investment Trusts dated July 11, 2025, as amended (“**InvIT Master Circular**”). The indicative method of calculating net distributable cash flows for the Project SPV and the Trust is provided below:

**I. Calculation of net distributable cash flows at the HoldCo/SPV level:**

| Description  |
|--|
| <b>Cash flow from operating activities as per Cash Flow Statement of HoldCo/ SPV</b>   |
| <b>Add:</b> 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 Hold Cos)  |
| <b>Add:</b> 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)   |
| <b>Add:</b> 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 the InvIT Regulations or any other relevant provisions of the InvIT Regulations.</li> </ul>  |
| <b>Add:</b> 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.   |
| <b>Less:</b> Finance cost on Borrowings as per Profit and Loss Account excluding finance cost on any shareholder debt/loan from trust. The 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  |
| <b>Less:</b> 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)  |
| <b>Less:</b> 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) |
| <b>Less:</b> 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)   |

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

| Description  |
|--|
| <b>Cashflows from operating activities of the Trust</b>  |
| <b>Add:</b> Cash flows received from SPV’s / investment entities which represent distributions of NDCF computed as per relevant framework (refer note 1 and 9 below)   |
| <b>Add:</b> 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, |

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| 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)   |
| <b>Add:</b> 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> <li>• proceeds reinvested or planned to be reinvested as per Regulation 18(7) of the InvIT Regulations or any other relevant provisions of the InvIT Regulations</li> </ul>   |
| <b>Add:</b> 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.   |
| <b>Less:</b> 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  |
| <b>Less:</b> 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)   |
| <b>Less:</b> 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; - (refer note 2) |
| <b>Less:</b> 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)   |

#### 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 Trust has taken place post that particular period, but before finalization and adoption of accounts of the Trust.
2. The Trust 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) 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                 |
| <b>Net amount distributed to Trust</b> | <b>95</b> | <b>140</b> | <b>235</b>         |

| InvIT  | Scenario 1 | Scenario 2 |
|--|------------|------------|
| Received from SPV  | 235        | 235        |
| Add:- other items at Trust level for computation of NDCF | 65         | (35)       |
| <b>Total NDCF</b>  | <b>300</b> | <b>200</b> |
|  |            |            |

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

4. Surplus cash available in SPVs due to:

- a. 10% of NDCF withheld in line with the Regulations in any earlier year or half year or
- b. Such surplus being available in a new SPV on acquisition of such SPV by Trust.
- c. Any other reason, excluding if such surplus cash is available due to any debt raise;

could be considered for distribution by the Holdco/ SPV to the Trust /Holdco, or by the Trust to its Unitholders in part or in full. Also, distribution of such surplus funds shall be separately disclosed after the NDCF computation for the respective period.

Provided that with regard to the point 4 (b) 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 SPV or Trust (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).
6. 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).
7. 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 6 above.
8. Cash flows received from HoldCos/SPV's / investment entities which represent distributions of NDCF computed as per relevant framework at the Trust and/pr HoldCo level for further distribution to Unitholders shall exclude any such cash flows used by the Trust and/or HoldCo for onward lending to any other SPVs / Investment entities/ HoldCo to meet operational / interest expenses or debt servicing of such other SPVs / Investment entities/ Hold Co..
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 Trust.
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 Trust is required to ensure the following while making distributions:

- a. The period of making distribution should be followed consistently whether on a half-yearly/quarterly/monthly basis and the same should be part of Policy which should be disclosed in the offer document, annual report and the website of Trust.
  - b. The 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 Trust or any of the underlying SPVs or HoldCos, are being distributed together.
  - c. 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.
  - d. In case of any change in 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.
- K.** In terms of the InvIT Regulations, if the distribution is not made within 7 working 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, whichever is lower, 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.
- L.** 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 11 of the Securities and Exchange Board of India Act, 1992 in a manner as may be specified by SEBI. Provided that the amount transferred to Investor Protection and Education Fund shall not bear any interest.
- M.** In case of any co-investment with any person(s) in any transaction, the agreement with such person(s) shall include the minimum percentage of distributable cash flows that will be distributed and entitlement of the Trust to receive not less than pro rata distributions.
- N.** The Investment Manager shall maintain records pertaining to distributions declared and made to the Unitholders.

**O. Communication of this Policy**

This Policy shall be posted on the website of the Trust.

**P. Review of the Policy**

This Policy will be reviewed and reassessed by the Board of the Investment Manager as and when required and appropriate recommendations shall be made by them to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

**Q. Conflict with Applicable Law**

In the event of any conflict between applicable law, including the Companies Act, the SEBI InvIT Regulations or the SEBI Listing Regulations or any other statutory enactments and the provisions of this Policy, applicable law shall prevail over this Policy

**R. 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 EAAA TransInfra Managers Limited on behalf of the Trust on November 19, 2025.