



Highway Concessions One Private Limited

Borrowing Policy

(Approved by the Board of Directors vide its resolution dated on November, 15, 2022)

(HC1_Version 01_2022)

This document supersedes all the previous versions of Policy/ communication on this subject.

The policy shall be effective from the date of approval of the Securities and Exchange Board of India for appointment of Highway Concessions One Pvt. Ltd. as Investment Manager of Highways Infrastructure Trust which is registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("SEBI InvIT Regulations") on December 23, 2021 having registration number IN/InvIT/21-22/0019).

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1. Preamble

- 1.1. This Borrowing Policy aims to outline the borrowing strategy and process in relation to Highways Infrastructure Trust (“**Highways Trust**”) to be adopted by the board of directors of the Investment Manager (the “**Board**”) and shall be effective on and from the Highways Trust Closing Date, provided that, the Investment Manager shall, at all times, comply with the requirements under the SEBI InvIT Regulations and other Applicable Law.
- 1.2. This Policy will be adopted by the board of directors of the Investment Manager (the “**Board**”) of Highways Trust and shall be effective on and from the Highways Trust Closing Date, provided that, Highways Trust and Parties to the Highways Trust shall, at all times, comply with the requirements under SEBI InvIT Regulations and the Applicable Law.

2. Definitions

- 2.1. “**Applicable Law**” shall mean the Indian Trusts Act, 1882, the Companies Act, 2013 and the rules issued thereunder, the SEBI InvIT Regulations, and circulars, issued by the SEBI from time to time.
- 2.2. “**Highways Trust Assets**” shall mean assets owned by the Highways Trust, whether directly or Project SPVs, and includes all rights, interests and benefits arising from and incidental to ownership of such assets.
- 2.3. “**Highways Trust Closing Date**” shall mean the date on which units are allotted to the successful applicants pursuant to the Initial Offer.
- 2.4. “**Highways Trust Documents**” shall mean the Trust Deed, the Investment Management Agreement, the Securities Acquisition/Purchase Agreements, Project Management Agreements, any agreement between the Trustee and/or the Investment Manager and/or the Project Manager with respect to the Highways Trust or to which the Investment Manager or the Trustee is a party in their capacity as the manager or trustee of the Highways Trust or Units or any other obligations, securities or instruments as permitted under Applicable Law, executed for the purpose of the Highways Trust, any Placement Memorandum or Offer Document, and such other documents in connection therewith, as originally executed and amended, modified, supplemented or restated from time to time.
- 2.5. “**Initial Offer**” shall mean the proposed initial offer of Units by the Highways Trust.
- 2.6. “**Investment Manager**” shall mean Highway Concessions One Private Limited, in its capacity as the investment manager to the Highways Trust.
- 2.7. “**Policy**” shall mean this Borrowing Policy, as amended from time to time.
- 2.8. “**Project Manager**” shall mean HC One Project Manager Private Limited.
- 2.9. “**SPVs**” shall have the meaning ascribed to such term in the SEBI InvIT Regulations or otherwise as permitted by SEBI.
- 2.10. “**SEBI**” shall mean the Securities and Exchange Board of India.
- 2.11. “**SEBI InvIT Regulations**” shall mean the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended and supplemented from time to time by the SEBI, including all guidelines, circulars, notifications and directions issued by SEBI under the SEBI InvIT Regulations from time to time.

- 2.12. **“Sponsor”** shall mean Galaxy Investments II Pte. Ltd.
- 2.13. **“Trustee”** shall mean Axis Trustee Services Limited.
- 2.14. **“Trust Deed”** shall mean the trust deed dated December 3, 2021 entered into between Highways Trust, Investment Manager or the Settlor and the Sponsor, and the Trustee.
- 2.15. **“Unit”** shall mean an undivided beneficial interest in the Highways Trust, and all issued and allotted Units together represent the entire beneficial interest in the Highways Trust.
- 2.16. **“Unitholders”** shall mean any person who holds any Unit in the Highways Trust.

3. Interpretation

- 3.1. Capitalised terms used, but not defined herein, shall have the meaning ascribed to such term under the Trust Deed and other Highways Trust Documents, as the case may be.
- 3.2. In case of any inconsistency between the terms of the Trust Deed and this Policy, the terms of the Trust Deed shall prevail.

4. Borrowing Mechanism

4.1. Borrowings and Deferred Payments

- 4.1.1. The Highways Trust may raise debt and avail borrowings and deferred payments from time to time, including through issuance of debt securities, in the manner specified by SEBI and availing loans from banks and financial institutions, by any instrument, in Indian or foreign currency in accordance with Applicable Law.
- 4.1.2. The Highways Trust also has the power to create, mortgage or secure any of its Project SPVs (Highways Trust Assets) or provide guarantees in order to borrow funds in accordance with Applicable Law.
- 4.1.3. The borrowings made by the related parties shall be in line with the SEBI InvIT Regulations.

4.2. Borrowing Limits

- 4.2.1. The Investment Manager and Trustee shall, (on receipt of advice from the Investment Manager), have the power to borrow monies (through any mode, including by way of issuance of debt securities, subordinated debt, equity or other securities as permitted under Applicable Laws and the Trust Deed or instruments permitted under the SEBI InvIT Regulations or other Applicable Law) for Highways Trust from any person or authority (whether government or otherwise, whether Indian or overseas) on such terms and conditions, and for such periods and purpose, as may be permitted under the SEBI InvIT Regulations, and offer such security as it may deem fit, for the purpose of making such borrowing. However, the aggregate consolidated borrowings and deferred payments of the Highways Trust, net of cash and cash equivalents shall not exceed seventy percent of the Value of the Project SPVs. Further, the Trustee (acting in capacity of the trustee of the Highways Trust) shall have the power to create charge, security interest and/or lien over any or all of the assets of the Highways Trust (both, present or future), to secure and/or guarantee the performance of any of the obligations of the SPVs, as it may deem fit.

4.3. Investment Manager Disclosures

4.3.1. The Investment Manager shall submit an annual report to the Trustee, the designated stock exchange and Unitholders of the Highways Trust, either electronically or through physical copies, with the following:

4.3.1.1. Details of changes during the year pertaining to borrowings or repayment of borrowings (standalone at Project SPV level and consolidated at the Highways Trust level); and

4.3.1.2. Details of outstanding borrowings and deferred payments of Highways Trust including but not limited to any credit rating(s), debt maturity profiles, and debt service coverage ratio of the Highways Trust on a consolidated and standalone basis as at the end of the year.

5. Conflict with Law

5.1. 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.

5.2. Notwithstanding the above, this Policy will stand amended to the extent of any change in Applicable Law, including any amendment to the SEBI InvIT Regulations, without any action from the Investment Manager or approval of the Unitholders of the Highways Trust.