



BORROWING POLICY OF POWERGRID INFRASTRUCTURE INVESTMENT TRUST

(Effective from January 21, 2021)

BORROWING POLICY OF POWERGRID INFRASTRUCTURE INVESTMENT TRUST

A. Preamble

The trust deed dated September 14, 2020 entered into between Power Grid Corporation of India Limited and IDBI Trusteeship Services Limited (the **“Trustee”**) in relation to the POWERGRID Infrastructure Investment 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 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 December 18, 2020 entered into between, amongst others, the Trustee and POWERGRID Unchahar Transmission Limited (the **“Investment Manager”**) (the **“Investment Management Agreement”**), the Trustee has empowered the Investment Manager to, amongst others, borrow monies for the Trust or any of its existing or future special purpose vehicles, subject to applicable law (including the requirement to procure approval 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.
- 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 Securities and Exchange Board of India, and in accordance with applicable law.
- 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 special purposes vehicles, 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.** In the event the aggregate consolidated borrowings and deferred payments (net of cash and cash equivalents) of the Trust, any holding company and the special purposes vehicles, 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.
- F.** 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 (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 or such other committee of the board of directors of the Investment Manager as may be constituted in this regard.
- G.** The Trust also has the power to 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.

- H.** Except with prior approval of the Unitholders and obtaining any other approvals required under applicable law (including the InvIT Regulations), any such obligation will not allow the Investment Manager to make the liabilities of the Trust or its Unitholders unlimited.
- I.** In addition to the above, any borrowing by any holding company or the SPVs, incorporated under the Companies Act, 1956 or the Companies Act, 2013, will be in accordance with the conditions prescribed therein.
- J.** Any variation of this Policy shall be in accordance with the InvIT Regulations.
- K.** 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.
- L. Disclosure and Reporting**
 - i. The Investment Manager shall disclose to the designated stock exchange(s) any additional borrowing, at level of SPVs 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 the Trust, 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 POWERGRID Unchahar Transmission Limited on behalf of the Trust on January 21, 2021.
