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infrastructure trust

Adopted by the Board of Investment Manager on:	**February 08, 2023**

TREASURY MANAGEMENT POLICY

VERTIS INFRASTRUCTURE TRUST

(formerly known as Highways Infrastructure Trust)

1. General

1.1. Treasury management, in context of Vertis Infrastructure Trust (“Vertis” or the “Trust”), comprise management of cash and liquidity of the Trust and the Holding Companies (“HoldCos”) and Special Purpose Vehicles (“SPVs”) owned by the Trust. The Trust is committed to ensuring effective management of the investment of surplus cash balances in accordance with the provisions of 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”).

1.2. The treasury strategy will primarily focus on:

- Ensuring that the Trust, HoldCos and the SPVs have sufficient and appropriate resources for meeting its planned expenditure requirements during the year. It is clarified the policy shall not cover raising, arranging and management of funding required for any acquisition transaction which shall be undertaken under guidance of the Investment Committee, InvIT Committee, and the board of director.
- Ensuring that the investments of cash available in the Trust is done within the boundaries set forth in the financing documents
- Ensuring that the investments of cash available is in compliance with the InvIT Regulations which currently state that not more than twenty per cent. of value of the InvIT assets shall be invested in, –
    (a) listed or unlisted debt of companies or body corporate in infrastructure sector;
    (b) equity shares of companies listed on a recognized stock exchange in India which derive not less than eighty per cent. of their operating income from infrastructure sector as per the audited accounts of the previous financial year;
    (c) government securities;
    (d) money market instruments, liquid mutual funds or cash equivalents.
- Pursuing investment strategies that provide principal protection and moderate returns.

2. Authority and Responsibility

2.1. This policy has been approved by the board of directors of Vertis Fund Advisors Private Limited (“**Investment Manager**” or “**IM**”), acting in capacity as the investment manager to Vertis Infrastructure Trust (the “**Board**”) and may be updated as deemed fit by the Board.

2.2. The treasury operations will overall be report to the Chief Financial Officer of Investment Manager who shall report to the Board about implementation of the policy and provide any related clarifications.

2.3. Finance Team Responsibility: The policy will be monitored by the finance team at the Investment Manager, establishing necessary procedures and undertaking steps for identifying the funds to be deployed from treasury and the appropriate instrument for investment in accordance with the policy.

2.4. Accounting Team Responsibility: Accounting team will be responsible for:

- Implementation of the policy in terms of undertaking actual investment and redemption of funds.
- Tracking returns and reinvestment due dates
- Reviewing the Trust's bank balances and overall position on daily basis.
- Preparation of monthly control accounts and bank reconciliations.

3. Treasury Procedure

3.1. Permitted Investment Instruments

The treasury amounts may be deployed in the following instruments:

- Liquid mutual fund debt schemes with a minimum rating of AAA (or any equivalent short-term rating or equivalent rating in international markets) / A1+ or an equivalent rating by any Rating Agency;
- Fixed deposit with any scheduled commercial bank rated AA or above by any Rating Agency. Provided, for maintaining Debt Service Reserve (DSR) and Major Maintenance Reserve (MMR) in the form of a fixed deposits, the deposit will be maintained in accordance with the provisions of the relevant financing agreements;
- Any other instruments as permitted under the financing agreements provided, they are in compliance with the InvIT Regulations.

3.2. Investment Process

- The Finance Team will determine various cash reserve requirements (MMRA, DSRA etc.) from the Annual Operating Plan (AOP) at the beginning of each financial year. This will be updated upon availing of any new financing during the financial year.

- The Finance team will from the approved AOP of the year determine other significant payments due during the year.
- Based on requirement undertaken segregation of treasury cash in the following investment periods:

0 – 1 month	1 – 6 months	6 – 12 months
• Day to day payments for the operating activities undertaken by the investment manager on behalf of the Trust • Salaries and other administrative payments • Interest Payments • IM / PM fees	• InvIT Debt Servicing • Major Maintenance and other reserves as per the financing documents	• Debt Service Reserve

- Based on monthly cash flow analysis, finalizing the amount to be invested in instruments under the time buckets mentioned above.

3.3. <u>Redemption Process</u>

- For the planned payments/ expenditures (like interest payment, repayments, salaries etc.) redemption requests to be automatically made by the Accounting team, based on settlement time for the respective instrument.
  For other payments (unplanned, urgent); the respective departments to raise request at least two business days prior to the actual payment date.

- In the event any of the investment instrument ceases to meet the requirement of the Permitted Instruments, the Finance Team will undertake the redemption immediately and redeploy the amounts in accordance with this policy.