

## Annexure I

The SPVs under IndInfravit Trust under Pool I, Pool II (except NSEWPL) and Pool III have provided Corporate Guarantees (CGs) to the senior lenders (favouring Axis Trustee in its capacity as Master Trustee / Security Trustee as applicable).

In this regard, please note that, as per recent GST Circular No. 204/16/2023-GST, dated 27-10-2023, GST at the rate of 18% will be applicable on guarantee commission. In our subject case, presently no commission is being paid by the Trust to the SPV for the guarantees issued due to several reasons. However, on a deemed basis, the relevant authorities may assume a notional commission payable by the Trust to the SPV's of 1% of the loan amount guaranteed. As per the current outstanding debt of INR 8185 crore plus future permitted indebtedness across all Pools of ~INR 1583 crores, the commission amount works out to INR 97 crores and the applicable GST amount (18% on commission) works out to ~INR 17.5 crores.

Further, each pool of SPV has provided cross guarantees for entire loan of Indinfravit Trust for its relevant pool. For Example,

For Pool I & II comprising of assets acquired from L&TIDPL and Sadbhav, 12 SPV's have given Corporate Guarantee towards debt amount to INR 5152 crores

For Pool III comprising of assets acquired from Broolfield, 4 SPV's have given Corporate Guarantee towards debt amount to INR 4616 crores

Further, in our understanding of the circular and as per the view taken by other industry participants, each SPV Corporate Guarantee will be considered separately for calculation of total notional commission and hence the applicable GST. Effectively, the applicable GST amount will be

INR 17.5 crores as mentioned above \* 17 SPV's, i.e. the number of SPV's that have issued the Corporate Guarantee, a total GST payable of INR 297 crores annually.

This will result in

- a. significant increase in tax outgo for the Trust
- b. reduction in cash available for the lenders for debt servicing at InvIT level as taxes rank higher in Master InvIT Escrow Waterfall
- c. significant increase in the cost of debt
- d. adversely impact return to unitholders

As part of the security provided the senior lenders of the Trust, the lenders have access to their respective pool SPV cash flows and can step into shoes of Indinfravit Trust (as lender to the SPV) in case of any default.

Further 100% shares (pledge plus NDU) of each SPV that form a part of the respective pool have been offered as security to the trustee for senior lenders for the above-mentioned senior debt. Further, all the loans and advances infused by the Trust in its SPV's (incl. the amount infused by Unit Capital), has been hypothecated in favour of the trustee for the senior lenders. Also the cashflows of the InvIT are also charged in favour of senior lenders which includes all amounts up streamed from SPV's.

Based on the above and considering the already robust security offered under the InvIT structure, we hereby request you to kindly waive the requirement for providing corporate guarantee by the SPVs.