



SHREM INFRA INVESTMENT MANAGER PRIVATE LIMITED
(Formerly Known as Shrem Financial Private Limited)

DISTRIBUTION POLICY OF SHREM INVIT

This Policy is initially approved by the Board of the Investment Manager with effect from 12th November, 2022. The same has been amended on 5th May 2025 by the approval of the Board of the Investment Manager with immediate effect.

Note: This Policy supersedes all the previous versions of Policy and/or any communication on this subject.

DISTRIBUTION POLICY OF SHREM INVIT

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. The distribution policy (the “**Policy**”) aims to outline the process and procedure for distribution in relation to Shrem InvIT (the “**Trust**”). Accordingly, Shrem Infra Investment Manager Private Limited (the “**Investment Manager**”), the investment manager to the Trust appointed pursuant to the investment management agreement dated January 12, 2021, entered into between Axis Trustee Services Limited and the Investment Manager (the “**Investment Management Agreement**”), has formulated this Policy.

- B. The net distributable cash flows of the Trust (the “**Distributable Income**”) as presently based on the cash flows generated from the underlying operations undertaken by the special purpose vehicles (together, the “**SPVs**”) and any holding company (“**HoldCo**”) and together with the SPVs, the (“**Portfolio Assets**”) held by the Trust.
- C. Cash flows receivable by the Trust may include dividends, interest income or principal repayment received from the SPVs / the HoldCo in relation to any debt sanctioned by the Trust, or a combination of both.
- D. In terms of the InvIT Regulations, with respect to distributions made by the Trust and the HoldCo and/or the SPVs (“the **Distribution Requirements**”):
- Not less than 90% of the net distributable cash flows of the SPV shall be distributed to the Trust/HoldCo in proportion of its holding in the SPV, subject to applicable provisions in Companies Act, 2013 or Limited Liability Partnership Act, 2008;
 - Not less than 90% of net distributable cash flows of the Trust shall be distributed to Unitholders.

With regard to distribution of net distributable cash flows by the HoldCo to the Trust, the following should be complied with:

- With respect to the cash flows received by the HoldCo from underlying SPVs, 100% cash flows received by the HoldCo shall be distributed to the Trust and
- With respect to the cash flows generated by the HoldCo on its own, not less than 90% net distributable cash flows shall be distributed by the HoldCo to the Trust.

However, if any infrastructure asset is sold by the Trust, the HoldCo or an SPV, or if the equity shares or interest in the HoldCo or SPV are sold by the Trust; (i) if the Trust proposes to re-invest the sale proceeds into another infrastructure asset, it shall not be required to distribute any sales proceeds to the Trust or to the unitholders; or (ii) if the Trust proposes not to invest the sale proceeds into any other infrastructure asset within a period of one year, it shall be required to distribute the same in accordance with the Distribution Requirements.

- E. The Trust shall distribute at least 90% of the Distributable Income to its unitholders. Such distribution shall be declared and made not less than once every quarter in a financial year.
- F. All distributions to the Unitholders shall be made in compliance with the InvIT Regulations, Income Tax Act, 1961 (the “**IT Act**”) and other applicable law.

- G. The Distributable Income and the net distributable cash flows of any SPV shall be calculated in accordance with the InvIT Regulations. The method of calculating net distributable cash flows for the SPV and the Trust is provided below:

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

Particulars
Cash flow from operating activities as per Cash Flow Statement of HoldCo/SPV
Add: 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 HoldCos)
Add: 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)
Add: 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"> • Applicable capital gains and other taxes • Related debts settled or due to be settled from sale proceeds • Directly attributable transaction costs • Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations
Add: 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 reinvest 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
Less: Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss Account and any shareholder debt / loan from Trust
Less: 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)
Less: 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)
Less: 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)
NDCF for HoldCo/SPV's

II. Calculation of net distributable cash flow at the Trust level:

Particulars
Cashflows from operating activities of the Trust
Add: Cash flows received from SPV's / Investment entities which represent distributions of NDCF computed as per relevant framework (refer note 1 and 9 below)
Add: 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"> • Applicable capital gains and other taxes • Related debts settled or due to be settled from sale proceeds • Directly attributable transaction costs • Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations
Add: 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
Less: Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss account of the Trust.
Less: 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)
Less: 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; or – (refer note 2)
Less: any capital expenditure on existing assets owned / leased by the Trust, to the extent not funded by debt / equity or from contractual reserves created in the earlier years (refer note 10)
NDCF at Trust Level

- H. The notes/other rules prescribed for calculation of net distributable cash flows, as prescribed under SEBI's Master Circular for Infrastructure Investment Trusts, shall be deemed to be incorporated by reference herein, and be required to be complied (where relevant) for the purposes of computation.
- I. In accordance with the InvIT Regulations, distributions by the Trust shall be made not later than 5 working days from the record date (or such other period as may be prescribed by SEBI from time to time). For the purposes of the above, record date for payment of distribution shall be two working days from the date of declaration of distribution, excluding the date of declaration and the record date. The distribution, when made, shall be made in Indian Rupees.
- J. Any amount remaining unclaimed or unpaid out of the distributions declared by the Trust shall be dealt with in the manner prescribed by SEBI under applicable law.

- K. In terms of the InvIT Regulations, if the distribution is not made within the period prescribed under the InvIT Regulations, 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, 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-specie Distribution:*** Subject to the approval of the Unitholders, in accordance with the Trust Deed and provisions of applicable law, the Trustee, in consultation with the Investment Manager, may at any time during the life of the Trust make in-specie distributions of the assets of the Trust on such terms and conditions and in such manner that is in accordance with the Trust Deed, the Investment Management Agreement, the project implementation and management agreement and other documents for the purpose of the Trust (including the offer documents) and applicable law.
- M. 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 Investment Manager or approval of the Unitholders of the Trust.

Adopted by the board of directors of Shrem Infra Investment Manager Private Limited on behalf of the Trust on 12th November, 2022 and amended on 5th May, 2025.
