

## DISTRIBUTION POLICY OF ANZEN INDIA ENERGY YIELD PLUS TRUST

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### 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 (“**Unitholders**”). The Distribution Policy (the “**Policy**”), aims to outline the process and procedure for distribution in relation to Anzen India Energy Yield Plus Trust (the “**Trust**”). Accordingly, Edelweiss Real Assets Managers Limited (the “**Investment Manager**”), the investment manager to the Trust appointed pursuant to the investment management agreement dated December 8, 2021 (the “**Investment Management Agreement**”), has formulated this Policy.

- B. The net distributable cash flows of the Trust (the “**Distributable Income**”) shall be based on the cash flows generated by it and from the underlying operations undertaken by the special purpose vehicles (together, the “**SPVs**”) and any holding companies (such holding companies together, the “**Holding Companies**” and together with the SPVs, the “**Portfolio Assets**”) held by the Trust.
- C. Cash flows receivable by the Trust may include dividends, proceeds from buy-back or capital reduction from any Portfolio Asset; and/or interest income or principal repayment or prepayment received from the SPVs in relation to any debt provided by the Trust to the SPVs, or a combination of both.
- D. Distributions may be made from the monies received by the Trust, in accordance with the provisions of the InvIT documents and applicable law.
- E. In terms of the InvIT Regulations, the SPVs shall distribute not less than 90% of its net distributable cash flows to its respective holding company (“**Holdco**”) or the Trust, as applicable, in the proportion of its holding in the SPV, subject to applicable provisions of the Companies Act, 2013, as amended or Limited Liability Partnership Act, 2008, as amended, as applicable.
- F. With regard to distribution of net distributable cash flows by the Holdco to the Trust, 100% of cash flows received by the Holdco from underlying SPVs shall be distributed to the Trust and with respect to the cash flows generated by a Holdco on its own, not less than 90% of such net distributable cash flows shall be distributed by the Holdco to the Trust.
- G. In the event any infrastructure assets is sold by the Trust or any Portfolio Asset or if the equity shares or interest in any Portfolio Asset is sold by the Trust, then in accordance with the InvIT Regulations:
- if the Trust proposes to re-invest the sales proceeds into any other infrastructure asset, it shall not be required to distribute any sales proceeds to the Unitholders or the Trust; and

- if the Trust proposes not to invest the sales proceeds into any other infrastructure asset within a period of one year, it shall be required to distribute the same in accordance with the InvIT Regulations.
- H. The Trust shall distribute at least 90% of the Distributable Income to the Unitholders. Such distribution shall be declared and made such that the time period between any two declarations of distribution shall not exceed one year. In accordance with the InvIT Regulations, distributions by the Trust shall be made no later than 15 days from the date of such declarations. The distribution, when made, shall be made in Indian Rupees.
- I. All distributions to the Unitholders shall be made in compliance with the InvIT Regulations, Income-tax Act, 1961 and other applicable law.
- J. The Distributable Income and the net distributable cash flows of any SPV shall be calculated in accordance with the InvIT Regulations. The indicative method of calculating net distributable cash flows is provided below:

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

Description
<b>Profit after tax as per profit and loss account (standalone) (A)</b>
<b>Reversal of Distributions charged to P&amp;L</b>
Add: Interest (including interest on unpaid interest, if any) on loans availed from / debentures issued to InvIT, as per profit and loss account
<b>Adjustment of Non-cash items</b>
Add: Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.
Add / less: Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to <ul style="list-style-type: none"> <li>• Any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;</li> <li>• Interest cost as per effective interest rate method (difference between accrued and actual paid);</li> <li>• Deferred tax, lease rents, provisions, etc.</li> </ul>
<b>Adjustments for Assets on Balance Sheet</b>
Add / less: Decrease / increase in working capital
Add / less: Loss / gain on sale of assets / investments
Add: Net proceeds (after applicable taxes) from sale of assets / investments adjusted for proceeds reinvested or planned to be reinvested.
Add: Net proceeds (after applicable taxes) from sale of assets / investments not distributed pursuant to an earlier plan to reinvest, if such proceeds are not intended to be invested subsequently.
Less: Capital expenditure, if any.
Less: Investments made in accordance with the investment objective, if any.
<b>Adjustments for Liabilities on Balance Sheet</b>

Less: Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt.
Less: Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.
Add: Proceeds from additional borrowings (including debentures / other securities), fresh issuance of equity shares / preference shares, etc.
Less: Payment of any other liabilities (not covered under working capital)
<b>Other Adjustments</b>
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future.
Add / less: Amounts added or retained in accordance with the transaction documents or the loan agreements in relation to the SPV.
Add / less: Any other adjustment to be undertaken by the Board to ensure that there is no double counting of the same item for the above calculations.
Add: Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations.
<b>Total Adjustments (B)</b>
<b>Net Distributable Cash Flows (C) = (A+B)</b>

**II. Calculation of net distributable cash flows at the consolidated InvIT level:**

<b>Description</b>
<b>Inflow from SPV Distributions</b>
Cash flows received from SPVs in the form of interest / accrued interest / additional interest
Add: Cash flows received from SPVs in the form of dividend
Add: Cash flows from the SPVs towards the repayment of the debt provided to the SPVs by the Trust and/ or redemption of debentures issued by SPVs to the Trust
Add: Cash flows from the SPVs through capital reduction by way of a buy back or any other means as permitted, subject to applicable law
<b>Inflow from Investments / Assets</b>
Add: Cash flows from sale of equity shares or any other investments in SPVs adjusted for amounts reinvested or planned to be reinvested
Add: Cash flows from the sale of the SPVs not distributed pursuant to an earlier plan to reinvest, or if such proceeds are not intended to be invested subsequently
<b>Inflow from Liabilities</b>
Add: Cash flows from additional borrowings (including debentures / other securities), fresh issuance of units, etc.
<b>Other Inflows</b>
Add: Any other income accruing at the InvIT and not captured above, as deemed necessary by the Investment Manager, including but not limited to interest / return on surplus cash invested by the InvIT
<b>Total cash inflow at the InvIT level (A)</b>
<b>Outflow for InvIT Expenses / Taxes</b>

Less: Any payment of fees, interest and expenses incurred at the Trust, including but not limited to the fees of the Investment Manager, Project Manager, Trustee, Auditor, Valuer, Credit Rating Agency, etc.
Less: Income tax (if applicable) for standalone InvIT and / or payment of other statutory dues
<b>Outflow for Liabilities</b>
Less: Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt
Less: Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.
<b>Outflow for Assets</b>
Less: Amount invested in any of the SPVs
Less: Amounts set aside to be invested or planned to be invested, as deemed necessary by the Investment Manager in compliance with the SEBI InvIT Regulations
Less: Investments including acquisition of other SPVs
<b>Other Outflows</b>
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses or liabilities which may be due in future
Add / Less: Amounts added/ retained in accordance with the transaction documents or the loan agreements in relation to the InvIT
Less: Any other expense of the InvIT not captured herein as deemed necessary by the Investment Manager
Add / Less: Any other adjustment to be undertaken by the Board to ensure that there is no double counting of the same item for the above calculations
<b>Total cash outflow/retention at the InvIT level (B)</b>
<b>Net Distributable Cash Flows (C) = (A+B)</b>

K. In terms of the InvIT Regulations, if the distribution is not made within 15 days of declaration, 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, whichever is lower, 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. **Conflict with Applicable Law**

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.

M. **Amendment**

- i. Any amendment or variation to this Policy shall be undertaken in compliance with the InvIT Regulations and other applicable law.

- ii. 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.