



SHREM INFRA INVESTMENT MANAGER PRIVATE LIMITED

TREASURY POLICY OF SHREM INVIT

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

Treasury Policy of Shrem InvIT

A. Preamble

- (a) This Treasury Policy (“Policy”) is established by Shrem Infra Investment Manager Private Limited (the “Investment Manager”) to serve as a strategic framework to guide the Investment Manager in making prudent, transparent, and compliant decisions for the investment of Surplus Funds of Shrem InvIT (“InvIT”) and the Special Purpose Vehicles (SPVs) owned by the InvIT in accordance with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (“SEBI InvIT Regulations”).
- (b) Surplus Funds are defined here as InvIT Assets not invested in the underlying SPVs (also referred to as Uninvested funds) and shall include temporary liquidity and cash generated in the normal business operations, statutory, mandatory and voluntary reserves created to meet the financing and other regulatory requirements and funds arising out of capital issuance. As per Regulation 18 (5) (b) of the SEBI InvIT Regulations, the Surplus Funds shall not exceed twenty per cent of value of the InvIT Assets.
- (c) This policy is not meant to cover new acquisitions, raising, arranging, and management of financing required for any acquisition transaction, which shall be undertaken with the guidance and approval of the Investment Committee and Board of Directors of the Investment Manager.

B. Objectives:

The objectives of this Policy are:

- (a) To comply at all times with investment restrictions and requirements under SEBI InvIT Regulations for investment of Surplus funds.
- (b) To ensure that InvIT and SPVs have sufficient and appropriate resources for meeting their planned obligations on the respective due dates.
- (c) To optimize risk-adjusted returns for unitholders by prudent selection of investments, disciplined monitoring, and proactive actions.

- (d) To avoid undue risk by applying due diligence, diversifying exposures, and focusing on safety with stable cash flows.
- (e) To efficiently manage short term and long term liquidity requirements of InvIT and ensure prudent leverage ratios as permitted by SEBI InvIT Regulations.

C. Definitions:

For this Policy, the term ‘InvIT Asset, Value of InvIT Asset’, ‘SEBI’, ‘SPVs’ and all the words and phrases mentioned hereunder and not specifically defined shall have the same meaning as assigned to them under the SEBI InvIT Regulations.

D. Permissible Investments:

Not more than twenty percent of the value of the InvIT Assets (Surplus Funds) shall be invested in the instruments as may be specified in the InvIT Regulations, i.e:

- (a) listed or unlisted debt of companies or body corporate in the infrastructure sector: Provided that this shall not include any investment made in debt of the SPV(s);
- (b) equity shares of companies listed on a recognized stock exchange in India, which derive not less than eighty percent of their operating income from the infrastructure sector as per the audited accounts of the previous financial year.
- (c) Government securities.
- (d) Money market instruments including Commercial Papers.
- (e) Cash equivalents, which shall include overnight mutual funds, characterized by their investments in overnight securities, having a maturity of one day.
- (f) unlisted equity shares of a company that provides project management and other incidental services, subject to the following conditions:
 - (i) such services are provided exclusively to the InvIT, its SPV(s); and
 - (ii) the entire shareholding or interest in such company is held by the InvIT either directly or through its SPVs
- (g) units of liquid mutual fund schemes where the credit risk value is at least 12 and which fall under the Class A-I in the potential risk class matrix as specified by the SEBI;
- (h) interest rate derivatives, including interest rate futures, forward rate contracts and interest rate swaps

E. Specific Investment Conditions:

- (a) The following conditions will apply to investment in Commercial Papers:
 - (i) Only in corporates with the short-term ratings of A1+ and long-term rating of “AA” and above, from any of the Credit Rating Agencies. In case of multiple ratings the lowest credit rating shall be considered.
 - (ii) Maximum maturity of 1 year.
 - (iii) Total investment with a single issuer shall not exceed Rs 250 Crs.
- (b) Fixed Deposits (FDs) may be placed with public and private sector banks. For private sector banks, they should hold a minimum credit rating of “AA” or above from a recognized Credit Rating Agency. No FDs shall be placed with any co-operative bank.
- (c) FDs maintained to meet DSRA and MMRA and any other mandatory reserve requirements shall be in accordance with the provisions of the relevant financing documents.
- (d) Investment in interest rate derivatives, including interest rate futures, forward rate contracts and interest rate swaps, subject to the following conditions:
 - (i) solely to hedge an underlying interest rate risk in the existing borrowings which qualifies as an effective hedge as per the applicable Indian Accounting Standards.
 - (ii) that such investment shall only be made as a user or a client of such interest rate derivative, and shall not be in the nature of market making;
 - (iii) adequate disclosures regarding investment in interest rate derivatives shall be made in the annual report;
 - (iv) for valuation of the investment in an interest rate derivative, norms applicable for Mutual Funds shall be followed; and
 - (v) the requirements applicable to the clients or users of interest rate derivatives, including those specified by the Reserve Bank of India, are complied with.

F. Investment Authority, Execution and Monitoring

- (i) Execution of investment decisions and periodic monitoring shall be carried out by the investment operations team in accordance with the detailed SOP put in place for the same
- (ii) The Investment operations will report to the President of Investment Manager, who shall report to the Board about the implementation of the policy and provide any related clarifications.

G. Conflict with the extant Regulations:

The Policy shall not contradict the provisions of the SEBI InvIT Regulations as amended. In case of any discrepancy, the provisions of the SEBI InvIT Regulations shall prevail over the provisions of this Policy.