



---

## Acquisition Policy

---

Document Classification: Internal Circulation



## ACQUISITION POLICY OF SUSTAINABLE ENERGY INFRA TRUST

---

### A. Preamble

Sustainable Energy Infra Investment Managers Private Limited ("**Investment Manager**") has been appointed as the investment manager of Sustainable Energy Infra Trust ("**Trust**"), an infrastructure investment trust registered with the Securities and Exchange Board of India ("**SEBI**") in accordance with the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**InvIT Regulations**").

This policy provides for a framework for acquisition of third-party assets in future. The Investment Manager shall ensure that all investment decisions in relation to the Trust are in accordance with applicable law, including the InvIT Regulations and the investment strategy of the Trust as specified under the Trust Deed and this policy. The Investment Manager has adopted this policy. This policy will be effective on, and from, the date on which the units of the Trust are listed on one or more recognized stock exchanges in India.

### B. Investment Decisions

The Investment Manager shall be responsible for overseeing loans and investments of the Trust, including, (a) reviewing investment decisions with respect to the underlying assets or projects of the Trust, along with decisions in relation to further investments or divestments (b) considering any proposal for acquisition of assets (either directly or through a committee) and (c) such other acts as may be required for implementation of the investment strategy of the Trust.

### C. Process

#### (i). Annual Acquisition Plan

With preparation of the business plan of the Trust, an annual acquisition plan at the beginning of each financial year shall be prepared, ("**Annual Acquisition Plan**"). The Annual Acquisition Plan shall include details in relation to the likely target assets, estimated valuation, potential sources of funding, estimated expenses for due diligence, means of finance and plan of funding for the proposed acquisitions, along with other transaction related costs.

#### (ii). Valuation Parameters

The Annual Acquisition Plan shall also include the parameters that drive valuation of the target assets, such as cost of equity, wholesale price index, target leverage, interest rates etc. These parameters will be provided in a range at a minimum of six months interval, subject to any significant changes in the market conditions and/or macro-environment changes.

#### (iii). Due Diligence

The Investment Manager will undertake an independent evaluation for all potential acquisition opportunities, including carrying out a detailed diligence exercise. The Investment Manager, if required, may empanel key advisors with relevant experience and credentials for carrying out various work streams of due diligence, such as technical evaluation, legal and regulatory, finance, accounting and tax, human resources, environment, health and safety (EHS), secretarial, insurance advisors. This is only an indicative list and may be modified depending upon the nature and size of the target assets.

(iv). **Financial Model:**

A standalone financial model may be developed to assess the acquisition opportunities. The financial model may be audited by an external agency, as may be decided by the investment committee constituted by the board of directors of the Investment Manager.

(v). **Capital Structure**

The overall capital structure of the Trust shall be optimized using appropriate leverage to improve the risk-adjusted returns for unitholders while maintaining a 'AAA' credit rating and ensuring compliance with leverage limits prescribed under the InvIT Regulations. Any equity infusion required to fund follow on acquisitions by the Trust would be raised as per the InvIT Regulations.

(vi). **Asset Type / Technology**

The target assets shall be required to be classified as an eligible infrastructure project, as per the InvIT Regulations. Indicative target asset classes are as follows:

- (a) grid connected solar and wind assets;
- (b) hybrid solar or wind assets;
- (c) round the clock and hybrid; and
- (d) any other eligible infrastructure asset operating in the relevant energy sub-sector, as identified in the harmonized list of infrastructure sub-sectors and as agreed between 2726522 Ontario Limited ("**OTPP Sponsor**") and the Mahindra Susten Private Limited ("**MSPL Sponsor**").

The Investment Manager agrees and undertakes that for a period of nine years after the initial listing of the units of the Trust, all pre-commercial operations date projects shall be acquired by the MSPL Sponsor and the same may be offered to the Trust, within such period of nine years.

(vii). <sup>1</sup>**Location**

The target asset may be located in any Indian state as may be decided by the board of directors of the Investment Manager or the Investment Committee of the Board.

(viii). **Return Criteria**

The minimum equity return will be at a risk free rate along with an appropriate equity risk premium as may be decided by the investment committee constituted by the board of directors of the Investment Manager.

(ix). **Funding**

The Trust shall acquire equity shares and debt of the target assets through (a) internal accruals; or (b) unit capital without recourse, to unitholders unless otherwise approved by the unitholders in accordance with the InvIT Regulations, or (c) a combination thereof, in accordance with applicable law and the policies adopted by the Investment Manager on behalf of the Trust.

---

<sup>1</sup> Amended in the Board Meeting held on August 12, 2024

**D. Responsibility for Compliance**

The Investment Manager shall constitute an investment committee, which shall have overall responsibility for implementing this policy, and shall take internal/external approvals wherever necessary. Further, the target assets which do not meet the eligibility criteria as set out under this policy, shall be approved by at least 75% of the members of the investment committee, which will be thereafter subject to approval of the board of directors of the Investment Manager and the unitholders of the Trust, as may be required under applicable law, including the InvIT Regulations.

**E. 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.

**F. 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.

Adopted by the board of directors of Sustainable Energy Infra Investment Managers Private Limited on behalf of the Trust on August 12, 2024.

Certified True Copy

\_\_\_\_\_  
Authorised Signatory

Name:

Designation:



Winchester, Ground floor, Cowrks, Hiranandani Gardens, Powai, Mumbai 400 076  
[www.seit.co.in](http://www.seit.co.in)